

NEW ISSUE - BOOK ENTRY ONLY

RATING:

Moody's: Aa3

(See "MISCELLANEOUS - Rating" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2023 Bonds (including any original issue discount properly allocable to the owner of a 2023 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. For tax years beginning after December 31, 2022, interest on the 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that interest on the 2023 Bonds is exempt from all present State of Georgia income taxation. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein.

\$60,390,000*



**DEVELOPMENT AUTHORITY OF THE UNIFIED GOVERNMENT OF
ATHENS-CLARKE COUNTY, GEORGIA
REVENUE BONDS
(UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION PROJECT),
SERIES 2023**

Dated: Date of Delivery

Due: April 1, as shown on inside cover

The Development Authority of the Unified Government of Athens-Clarke County, Georgia (the "Authority") is issuing its Revenue Bonds (University of Georgia Athletic Association Project), Series 2023 (the "2023 Bonds") pursuant to an Indenture of Trust, dated as of May 1, 2023 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The 2023 Bonds are payable solely from, and secured equally by, payments to be received by the Authority pursuant to a Loan Agreement, dated as of May 1, 2023 (the "Loan Agreement"), between the Authority and the University of Georgia Athletic Association, Inc., a Georgia nonprofit corporation (the "Athletic Association" or the "Company") and a promissory note (the "Promissory Note") to be issued by the Athletic Association. The Promissory Note is a general, unsecured obligation of the Athletic Association.

The 2023 Bonds will bear interest at the rates, mature on the dates and in the amounts, and are initially offered at the prices, set forth on the inside cover page. Purchases of the 2023 Bonds will be made in book-entry only form, and individual purchasers will not receive physical delivery of 2023 Bond certificates. When issued, the 2023 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. is the registered owner of the 2023 Bonds, principal and interest payments on the 2023 Bonds will be made to Cede & Co., which will in turn remit such payments to DTC's direct participants for subsequent disbursement to the beneficial owners of the 2023 Bonds. Individual purchases of the 2023 Bonds will be made in book-entry form only, in authorized denominations of \$5,000 and integral multiples of \$5,000. So long as Cede & Co. is the registered owner of the 2023 Bonds, references herein to the registered owners of the 2023 Bonds are references to Cede & Co. and do not mean the beneficial owners of the 2023 Bonds.

Interest on the 2023 Bonds is payable on April 1 and October 1 of each year, beginning October 1, 2023. The 2023 Bonds are subject to optional and mandatory redemption as more fully described herein.

The proceeds of the sale of the 2023 Bonds will be loaned by the Authority to the Athletic Association to be used, together with other funds, to finance the costs of certain additions and improvements to certain facilities, including Sanford Stadium, on the University of Georgia campus, to refund the principal portion of certain outstanding revenue bonds as described herein, to pay a termination amount in connection with the termination of an interest rate swap agreement as described herein and to pay costs of issuance. See "PLAN OF FINANCE."

THE 2023 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM AND SECURED SOLELY BY FUNDS HELD BY THE TRUSTEE PURSUANT TO THE INDENTURE AND MONEYS AND REVENUES PAYABLE UNDER THE LOAN AGREEMENT AND THE PROMISSORY NOTE. THE 2023 BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING ATHENS-CLARKE COUNTY, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING ATHENS-CLARKE COUNTY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2023 BONDS, OR OTHER COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

This cover page contains limited information for quick reference only and is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2023 Bonds are offered when, as and if issued by the Authority, subject to prior sale or to modification or withdrawal of the offer without notice, and subject to the approving opinion of Kutak Rock LLP, Atlanta, Georgia, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Athletic Association by its counsel, Fortson, Bentley and Griffin, P.A., Athens, Georgia; for the Underwriter by its counsel, Greenberg Traurig, LLP, Atlanta, Georgia; and for the Authority by its counsel, Fortson, Bentley and Griffin, P.A., Athens, Georgia. It is expected that delivery of the 2023 Bonds in book-entry only form will be made through DTC on or about May 25, 2023 in New York, New York against payment therefor.

Stephens Inc.

Dated: May __, 2023

* Preliminary; subject to change.

This Preliminary Official Statement and any information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2023 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, or qualification under the securities laws of such jurisdiction.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

\$60,390,000*

**DEVELOPMENT AUTHORITY OF THE UNIFIED GOVERNMENT OF ATHENS-
CLARKE COUNTY, GEORGIA
REVENUE BONDS
(UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION PROJECT),
SERIES 2023**

Maturity (April 1)*	Principal Amount*	Interest Rate	Yield	CUSIP No.†
	\$	%	%	

\$_____ * ____% Term Bonds, due April 1, 20__*, Yield __%,†
CUSIP No. _____

* Preliminary; subject to change.

† Initial CUSIP® numbers have been assigned to the 2023 Bonds by an organization not affiliated with the Authority and are included for the convenience of the owners of the 2023 Bonds only at the time of original issuance of the 2023 Bonds. CUSIP® is a registered trademark of the American Bankers Association. None of the Authority, the Athletic Association, the Underwriter or their agents or counsel is responsible for the selection, use or accuracy of the CUSIP® numbers nor is any representation made as to their correctness with respect to the 2023 Bonds as included herein or at any time in the future. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the 2023 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2023 Bonds.

ADDRESSES OF PRINCIPAL PARTIES

THE ATHLETIC ASSOCIATION

University of Georgia Athletic Association, Inc.

Butts-Mehre Heritage Hall
1 Selig Circle
Athens, Georgia 30602
Attention: Director of Athletics
Telephone: (706) 542-1306

TRUSTEE

U.S. Bank Trust Company, National Association

2 Concourse Parkway, Suite 800
Atlanta, Georgia 30328
Attention: Corporate Trust
Telephone: (404) 898-8832

UNDERWRITER

Stephens Inc.

3344 Peachtree Road, Suite 1650
Atlanta, Georgia 30326
Attention: Bill Johnston
Telephone: (404) 461-5155

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No dealer, broker or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the 2023 Bonds offered hereby, nor will there be any offer or solicitation of such offer or sale of the 2023 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. Neither the delivery of this Official Statement nor the sale of any of the 2023 Bonds implies that the information herein is correct as of any time subsequent to the date hereof.

This Preliminary Official Statement is in a form deemed final by the Authority for purposes of Rule 15c2-12 (“Rule 15c2-12”) of the Securities and Exchange Commission (the “SEC”) promulgated pursuant to the Securities Exchange Act of 1934, as amended, except for certain information permitted to be omitted pursuant to Paragraph (b)(1) of Rule 15c2-12.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the 2023 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The CUSIP numbers are included in this Official Statement for the convenience of the holders and potential holders of the 2023 Bonds. No assurance can be given that the CUSIP numbers for a particular maturity of 2023 Bonds will remain the same after the date of issuance and delivery of the 2023 Bonds. None of the Authority, the Trustee, the Athletic Association or the Underwriter assumes any responsibility for the accuracy of such numbers.

In making an investment decision, investors must rely on their own examination of the Athletic Association and the terms of the offering, including the merits and risks involved. No registration statement relating to the 2023 Bonds has been filed with the SEC or with any state securities agency. The 2023 Bonds have not been approved or disapproved by the SEC or any state securities agency nor has the SEC or any state securities agency passed upon the accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

Cautionary Statements Regarding Forward-Looking Statements in This Official Statement

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or similar words. Such forward-looking statements include, among others, “Management’s Discussion” in Appendix A to

this Official Statement and the corresponding information contained in the financial statements attached as Appendix B to this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this official statement for purposes of, and as that term is defined in Rule 15c2-12.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE ATHLETIC ASSOCIATION DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

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\$60,390,000*
DEVELOPMENT AUTHORITY OF THE UNIFIED GOVERNMENT OF
ATHENS-CLARKE COUNTY, GEORGIA
REVENUE BONDS
(UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION PROJECT),
SERIES 2023

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and appendices, sets forth certain information concerning the Development Authority of the Unified Government of Athens-Clarke County, Georgia (the “Authority”), the University of Georgia Athletic Association, Inc. (the “Athletic Association” or the “Company”) and the Authority’s proposed Revenue Bonds (University of Georgia Athletic Association Project), Series 2023 (the “2023 Bonds”).

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page, the inside cover page and the Appendices, and the documents summarized or described herein. Investors should fully review the entire Official Statement. The offering of the 2023 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or otherwise to use it without the entire Official Statement.

Purpose of the 2023 Bonds

The proceeds from the sale of the 2023 Bonds will be loaned by the Authority to the Athletic Association to be used, together with other funds, to (i) finance certain capital improvements to the facilities rented to and operated by the Company, including, but not limited to, certain additions and improvements to Sanford Stadium located on the campus of the University (as defined herein) in Athens, Georgia, (ii) currently refund the principal portion of all of the outstanding Development Authority of the Unified Government of Athens-Clarke County, Georgia Variable Rate Revenue Bonds (University of Georgia Athletic Association Project), Series 2005B (the “Series 2005B Bonds”), (iii) pay a termination amount in connection with the termination of an interest rate swap agreement related to the Series 2005B Bonds and (iv) pay costs of issuance of the 2023 Bonds. See “PLAN OF FINANCE.”

Security and Sources of Payment for the 2023 Bonds

The 2023 Bonds are being issued by the Authority pursuant to an Indenture of Trust, dated as of May 1, 2023 (the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”). The 2023 Bonds are special

* Preliminary; subject to change.

limited obligations of the Authority and are payable solely from and solely secured by the Trust Estate (as defined in the Indenture), including revenues received under the Loan Agreement and the Promissory Note (hereinafter defined).

THE 2023 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM AND SECURED SOLELY BY FUNDS HELD BY THE TRUSTEE PURSUANT TO THE INDENTURE AND MONEYS AND REVENUES PAYABLE UNDER THE LOAN AGREEMENT AND THE PROMISSORY NOTE. THE 2023 BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING ATHENS-CLARKE COUNTY, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING ATHENS-CLARKE COUNTY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2023 BONDS, OR OTHER COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

The Authority will loan the proceeds of the 2023 Bonds to the Athletic Association pursuant to a Loan Agreement, dated as of May 1, 2023 (the “Loan Agreement”), between the Athletic Association and the Authority, to be applied for the purposes described herein. The Athletic Association’s payment obligation under the Loan Agreement will be evidenced by a Promissory Note (the “Promissory Note”) dated the date of issuance of the 2023 Bonds. The Promissory Note will be a general, unsecured obligation of the Athletic Association. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE 2023 BONDS.”

Description of the 2023 Bonds

Redemption. The 2023 Bonds are subject to optional and mandatory redemption prior to maturity. See “THE 2023 BONDS - Redemption of the 2023 Bonds.”

Denominations. The 2023 Bonds are issuable in authorized denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof.

Registration; Transfer and Exchange. Ownership of the 2023 Bonds will be registered on the registration books of the Authority maintained by U.S. Bank Trust Company, National Association, as bond registrar (the “Bond Registrar” or “Registrar”). The 2023 Bonds will initially be issued only as book-entry securities. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2023 Bonds. Ownership of the 2023 Bonds may be registered as transferred and exchanged in the manner described under “THE 2023 BONDS - Description” and “APPENDIX F - DTC AND THE BOOK-ENTRY SYSTEM.”

For a more complete description of the 2023 Bonds and the basic documentation pursuant to which they were issued, see “THE 2023 BONDS” and “APPENDIX D - SUMMARY OF CERTAIN DOCUMENTS.”

Tax Matters

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2023 Bonds (including any original issue discount properly allocable to the owner of a 2023 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. For tax years beginning after December 31, 2022, interest on the 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that interest on the 2023 Bonds is exempt from all present State of Georgia income taxation. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.

Trustee, Paying Agent and Bond Registrar

U.S. Bank Trust Company, National Association will act as Trustee, paying agent and Bond Registrar for the 2023 Bonds. The designated corporate trust office of the Trustee is 2 Concourse Parkway, Suite 800, Atlanta, Georgia 30328.

Legal Authority

The Authority is issuing the 2023 Bonds pursuant to the provisions of the Development Authorities Law (O.C.G.A. § 36-62-1 et seq.), as amended (the “Act”), and a resolution of the Authority adopted on April 18, 2023, as supplemented by a resolution expected to be adopted on May 18, 2023 (collectively, the “Bond Resolution”).

Offering and Delivery of the 2023 Bonds

The 2023 Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to the approval of legality by Kutak Rock LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Fortson, Bentley and Griffin, P.A., for the Athletic Association by its counsel, Fortson, Bentley and Griffin, P.A. and for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the 2023 Bonds will be available for delivery on or about May 25, 2023.

Continuing Disclosure

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the 2023 Bonds or to any decision to purchase, hold or sell the 2023 Bonds, and the Authority will not provide any such information. The Athletic Association has undertaken all responsibilities for any continuing disclosure to bondholders as described below, and the Authority will have no obligation to the bondholders or any other person with respect to SEC Rule 15c2-12. The Athletic Association has covenanted in a Continuing Disclosure Agreement (the “Disclosure Agreement”) for the benefit of the holders and beneficial owners of the 2023 Bonds to furnish certain financial information and operating data relating to the Athletic Association (the “Annual Report”) by not later than 180 days after the end of each fiscal year of the Athletic Association, commencing with fiscal year 2023, and to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be

contained in the Annual Report or the notices of events is summarized in “APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT.”

During the past five years, the Athletic Association has complied in all material respects with its existing continuing disclosure undertakings under SEC Rule 15c2-12.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice. All references in this Official Statement to the Indenture and the Loan Agreement are qualified in their entirety by reference to such documents, copies of which are available upon request from, and upon payment of a reasonable copying charge to, Butts-Mehre Heritage Hall, 1 Selig Circle, Athens, Georgia 30602, Attention: Director of Athletics, or from the Trustee. All references to the 2023 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture.

THE ATHLETIC ASSOCIATION

The Athletic Association is a Georgia nonprofit corporation organized in 1928. The Athletic Association was formed to promote the physical and moral welfare of the student body of the University of Georgia (the “University”) by encouraging participation in healthful exercises, recreation, athletic games and contests. It is authorized to erect stadiums and other suitable buildings, to provide adequate equipment for the members of the student body participating in such exercises, games and contests and to arrange and hold athletic contests in such stadiums and other buildings of the University.

The business and affairs of the Athletic Association are governed by a Board of Directors. The Board of Directors consists of the President of the University, the Faculty Athletics Representative of the University, the Vice President for Finance and Administration of the University, the Senior Vice President for Academic Affairs and Provost of the University, the President of the University of Georgia Alumni Association, a number of members of the faculty of the University, a number of alumni of the University and a number of students of the University. The day-to-day affairs of the Athletic Association are under the supervision of the Director of Athletics and his or her staff.

Certain information with respect to the Athletic Association and its governance, affairs, properties, programs and financial condition is set forth in Appendices A and B to this Official Statement.

THE AUTHORITY

The Authority is a body corporate and politic of the State of Georgia, created under the Act. The Authority has the power under the Act to participate in the financing and refinancing of the cost of the acquisition, construction, installation, renovation and equipping of various buildings, structures and facilities within the State of Georgia in order to promote the development of trade, commerce and employment opportunities. The 2023 Bonds will be limited obligations

of the Authority as described under “SECURITY FOR AND SOURCES OF PAYMENT OF THE 2023 BONDS.” The Authority has no taxing power.

THE 2023 BONDS

The following is a summary of certain terms of the 2023 Bonds. All references to the 2023 Bonds are qualified by express reference to the definitive forms thereof and the information with respect thereto included in the Indenture. Capitalized terms used in this section shall have the meanings assigned to them in the Indenture.

Description

The 2023 Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside cover page. The 2023 Bonds will be dated the date of issuance and delivery. Interest on the 2023 Bonds will be payable semiannually on April 1 and October 1 of each year, beginning October 1, 2023, through and including the respective maturity dates for the 2023 Bonds.

Registration of Transfer and Exchange

When in book-entry form, beneficial interests in 2023 Bonds held by DTC (or its nominee, Cede & Co.) are transferable in accordance with the procedures of the book-entry system. See “APPENDIX F - DTC AND THE BOOK-ENTRY SYSTEM.” When not in book-entry form, upon surrender for transfer of any 2023 Bond at the Designated Office of the Trustee, endorsed for transfer or accompanied by an assignment executed by the Owner (as defined in the Loan Agreement) or his attorney authorized in writing, the Authority will execute and the Trustee will authenticate and deliver in the name of the transferee or transferees a new 2023 Bond or 2023 Bonds in authorized denominations for a like aggregate principal amount. Subject to the provisions of the Indenture relating to the transfer of ownership of 2023 Bonds held in the Book-Entry System, any 2023 Bond, upon surrender at the Designated Office of the Trustee endorsed for transfer or accompanied by an assignment executed by the Owner or its attorney authorized in writing, may at the option of the Owner of the 2023 Bond, be exchanged for an equal aggregate principal amount of 2023 Bonds of any denominations authorized by the Indenture in an aggregate principal amount equal to the principal amount of such 2023 Bond. In each case, the Trustee may require the payment by the Owner of the 2023 Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Redemption of the 2023 Bonds

Optional Redemption. The 2023 Bonds maturing on and after April 1, 20__ are subject to redemption by the Authority, at the written direction of the Athletic Association, on and after April 1, 20__ in whole or in part at any time, the maturities of the 2023 Bonds to be redeemed to be selected by the Athletic Association (and within any maturity by lot or in such other manner as the Trustee determines), at the redemption price of 100 percent of the principal amount thereof plus accrued interest to (but not including) the redemption date.

Mandatory Sinking Fund Redemption. The 2023 Bonds maturing on April 1, 20__ are subject to mandatory sinking fund redemption in part on April 1 in each year listed below, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest thereon to the redemption date, in the principal amount set forth below next to such year:

<u>Year</u>	<u>Principal Amount</u>
	\$
	*
* Final maturity	

On or before 45 days prior to each sinking fund installment, the Trustee will select for redemption, by lot in such manner as the Trustee determines, the principal amount of 2023 Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date and maturity may be reduced by the principal amount of any 2023 Bonds which prior to said date have been redeemed (other than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, will be applied in such year or years determined by the Athletic Association.

Notice and Effect of Call for Redemption. Notice of the call for redemption will be given by the Trustee by mailing a copy of the redemption notice by first class mail at least 30 days but not more than 60 days prior to the date fixed for redemption to the Owner of each 2023 Bond to be redeemed in whole or in part at the address shown on the registration books. Each notice of redemption must contain (i) information identifying the 2023 Bonds or portions thereof to be redeemed; (ii) the CUSIP numbers of all 2023 Bonds being redeemed; (iii) the date of issue of the 2023 Bonds as originally issued; (iv) the maturity date of each 2023 Bond being redeemed; and (v) any other descriptive information needed to identify accurately the 2023 Bonds being redeemed; provided that no notice will be deemed defective so long as the information described in clause (i) above is provided in such notice. The redemption of the 2023 Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice will be specifically subject to the deposit of funds by the Athletic Association.

Notices to Securities Depository. For so long as the Securities Depository is effecting book-entry transfers of the 2023 Bonds, the Trustee will provide the notices of redemption specified in the Indenture only to the Securities Depository. It is the responsibility of the Securities Depository to notify its Participants and, through the Participants, the beneficial owners of the 2023 Bonds of any redemption in accordance with the practices of such Securities Depository. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a 2023 Bond to notify the beneficial owner of the 2023 Bond so affected, will not affect the validity of the redemption of such 2023 Bond.

Failure to mail any such notice, or the mailing of defective notice, to any owner, will not affect the validity of any proceedings for the redemption of any other 2023 Bonds as to which

proper official notice is given. Any notice mailed will be conclusively presumed to have been duly given and will become effective upon mailing, whether or not any owner receives the notice.

SECURITY FOR AND SOURCES OF PAYMENT OF THE 2023 BONDS

Limited Obligation

The 2023 Bonds are not general obligations of the Authority but limited and special obligations payable solely from the amounts payable under the Loan Agreement and other amounts specifically pledged therefor under the Indenture, and will be a valid claim of the respective Owners thereof only against the Trust Estate as described below, which amounts are pledged, assigned and otherwise secured for the equal and ratable payment of the 2023 Bonds and may be used for no other purpose than to pay the principal of and interest on the 2023 Bonds, except as may be otherwise expressly authorized in the Indenture. No Owner of any 2023 Bonds has the right to compel any exercise of taxing power (if any) of the Authority to pay the 2023 Bonds or the interest thereon, and the 2023 Bonds do not constitute an indebtedness of the Authority or a loan of credit thereof within the meaning of any constitutional or statutory provisions.

The 2023 Bonds are limited obligations of the Authority, payable on an equal and ratable basis solely from the Trust Estate which is assigned and pledged to the Trustee by the Authority under the Indenture. The Trust Estate is defined in the Indenture to include (i) all right, title and interest of the Authority in and to the Loan Agreement (except payments to indemnify the Authority under the Loan Agreement and payments of the Authority's fees and expenses) and the Promissory Note, including, but not limited to, the present and continuing right to make claim for, collect, receive and receipt for any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Loan Agreement and the Promissory Note, to bring actions and proceedings under the Loan Agreement and the Promissory Note or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the Loan Agreement and the Promissory Note; (ii) all right, title and interest of the Authority in and to all moneys and securities from time to time held by the Trustee under the Indenture (other than moneys held in the Rebate Fund); and (iii) any and all other property rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected thereto, as and for additional security under the Indenture, by the Athletic Association or any other person on its behalf or with its written consent or by the Authority or any other person on its behalf or with its written consent.

The Loan Agreement and the Promissory Note

Under the Loan Agreement, the Authority will loan the proceeds of the 2023 Bonds to the Athletic Association and the Athletic Association is required to make loan payments in amounts sufficient to pay the principal of and interest on the 2023 Bonds when due. All loan payments are required to be made directly to the Trustee for the account of the Authority, and the Indenture requires that such loan payments be deposited directly to the Bond Fund.

Under the Loan Agreement, the Athletic Association agrees, contemporaneously with the execution and delivery of the Loan Agreement, to execute and deliver the Promissory Note to the

Trustee, as assignee of the Authority, to evidence the Athletic Association's obligation to make loan repayments under the Loan Agreement. The principal and interest payments required by the Promissory Note are scheduled to be sufficient to pay when due the principal of and interest on the 2023 Bonds. The Authority will assign the Promissory Note to the Trustee as the principal source of payment and security for the 2023 Bonds. The Promissory Note is a general, unsecured obligation of the Athletic Association.

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PLAN OF FINANCE

The 2023 Bonds are being issued to (i) finance certain capital improvements to the facilities rented to and operated by the Athletic Association, including, but not limited to, certain additions and improvements to Sanford Stadium located on the campus of the University (as defined herein) in Athens, Georgia, (ii) currently refund the principal portion of all of the outstanding Series 2005B Bonds to refinance such debt from a variable interest rate to a fixed interest rate, (iii) pay a termination amount in connection with the termination of an interest rate swap agreement related to the Series 2005B Bonds and (iv) pay costs of issuance of the 2023 Bonds.

The principal portion of the revenue bonds to be refunded consist of the following (the “Refunded Bonds”):

- Development Authority of the Unified Government of Athens-Clarke County, Georgia Variable Rate Revenue Bonds (University of Georgia Athletic Association Project), Series 2005B, in the principal amount of \$30,000,000, of which \$16,840,000 remains outstanding.

The estimated sources and uses of funds in connection with the issuance of the 2023 Bonds are shown in the following table.

Sources of Funds:

Principal Amount of 2023 Bonds \$ _____

Plus/Minus:

Net Original Issue Discount/Bond Premium

Total Sources of Funds \$ _____

Uses of Funds:

Deposit to Escrow Fund \$ _____

Swap Termination Payment

Costs of Issuance⁽¹⁾

Total Uses of Funds \$ _____

⁽¹⁾ Includes fees and expenses of legal counsel and accounting fees, underwriting compensation, rating agency fees, Authority fees and other miscellaneous expenses.

To accomplish the refunding of the principal portion of the Refunded Bonds, a portion of the proceeds of the sale of the 2023 Bonds will be deposited into an irrevocable escrow agreement account and will be invested in U.S. Treasury securities maturing in an amount sufficient, together with any cash, to refund the principal amount of all of the Refunded Bonds to their redemption date. The Refunded Bonds are not expected to be defeased prior to redemption and will remain obligations of the Athletic Association until the redemption date, which is expected to occur on or about June 26, 2023.

Project Description

In order to accommodate regular football season scheduling as well as other ceremonial uses of Sanford Stadium, the project to be financed in whole or in part with a portion of the

proceeds of the 2023 Bonds will be constructed and renovated in two phases. The project includes a total area of approximately 96,600 gross square feet, consisting of 49,578 gross square feet of renovated space and 47,022 gross square feet of new space. The total area of the first phase will be approximately 57,576 gross square feet, with the total area of the second phase consisting of approximately 39,024 gross square feet.

The first phase began immediately following the 2022 football season and consists of multiple fan amenity improvements on the south side of Sanford Stadium. In addition, a new connection to Sanford Drive at Gillis Bridge, a new associated plaza space, an increased number of ticket gates and an expanded concourse at the 100 level will be included within the first phase. The existing south side 100 level concourse will be widened from approximately 10'-6" wide to 23' wide to significantly improve circulation and the flow of fans in this south side 100 level area. In addition, the existing ADA and associated companion seats in this area will be relocated and reconfigured to increase quantity. The restroom fixture counts will also be increased by approximately 139 women's fixtures and 82 men's fixtures, plus three family restrooms on the south side 100 level concourse between the Gillis Bridge and Gate 6 on the 100 levels. The television truck parking area on Field Street will be rebuilt and re-cabled within this first phase of the project.

The second phase, anticipated to commence immediately following the 2023 regular football season, will include a vertical expansion of Sanford Stadium at its southwest corner. The expansion will incorporate a new press box for approximately 154 writing press members, additional restrooms at the 300 level and a new elevator.

LEGAL MATTERS

Validation and Litigation; Other Approvals

In accordance with the procedures set forth in the Revenue Bond Law (O.C.G.A. § 36-82-60 et seq.), as amended, the Authority has caused validation proceedings with respect to the 2023 Bonds to be instituted in the Superior Court of Athens-Clarke County, Georgia. The receipt of a final order and judgment confirming and validating the 2023 Bonds is a condition precedent to the issuance of the 2023 Bonds. Any judgment entered by the Superior Court of Athens-Clarke County, Georgia in connection with the validation of the 2023 Bonds will also adjudicate the validity of the Loan Agreement and the Indenture and the payments made thereunder as security for the payment of the 2023 Bonds.

Except for such validation proceedings, there is no controversy or litigation of any nature now pending against the Authority for which service has been perfected restraining or enjoining the issuance or delivery of the 2023 Bonds or questioning or affecting the validity of the 2023 Bonds or the proceedings and authority under which they are being issued nor, to the knowledge of the Authority, is any such litigation threatened. There is no litigation pending for which service has been perfected which in any manner questions the power of the Authority to issue the 2023 Bonds and to secure the 2023 Bonds in accordance with the provisions of the Indenture, nor is there now pending any litigation which in any manner questions the powers of the Authority nor, to the knowledge of the Authority, is any such litigation threatened.

See “Legal Proceedings” in Appendix A hereto for a discussion of current legal proceedings involving the Athletic Association.

Enforceability of Remedies

The remedies available to the owners of the 2023 Bonds upon an Event of Default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The enforceability of remedies or rights with respect to the 2023 Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted. Under existing law (particularly federal bankruptcy law), certain remedies specified by the Indenture may not be readily available or may be limited.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2023 Bonds (including any original issue discount properly allocable to the owner of a 2023 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by the Authority and the Athletic Association with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be met subsequent to the issuance of the 2023 Bonds. Failure to comply with such requirements could cause interest on the 2023 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2023 Bonds. The Authority and the Athletic Association have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2023 Bonds. For tax years beginning after December 31, 2022, interest on the 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the 2023 Bonds may otherwise affect the federal income tax liability of the owners of the 2023 Bonds. The extent of these other tax consequences will depend on such owners’ particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2023 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2023 Bonds.

Bond Counsel is also of the opinion that interest on the 2023 Bonds is exempt from all present State of Georgia income taxation. Bond Counsel has expressed no opinion regarding other

tax consequences arising with respect to the 2023 Bonds under the laws of the State of Georgia or any other state or jurisdiction.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix C.

Original Issue Discount. The 2023 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding “qualified stated interest” within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The 2023 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium

Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding

An owner of a 2023 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2023 Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the 2023 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2023 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2023 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2023 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2023 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE 2023 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE 2023 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE 2023 BONDS.

INVESTMENT CONSIDERATIONS

Bankruptcy and Creditors' Rights

The 2023 Bonds are payable by the Authority solely from the Trust Estate. Enforcement of remedies under the Indenture, the Loan Agreement and the Promissory Note may be limited or restricted by laws relating to bankruptcy and rights of creditors and by application of general principles of equity applicable to the availability of specific performance or other equitable relief and may be substantially delayed in the event of litigation or statutory remedy procedures.

While organizations described in Section 501(c)(3) of the Internal Revenue Code ("Exempt Organizations") are not subject to involuntary bankruptcy, such entities do have the right voluntarily to file a petition in bankruptcy. In any bankruptcy proceedings for the Athletic Association payments made by it during the 90-day (or one-year, for "insiders" as defined in the federal Bankruptcy Code) period immediately preceding the filing of such bankruptcy petition may be avoidable as preferential transfers to the extent such payments allow the recipients to receive more than they would have received in the event of any such debtor's liquidation. Such a bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Athletic Association and its property and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over its property as well as various other actions to enforce, maintain or enhance the rights of a trustee. If the Bankruptcy Court so ordered, the property of such debtor, including accounts receivable and proceeds thereof, could be used for its financial rehabilitation. The rights of the Trustee to enforce claims for payment could be delayed during the pendency of the bankruptcy proceeding.

If the Athletic Association is the subject of a bankruptcy petition, it could file a plan of reorganization for the adjustment of its debts in any such proceeding, which plan could include provisions modifying or altering the rights of creditors generally or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and, with certain exceptions, discharges all claims against the debtor to the extent provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are conditions that the plan be feasible and that it shall have been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the class cast votes in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

In the event of bankruptcy of the Athletic Association, there is no assurance that certain covenants, including tax covenants, contained in the Indenture and the Loan Agreement or other documents would survive. Accordingly, the Athletic Association as a debtor in possession or a bankruptcy trustee appointed by the Bankruptcy Court could take action that might adversely affect the exclusion of interest on the 2023 Bonds from gross income for federal income tax purposes.

The legal right and practical ability of the Trustee to enforce rights and remedies may be limited by laws relating to bankruptcy, insolvency, reorganization, fraudulent conveyance or moratorium and by other similar laws affecting creditors' rights. Enforcement of such rights and

remedies will depend upon the exercise of various remedies specified by such documents, which, in many instances, may require judicial actions that are subject to discretion and delay, that otherwise may not be readily available or that may be limited by certain legal or equitable principles.

Concerning the Financing Documents

Additional Debt. The Indenture and Loan Agreement permit the Athletic Association to incur additional long-term indebtedness or short-term indebtedness without limit and without the consent or notice to the Authority, the Trustee or any bondholder upon the satisfaction of certain conditions. See Appendix D.

Secondary Market and Prices. The Underwriter will not be obligated to engage in secondary trading or to repurchase any of the 2023 Bonds, and no representation is made concerning the existence of any secondary market for the 2023 Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the 2023 Bonds, and no assurance can be given that the 2023 Bonds can be resold at their initial offering price for any period of time.

Early Redemption of 2023 Bonds. Prospective purchasers of the 2023 Bonds should consider carefully all possible factors which may cause the 2023 Bonds to be redeemed earlier than projected. These include the possibilities that the Athletic Association may elect to prepay its obligations under the Loan Agreement and that the Athletic Association may default under the Loan Agreement with the result that the maturity of the 2023 Bonds is accelerated.

No Redemption Upon Loss of Tax Exemption. There is no provision for redemption of the 2023 Bonds or payment of additional interest on the 2023 Bonds if interest on the 2023 Bonds becomes includable in gross income for federal income tax purposes, and the Authority shall not be liable for any such payment whatsoever. In the event that interest on the 2023 Bonds becomes includable in gross income for purposes of federal income taxation, the value and marketability of the 2023 Bonds would likely be adversely affected.

Special Limited Obligations. The 2023 Bonds are limited obligations of the Authority payable solely from the receipts it receives from the Athletic Association, and are not a debt of the State of Georgia, or any political subdivision of the State of Georgia, including Athens-Clarke County, Georgia. Neither the State of Georgia, nor any political subdivision of the State of Georgia, including Athens-Clarke County, Georgia, will be liable on the 2023 Bonds or other obligations, nor in any event will the 2023 Bonds or other obligations be payable out of funds or properties other than the funds and properties specifically pledged for the payment thereof. The 2023 Bonds will not constitute an indebtedness within the meaning of any constitutional or statutory debt limit or restriction. The Authority has no taxing power.

No recourse shall be had for the payment of the principal of or interest on the 2023 Bonds against any past, present or future officer, director, counsel, advisor or agent of the Authority, or of any successor to the Authority, as such, either directly or through the Authority or any successor to the Authority, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise and all such liability of any such officers, directors,

counsel, advisors or agents, as such, is expressly waived and released as a condition of and in consideration for the execution and issuance of the 2023 Bonds.

Risks Associated with Economic Conditions

A significant source of the Athletic Association's operating income includes admission fees, ticket contributions and other contributions from individuals, corporations and foundations, endowment income and certain other revenues. Each such source may be subject to the impact of general economic conditions as hereinafter described.

A significant source of support for the Athletic Association includes ticket contributions. The levels of private support for the Athletic Association may be negatively affected by economic downturns or tax law or other factors adversely affecting charitable donations. No assurance can be given that donors will continue to make pledges or gifts, that donors will honor existing pledges or that the Athletic Association would prevail in any legal action to enforce a pledge. To the extent that contributions do not reach the goals set by the Athletic Association, the Athletic Association would need to use other resources, including operating revenues and unrestricted assets, to meet any such shortfall.

The Athletic Association also receives significant operating income from ticket sales. Over the life of the 2023 Bonds, many factors could adversely affect attendance at sports events offered by the Athletic Association, including general economic factors in the region, changes in levels of discretionary income, ticket prices at competing attractions, the construction of new attractions and changes in travel patterns.

Investment income is another significant source of revenue for the Athletic Association. The Athletic Association believes its investments are being managed prudently and has adopted policies designed to ensure sound management. Nonetheless, the Athletic Association has been affected by the downturn in the securities markets and cannot be sure that developments in the securities markets will not have a further adverse effect on the market value of its investments, the income they generate or the liquidity of such investments. In addition, the Athletic Association may utilize interest rate swap agreements and investment tools that may be affected by interest rate fluctuations and other economic developments.

NCAA Compliance

The NCAA may conduct inquiries into activities of its member institutions in the event questions are raised with respect to alleged violations of NCAA regulations governing the conduct of student athletes and athletic programs. Violations of NCAA regulations can carry stiff penalties, including loss of scholarships, prohibitions on post-season play, and even suspension of an entire program. Allegations of misconduct may involve alumni or others over whom the Athletic Association has little or no control. While the Athletic Association believes that all of its programs are in substantial compliance with NCAA regulations, the Athletic Association cannot predict whether the NCAA will have future inquiries and whether these inquiries would have a negative impact on the Athletic Association's financial position.

Construction Risk

The Athletic Association has a number of significant construction projects underway, which are subject to the risk of cost overruns, non-completion and delays due to a variety of factors, including among other things, site difficulties, necessary design changes or final detailing, labor strife, delays in and shortages of materials, fire and casualty. Delay in the completion of any project could materially adversely affect the timely receipt of revenues.

Rental Agreement Non-Renewal Risk

The Athletic Association does not own any athletic facilities. The Athletic Association rents these athletic facilities from the University pursuant to a Rental Agreement, between the Board of Regents of the University System of Georgia (the “Board of Regents”) and the Athletic Association, dated as of July 1, 2022 (the “Rental Agreement”). The Rental Agreement is scheduled to terminate on June 30, 2027. The athletic facilities subject to the Rental Agreement include Sanford Stadium, Butts-Mehre Heritage Hall, Dan Magill Tennis Complex, Foley Field, Rankin Smith Academic Center, the athletics portion of the University’s golf course, Equestrian Complex, the Jack Turner Soccer Complex and Jack Turner Softball Stadium, the Coliseum Practice Annex, the Boyd Golf Center, and specified portions of the Ramsey Center and specified portions of Stegeman Coliseum. The Athletic Association has no reason to believe that the term of the Rental Agreement will not be extended by the Board of Regents; however, the extension of the Rental Agreement is at the sole option and discretion of the Board of Regents and it is uncertain under what terms and conditions will be required in connection with such extension.

Maintenance of Exempt Status and Related Tax Risks

The exclusion of interest on the 2023 Bonds from the gross income of the recipients thereof for federal income tax purposes depends upon the maintenance by the Athletic Association of its status as an exempt organization described in Section 501(c)(3) of the Code. To maintain such status, the Athletic Association must conduct its operations in a manner consistent with current and future IRS regulations and rulings governing exempt organizations and their operations and activities. In addition, as a user of federally tax-exempt bonds, the Athletic Association is required to report to the Internal Revenue Service, as part of its annual filing requirement for organizations described in section 501(c)(3) of the Code, on the investment and use of the proceeds of each issue of tax-exempt bonds it uses, and on any private uses of the facilities that have been financed with federally tax-exempt bonds, whether such private uses arise by reason of leases, management contracts or otherwise. Although the Athletic Association has covenanted to maintain its status as an exempt organization and to cause the proceeds of the 2023 Bonds to be so invested and used and the facilities financed (directly or indirectly) thereby to be used in a manner so as not to impair the exclusion of the interest on the 2023 Bonds for federal income tax purposes, any failure to do so would likely have a material adverse effect on the Athletic Association and could result in the inclusion of interest on the 2023 Bonds in gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance.

MISCELLANEOUS

Underwriting

Stephens Inc. (the “Underwriter”) has agreed, subject to certain conditions, to purchase all but not less than all of the 2023 Bonds for the purchase price of \$_____ (which reflects a principal amount of the 2023 Bonds at a price equal to \$_____ plus/minus a net original discount/bond premium of \$_____ and less an underwriting discount of \$_____).

The initial public offering prices of the 2023 Bonds may be changed from time to time by the Underwriter. The Underwriter may also allow a concession from the public offering prices of the 2023 Bonds to certain dealers and others. The Athletic Association has agreed to indemnify the Underwriter against certain liabilities arising under the securities laws with respect to this Official Statement and the offering of the 2023 Bonds.

Rating

Moody’s Investors Service, Inc. (“Moody’s”) has assigned the 2023 Bonds a credit rating of “Aa3.” Any desired explanation of the significance of such rating should be obtained from the rating agency furnishing such rating. Generally, rating agencies base their ratings on the information and materials furnished to the agencies and on investigations, studies and assumptions made by the agencies. There is no assurance that such rating will continue for any given period of time or that they will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any such change or withdrawal of such rating could have an adverse effect on the market price of the 2023 Bonds. None of the Underwriter, the Athletic Association or the Authority has undertaken any responsibility, after the issuance of the 2023 Bonds, to oppose any such change or withdrawal.

Financial Statements

The financial statements of the Athletic Association as of June 30, 2022 and 2021 and for the years then ended, included in Appendix B hereto, have been audited by Cherry Bekaert LLP, independent auditors as stated in their report appearing herein.

Additional Information

All quotations from, and summaries and explanations of, the Loan Agreement, the Indenture and other documents referred to herein do not purport to be complete, and reference is made to said documents for full and complete statements of their provisions. All references herein to the 2023 Bonds are qualified by the definitive forms thereof and the information with respect thereto contained in the Indenture and the Loan Agreement. The Appendices attached hereto are a part of this Official Statement. All forecasts, estimates and other statements in this Official Statement involving matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact.

The Authority has consented to the distribution of this Official Statement insofar as it relates to the Authority and the transactions to which the Authority is a party. The Authority, however, neither has nor will assume responsibility as to the accuracy and completeness of the information in this Official Statement except that contained under the headings "THE AUTHORITY" and "LEGAL MATTERS - Validation and Litigation; Other Approvals," and then only to the extent that such information relates to the Authority.

**DEVELOPMENT AUTHORITY OF THE
UNIFIED GOVERNMENT OF
ATHENS-CLARKE COUNTY, GEORGIA**

By: _____
Chairperson

Approved:

**UNIVERSITY OF GEORGIA
ATHLETIC ASSOCIATION, INC.**

By: _____
Chairperson

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APPENDIX A

**DESCRIPTION OF THE UNIVERSITY OF GEORGIA
ATHLETIC ASSOCIATION, INC.**

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APPENDIX A

DESCRIPTION OF THE UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.

THE UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.

General

The University of Georgia Athletic Association, Inc. (the “Athletic Association”) is a Georgia nonprofit corporation organized in 1928. The Athletic Association was formed for the purpose of promoting intercollegiate athletic sports representing the University of Georgia (the “University”).

The business and affairs of the Athletic Association are governed by a Board of Directors (the “Board of Directors”). The Board of Directors consists of the President of the University, the Faculty Athletics Representative of the University, the Vice President for Finance and Administration of the University, the Senior Vice President for Academic Affairs and Provost of the University, the President of the University of Georgia Alumni Association, a number of members of the faculty of the University, a number of alumni of the University and a number of students of the University. The day-to-day affairs of the Athletic Association are under the supervision of the Director of Athletics and his or her staff.

Mission of the Athletic Association

The Athletic Association aspires to be the nation’s premier intercollegiate athletics program academically and athletically, while enhancing student-athlete experiences and preparing them for life beyond their time at the University. In alignment with the University’s mission, the Athletic Association recruits and develops today’s champions and tomorrow’s leaders by providing an inclusive and diverse environment that allows student-athletes to achieve their highest academic, athletic, and personal ambitions. The Athletic Association is committed to providing a first-class experience for all stakeholders and making a lasting impact on the surrounding community. Since the Athletic Association does not receive any financial support from the State of Georgia (the “State”), it must generate the ever-increasing operating and capital resources needed to accomplish its mission.

Achievements of the Athletic Association

The University has won 48 National Championships: Baseball (1990), Football (1942, 1980, 2021, 2022), Men’s Golf (1999, 2005), Women’s Golf (2001), Equestrian (2003, 2004, 2008, 2009, 2010, 2014, and 2021), Gymnastics (1987, 1989, 1993, 1998, 1999, 2005, 2006, 2007, 2008 and 2009), Women’s Swimming and Diving (1999, 2000, 2001, 2005, 2013, 2014 and 2016), Men’s Tennis (1985, 1987, 1999, 2001, 2006 (Indoor), 2007 (Indoor), 2007 and 2008), Women’s Tennis (1994, 1994 (Indoor), 1995 (Indoor), 2000, 2002 (Indoor) and 2019 (Indoor)), Men’s Track & Field (2018 (Outdoor)), and Women’s Track & Field (2018 (Outdoor)). The University has won 156 SEC Championships.

The University ranks third all-time among all Southeastern Conference (“SEC”) schools with 136 Academic All-Americans. In the latest National Collegiate Athletic Association (“NCAA”) Graduation Success Rate, University student-athletes graduated at a rate of 86 percent. In the 2021-22 season alone, the University had 86 student-athletes earn spots on the SEC Academic Honor Roll. A league-best 97 student-athletes were named to the Winter 2022 SEC Academic Honor Roll. The University also leads the SEC with 89 post-graduate scholars.

Description of Athletic Programs

The Bulldogs finished 10th in the 2021 Learfield Directors’ Cup, and by finishing 19th in 2022, the University is one of just nine schools to post top-25 finishes in the Directors’ Cup every year during the 2000s.

Football. The University’s football team typically plays a minimum of six home football games each season in Sanford Stadium out of a twelve-game regular season. Four of the home games each year are played against SEC opponents. The University’s football team has participated in 61 post-season games in its history and won four national championships (1942, 1980, 2021, and 2022). The University’s average home attendance has ranked among the nation’s top 10 for 35 consecutive seasons. The Athletic Association sells a total of approximately 92,000 tickets and of that amount approximately 60,000 are season renewable, 16,000 are student tickets and 10,000 are regular-season/faculty/complimentary tickets. Approximately 6,000 tickets are allotted for visiting teams. In addition, Sanford Stadium has 75 sky suites and 11 field suites, which generate approximately \$7.1 million per year.

Basketball. The men’s basketball team typically plays a minimum of 16 home games each season in Stegeman Coliseum out of a 30-game regular season. Nine of the home games each year are played against SEC opponents. The Athletic Association sells approximately 8,100 tickets per game per year. The University’s men’s basketball team has qualified for post-season play during 26 seasons, including a trip to the 1983 Final Four.

The women’s basketball team has received invitations to 36 out of 41 NCAA Tournaments, which ties for the second most appearances of any other school in the country. The women’s basketball team has also won a combined 11 SEC Championships and SEC Tournament titles, which is the third most for any other school in the conference.

Gymnastics. The University’s gymnastics team has won ten NCAA titles (1987, 1989, 1993, 1998, 1999, 2005, 2006, 2007, 2008 and 2009) and 16 SEC titles. The University’s gymnastics team regularly attracts near-capacity crowds for its home meets. Seventy-eight University gymnasts have earned 394 All-American awards and 20 University gymnasts have won 42 individual NCAA titles.

Baseball. The University’s baseball team was established in 1886 and is the oldest varsity sport at the University. The University has had 25 baseball players earn All-American honors 58 times in the program’s history. In 1990, the baseball team won the NCAA Tournament (College World Series) for its first national championship, including the first by any SEC school.

Equestrian. The Equestrian Team was added as the 21st varsity sport of the University in June 2001. Since then, the Equestrian Team has become a national leader, both in performance

and in the movement towards sponsorship by the NCAA. The University has won seven overall national team championships in 21 years of competition in this young sport.

Golf. The men's golf team was established in 1924. It has won two NCAA Championships (1999 and 2005) and 29 SEC Championships. The women's golf team was established in 1967 and has won 11 SEC titles, including an unprecedented winning streak of three team championships from 1997 to 1999. In addition, the women's golf team won the 2001 NCAA team title and has also produced three individual national champions.

Soccer. The women's soccer team was established in 1995. Since establishment of the program, the team has a record of 289-219-56. The program's first NCAA appearance occurred in 1997 and the team has appeared in 10 NCAA tournaments.

Softball. Since the softball program was established in 1996, the Bulldogs have amassed a 1,147-517 record, two SEC championships, one SEC Softball Tournament Title, 20 NCAA Regional appearances, 11 NCAA Super Regional appearances and 5 Women's College World Series appearances.

Swimming and Diving. The women's swimming and diving program, established in 1973, has won seven national team titles (1999, 2000, 2001, 2005, 2013, 2014 and 2016), tied for second most among all Division I schools. In addition, the program has won 12 SEC Championships (1997, 1998, 1999, 2000, 2001, 2006 and 2010-15). The University's men's swimming and diving program, established in 1926, and has won three SEC Championships.

Tennis. The University's women's tennis program began in 1966 as a club sport and later was established under the NCAA in 1982-1983. The program has won national team titles in 1994, 1994 (indoor), 1995 (indoor), 2000, 2002 (indoor) and 2019 (indoor).

The Men's tennis program, begun in 1938, has won eight national championships (six outdoor, two indoor), owns 42 SEC titles (regular season and tournament combined) and has made 42 NCAA Tournament appearances.

Track and Field and Cross Country. Track & field is one of the oldest sports at the University. The first intercollegiate competition was held in 1897. The University's men's track team won an SEC Championship in 1937 (outdoor) and an NCAA Championship in 2018 (outdoor). The women's track & field program was established in 1980, has won SEC Championships in 1995 (outdoor), 2006 (indoor and outdoor), and an NCAA Championship in 2018 (indoor).

Volleyball. The University played its first varsity volleyball season in 1978. Since its inception, the volleyball program has had 22 seasons with 20 or more wins, highlighted by two SEC Championships in 1985 and 1986 and 11 NCAA Tournament appearances.

Facilities

The primary athletic facilities on the University's campus include Sanford Stadium, Ramsey Center, Stegeman Coliseum, Coliseum Training Facility, Foley Field, Butts-Mehre Heritage Hall, Dan Magill Tennis Complex, Gabrielsen Natatorium, Suzanne Yoculan Gymnastics

Center, Spec Towns Track, the Jack Turner Soccer Complex, the Jack Turner Softball Stadium, Rankin Smith Academic Center, and the Boyd Golf Center.

The Athletic Association does not own any athletic facilities. The Athletic Association rents these athletic facilities from the University pursuant to a Rental Agreement, between the Board of Regents of the University System of Georgia (the “Board of Regents”) and the Athletic Association, dated as of July 1, 2022 (the “Rental Agreement”). The athletic facilities subject to the Rental Agreement include Sanford Stadium, Butts-Mehre Heritage Hall, Dan Magill Tennis Complex, Foley Field, Rankin Smith Academic Center, the athletics portion of the University’s golf course, Equestrian Complex, the Jack Turner Soccer Complex, the Jack Turner Softball Stadium, the Coliseum Practice Annex, the Boyd Golf Center, and specified portions of the Ramsey Center and specified portions of Stegeman Coliseum. As rent under the Rental Agreement, the Athletic Association has agreed to: (i) reimburse the Board of Regents for all insurance premiums paid by the Board of Regents attributable to the property subject to the Rental Agreement, (ii) subject to the control of the President of the University, conduct the intercollegiate, physical education, recreation and athletic program of the University, (iii) subject to the approval of the Board of Regents, the Athletic Association shall at its expense, construct, maintain, repair and operate improvements to the leased property to be used as athletic and related facilities, (iv) for the benefit of the athletic programs of the University and the State subject to the Board of Regents’ approval, allow third parties to use the leased property to conduct sporting contests, events and camps, (v) furnish to students and employees of the University admission to athletic events at free or reduced prices, (vi) pay to the University the annual administrative overhead assessment at the same rate that is charged to all auxiliary units, (vii) provide substantial annual financial support to the University to enable fundraising and donor relations activities in conjunction with athletic events, (viii) contribute to the support of the University Band, and (ix) use any surplus funds from the Athletic Association’s operations only in support of the mission of the University subject to the control of the President of the University. The primary form of rent is the provision of “in-kind consideration” and payments described above. The Rental Agreement is scheduled to terminate on June 30, 2027, subject to renewal terms described therein.

Sanford Stadium. Sanford Stadium was constructed in 1929 and is where the football team plays its home games. It is the ninth largest on-campus stadium in the country. In 1991, the Athletic Association enclosed the west end at a cost of \$3.7 million. With a \$25 million expansion completed in 2003 and another \$8 million expansion in 2004, Sanford Stadium added a second upper deck on the north side and 27 new north side sky suites bringing the new stadium capacity to 92,746. In 2018, the west end zone was improved with the addition of a team locker room, recruiting space to host prospective student-athletes, a new video board, and a plaza for fans. Sanford Stadium is generally filled to its 92,746 capacity for every home football game.

Butts-Mehre Heritage Hall. Butts-Mehre Heritage Hall was constructed in 1987 and is the main administration building for the Athletic Department and the practice and office facilities for the University’s football and track & field and cross country programs. It is 86,000 square feet and cost approximately \$12 million to construct. The third and fourth floors house the administrative offices of the Athletic Association and also serve as the Georgia Bulldog Hall of Fame Museum, which includes student-athlete and coaches’ accomplishments throughout the years and a display of trophies and memorabilia.

In April 2018, the William Porter Payne and Porter Otis Payne Indoor Athletic Facility was dedicated, which is utilized for practices, walkthroughs, and conditioning work, as well as other sports in need of indoor space.

In 2021, an \$80 million renovation and expansion to Butts-Mehre Heritage Hall for football took place. The project added 136,300 square feet of new space and renovated 28,700 square feet in the existing area of Butts-Mehre Heritage Hall. The project included new coaches' and staff offices, new team meeting rooms, and weight room, nutrition, and sports medicine areas.

In 2022, the first and second floors of Butts-Mehre Heritage Hall were remodeled to house the men's and women's track & field team locker rooms and coaches' offices.

Rankin Smith Academic Center. The Rankin Smith Academic Center is the student-athlete academic center located on the University's Campus. The new 31,000 square foot facility consists of computer labs, multi-media classroom, large and small group tutoring rooms, writing and learning centers, and counselor's offices.

Stegeman Coliseum. Stegeman Coliseum was constructed in 1964 and is a multi-purpose arena, seating approximately 10,500 spectators. Stegeman Coliseum is used for a variety of purposes including the University's basketball, gymnastics, and volleyball teams, university classes, commencements, concerts and various other events. In 2017, new seats, a center-ceiling scoreboard, and sound and lighting system upgrades were added to Stegeman Coliseum to enhance the fan experience. In addition, Stegeman Coliseum was also used for rhythmic gymnastics and preliminary volleyball competition during the Centennial Olympic Games in 1996. Stegeman Coliseum was the site of the 1989, 1995 and 2008 NCAA Division I Women's Gymnastics Championships.

Coliseum Training Facility. The Coliseum Training Facility opened in September 2007. This 120,000 square foot facility houses the men's and women's basketball teams and the gymnastics team.

The annex has separate areas for each team and includes two full-length practice courts, coaches' offices, locker rooms, lounges, video assessment rooms and meeting rooms. Also included is a weight training facility for all of the Olympic sports as well as a satellite athletic training room. The annex has a loading dock for Stegeman Coliseum and a storage/inventory area for non-football equipment.

Suzanne Yoculan Gymnastics Center. The Suzanne Yoculan Gymnastics Center consists of a 16,000 square-foot practice gym and is attached to Stegeman Coliseum which is where the University holds its home gymnastics competitions. The Suzanne Yoculan Gymnastics Center includes: a 16,000 square-foot practice gym, a 2,200 square-foot locker room, a large team meeting room, self-contained training areas for each apparatus, three vaults, two with resi-pit landing areas and one with a deep foam pit, trench bar, and four sets of uneven bars.

Dan Magill Tennis Complex. The Dan Magill Tennis Complex has a total of 16 courts (12 outdoor and four indoor) and a total seating capacity of more than 5,000. The complex is one of the largest on-campus tennis facilities in the country. In 2020, the complex underwent a \$8.5 million renovation project, which marked the largest makeover for the complex since 2002.

It features a new grandstand to Henry Feild Stadium with chair-back seating in the lower levels, permanent concession stands, restrooms and a new 1,750-square foot handicap-accessible press box. New umpire headquarters, as well as additional seating along the grass, can also be seen at the complex. The Lindsey Hopkins Indoor Tennis Facility, part of the Dan Magill Tennis Complex, is currently under construction and renovation. See “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Capital Plan” herein.

The complex has hosted the Men’s NCAA Championships a total of 28 times and the Women’s NCAA Championships a total of seven times. It hosted 13 consecutive NCAA Championships from 1977 to 1989. Beginning in 2006, the men’s and women’s championships were combined at a single site. The University hosted the combined NCAA Tennis Championships in 2007, 2010, 2012, 2014, 2015 and 2017.

Foley Field. The University has played baseball in Foley Field since 1966. In 1990, the field was renovated at a cost of \$3.5 million. The current stadium has a seating capacity of 3,291. From 1990-2010, the seating area was a mix of chairback and bleachers, however new green chairbacks were installed throughout the stadium for the 2011 season. The grandstand area is covered by a partial roof with both concession stands and rest rooms located in the stadium. A new playing surface and drainage system was installed in the summer of 2003. There are indoor and outdoor bullpens and indoor hitting cages. The lower portion of the stadium includes a locker room, players’ lounge, a coaches’ office, an equipment room plus exercise and athletic training facilities. A \$12 million renovation added premium level suites and a press box in 2014. A capital project containing new construction and renovation of existing areas at Foley Field has been approved and will begin in summer 2023. See “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Capital Plan” herein.

Spec Towns Track. The Spec Towns Track underwent a \$3 million complete renovation following the 2009 season. The 400-meter track features eight 42-inch running lanes, which are BSAF Conipur MX full depth, Polyurethane embedded EPDM wearing layer. The renovated facility also features two completely redesigned throwing circles with cages, five vaulting areas, four expanded long jump areas, along with two javelin runways, a shot put area, two high jump pits and an underground storm retention drainage system.

Ramsey Center. The Ramsey Center was named the best recreational facility in the country by *Sports Illustrated* in 1997. The facility encompasses approximately 420,000 square feet. The Ramsey Center includes five gymnasias, three swimming pools, three multipurpose rooms, a climbing wall, 10 racquetball courts, two international squash courts, a strength and conditioning room, a one-eighth-mile jogging track, an outdoor equipment rental room and an outdoor resource center.

Gabrielsen Natatorium. Dedicated in January 1996, the Gabrielsen Natatorium contains three separate pools. The 50-meter competition pool contains 844,000 gallons of water and can be configured into four different layouts by using the two movable bulkheads to allow for both short- and long-course training. Adjacent to the main pool is seating for nearly 2,000 spectators. The Aquatic Director’s Office, swimming and diving coaches’ offices, timing room, locker rooms

and lifeguard offices are all located on the deck level. Since its opening, the University has hosted the NCAA Women's Championships in 1999 and 2006 and will host again in 2024, the NCAA Men's Championships in 2002, and the SEC Championships in 1997, 2004, 2010, 2014, 2019, and 2021. U.S. Diving used Gabrielsen Natatorium as the site of the 1997 World Championship Team Trials.

Volleyball Arena. The Volleyball Arena located within the Ramsey Center is where the University's volleyball team practices. During the summer of 2009, new additions were added to the volleyball area of the Ramsey Center, with the program's coaches moving into new offices along with the addition of a theatre-style team video and scouting room, a new training room, a new visitor's locker room and a players' lounge that features a sitting area, a Wi-Fi bar and a nutrition station. The University's volleyball team began playing its home matches in Stegeman Coliseum in 2017.

UGA Golf Course. The University's golf course stretches over 7,000 yards and plays to a par of 71. Golf Digest has rated it as one of the top 50 public courses in the nation. Opened for play in 1968, the University's golf course was designed by well-known architect Robert Trent Jones. Mr. Jones donated the plan to the University, and construction of the course was funded primarily by student-generated activities fees. The Boyd Golf Center, which is located at the golf course, contains locker rooms, coaches' offices, club storage and repair areas and computer stations. In 2018, the Athletic Association completed a renovation to the Boyd Golf Center that doubled its size and included an enhancement of locker rooms, team lobbies, and coaches' offices. The golf course facilities also include a private practice range and an indoor practice facility.

Jack Turner Soccer Complex. The Jack Turner Soccer Complex is the home of the University's soccer program. The complex opened September 1, 1998. In 2000, the complex served as the site of the SEC Women's Soccer Tournament. In 2004, the construction of a new clubhouse was completed which features state-of-the-art video and training equipment, a full-service kitchen and catering area, players' lounge and coaches' offices. In 2017, a full reconstruction of the soccer grandstand and press box took place. The press box has ample room for media personnel, as well as game day operations staff, a TV booth, and radio booths for both home and away teams. Additionally, there are two large platforms on either side of the press box for cameras and VIP. Prior to the 2022 season, new wall graphics and a refurbished locker room were installed in the team clubhouse, along with a new video board at the stadium.

Jack Turner Softball Stadium. The University's softball team plays in a multi-million dollar softball stadium, which holds more than 2,000 fans. Jack Turner Softball Stadium has been chosen to host eleven NCAA Regionals or NCAA Super Regionals since the format began in 2006.

The locker room located within the softball stadium includes an athletic training room, a players' lounge, showers and the coaches' offices. On the first base side, the visiting team has its locker room and showers along with the umpires' locker room. Both the University's and visiting team's dugout are connected by tunnel to locker rooms. The softball complex also has a state-of-the-art press box. The press box has suites for radio, television and for both the University and the visiting team's athletic director. A capital project containing new construction and renovation of existing areas at the Jack Turner Softball Stadium has been approved and will begin

in summer 2023. See “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Capital Plan” herein.

Equestrian Complex. The University’s Equestrian team trains and competes at the UGA Equestrian Complex in Bishop, Georgia which is approximately 12 miles from the University’s campus. The facility features a \$3.1 million clubhouse that opened in October 2019. The 7,000-square foot facility has a fully equipped locker room and dressing facilities, team meeting room, sports medicine space, uniform storage and laundry facilities as well as coaches’ space, including an office suite and locker room. Other features of the complex include a X-stall barn, four practice and competition arenas, including a covered arena, and a horse walker, among other things.

Management and Administration

The business and affairs of the Athletic Association are governed by the Board of Directors. The Board of Directors consists of the President of the University, the Faculty Athletics Representative of the University, the Vice President for Finance and Administration of the University, the Senior Vice President for Academic Affairs and Provost of the University, the President of the University of Georgia Alumni Association, a number of members of the faculty of the University, a number of alumni of the University and a number of students of the University. The day-to-day affairs of the Athletic Association are under the supervision of the Director of Athletics and his or her staff.

Board of Directors. The names, occupations and position held of the principal officers and the Board of Directors of the Athletic Association are as follows:

Name	Occupation	Office
Jere W. Morehead	President, University of Georgia	Chair
Dr. S. Jack Hu	Senior Vice President for Academic Affairs and Provost, University of Georgia	Vice Chair
David E. Shipley	Professor, University of Georgia School of Law	Secretary and Faculty Athletics Representative
Ryan A. Nesbit	Vice President for Finance and Administration, University of Georgia	Treasurer
Dr. Ron Walcott	Vice Provost for Graduate Education & Dean of the Graduate School	Faculty
Dr. Annette Poulsen	Professor, Terry College of Business	Faculty
Dr. Marshall Shepherd	Professor, Department of Geography & Atmospheric Sciences	Faculty
Dr. Esra Santesso	Professor, Department of English	Faculty
Dr. Luke Naeher	Professor, Department of Environmental Health Science	Faculty

Dr. Janet Westpheling	Professor, Department of Genetics	Faculty
Mr. Chris Cummiskey	Chairman and CEO of Southern Power	Alumni
Hon. Steve C. Jones	United States District Judge	Alumni
Mr. Kessel Stelling, Jr.	Retired Chairman and CEO of Synovus	Alumni
Mr. Jon C. Stinchcomb	Chairman of the Board of NG3	Alumni
Hon. Lisa G. Wood	United States District Judge	Alumni
Mr. Sam Holmes	Vice Chairman of the Advisory & Transaction Service Group at CBRE	Alumni
Mr. William D. Young, Jr.	Partner, General Wholesale Company	Alumni
Ms. Yvette Daniels	President, Alumni Association	Alumni
Ms. Briana Hayes	Student, University of Georgia	Student (Voting)
Ms. Jaiden Fields	Student, University of Georgia	Student-Athlete (Non-Voting)
Mr. Caleb Cavanaugh	Student, University of Georgia	Student-Athlete (Non-Voting)

Administration. Set forth below is biographical information for three of the primary officers of the Athletic Association.

Athletic Director. Josh Brooks was appointed the J. Reid Parker Director of Athletics in January 2021 after serving 11 years in supporting roles at the University, most recently as Interim Director of Athletics and Senior Deputy Director of Athletics. Brooks returned to the University in 2016 as Executive Associate Director of Athletics after serving as Deputy Athletics Director at the University of Louisiana Monroe (“ULM”) from 2015-16 and Director of Athletics at Millsaps College from 2014-15. Prior to his tenures at Millsaps and ULM, he had served in capacities at the University as Director of Football Operations (2008-11) and Assistant and Associate Athletic Director for Internal Operations (2012-14). Brooks also served as director of football operations at ULM beginning in 2004, and in 2007 ULM became bowl eligible for the first time in school history after beating Alabama. Brooks gained experience as a student at Louisiana State University (“LSU”), working as an equipment manager and a student assistant coach. During his four years at LSU, the Tigers participated in the 2000 Peach Bowl, 2002 Sugar Bowl, and won the 2001 SEC championship. A native of Hammond, Louisiana, Brooks graduated from LSU (‘02) with a degree in Kinesiology and completed his master’s degree in Sport Management from the University (‘14).

Senior Deputy Director of Athletics. Darrice Griffin was named Senior Deputy Director of Athletics in January 2021, after serving as Deputy Director of Athletics of Administration at the University from December 2017 to December 2020. At the time she joined the University’s staff,

Griffin had served as Deputy Director of Athletics at University of Massachusetts at Amherst from July 2017 to December 2017, after holding the position of Senior Associate Director of Athletics for Internal Operations/Senior Woman Administrator for two years. Additionally, Griffin was also the department's Senior Woman Administrator during her entire tenure in Amherst. Prior to her arrival in Amherst, Griffin spent the previous six years (2010-2015) at Columbia University, including the last four as Associate Athletics Director for Intercollegiate Sports Programs. In that role, she oversaw a number of Columbia's sports programs, was the University's liaison to Barnard College - Columbia's partner institution in New York City - and was responsible for gender and diversity initiatives within the department of athletics.

A native of Seagraves, Texas, Griffin was a standout basketball student-athlete at Texas Tech, graduating in 2007 with cum laude honors in psychology. She was a four-time recipient of the Texas Tech Student-Athlete Merit Award, a two-time Academic All-Big 12 Conference honoree and was named an Arthur Ashe Sports Scholar in 2007. Griffin was the 2004 Gatorade Player of the Year in Texas. She was also an All-Texas First-Team selection and a McDonald's All-American.

Deputy Athletic Director - Finance. Stephanie Ransom currently serves as the Deputy Athletic Director for Finance. She also assumed the title of Senior Woman Administrator in September of 2017. She began work at the Athletic Association in June 2000 as the Assistant Director of Business. In Ransom's current role, her responsibilities include managing directly or overseeing personnel responsible for day-to-day business operations, travel, information technology, equipment operations, risk management and insurance, digital and production, auxiliary revenue, concessions, marketing and fan engagement, licensing, and human resources. She also serves as the Sport Facilitator for the Soccer, Softball, and Women's Gymnastics programs.

A native of Gainesville, Georgia, Stephanie is a graduate of the University where she received a BBA in Marketing. As an undergraduate, Stephanie was a member of the University's Women's Soccer Team, where she earned All-American and All-SEC honors.

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Summary Financial Information

The following summary of financial information on the Athletic Association's financial position and revenue and expenses as of and for the fiscal years ending June 30, 2018 through 2022 were derived from the audited financial statements of the Athletic Association. The financial information should be read in conjunction with the audited financial statements of the Athletic Association for the respective fiscal year ends and related notes to such statements and accompanying information. The audited financial statements for the fiscal years ended June 30, 2022 and 2021 are included as Appendix B to the Official Statement. In addition, the unaudited financial information for the first six months of fiscal year 2023 was provided by the Athletic Association and is preliminary and subject to revision based on completion of the Athletic Association's closing and audit processes for fiscal year 2023.

SUMMARY BALANCE SHEET INFORMATION

	As of June 30,					As of
	2018	2019	2020	Restated 2021	2022	December 31, 2022 ⁽¹⁾
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 56,249,118	\$ 57,831,568	\$ 60,047,599	\$ 57,337,249	\$ 63,138,799	\$ 6,101,540
Accounts receivable	3,222,827	3,476,897	2,029,049	5,302,618	4,836,718	490,862
Prepaid expenses and other current assets	616,863	872,644	297,229	115,175	1,245,829	941,925
Total Current Assets	<u>\$ 60,088,808</u>	<u>\$ 62,181,109</u>	<u>\$ 62,373,877</u>	<u>\$ 62,755,042</u>	<u>\$ 69,221,346</u>	<u>\$ 7,534,327</u>
Noncurrent Assets:						
Amounts held by the UGA Foundation	\$ 53,473,069	\$ 51,808,178	\$ 49,827,507	\$ 60,680,990	\$ 54,952,645	\$ 52,615,843
Other assets	383,531	305,118	247,930	190,743	133,555	133,555
Construction in progress	54,214,008	5,249,347	21,785,998	53,269,672	3,961,596	3,961,596
Capital assets, net of accumulated depreciation	262,500,192	318,295,774	313,492,408	313,004,211	377,052,045	377,052,045
Intangible right-to-use assets, net of accumulated amortization of \$604,734 and \$373,708 in 2022 and 2021, respectively	-	-	-	502,190	308,513	308,513
Total Noncurrent Assets	<u>\$370,570,800</u>	<u>\$375,658,417</u>	<u>\$385,353,843</u>	<u>\$427,647,806</u>	<u>\$436,408,354</u>	<u>434,071,552</u>
Total Assets	<u>\$430,659,608</u>	<u>\$437,839,526</u>	<u>\$447,727,720</u>	<u>\$490,402,848</u>	<u>\$505,629,700</u>	<u>\$441,605,879</u>
DEFERRED OUTFLOWS OF RESOURCES						
Accumulated decrease in fair value of hedging derivatives	\$ 2,784,451	\$ 3,737,734	\$ 5,065,455	\$ 3,715,221	\$ 1,767,019	\$ 1,767,019
Deferred loss on bond refunding	10,569,080	9,578,604	8,588,127	7,597,651	6,773,148	6,773,148
Total Deferred Outflows of Resources	<u>\$ 13,353,531</u>	<u>\$ 13,316,338</u>	<u>\$ 13,653,582</u>	<u>\$ 11,312,872</u>	<u>\$ 8,540,167</u>	<u>\$ 8,540,167</u>

⁽¹⁾ Unaudited.

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	As of June 30,					As of December 31, 2022 ⁽¹⁾
	2018	2019	2020	Restated 2021	2022	
LIABILITIES						
Current Liabilities:						
Accounts payable and other accrued liabilities	\$ 11,776,412	\$ 5,486,303	\$ 6,254,198	\$ 11,695,829	\$ 13,030,309	\$ 13,831,031
Accrued interest	820,896	839,704	944,317	855,569	763,822	-
Accrued payroll	6,955,893	5,783,920	6,256,327	9,607,743	9,386,735	12,833,739
Unearned revenue	34,667,957	37,373,561	33,780,208	31,293,061	32,158,014	5,496,961
Lease obligations, current portion	-	-	-	220,651	183,247	183,247
Bonds payable, current portion	5,495,000	2,885,000	5,785,000	5,955,000	4,955,000	-
Total Current Liabilities	<u>\$ 59,716,158</u>	<u>\$ 52,368,488</u>	<u>\$ 53,020,050</u>	<u>\$ 59,627,853</u>	<u>\$ 60,477,127</u>	<u>\$ 32,344,978</u>
Noncurrent Liabilities:						
Derivative instruments	\$ 2,784,451	\$ 3,737,734	\$ 5,065,455	\$ 3,715,221	\$ 1,767,019	\$ 1,767,019
Deferred compensation payable	379,923	305,118	247,930	190,743	133,555	133,555
Lease obligation	-	-	-	286,453	129,689	129,689
Revolving line of credit	15,836,592	15,836,592	1,000	5,001,000	5,001,000	5,001,000
Bonds payable	95,207,340	88,876,151	82,389,961	75,733,773	70,077,583	70,077,583
Total Noncurrent Liabilities	<u>\$114,208,306</u>	<u>\$108,755,595</u>	<u>\$ 87,704,346</u>	<u>\$ 84,927,190</u>	<u>\$ 77,108,846</u>	<u>\$ 77,108,846</u>
Total Liabilities	<u>\$173,924,464</u>	<u>\$161,124,083</u>	<u>\$140,724,396</u>	<u>\$144,555,043</u>	<u>\$137,585,973</u>	<u>\$109,453,824</u>
NET POSITION						
Net investment in capital assets	\$210,744,348	\$225,525,982	\$255,690,572	\$287,181,761	\$307,753,206	\$312,703,783
Unrestricted	59,344,327	64,505,799	64,966,334	69,978,916	68,830,688	27,988,437
Total Net Position	<u>\$270,088,675</u>	<u>\$290,031,781</u>	<u>\$320,656,906</u>	<u>\$357,160,677</u>	<u>\$376,583,894</u>	<u>\$340,692,220</u>

⁽¹⁾ Unaudited.

SUMMARY FINANCIAL INFORMATION ON REVENUES AND EXPENSES

	Fiscal year ended June 30,					Six months ended December 31,	
	2018	2019	2020	Restated 2021	2022	2021	2022 ⁽¹⁾
REVENUES:							
Operating Revenue:							
Football	\$ 21,442,484	\$ 33,181,149	\$ 33,718,560	\$ 3,223,617	\$ 31,880,094	\$33,993,963	\$ 30,432,266
Post season football bowl	4,882,750	2,232,250	3,454,430	1,520,500	4,518,000	-	-
Men's basketball	827,351	901,573	1,266,413	217,805	947,492	1,061,108	1,284,777
Other sports	627,951	589,121	321,012	205,257	649,316	339,800	487,868
Sky suites	5,201,193	5,657,823	5,631,206	3,489,794	7,128,785	27,200	2,116,394
SEC/NCAA revenue	42,548,343	44,462,163	46,165,641	76,946,229	50,495,910	1,005,521	102,358
Multi-media	14,193,786	18,000,000	11,500,000	8,472,684	13,077,787	7,534,582	8,587,750
Concessions/novelties	1,776,851	1,862,087	1,522,349	331,774	951,696	399,148	512,625
Promotions/sponsorships	2,112,859	2,282,532	2,415,904	1,611,593	4,319,898	956,971	2,423,562
Licensing	5,279,811	3,788,791	3,526,322	3,359,241	7,042,851	1,032,902	1,600,992
Product endorsements	1,127,500	1,035,000	1,404,615	1,402,115	1,569,615	884,615	-
Student fees	3,476,179	3,508,850	2,728,482	3,209,179	3,530,802	1,801,058	1,836,662
Ticket contributions - Football	34,157,645	29,602,580	29,560,940	23,413,511	31,553,732	2,014,066	1,323,580
Ticket contributions - Men's and Women's basketball, gymnastics, and baseball	1,577,395	1,352,953	1,769,030	876,079	1,844,292	1,373,800	1,568,325
Other operating revenues	5,870,334	5,815,798	6,419,542	7,907,167	9,254,473	2,700,712	3,840,737
Total Operating Revenues	\$145,102,432	\$154,272,670	\$151,404,446	\$136,186,545	\$168,764,743	\$55,125,446	\$56,117,896

⁽¹⁾ Unaudited.

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SUMMARY FINANCIAL INFORMATION ON REVENUES AND EXPENSES

	2018	2019	2020	2021	2022	Six months ended December 31,	
						2021	2022 ⁽¹⁾
EXPENSES:							
Operating Expenses:							
Athletic Sports:							
Football	\$ 31,823,310	\$ 38,365,572	\$ 37,866,119	\$ 28,436,522	\$ 43,247,594	\$ 22,301,622	\$ 29,229,530
Basketball - Men	7,794,427	7,103,740	7,556,604	6,305,280	13,177,786	3,754,582	4,055,046
Basketball - Women	3,222,783	3,334,483	3,512,497	2,797,907	5,515,613	1,679,341	1,980,487
Baseball	1,940,060	2,274,838	1,792,270	2,227,264	2,571,207	949,478	980,400
Golf - Men	650,163	640,867	610,090	482,357	674,444	336,944	334,154
Golf - Women	495,504	485,659	458,198	347,369	500,462	240,795	273,086
Gymnastics - Women	1,333,357	1,509,481	1,251,007	966,831	1,368,622	498,265	571,102
Equestrian	1,375,822	1,424,210	1,404,091	1,239,173	1,631,961	815,436	1,167,697
Soccer	768,793	842,163	893,391	712,181	1,403,304	782,425	928,626
Softball	1,051,745	1,226,776	995,343	1,166,601	1,354,544	422,816	584,758
Swimming	1,809,039	1,811,073	1,816,655	1,478,963	1,867,032	866,469	802,792
Tennis - Men	917,225	890,661	815,908	767,046	1,018,713	430,648	445,137
Tennis - Women	730,958	809,557	775,062	774,211	1,067,447	438,757	458,268
Track	2,817,821	2,644,892	2,040,243	2,218,394	2,890,359	1,088,814	1,196,743
Volleyball	915,736	1,027,410	1,049,196	847,214	1,079,326	682,103	866,034
Postseason football bowl	6,825,927	3,575,542	3,685,578	858,582	8,811,450	1,938,582	281,115
Sports medicine	7,255,526	7,919,935	7,063,266	7,062,675	8,803,203	4,516,630	6,161,446
Sports information	1,344,937	1,468,992	1,500,071	1,399,478	1,681,790	876,591	744,078
Academic counseling	2,940,259	2,809,748	2,581,345	2,423,960	2,714,075	1,300,502	1,276,742
Scholarships	13,199,088	13,724,640	13,598,178	13,546,061	15,147,064	2,944,289	5,031,671
General and administrative expense	21,200,534	21,173,033	23,183,352	24,840,425	26,739,482	12,739,351	15,414,960
Plant operations and facility maintenance	11,143,470	14,773,863	11,727,095	10,637,648	14,172,037	6,885,810	5,896,241
Other operating expenses	3,719,270	3,375,239	3,015,786	1,468,257	2,804,635	2,191,386	2,343,594
Depreciation and amortization	10,278,367	11,294,829	10,935,591	11,249,037	12,051,470	-	-
Total Operating Expenses	\$135,554,121	\$144,507,203	\$140,126,936	\$124,253,436	\$172,293,620	\$ 68,681,636	\$ 81,023,707
Operating income (loss)	\$ 9,548,311	\$ 9,765,467	\$ 11,277,510	\$ 11,933,109	(\$ 3,528,877)	(\$ 13,556,190)	(\$ 24,905,811)
Nonoperating Revenues (Expenses):							
Contributions for the purchase of capital assets	27,020,882	16,010,600	27,240,143	16,966,074	34,300,839	10,033,615	1,576,594
Investment income	4,595,270	2,649,979	697,734	15,951,978	(3,499,431)	9,471	189,023
Gain (loss) on disposal of capital assets	(18,690)	1,109,233	(38,467)	(39,940)	(17,015)	(14,294)	-
Amounts paid to the UGA Foundation	(4,500,000)	(5,000,000)	(4,500,000)	(4,600,000)	(4,500,000)	(2,500,000)	(2,500,000)
Interest, financing and related costs	(4,561,087)	(4,592,173)	(4,051,795)	(3,704,424)	(3,332,299)	(804,273)	(787,682)
Net Nonoperating Revenues	\$ 22,536,375	\$ 10,177,639	\$ 19,347,615	\$ 24,573,688	\$ 22,952,094	\$ 6,724,519	(\$ 1,522,065)
Change in net position	\$ 32,084,686	\$ 19,943,106	\$ 30,625,125	\$ 36,506,797	\$ 19,423,217	(\$ 6,831,671)	(\$ 26,427,876)
Net position, beginning of year	238,003,989	270,088,675	290,031,781	320,656,906	357,160,677	357,160,677	376,583,894
Effect of accounting change (Note 15)	-	-	-	(3,026)	-	-	-
Net position, beginning of year, as restated	-	-	-	320,653,880	357,160,677	357,106,677	376,583,894
Net position, end of year	\$270,088,675	\$290,031,781	\$320,656,906	\$357,160,677	\$376,583,894	\$350,329,006	\$350,156,018

⁽¹⁾ Unaudited.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating Revenues

For the fiscal year ended June 30, 2022, total operating revenues were \$168.8 million. Football (\$36.4 million), men's basketball (\$947,000), and revenue categories that can be tied directly to those sports (sky suites \$7.1 million, SEC/NCAA revenue \$50.5 million, multi-media \$13.1 million, concessions/novelties \$952,000, and ticket contributions \$31.6 million) combined for a total of \$140.6 million, or 83.3% of total operating revenues. Other sports, and other revenue categories that cannot be tied directly to football or men's basketball, generated the balance of \$28.2 million. Student fees (\$3.5 million) and promotions/sponsorships and licensing (\$11.4 million) accounted for the bulk of these other revenue categories.

For the fiscal year ended June 30, 2021, total operating revenues were \$136.2 million. Football (\$4.7 million), men's basketball (\$218,000) and revenue categories that can be tied directly to those sports (sky suites \$3.5 million, SEC/NCAA revenue \$76.9 million, multi-media \$8.5 million, concessions/novelties \$332,000 and ticket contributions \$23.4 million) combined for a total of \$117.6 million, or 86.4% of total operating revenues. Other sports, and other revenue categories that cannot be tied directly to football or men's basketball, generated the balance of \$18.6 million. Student fees (\$3.2 million) and promotions/sponsorships and licensing (\$5.0 million) accounted for the bulk of these other revenue categories. The fiscal year ended June 30, 2021, included the 2020 football season, for which football ticket and contribution revenue were impacted due to a reduced competition schedule and reduced seating capacity for home games in Sanford Stadium.

For the fiscal year ended June 30, 2020, total operating revenues were \$151.4 million. Football (\$37.2 million), men's basketball (\$1.3 million) and revenue categories that can be tied directly to those sports (sky suites \$5.6 million, SEC/NCAA revenue \$46.2 million, multi-media \$11.5 million, concessions/novelties \$1.5 million and ticket contributions \$29.6 million) combined for a total of \$132.9 million, or 87.8% of total operating revenues. Other sports, and other revenue categories that cannot be tied directly to football or men's basketball, generated the balance of \$18.5 million. Student fees (\$2.7 million) and promotions/sponsorships and licensing (\$5.9 million) accounted for the bulk of these other revenue categories.

Operating Expenses

For the fiscal year ended June 30, 2022, of the total operating expenses of \$172.3 million, \$79.4 million, or 46.1%, were expenses related to operating the individual sports. Another \$22.0 million, or 12.8%, was expended in the sports-related categories of sports medicine, sports information, academic counseling, and the postseason football bowl game. Scholarships and general and administrative expenses of \$41.9 million represented 24.3% of operating expenses, and the final 16.8% of total operating expenses was from depreciation and amortization, plant operations, facility maintenance, and other operating expenses of \$29.0 million.

For the fiscal year ended June 30, 2021, of the total operating expenses of \$124.3 million, \$50.8 million, or 40.9%, were expenses related to operating the individual sports. Another \$11.7 million, or 9.5%, was expended in the sports-related categories of sports medicine, sports information, academic counseling, and the postseason football bowl game. Scholarships and general and administrative expenses of \$38.4 million represented 30.9% of operating expenses, and the final 18.8% of total operating expenses was from depreciation and amortization, plant operations, facility maintenance, and other operating expenses of \$23.4 million.

For the fiscal year ended June 30, 2020, of the total operating expenses of \$140.1 million, \$62.8 million, or 44.8%, were expenses related to operating the individual sports. Another \$14.8 million, or 10.6%, was expended in the sports-related categories of sports medicine, sports information, academic counseling, and the postseason football bowl game. Scholarships and general and administrative expenses of \$36.8 million represented 26.2% of operating expenses, and the final 18.4% of total operating expenses was from depreciation and amortization, plant operations, facility maintenance, and other operating expenses of \$25.7 million.

Capital Assets and Debt Administration

During fiscal year 2022, the Athletic Association invested \$26.8 million in capital improvement and renovation projects. The Butts-Mehre expansion and renovation was completed.

Debt Service Requirements

Set forth in the following table are the Athletic Association's estimated debt service requirements on its outstanding long-term bonds for each fiscal year through fiscal year 2043, assuming the issuance of the 2023 Bonds and the refunding of the Refunded Bonds as described in the Official Statement under the caption "PLAN OF FINANCE." See also, "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC. FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021 - FINANCIAL STATEMENTS - Notes to the Financial Statements - Note 5--Long-term debt - A. Bonds payable." The debt service requirements were computed based on the assumptions described in the footnotes to the table.

Fiscal Year	Series 2016 Debt Service	Series 2023 Debt Service	Total Debt Service
2023	\$ 6,255,403	\$	\$
2024	6,248,309		
2025	6,231,724		
2026	6,200,726		
2027	6,180,514		
2028	6,170,313		
2029	6,144,119		
2030	6,122,061		
2031	6,073,379		
2032	6,059,003		
2033	1,050,529		
2034	1,023,077		
Total	\$63,759,157	\$	\$

Derivative Instruments

The Athletic Association previously entered into an interest rate swap agreement relating to the Series 2005B Bonds to effectively convert interest rates on such debt from variable to fixed. The Athletic Association expects that a portion of the proceeds of the sale of the 2023 Bonds will be used to pay a termination amount in connection with the termination of such interest rate swap agreement as described in the Official Statement under the caption “PLAN OF FINANCE.” See “APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC. FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021 - FINANCIAL STATEMENTS - Notes to the Financial Statements - Note 6 - Derivative Instruments.”

Line of Credit

The Athletic Association entered into a Loan Agreement with PNC Bank, National Association, in October 2017, as modified in February 2020, together with a related Second Amended and Restated Revolving Line of Credit Note in November 2022, evidencing an unsecured revolving credit facility in an amount up to \$50 million (the “Credit Facility”). Amounts advanced under this Credit Facility bear interest at a rate based on the Secured Overnight Financing Rate, and this Credit Facility has a final maturity of February 27, 2025. Amounts drawn on the Credit Facility are used to bridge cash needs which may arise in the construction of various capital projects of the Athletic Association and for other purposes. At March 31, 2023, amounts outstanding under the credit facility include borrowings of \$20,001,000, resulting in \$29,999,000 available as borrowing capacity under this facility. See “APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC. FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021 - FINANCIAL STATEMENTS - Notes to the Financial Statements - Note 8 - Line of credit.”

Capital Plan

The Athletic Association does not have any current plans to incur additional indebtedness, with the exception of the possibility of renewal or extension of the Credit Facility beyond the final maturity noted above. The Athletic Association is evaluating various facilities improvements. The Athletic Association currently has the following three capital projects either in progress or approved and upcoming:

Lindsey Hopkins Indoor Tennis Facility. This project will replace and expand the Lindsey Hopkins Indoor Tennis Facility to include six courts, 600 spectator seats, and 60,000 gross square feet. This project will also include elevated seating for fans, a team room, and other amenities. This project began in summer 2022 with a campus infrastructure enabling project to relocate underground utilities adjacent to the future structure. This project is projected to be completed in winter 2024. This project, with a budget of \$26,700,000, will be fully fundraised and the Athletic Association will utilize its existing line of credit to bridge cash needs, if needed, during construction. See “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Line of Credit” herein.

Foley Field Expansion and Renovations. This project will renovate a portion of the existing facility and build an approximately 41,000 square foot addition along the third baseline, providing new space for student-athletes to enhance their training, add offices for the coaching staff, and increase the number of premium seats and fan amenities. This project is scheduled to begin in summer 2023 with an infrastructure enabling project and be completed in winter or spring 2025. This project, with a budget of \$45,000,000, will be fully fundraised and the Athletic Association will utilize its existing line of credit to bridge cash needs, if needed, during construction. See “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Line of Credit” herein.

Jack Turner Softball Stadium Improvements. This project will renovate the existing team areas and convert them into new coaches’ offices and a staff locker room. A new two-story, approximately 27,500 gross square foot facility will be built beyond left field and will include a clubhouse for the softball student-athletes and a shared weight room and indoor practice facility accessible to multiple teams. The clubhouse portion, specific to softball, will include locker room, training room, nutrition, lounge, and team meeting room areas. Additional multi-sport shared amenities will include laundry, equipment storage, and a fueling station. This project is scheduled to begin in summer 2023 with an infrastructure enabling project and to be completed in winter or spring 2025. This project, with a budget of \$38,500,000, will be fully fundraised and the Athletic Association will utilize its existing line of credit to bridge cash needs, if needed, during construction. See “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION - Line of Credit” herein.

Sources of Revenue

The Athletic Association derives its revenues from four primary sources: ticket sales and contributions, amounts received from the NCAA and SEC, multi-media contracts and student fees. Other sources of revenue include concessions, sponsorships, product endorsements, sky suite revenue and other miscellaneous revenues. During fiscal year 2022, the Athletic Association had total operating revenues of approximately \$168.8 million. Football, men’s basketball and revenue categories that can be tied directly to those sports accounted for a total of \$140.6 million, or 83.3% of total operating revenue.

The University of Georgia Foundation, Inc., a related organization, (the “Foundation”) has received contributions that are restricted for athletic purposes. As of June 30, 2022, endowment funds of \$48,264,972 were established for athletic scholarships, \$20,404,845 were established for athletic capital projects, \$41,464,007 were established for general support of athletic programs and awards, and \$7,953,346 were established for other support of athletic programs. As of June 30, 2021, endowment funds of \$52,349,837 were established for athletic scholarships, \$22,516,681 were established for athletic capital projects, \$45,703,496 were established for general support of athletic programs and awards, and \$8,460,931 were established for other support of athletic programs. Such funds are accounted for and reflected as net assets of the Foundation and are not reflected within the accompanying financial statements. Revenue is recognized by the Athletic Association as expenditures are made by the Athletic Association for restricted or approved purposes and reimbursements are requested from the Foundation.

Southeastern Conference

The University is a founding member of the SEC, which was founded in 1932. In addition to the University, the current members of the SEC are the University of Alabama, the University of Arkansas, Auburn University, the University of Florida, the University of South Carolina, the University of Kentucky, Louisiana State University, the University of Mississippi, Mississippi State University, the University of Missouri, the University of Tennessee, Texas A&M University and Vanderbilt University. On July 1, 2024, the University of Texas and University of Oklahoma will become members of the SEC. In 2014, the SEC entered into a long-term agreement with ESPN and formed the SEC Network (the “SEC Network”), which is dedicated to providing television coverage for member institutions. Revenues generated from the SEC Network, in addition to payouts for football bowl appearances, basketball post-season tournaments, are split equally among all conference members.

Other Significant Contracts

In December 2016, the Athletic Association entered into a contract with IMG College, LLC, JMI Sports, LLC, and JMG JV LLC (collectively, the “Licensees”) for all of its multi-media and corporate partnership assets in a single bundle of rights, resulting in a ten-year, \$152.5 million rights package (the “JMG Contract”). Under the terms of the JMG Contract, the Licensees maintain the responsibility for sponsorship and marketing rights, radio and coaches show television rights as well as added additional television and digital media rights. Beyond the financial benefits of the JMG Contract, the rights package includes one of the most comprehensive platforms of media coverage, digital programming distribution and brand exposure for all 21 of the University’s sports programs.

In 2017, the Athletic Association awarded a ten-year contract to Fanatics Retail Group Fulfillment, LLC (“Fanatics”) for its e-commerce rights as well as securing a product license for Fanatics Brand (the “Fanatics Contract”). Under the terms of the Fanatics Contract, Fanatics maintains the responsibility of managing and operating an e-commerce storefront on the official University athletics website and mobile application that is committed to selling officially licensed products. Fanatics pays the Athletic Association a royalty on all sales on the official University athletics storefront as well as a royalty on all Athletic Association officially licensed product sales across the Fanatics e-commerce network. Following the 2021-22 fiscal year, the Athletic Association renegotiated and extended the e-commerce partnership with Fanatics through June 30, 2032.

Employee Benefits

Personnel of the Athletic Association are employees of the University. As such, the Athletic Association reimburses the University for compensation and benefit expenses of University employees who spend a significant amount of time providing services to the Athletic Association. Amounts reimbursed for the years ended June 30, 2022 and 2021, amounted to \$44,243,999 and \$45,337,394, respectively, and are included in Operating Expenses on the statements of revenues, expenses and changes in net position.

Compliance

The Athletic Association is committed and obligated to the principle of institutional control in operating its athletics program in a manner that is consistent with the letter and the spirit of NCAA, SEC and University rules and regulations. Each individual involved in intercollegiate athletics is obligated to maintain competency in knowledge of the rules; to act within his or her realm of responsibility in full compliance with the governing legislation; and to report any violation of NCAA, conference and /or institutional rules of which he or she is aware.

The commitment and obligation to operate the Athletic Association in adherence to the principle of institutional control is both institutional and individual. The Athletic Association's commitment is to maintain the control of the athletics programs through:

- Employment and hiring of responsible administrators, coaches, and support staff personnel;
- Education of coaches, staff, student-athletes and other individuals involved with the Athletic Association in their institutional responsibilities under the rules;
- Development of monitoring and operating systems within the Athletic Association and the University that provide guidance in how to work within the rules;
- Providing effective lines of communication between all affected constituencies; and
- Discovering and reporting any violations of rules that occur.

The Athletic Association's goals in responding to rules violations will be to encourage communication, to seek consistency and accountability and, above all, send a strong message that the Athletic Association is unequivocally committed to rules compliance.

Under the Athletic Association's compliance manual, the Senior Deputy Director of Athletics has managerial responsibility for all aspects of issues regarding Title IX and gender equity.

Legal Proceedings

The Athletic Association, like other similar entities, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The Athletic Association, after reviewing the current status of all pending and threatened litigation, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of the Athletic Association, threatened against the Athletic Association or its officials in such capacity are adequately covered by insurance or will not have a material adverse effect upon the financial position or results of operations of the Athletic Association.

There is no litigation now pending or, to the knowledge of the Athletic Association, threatened against the Athletic Association (i) which involves the possibility of materially and adversely affecting the properties, activities, prospects, revenues, operations or condition (financial or otherwise) of the Athletic Association, or the ability of the Athletic Association to perform its obligations under the Loan Agreement, or (ii) which would adversely affect the validity or enforceability of the Loan Agreement, or any related agreement or instrument to which the

Athletic Association is a party, or (iii) which restrains or enjoins the issuance or delivery of the 2023 Bonds or the use of the proceeds of the 2023 Bonds or which questions or contests the validity of the 2023 Bonds or the proceedings and authority under which they are to be issued, executed and delivered. Neither the creation, organization, nor existence of the Athletic Association, nor the title of the present members or other officials of the Athletic Association to their respective offices, is being currently contested or questioned to the knowledge of the Athletic Association.

THE UNIVERSITY

General

The University is a unit of the University System of Georgia and was incorporated by an act of the Georgia General Assembly on January 27, 1785 and established in 1801. The University graduated its first class in 1804. The University is located in Athens-Clarke County, Georgia approximately 60 miles northeast of downtown Atlanta. Atlanta and Athens are connected by Interstate 85 and State Highway 316, a four-lane highway. As of fall 2021, the main campus consists of approximately 767 acres and the health sciences campus sits on an additional 56 acres. There are an additional 738 acres of related land and 319 acres of the State Botanical Gardens in Athens-Clarke and Oconee counties. There are 491 buildings on the Athens campus.

Eighteen colleges and schools, with auxiliary divisions, currently carry out the University's programs of teaching, research and service. Each college and school of the University operates as a separate administrative unit. The colleges and schools that make up the University are: Franklin College of Arts and Sciences, College of Agricultural and Environmental Sciences, School of Law, College of Pharmacy, D.B. Warnell School of Forestry and Natural Resources, College of Education, College of Engineering, Graduate School, C. Herman and Mary Virginia Terry College of Business, Henry W. Grady College of Journalism and Mass Communication, College of Family and Consumer Sciences, College of Veterinary Medicine, College of Public Health, School of Social Work, School of Public and International Affairs, College of Environment and Design, Odum School of Ecology, and Jere W. Morehead Honors College. The Division of General Extension, now the Georgia Center for Continuing Education, was incorporated into the University in 1947. As of fall 2022, the University serves approximately 40,607 students. The University has approximately 2,695 faculty members. The University offers 24 Baccalaureate degrees in 143 major fields, 33 master's degrees in 144 fields, the specialist in education degree in eight major fields, four doctoral degrees in 99 major fields and professional degrees in law, pharmacy and veterinary medicine.

The University has not and will not participate in the structuring, offering or issuance of the 2023 Bonds and the University shall have no obligation with respect to the 2023 Bonds or the financing or refinancing of the Facilities and no legal or moral obligation to continue to rent the Facilities in a manner supportive of the creditworthiness of the 2023 Bonds.

Administration

Set forth below is certain biographical information for three of the primary officers of the University.

President. Jere W. Morehead became the University's 22nd President on July 1, 2013. Prior to becoming President, he served the University in many key administrative roles, including Senior Vice President for Academic Affairs and Provost, Vice President for Instruction and Associate Provost and Director of the Honors Program.

President Morehead is the Meigs Professor of Legal Studies in the Terry College of Business, where he has held a faculty appointment since 1986. He is a co-author of several books and book chapters, including *The Legal and Regulatory Environment of Business*, and he has published scholarly articles on legal topics ranging from export controls to jury selection. He has served as editor-in-chief of the *American Business Law Journal* and previously held several other editorial board positions with the *American Business Law Journal*.

President Morehead has received several university-wide teaching awards, including the Josiah Meigs Award - the University's highest honor for teaching excellence - the Richard B. Russell Award for Excellence in Undergraduate Teaching, the Teacher of the Year Award in the Terry College of Business and the Lothar Tresp Outstanding Honors Professor Award. He also received the Distinguished Service Scroll Award, the Law School Alumni Association's highest honor, and has been included in Georgia Trend's list of "Most Influential Georgians" for ten consecutive years.

President Morehead is the first alumnus of the University to be named President in more than 45 years. He received his Juris Doctor from the University of Georgia School of Law in 1980 and served as an Assistant U.S. Attorney with the Department of Justice from 1980 to 1986.

Senior Vice President for Academic Affairs and Provost. Dr. S. Jack Hu was appointed Senior Vice President for Academic Affairs and Provost in 2019. Prior to his appointment at the University, Hu was Vice President for Research at the University of Michigan, where he oversaw a research enterprise that generates annual expenditures exceeding \$1.5 billion and spans the university's campuses in Ann Arbor, Dearborn, and Flint.

Hu is a member of the National Academy of Engineering and serves as a member of the Executive Committee of the National Academies' Transportation Research Board. He is a Fellow of the American Society of Mechanical Engineers (ASME), the Society of Manufacturing Engineers (SME), and the International Academy for Production Engineering (CIRP).

He is the recipient of several professional honors, including the ASME William T. Ennor Manufacturing Technology Award, the SME Gold Medal, and several best paper awards. In 2021, SME named him one of the 20 most influential academics in smart manufacturing.

Hu is a University of Georgia Foundation Distinguished Professor in the School of Environmental, Civil, Agricultural, and Mechanical Engineering in the University of Georgia College of Engineering. He earned his bachelor's degree in mechanical engineering from Tianjin University in China and his master's degree and Ph.D. in mechanical engineering from the University of Michigan.

Vice President for Finance and Administration. Ryan Nesbit, a veteran public servant with nearly three decades of experience within the University's Finance and Administration Division, currently serves as Vice President for Finance and Administration. In this capacity, he also serves

as treasurer for the Athletic Association, treasurer for the University of Georgia Research Foundation and chair of the University of Georgia Real Estate Foundation. Prior to serving in this role, Nesbit served as the senior associate vice president for finance and administration with primary responsibility for the University's budget planning and resource allocation processes. In this former role, Nesbit also provided administrative oversight and support for the University Police Department and the Office of Emergency Preparedness and assisted the senior vice president in the day-to-day management of the Division.

From 2000 to 2005, Nesbit served as the associate vice president and budget director with responsibility for the development, implementation and management of the University's annual operating budget, as well as the development of the University's annual capital plan. He began working at the University in 1994 in the facilities planning office where he held several positions and served as its associate director before being named budget director. He took leave from the University in 1995 and 1996 to serve as the Sanford Stadium venue operations manager for the Atlanta Committee for the Olympic Games.

Nesbit holds a master's degree in business administration from the University and a bachelor's degree in business administration from The Citadel.

Enrollment

The following table sets forth the University's fall semester headcount enrollment at the beginning of the five most recent academic years:

Academic Year	Enrollment
Fall 2018	38,652
Fall 2019	38,920
Fall 2020	39,147
Fall 2021	40,118
Fall 2022	40,607

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Admissions

The following table shows the number of freshman applications received and freshmen students accepted and enrolled in the University for the five most recent academic years:

Fall Term	Applied	Accepted	% of Applied Accepted	Enrolled	% of Applied Enrolled	% of Accepted Enrolled
2017	24,165	13,052	54%	5,824	24%	45%
2018	26,027	12,659	49	5,718	22	45
2019	29,065	13,261	46	5,489	19	41
2020	28,024	13,750	49	5,603	20	41
2021	39,090	15,689	40	5,803	15	37

Average Composite SAT Score

Set forth below is a comparison of the mean composite score of the sum of the SAT verbal score and the SAT math score for entering freshmen of the University and the national mean composite score for the five most recent academic years.

Fall Term	The University	National
2017	1281	1060
2018	1319	1068
2019	1334	1059
2020	1318	1051
2021	1330	1050

Tuition, Fees and Charges

The following table sets forth the tuition and fees per semester for full time undergraduate students for the current and five most recent academic years:

Academic Year	Resident Tuition	Nonresident Tuition	Fees⁽¹⁾	Resident Total	Nonresident Total
2018	\$4,776	\$14,063	\$1,139	\$5,915	\$15,202
2019	4,895	14,415	1,145	6,040	15,560
2020	4,895	14,415	1,145	6,040	15,560
2021	4,895	14,415	1,145	6,040	15,560
2022	4,895	14,415	695	5,590	15,110

⁽¹⁾ Fees for 2018-2021 include mandatory institutional fee of \$450 per semester.

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State Financial Aid

The State offers the HOPE Scholarship, launched in 1993, which is available to any State resident who graduates from high school with a B average and maintains a B average in college. The HOPE Scholarship, which is funded entirely by the Georgia Lottery, provides students of a State college or university a scholarship in the amount equal to 90 percent of tuition. Effective July 1, 2023, the HOPE Scholarship will provide a scholarship to eligible students in the amount equal to 100 percent of tuition. The HOPE Scholarship in addition provides certain students who qualify as “Zell Miller Scholars” a scholarship in the amount equal to 100 percent of tuition. In the 2020-2021 academic year, 10,825 students at the University were awarded HOPE scholarships, for a total of \$65,850,812, and 14,331 students at the University were awarded Zell Miller Scholarships, for a total of \$139,030,905.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY OF GEORGIA
ATHLETIC ASSOCIATION, INC.
FOR THE FISCAL YEARS
ENDED JUNE 30, 2022 AND 2021**

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**UNIVERSITY OF GEORGIA
ATHLETIC ASSOCIATION, INC.**

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2022 and 2021

And Report of Independent Auditor



UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
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Report of Independent Auditor

To the Board of Directors
University of Georgia Athletic Association, Inc.
Athens, Georgia

Opinion

We have audited the accompanying financial statements of the University of Georgia Athletic Association, Inc., (the "Association") a component of the state of Georgia, as of and for the years ended June 30, 2022 and 2021, and the related notes to the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association, Inc. as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows thereof for years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cherry Bekaert LLP

Augusta, Georgia
September 19, 2022

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021

Introduction

The following discussion presents an overview of the financial position and financial activities of the University of Georgia Athletic Association, Inc. (the "Association") for the years ended June 30, 2022, 2021, and 2020. This discussion was prepared by the Association's management and should be read in conjunction with the financial statements and notes thereto, which follow.

The Association is a not-for-profit corporation organized in Georgia in 1928 for the purpose of promoting intercollegiate athletic sports representing the University of Georgia (the "University"). The University, the state's flagship institution of higher education, is the state's oldest, most comprehensive, and most diversified institution of higher education.

In alignment with the University's mission, the Association recruits and develops today's champions and tomorrow's leaders by providing an inclusive and diverse environment that allows student-athletes to achieve their highest academic, athletic, and personal ambitions. The Association is committed to providing a first-class experience for all stakeholders and making a lasting impact on our community. Since the Association does not receive any financial support from the state of Georgia, it must generate the ever-increasing operating and capital resources needed to accomplish its mission.

Description of the Financial Statements

The *Statement of Net Position*, *Statement of Revenues, Expenses, and Changes in Net Position*, and the *Statement of Cash Flows* are designed to provide information which will assist in understanding the financial condition and performance of the Association. The Association's net position is one indicator of the Association's financial health. Over time, increases or decreases in net position are one indicator of the changes in the Association's financial condition when considered with other non-financial facts.

The *Statement of Net Position* presents information on the Association's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. Generally, operating revenues are received for or related to providing goods and services to the various customers and constituencies of the Association. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Association. Nonoperating revenues are revenues received for which goods and services are not provided.

The *Statement of Cash Flows* presents information in the form of cash inflows and outflows summarized by operating, capital and noncapital financing, and investing activities.

Analysis of Financial Position and Results of Operations

Condensed financial statements are presented for the years ended June 30, 2022, 2021, and 2020. In the following discussion, Fiscal 2022, Fiscal 2021, and Fiscal 2020, refer to the years ended June 30, 2022, 2021, and 2020, respectively.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021

Condensed Statements of Net Position

	June 30,		
	2022	Restated 2021	Restated 2020
ASSETS			
Current	\$ 69,221,346	\$ 62,755,042	\$ 62,373,877
Capital assets, net	381,322,154	366,776,073	335,845,655
Other noncurrent assets	55,086,200	60,871,733	50,075,437
Total Assets	505,629,700	490,402,848	448,294,969
DEFERRED OUTFLOWS OF RESOURCES	8,540,167	11,312,872	13,653,582
LIABILITIES			
Current	60,477,127	59,627,853	53,217,242
Noncurrent	77,108,846	84,927,190	88,077,427
Total Liabilities	137,585,973	144,555,043	141,294,669
NET POSITION			
Net investment in capital assets	307,753,206	287,181,761	255,690,572
Unrestricted	68,830,688	69,978,916	64,963,308
	\$ 376,583,894	\$ 357,160,677	\$ 320,653,880

Total assets increased \$15.2 million (3.1%) and \$42.1 million (9.4%) during fiscal 2022 and 2021, respectively. These increases are due largely to the additions in capital assets net of accumulated depreciation.

Current assets increased by \$6.5 million (10.3%) and \$381,000 (0.6%) during fiscal 2022 and 2021, respectively. The increase in current assets is primarily due to an increase in accounts receivable from the SEC distribution.

Current liabilities increased by \$849,000 (1.4%) and \$6.4 million (12.0%) during fiscal 2022 and 2021, respectively. The 2022 increase was primarily due to an increase in general payables due to timing of payments and additional accrued payroll. The 2021 increase was primarily due to an increase in payables due to UGA because of the timing of payments.

Noncurrent liabilities consist of bond debt payments due in greater than one year, a line of credit obligation, the fair value of interest rate swap agreements, and deferred compensation payable. Noncurrent liabilities decreased by approximately \$7.8 million (9.2%) and by \$3.1 million (3.6%) in 2022 and 2021, respectively. The decrease in 2022 is due to the annual payments of principal on long-term debt and the bond premium amortization. The decrease in 2021 is due to the annual payments of principal on long-term debt and the bond premium amortization, offset by drawdowns from the line of credit.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30,		
	2022	Restated 2021	Restated 2020
Operating Revenues:			
Athletic sports	\$ 37,994,902	\$ 5,167,179	\$ 38,760,415
Ticket contributions	33,398,024	24,289,590	31,329,970
Other	97,371,817	106,729,776	81,314,061
	<u>168,764,743</u>	<u>136,186,545</u>	<u>151,404,446</u>
Operating Expenses:			
Athletic sports	79,368,414	50,767,313	62,780,794
General/admin and scholarships	41,886,546	38,386,486	36,768,608
Depreciation and amortization	12,051,470	11,249,037	11,110,217
Other	38,987,190	23,850,600	29,462,526
	<u>172,293,620</u>	<u>124,253,436</u>	<u>140,122,145</u>
Operating Income (Loss)	<u>(3,528,877)</u>	<u>11,933,109</u>	<u>11,282,301</u>
Nonoperating Revenues (Expenses):			
Investment income	(3,499,431)	15,951,978	697,734
Other, net	26,451,525	8,621,710	18,642,064
Net Nonoperating Revenues (Expenses)	<u>22,952,094</u>	<u>24,573,688</u>	<u>19,339,798</u>
Change in Net Position	<u>\$ 19,423,217</u>	<u>\$ 36,506,797</u>	<u>\$ 30,622,099</u>

For the year ended June 30, 2022, total operating revenues were \$168.8 million. Football (\$36.4 million), men's basketball (\$947,000), and revenue categories that can be tied directly to those sports (sky suites \$7.1 million, SEC/NCAA \$50.5 million, multi-media \$13.1 million, concessions/novelties \$952,000, and ticket contributions \$31.6 million) combined for a total of \$140.6 million, or 83.3% of total operating revenues. Other sports and other revenue categories that cannot be tied directly to football or men's basketball, generated the balance of \$28.2 million. Student fees (\$3.5 million) and promotions/sponsorships and licensing (\$11.4 million) accounted for the bulk of these other revenue categories.

For the year ended June 30, 2021, total operating revenues were \$136.2 million. Football (\$4.7 million), men's basketball (\$218,000), and revenue categories that can be tied directly to those sports (sky suites \$3.5 million, SEC/NCAA \$76.9 million, multi-media \$8.5 million, concessions/novelties \$332,000, and ticket contributions \$23.4 million) combined for a total of \$117.6 million, or 86.4% of total operating revenues. Other sports and other revenue categories that cannot be tied directly to football or men's basketball, generated the balance of \$18.6 million. Student fees (\$3.2 million) and promotions/sponsorships and licensing (\$5.0 million) accounted for the bulk of these other revenue categories.

For the year ended June 30, 2020, total operating revenues were \$151.4 million. Football (\$37.2 million), men's basketball (\$1.3 million), and revenue categories that can be tied directly to those sports (sky suites \$5.6 million, SEC/NCAA \$46.2 million, multi-media \$11.5 million, concessions/novelties \$1.5 million, and ticket contributions \$29.6 million) combined for a total of \$132.9 million, or 87.8% of total operating revenues. Other sports and other revenue categories that cannot be tied directly to football or men's basketball, generated the balance of \$18.5 million. Student fees (\$2.7 million) and promotions/sponsorships and licensing (\$5.9 million) accounted for the bulk of these other revenue categories.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021

For the year ended June 30, 2022, of the total operating expenses of \$172.3 million, \$79.4 million, or 46.1%, were expenses related to operating the individual sports. Another \$22.0 million, or 12.8%, was expended in the sports-related categories of sports medicine, sports information, academic counseling, and the postseason football bowl game. Scholarships and general and administrative expenses of \$41.9 million represented 24.3% of operating expenses, and the final 16.8% of total operating expenses was from depreciation and amortization, plant operations, facility maintenance, and other operating expenses of \$29.0 million.

For the year ended June 30, 2021, of the total operating expenses of \$124.3 million, \$50.8 million, or 40.9%, were expenses related to operating the individual sports. Another \$11.7 million, or 9.5%, was expended in the sports-related categories of sports medicine, sports information, academic counseling, and the postseason football bowl game. Scholarships and general and administrative expenses of \$38.4 million represented 30.9% of operating expenses, and the final 18.8% of total operating expenses was from depreciation and amortization, plant operations, facility maintenance, and other operating expenses of \$23.4 million.

For the year ended June 30, 2020, of the total operating expenses of \$140.1 million, \$62.8 million, or 44.8%, were expenses related to operating the individual sports. Another \$14.8 million, or 10.6%, was expended in the sports-related categories of sports medicine, sports information, academic counseling, and the postseason football bowl game. Scholarships and general and administrative expenses of \$36.8 million represented 26.2% of operating expenses, and the final 18.4% of total operating expenses was from depreciation and amortization, plant operations, facility maintenance, and other operating expenses of \$25.7 million.

Operating revenues increased by \$32.6 million or 23.9% during 2022 and decreased by \$15.2 million or 10.1% during 2021. The 2022 increase was primarily due to a \$31.7 million increase in football revenues. The 2021 decrease was primarily due to a \$33.4 million decrease in football and basketball revenues and a \$12.4 million decrease in revenue categories tied directly to those sports. The decrease was offset by a \$30.8 million increase in the SEC distribution.

Operating expenses increased by \$48.0 million or 38.7% in 2022, while 2021 operating expenses decreased by \$15.9 million or 11.3%. The 2022 increase was due to an increase in overall expenses relating to individual sports. The 2021 decrease was due to a decrease in overall expenses relating to individual sports as spending was limited to essential needs.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021

Condensed Statements of Cash Flows

	Years Ended June 30,		
	2022	Restated 2021	Restated 2020
Cash and cash equivalents provided by (used in):			
Operating activities	\$ 8,994,326	\$ 26,326,880	\$ 22,582,412
Noncapital financing activities	(4,500,000)	(4,600,000)	(4,500,000)
Capital and related financing activities	(921,691)	(29,535,725)	(18,544,786)
Investing activities	2,228,915	5,098,495	2,678,405
Net change in cash and cash equivalents	5,801,550	(2,710,350)	2,216,031
Cash and cash equivalents, beginning of year	57,337,249	60,047,599	57,831,568
Cash and cash equivalents, end of year	<u>\$ 63,138,799</u>	<u>\$ 57,337,249</u>	<u>\$ 60,047,599</u>

Cash flows from operations decreased by \$17.3 million in 2022 and increased by \$3.5 million 2021. The decrease in 2022 is primarily due to an increase in sales and ticket contributions offset by a decrease in SEC distribution in addition to an increase in payments to suppliers for goods and service. The increase in 2021 is primarily due to an increase in the SEC distribution in addition to a decrease in payments to suppliers for goods and service. Cash flows from noncapital financing activities decreased \$100,000 in 2022 and increased \$100,000 in 2021. Cash flows from capital and related financing activities decreased by \$28.6 million in 2022 and increased by \$11.0 million in 2021. Cash flows from investing activities decreased by \$2.9 million in 2022 and increased by \$2.4 million in 2021. The 2022 decrease and 2021 increase were due to amounts transferred from the UGA Foundation long-term investments.

Capital Assets and Debt Administration

During fiscal 2022, the Association invested \$26.8 million in capital improvement and renovation projects. The Butts-Mehre expansion was completed. Planning and design continue on the Sanford Stadium – South 100 Concourse/Press box relocation and the Tennis Indoor Facility.

Economic Outlook

The Association continued to manage and invest its resources wisely in fiscal year 2022 as it continues to promote intercollegiate athletic sports representing the University of Georgia by offering nationally competitive intercollegiate athletic programs while remaining dedicated to the personal development of student athletes.

As fiscal year 2023 progresses, the Association's revenues generated by the football program through ticket sales, contributions, and other related revenue categories should remain strong. Media revenues have been increasing as the conference continues to grow and perform well. The continued success of many of the other sports programs adds to the expectation of a successful year. With continued careful management of expenses, the Association should have another strong financial year.

Requests for Information

This financial report is designed to provide a general overview of the Association's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to University of Georgia Controller's Office, 456 East Broad Street, Room 324, Athens, Georgia 30602.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

	2022	Restated 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 63,138,799	\$ 57,337,249
Accounts receivable	4,836,718	5,302,618
Prepaid expenses and other current assets	1,245,829	115,175
Total Current Assets	69,221,346	62,755,042
Noncurrent Assets:		
Amounts held by the UGA Foundation	54,952,645	60,680,990
Other assets	133,555	190,743
Construction in progress	3,961,596	53,269,672
Capital assets, net of accumulated depreciation of \$164,152,533 and \$152,453,775 in 2022 and 2021, respectively	377,052,045	313,004,211
Intangible right-to-use assets, net of accumulated amortization of \$604,734 and \$373,708 in 2022 and 2021, respectively	308,513	502,190
Total Noncurrent Assets	436,408,354	427,647,806
Total Assets	505,629,700	490,402,848
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	1,767,019	3,715,221
Deferred loss on bond refunding	6,773,148	7,597,651
Total Deferred Outflows of Resources	8,540,167	11,312,872
LIABILITIES		
Current Liabilities:		
Accounts payable and other accrued liabilities	13,030,309	11,695,829
Accrued interest	763,822	855,569
Accrued payroll	9,386,735	9,607,743
Unearned revenue	32,158,014	31,293,061
Lease obligations, current portion	183,247	220,651
Bonds payable, current portion	4,955,000	5,955,000
Total Current Liabilities	60,477,127	59,627,853
Noncurrent Liabilities:		
Derivative instruments	1,767,019	3,715,221
Deferred compensation payable	133,555	190,743
Lease obligation	129,689	286,453
Revolving line of credit	5,001,000	5,001,000
Bonds payable	70,077,583	75,733,773
Total Noncurrent Liabilities	77,108,846	84,927,190
Total Liabilities	137,585,973	144,555,043
NET POSITION		
Net investment in capital assets	307,753,206	287,181,761
Unrestricted	68,830,688	69,978,916
Total Net Position	\$ 376,583,894	\$ 357,160,677

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

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	Restated 2021
Revenues:		
Operating Revenues:		
Football	\$ 31,880,094	\$ 3,223,617
Post season football bowl	4,518,000	1,520,500
Men's basketball	947,492	217,805
Other sports	649,316	205,257
Sky suites	7,128,785	3,489,794
SEC/NCAA revenue	50,495,910	76,946,229
Multi-media	13,077,787	8,472,684
Concessions/novelties	951,696	331,774
Promotions/sponsorships	4,319,898	1,611,593
Licensing	7,042,851	3,359,241
Product endorsements	1,569,615	1,402,115
Student fees	3,530,802	3,209,179
Ticket contributions - football	31,553,732	23,413,511
Ticket contributions - men's and women's basketball and women's gymnastics	1,844,292	876,079
Other operating revenues	9,254,473	7,907,167
Total Operating Revenues	<u>168,764,743</u>	<u>136,186,545</u>
Expenses:		
Operating Expenses:		
Athletic Sports:		
Football	43,247,594	28,436,522
Basketball – Men	13,177,786	6,305,280
Basketball – Women	5,515,613	2,797,907
Baseball	2,571,207	2,227,264
Golf – Men	674,444	482,357
Golf – Women	500,462	347,369
Gymnastics – Women	1,368,622	966,831
Equestrian	1,631,961	1,239,173
Soccer	1,403,304	712,181
Softball	1,354,544	1,166,601
Swimming	1,867,032	1,478,963
Tennis – Men	1,018,713	767,046
Tennis – Women	1,067,447	774,211
Track	2,890,359	2,218,394
Volleyball	1,079,326	847,214
Postseason football	8,811,450	858,582
Sports medicine	8,803,203	7,062,675
Sports information	1,681,790	1,399,478
Academic counseling	2,714,075	2,423,960
Scholarships	15,147,064	13,546,061
General and administrative expense	26,739,482	24,840,425
Plant operations and facility maintenance	14,172,037	10,637,648
Other operating expenses	2,804,635	1,468,257
Depreciation and amortization	12,051,470	11,249,037
Total Operating Expenses	<u>172,293,620</u>	<u>124,253,436</u>

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

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	Restated 2021
Operating income (loss)	<u>\$ (3,528,877)</u>	<u>\$ 11,933,109</u>
Nonoperating Revenues (Expenses):		
Contributions for the purchase of capital assets	34,300,839	16,966,074
Investment income	(3,499,431)	15,951,978
Loss on disposal of capital assets	(17,015)	(39,940)
Amounts paid to the UGA Foundation	(4,500,000)	(4,600,000)
Interest, financing, and related costs	<u>(3,332,299)</u>	<u>(3,704,424)</u>
Net Nonoperating Revenues	<u>22,952,094</u>	<u>24,573,688</u>
Change in net position	19,423,217	36,506,797
Net position, beginning of year	357,160,677	320,656,906
Effect of accounting change (Note 15)	-	(3,026)
Net position, beginning of year, as restated	<u>357,160,677</u>	<u>320,653,880</u>
Net position, end of year	<u><u>\$ 376,583,894</u></u>	<u><u>\$ 357,160,677</u></u>

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

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	Restated 2021
Cash flows from operating activities:		
Receipts from ticket sales	\$ 34,549,842	\$ 1,503,527
Receipts from ticket contributions	33,398,024	24,159,189
Receipts from the SEC/NCAA	55,013,910	78,466,729
Receipts for sky suites	7,132,130	3,500,373
Receipts from student fees	3,530,802	3,209,179
Receipts for promotions/sponsorships and licensing	12,932,364	6,372,949
Receipts for multi-media distribution	13,077,787	8,472,684
Other athletic program receipts	9,304,837	7,115,647
Payments to employees	(72,806,500)	(56,233,523)
Payments for suppliers for goods and service	(71,991,806)	(36,693,813)
Payments for scholarships and fellowships	(15,147,064)	(13,546,061)
Net cash from operating activities	<u>8,994,326</u>	<u>26,326,880</u>
Cash flows from noncapital financing activities:		
Amounts paid to UGA Foundation - nonoperating	<u>(4,500,000)</u>	<u>(4,600,000)</u>
Net cash from noncapital financing activities	<u>(4,500,000)</u>	<u>(4,600,000)</u>
Cash flows from capital and related financing activities:		
Contributions for the purchase and construction of capital assets	34,300,839	16,966,074
Purchases and construction costs of capital assets	(25,735,280)	(42,015,722)
Principal paid on long-term debt	(5,955,000)	(5,785,000)
Principal paid on lease obligations	(231,517)	(197,193)
Proceeds on line of credit	-	5,000,000
Financing and related costs	(1,041,507)	(1,208,159)
Interest paid on long-term liabilities	(2,259,226)	(2,295,725)
Net cash from capital and related financing activities	<u>(921,691)</u>	<u>(29,535,725)</u>
Cash flows from investing activities:		
Investment income	23,105	64,453
Amounts transferred from the UGA Foundation	<u>2,205,810</u>	<u>5,034,042</u>
Net cash from investing activities	<u>2,228,915</u>	<u>5,098,495</u>
Net change in cash and cash equivalents	5,801,550	(2,710,350)
Cash and cash equivalents, beginning of year	<u>57,337,249</u>	<u>60,047,599</u>
Cash and cash equivalents, end of year	<u><u>\$ 63,138,799</u></u>	<u><u>\$ 57,337,249</u></u>

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

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	Restated 2021
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ (3,528,877)	\$ 11,933,109
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Donated capital assets	(690,000)	(768,750)
Depreciation and amortization	12,051,470	11,249,037
Changes in assets and liabilities, net:		
Accounts receivable	465,900	(3,273,569)
Prepaid expenses and other assets	(1,130,654)	182,054
Accounts payable and accrued liabilities	961,534	9,492,146
Unearned revenue	864,953	(2,487,147)
Net cash from operating activities	<u>\$ 8,994,326</u>	<u>\$ 26,326,880</u>
Schedule of noncash investing, capital, and related financing activity		
Unrealized (losses) gains on investments	\$ (3,522,535)	\$ 15,887,526
Gains on disposal of capital assets	(17,015)	(39,940)
Donated capital assets	690,000	768,750
Total noncash investing, capital, and related financing activity	<u>\$ (2,849,550)</u>	<u>\$ 16,616,336</u>

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

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Organization

The University of Georgia Athletic Association, Inc. (the “Association”) is a not-for-profit corporation organized in the state of Georgia in 1928 for the purpose of promoting intercollegiate athletic sports representing the University of Georgia (the “University”).

Note 2—Significant accounting policies

Basis of Presentation – The Association’s financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”). The Statements of Governmental Accounting Standards (“SGAS”) are issued by GASB.

The financial statement presentation provides a comprehensive, entity-wide perspective of the Association’s assets, liabilities, deferred inflows/outflows of resources, net position, revenues, expenses, changes in net position, and cash flows. In addition, these statements require the Association to present a Management’s Discussion and Analysis (“MD&A”). The MD&A is considered to be required supplemental information and precedes the financial statements.

Reporting Entity – In accordance with the criteria in SGAS 61, *The Financial Reporting Entity*, the Association is a legally separate, tax exempt organization whose activities primarily support the University, a unit of the University System of Georgia (an organization unit of the state of Georgia). The Association is considered an affiliated organization of the University and due to its financial significance, the Association’s financial activities are included in the University and the University System of Georgia’s reports. The State Accounting Office determined Component Units of the state of Georgia, as required by SGAS 61, should not be assessed in relation to their significance to the University. Accordingly, the Association qualifies for treatment as a component unit of the state of Georgia.

Basis of Accounting – The Association’s financial statements have been presented using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash and Cash Equivalents – The Association considers all short-term, highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of petty cash and demand deposits in authorized financial institutions, investment in the Board of Regents Short-Term Fund, and non-participating repurchase agreements. Investments in the Board of Regents Short-Term Fund are carried at fair value. Deposits and non-participating repurchase agreements are carried at cost.

Amounts Held by UGA Foundation – Amounts held by the University of Georgia Foundation, Inc. (“UGA Foundation”) are commingled with the investments of UGA Foundation for investment management purposes. The fair value of the investments held by UGA Foundation is measured at net asset value. The UGA Foundation is not registered with the Securities and Exchange Commission (“SEC”) as an investment company and, therefore, there is no readily determinable market value for investments held by the pool. These amounts are managed and maintained by the UGA Foundation on a pooled “mutual fund” accounting basis with the total earnings, investment expenses, appreciation, and depreciation, whether realized or unrealized, being allocated to the Association on a pro rata basis. Participation in the UGA Foundation is voluntary. The UGA Foundation is governed by its Board of Trustees. These amounts are not restricted and are classified as noncurrent as the Association does not intend to utilize these funds in the next 12 months.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Significant accounting policies (continued)

Noncurrent Assets – Other – Noncurrent assets – other includes, among other items, the value of annuities purchased and owned by the Association to provide retirement benefits to a former football coach/athletic director in accordance with a contractual agreement. As of June 30, 2022 and 2021, the total value of the annuities was \$133,555 and \$190,743, respectively.

Capital Assets – Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments are capitalized. Expenditures for additions and improvements to the buildings, stadium, and athletic fields owned by the state of Georgia and used by the Association are stated at cost, less accumulated depreciation, where applicable, and are classified according to the nature of the asset. Donated capital assets are recorded at acquisition value. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings and infrastructure, 10 to 20 years for fixed equipment, 8 to 20 years for land improvements, and 3 to 15 years for other equipment.

Construction in progress is stated at cost and includes planning, development, and construction costs. When construction is complete and the asset is placed in use, assets are transferred at cost to real property.

Intangible Right-to-Use Assets – Recognize the right to use an underlying tangible nonfinancial asset per a lease agreement. The corresponding liability is recorded as a lease obligation. The intangible right-to-use asset and lease obligation is measured at the present value of future lease payments expected to be made during the lease term. The intangible right-to-use asset is amortized straight line over the expected life of the lease.

Unearned Revenues – Amounts received as deposits on football tickets and sky suite amenities for the forthcoming season are deferred and recognized as revenue during the season.

Deferred Outflows/Inflows of Resources – In accordance with SGAS 65, *Items Previously Reported as Assets and Liabilities*, the statements of net position reports a separate financial statement element, deferred outflows of resources, which represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources until that time. The Association's deferred loss on refunding qualifies for reporting in this category. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt using the straight-line method. The Association's accumulated decrease in fair value of hedging derivatives also qualifies for reporting in this category. The accumulated decrease in fair value of hedging derivatives results from changes in the fair value of interest rate swaps used to hedge interest rates associated with the Association's bonds payable. In addition to liabilities, the statements of net position will at times report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. The Association does not have any item that qualifies for reporting in this category.

Lease Obligations – The Association records a lease obligation for the right to use an underlying tangible nonfinancial asset per a lease agreement. The corresponding capital asset is recorded as an intangible right-to-use asset. The lease obligation and intangible right-to-use asset is measured at the present value of future lease payments expected to be made during the lease term.

Bonds Payable – The Association records the net proceeds of tax-exempt and taxable bond financing as a liability upon issuance. Bond proceeds consist of the par value of the bonds issued plus premiums or minus discounts. Bond premiums and discounts are amortized to interest expense using the effective interest method.

Derivative Instruments – The Association has entered into interest rate swap agreements to effectively convert interest rates on certain outstanding debt from variable to fixed. The net interest expenses resulting from these agreements are reflected in the financial statements.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Significant accounting policies (continued)

Net Position – Net position of the Association is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any borrowings used to finance the purchase or construction of those assets. Unrestricted net position is not subject to donor or other stipulations imposed by outside sources. Unrestricted net position may be designated for specific purposes or locations by action of the Board of Directors. The Association does not currently have restricted net position.

Revenue Recognition – Revenues are recognized based on accrual accounting in accordance with U.S. GAAP. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Deposits and advance payments for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenues and are recognized as revenue only when the revenue producing event has occurred.

Operating and Nonoperating Revenues and Expenses – The financial statements distinguish between operating and nonoperating revenues and expenses. Operating activities generally result from providing services in connection with the Association's principal ongoing operations, such as ticket sales, amounts received for contributions, sky suites, student fees, promotions, and amounts received from the Southeastern Conference. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, including contributions for the purchase of capital assets, investment income, and net unrealized and realized gains and losses on investments.

Contributions and Pledges – Pledges of financial support from organizations and individuals representing an unconditional promise to give are recognized in the financial statements once all conditions have been met. In the absence of such promise, revenue is recognized when the gift is received. There were no unconditional promises to give outstanding as of June 30, 2022 or 2021.

Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Income Taxes – The Association is classified as an organization exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"), as amended, and is considered a public charity under Code Sections 509(a)(1) and 170(b)(1)(A)(iv). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

New Accounting Pronouncement – During the year ended June 30, 2022, the Association implemented SGAS No. 87, *Leases*. This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The implementation of SGAS No. 87 resulted in accounting changes that have been applied retroactively to all periods presented in the financial statements. See Note 15.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Significant accounting policies (continued)

Future Accounting Pronouncements – SGAS No. 93, *Replacement of Interbank Offered Rates*, was issued in March 2020. The standard's objective is to address accounting and financial reporting implications as a result of a replacement of the London Interbank Offered Rate ("LIBOR"). This standard will be effective for the year ending June 30, 2023. The Association is currently in the process of evaluating the impact of this adoption on the financial statements.

SGAS No. 96, *Subscription-based Information Technology Arrangements*, was issued in May 2020. The standard provides guidance on accounting and financing reporting for subscription-based information technology arrangements. This standard will be effective for the year ending June 30, 2023. The Association is currently in the process of evaluating the impact of this adoption on the financial statements.

Note 3—Deposits and short-term investments

A. Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Association's deposits may not be recovered. The Association does not have a deposit policy for custodial credit risk. The Association places its cash and cash equivalents on deposit with financial institutions in the United States.

The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for substantially all depository accounts. The Association from time to time may have amounts on deposit in excess of these insured limits. The Association has an agreement with certain financial institutions to provide collateralization of deposits in excess of FDIC coverage.

As of June 30, 2022 and 2021, the bank balance of the Association's deposits is presented below by category of risk.

June 30, 2022	FDIC	Collateralized by	Uninsured and	
Deposits	Insured	U.S. Securities	Uncollateralized	Total
Checking accounts	\$ 141,492	\$ -	\$ -	\$ 141,492

June 30, 2021	FDIC	Collateralized by	Uninsured and	
Deposits	Insured	U.S. Securities	Uncollateralized	Total
Checking accounts	\$ 169,088	\$ -	\$ -	\$ 169,088

B. Short-term investments

The Association follows its investment policy which establishes objectives, specifies allowable investments, sets target investment mixes, and provides investment guidelines. As of June 30, 2022 and 2021, the Association had investments in repurchase agreements totaling \$64,343,313 and \$58,819,333, respectively, which are included in cash and cash equivalents in the statements of net position.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 3—Deposits and short-term investments (continued)

B. Short-term investments (continued)

As of June 30, 2022 and 2021, the Association's investments are presented below. All investments are presented by investment type and debt securities are presented by maturity:

June 30, 2022 Investment Type	Investment Maturity				
	Total	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Debt securities:					
Repurchase agreements	\$ 64,343,313	\$ 64,343,313	\$ -	\$ -	\$ -

June 30, 2021 Investment Type	Investment Maturity				
	Total	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Debt securities:					
Repurchase agreements	\$ 58,819,333	\$ 58,819,333	\$ -	\$ -	\$ -

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Association's policy for managing interest rate risk is to invest primarily in short-term or intermediate-term investments.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Association will not be able to recover the value of the investment. The Association does not have a formal policy for managing custodial credit risk for investments.

Credit Quality Risk – Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association's policy for managing credit quality risk is to invest primarily in a diversified portfolio of investment grade debt securities and fixed-income mutual funds.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 4—Capital and intangible right-to-use assets

Changes in capital assets for the year ended June 30, 2022 are as follows:

	Restated Beginning Balance	Additions	Transfers	Reductions	Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ 53,269,672	\$ 24,456,204	\$ (73,764,280)	\$ -	\$ 3,961,596
Total capital assets not being depreciated	53,269,672	24,456,204	(73,764,280)	-	3,961,596
Capital assets being depreciated:					
Land improvements	42,156,117	-	-	-	42,156,117
Buildings, fixed equipment, and infrastructure	412,775,423	270,883	73,764,280	-	486,810,586
Other equipment	10,526,446	1,851,716	-	(140,287)	12,237,875
Intangible right-to-use assets	875,898	37,349	-	-	913,247
Total capital assets being depreciated	466,333,884	2,159,948	73,764,280	(140,287)	542,117,825
Less accumulated depreciation for:					
Land improvements	(22,332,924)	(1,313,959)	-	-	(23,646,883)
Buildings, fixed equipment, and infrastructure	(123,636,351)	(9,381,012)	-	-	(133,017,363)
Other equipment	(6,484,500)	(1,125,473)	-	121,686	(7,488,287)
Intangible right-to-use assets	(373,708)	(231,026)	-	-	(604,734)
Total accumulated depreciation	(152,827,483)	(12,051,470)	-	121,686	(164,757,267)
Total capital assets being depreciated, net	313,506,401	(9,891,522)	73,764,280	(18,601)	377,360,558
Capital assets, net	\$ 366,776,073	\$ 14,564,682	\$ -	\$ (18,601)	\$ 381,322,154

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 4—Capital and intangible right-to-use assets (continued)

Changes in capital assets for the year ended June 30, 2021 are as follows:

	Restated Beginning Balance	Additions	Transfers	Reductions	Restated Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ 21,785,998	\$ 39,605,855	\$ (8,122,181)	\$ -	\$ 53,269,672
Total capital assets not being depreciated	21,785,998	39,605,855	(8,122,181)	-	53,269,672
Capital assets being depreciated:					
Land improvements	42,156,117	-	-	-	42,156,117
Buildings, fixed equipment, and infrastructure	404,684,348	-	8,122,181	(31,106)	412,775,423
Other equipment	8,263,869	2,510,624	-	(248,047)	10,526,446
Intangible right-to-use assets	741,875	134,023	-	-	875,898
Total capital assets being depreciated	455,846,209	2,644,647	8,122,181	(279,153)	466,333,884
Less accumulated depreciation for:					
Land improvements	(21,018,965)	(1,313,959)	-	-	(22,332,924)
Buildings, fixed equipment, and infrastructure	(114,752,186)	(8,884,165)	-	-	(123,636,351)
Other equipment	(5,840,775)	(851,832)	-	208,107	(6,484,500)
Intangible right-to-use assets	(174,627)	(199,081)	-	-	(373,708)
Total accumulated depreciation	(141,786,553)	(11,249,037)	-	208,107	(152,827,483)
Total capital assets being depreciated, net	314,059,656	(8,604,390)	8,122,181	(71,046)	313,506,401
Capital assets, net	\$ 335,845,654	\$ 31,001,465	\$ -	\$ (71,046)	\$ 366,776,073

Note 5—Long-term debt

A. Bonds payable

2005B Revenue Bonds

On August 25, 2005, the Authority issued \$30 million in variable rate revenue bonds (UGA Athletic Association, Inc. Project), Series 2005B (the “2005B Bonds”) and entered into an agreement (the “2005B Loan Agreement”) to loan \$30 million to the Association. The 2005B Bonds are secured by a letter of credit issued by Wells Fargo Bank, N.A. in favor of the Authority that will expire in July 7, 2023. Under the 2005B Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the 2005B Loan Agreement. Borrowings under the 2005B Loan Agreement bear interest payable monthly at a formula rate adjusted daily 0.68% and 0.01% on June 30, 2022 and 2021, respectively. The loan matures in 2035, subject to certain early repayment provisions.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5—Long-term debt (continued)

A. Bonds payable (continued)

2011 Revenue and Refunding Bonds

On April 7, 2011, the Authority issued \$65 million in revenue and refunding Bonds (UGA Athletic Association, Inc. Project), Series 2011 (the “2011 Bonds”) and entered into an agreement (the “2011 Loan Agreement”) to loan \$65 million to the Association. The 2011 Bonds are payable solely from, and secured by, payments to be received by the Authority pursuant to the 2011 Loan Agreement, dated as of April 1, 2011, between the Authority and the Association and a promissory note issued by the Association. The promissory note is a general, unsecured obligation of the Association. The proceeds were used to redeem the Series 2001 Bonds and reimburse allowable improvements of certain properties as specified in the 2011 Loan Agreement. Borrowings under the 2011 Loan Agreement bear interest payable semiannually on July 1 and January 1 based on varying rates over the life of the 2011 Bonds, which compute to a true interest cost of 4.56%. The loan matures in 2022, subject to certain early repayment provisions. On November 14, 2016, the Association redeemed \$39,965,000 of these bonds using proceeds from the Series 2016A Revenue Refunding Bonds.

2016A Revenue Refunding Bonds

On October 12, 2016, the Authority issued \$50.6 million in revenue and refunding Bonds (University of Georgia Athletic Association Project), Series 2016A (the “2016A Bonds”) and entered into an agreement (the “2016 Loan Agreement”) to loan \$50.6 million to the Association. The 2016A Bonds are payable solely from, and secured by, payments to be received by the Authority pursuant to the 2016 Loan Agreement, dated as of October 1, 2016, between the Authority and the Association and a promissory note issued by the Association. The promissory note is a general, unsecured obligation of the Association. The proceeds were used to redeem the Series 2003 Bonds, and a portion of the Series 2011 Bonds, and to fund bond issuance costs as specified in the 2016 Loan Agreement. Borrowings under the 2016 Loan Agreement bear interest payable semiannually on March 1 and September 1 based on varying rates over the life of the 2016A Bonds, which compute to a true interest cost of 2.353%. The loan matures in 2033, subject to certain early repayment provisions.

The advance refunding resulted in a loss, which consisted of the difference between the reacquisition price and the net carrying amount of the old debt, of \$6,405,074. This difference, reported in the accompanying statements of net position as a deferred outflow of resources, is being charged to operations as interest expense through July 31, 2033, using the straight-line method. The Association completed the advance refunding to reduce its total debt service payments through 2034 by \$4,770,803 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,377,119 at an effective interest rate of 1.933%.

2016B Revenue Refunding Bonds

On October 12, 2016, the Authority issued \$9.6 million in taxable Bonds (University of Georgia Athletic Association Project), Series 2016B (the “2016B Bonds”) and entered into an agreement (the “2016 Loan Agreement”) to loan \$9.6 million to the Association. The 2016B Bonds are payable solely from, and secured by, payments to be received by the Authority pursuant to the 2016 Loan Agreement, dated as of October 1, 2016, between the Authority and the Association and a promissory note issued by the Association. The promissory note is a general, unsecured obligation of the Association. The proceeds were used to redeem the Series 2005A Bonds, settle the related interest rate swap agreements on the Series 2003 and 2005A Bonds, and fund bond issuance costs as specified in the 2016 Loan Agreement. Borrowings under the 2016 Loan Agreement bear interest payable semiannually on March 1 and September 1 based on varying rates over the life of the 2016B Bonds, which compute to a true interest cost of 2.558%. The loan matures in 2033, subject to certain early repayment provisions.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5—Long-term debt (continued)

A. Bonds payable (continued)

The advance refunding resulted in a loss, which consisted of the difference between the reacquisition price and the net carrying amount of the old debt, of \$3,457,200. This difference, reported in the accompanying statements of net position as a deferred outflow of resources, is being charged to operations as interest expense through July 31, 2033, using the straight-line method. The Association completed the advance refunding to reduce its total debt service payments through 2034 by \$666,966 but had an economic loss (difference between the present values of the old and new debt service payments plus swap termination fee) of \$2,839,116 at an effective interest rate of 1.933%.

The bonds payable and the letter of credit agreements required the Association to meet certain covenants. At June 30, 2022, the Association was not aware of any violations of the covenants.

Total long-term debt consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Development Authority of Athens-Clarke County Series 2005B revenue bonds. Interest is payable monthly based on a formula rate adjusted daily (0.68% and 0.01% on June 30, 2022 and 2021, respectively). The loan matures in 2035, based on certain repayment provisions.	\$ 17,850,000	\$ 18,830,000
Development Authority of Athens-Clarke County Series 2011 revenue and refunding bonds. Interest is payable semi-annually on each January 1 and July 1 based on varying rates over the life of the bonds, which compute to a true interest cost of 4.56%. The loan matures in 2022, based on certain repayment provisions.	-	3,025,000
Development Authority of Athens-Clarke County Series 2016A revenue refunding bonds. Interest is payable semi-annually on each March 1 and September 1 beginning March 1, 2017 and is based on varying rates over the life of the bonds, which compute to a true interest cost of 2.353%. The loan matures in 2033, based on certain repayment provisions.	47,660,000	48,250,000
Development Authority of Athens-Clarke County Series 2016B revenue refunding bonds. Interest is payable semi-annually on each March 1 and September 1 beginning March 1, 2017 and is based on varying rates over the life of the bonds, which compute to a true interest cost of 2.558%. The loan matures in 2033, based on certain repayment provisions.	<u>2,615,000</u>	<u>3,975,000</u>
Total debt	68,125,000	74,080,000
Unamortized bond premium	<u>6,907,583</u>	<u>7,608,773</u>
Total debt, net	75,032,583	81,688,773
Less current portion of debt	<u>(4,955,000)</u>	<u>(5,955,000)</u>
Total long-term debt	<u><u>\$ 70,077,583</u></u>	<u><u>\$ 75,733,773</u></u>

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5—Long-term debt (continued)

A. Bonds payable (continued)

The annual debt service requirements at June 30, 2022, excluding premium, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,955,000	\$ 2,896,435	\$ 7,851,435
2024	5,175,000	2,667,975	7,842,975
2025	5,395,000	2,428,806	7,823,806
2026	5,615,000	2,178,832	7,793,832
2027	5,855,000	1,918,252	7,773,252
2028-2032	33,165,000	5,341,586	38,506,586
2033-2036	7,965,000	436,028	8,401,028
	<u>\$ 68,125,000</u>	<u>\$ 17,867,915</u>	<u>\$ 85,992,915</u>

B. Lease obligations

The Association has entered into multiple lease agreements as the lessee. The interest rates on the leases are based on the state's annual borrowing rate of 1.37%.

<u>Description</u>	<u>Original Principal</u>	<u>Lease Term</u>	<u>Begin Month/Year</u>	<u>End Month/Year</u>	<u>Outstanding Balances</u>	
					<u>2022</u>	<u>2021</u>
Copiers	\$ 197,507	36-60 months	varies	varies	\$ 101,037	\$ 147,092
Mobile radios	329,584	60 months	Aug 2019	Jul 2024	139,914	205,668
Turf equipment	355,672	48 months	Jan 2019	Dec 2022	51,801	154,344
Medical equipment	30,484	3 years	Feb 2022	Feb 2025	20,184	-
					<u>\$ 312,936</u>	<u>\$ 507,104</u>

A summary of the principal and interest amounts as of June 30, 2022, for the remaining lease obligations is as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 183,247	\$ 3,024	\$ 186,271
2024	112,322	1,092	113,414
2025	14,074	103	14,177
2026	3,293	18	3,311
	<u>\$ 312,936</u>	<u>\$ 4,237</u>	<u>\$ 317,173</u>

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5—Long-term debt (continued)

C. Components of interest cost

A summary of the components of interest cost for the years ended June 30 are as follows:

	2022	Restated 2021
Interest, financing, and related costs:		
Interest expense	\$ 2,937,400	\$ 3,174,700
Amortization of premiums and deferred loss	123,314	289,287
Fees	150,774	147,912
Total interest, financing, and related costs	<u>\$ 3,211,488</u>	<u>\$ 3,611,899</u>

Note 6—Derivative instruments

Derivative Instruments – Interest rate swap Agreements – The fair value balances and notional amounts of hedging derivative instruments outstanding at June 30, 2022 and 2021, and the changes in fair value of such derivative instruments for the years then ended as reported in the 2022 and 2021 financial statements are as follows:

		Changes in Fair Value		Fair Value at June 30, 2022		
		Classification	Amount	Classification	Amount	Notional
Hedging derivatives:						
2005B-interest rate swap	Deferred outflow of resources		\$ (1,948,202)	Debt	\$ (1,767,019)	\$ 17,850,000
					<u>\$ (1,767,019)</u>	
		Changes in Fair Value		Fair Value at June 30, 2021		
		Classification	Amount	Classification	Amount	Notional
Hedging derivatives:						
2005B-interest rate swap	Deferred outflow of resources		\$ (1,350,234)	Debt	\$ (3,715,221)	\$ 18,830,000
					<u>\$ (3,715,221)</u>	

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 6—Derivative instruments (continued)

For derivative transactions, unless otherwise specified, Bank of America Merrill Lynch (“BOAML”) furnishes a single value for each transaction, even if comprised of multiple legs. Unless otherwise specified, valuations for derivative instruments represent, or are derived from, mid-market values. For some derivative instruments, mid-market prices and inputs may not be observable. Instead, valuations may be derived from proprietary or other pricing models based on certain assumptions regarding past, present, and future market conditions. Some inputs may be theoretical, not empirical, and require BOAML to make subjective assumptions and judgments in light of its experience. For example, in valuing OTC equity options where there is no listed option with a corresponding expiration date, BOAML must estimate the future share price volatility based on realized volatility of the underlying shares over periods deemed relevant, implied volatilities of the longest dated listed options available on the underlying shares or major indices and other relevant factors. Valuations of securities with embedded derivatives may be based on assumptions as to the volatility of the underlying security, basket or index, interest rates, exchange rates, dividend yields, correlations between these or other factors, the impact of these factors upon the value of the security (including the embedded options), as well as issuer funding rates and credit spreads (actual or approximated) or additional relevant factors. While BOAML believes the methodology and data it uses to value derivatives and securities with embedded derivatives are reasonable and appropriate, other dealers might use different methodology or data and may arrive at different valuations.

Objective and Terms – As a means of interest rate management, the Association entered into an interest rate swap transactions with Bank of America, N.A. (the “Counterparty”) relating to its variable rate tax-exempt Series 2005B Bonds. Pursuant to an ISDA Master Agreement and Schedule to ISDA Master Agreement, each dated as of January 27, 2005, between the Association and the Counterparty and the Confirmation, the Association has agreed to pay to the Counterparty a fixed rate of interest in an amount equal to 3.48% per annum multiplied by the notional amount that is equal to the principal amount of the Series 2005B Bonds until August 2033. In return, the Counterparty has agreed to pay to the Association a floating rate of interest in an amount equal to 67% of LIBOR multiplied by the notional amount that is equal to the principal amount of the Series 2005B Bonds until July 2035.

Fair Value – The Association will be exposed to variable rates if the Counterparty to a swap defaults or if a swap is terminated. A termination of the swap agreement may also result in the Association’s making or receiving a termination payment.

As of June 30, 2022, the fair value of the interest rate swap agreements was \$1,767,019, indicating the amount the Association would be required to pay the Counterparty to terminate the swap agreements.

Swap Payments and Associated Debt – As of June 30, 2022, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

<u>Years Ending June 30,</u>	<u>Variable Rate Bonds</u>		<u>Interest Rate</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Swaps, net</u>	
2023	\$ 1,010,000	\$ 586,032	\$ 114,512	\$ 1,710,544
2024	1,045,000	549,666	107,406	1,702,072
2025	1,080,000	512,082	100,062	1,692,144
2026	1,120,000	473,106	92,446	1,685,552
2027	1,160,000	432,738	84,558	1,677,296
2028-2032	6,430,000	1,507,710	294,610	8,232,320
2033-2036	6,005,000	322,422	63,002	6,390,424
Total	<u>\$ 17,850,000</u>	<u>\$ 4,383,756</u>	<u>\$ 856,596</u>	<u>\$ 23,090,352</u>

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 6—Derivative instruments (continued)

Credit Risk – As of June 30, 2022, the fair value of the swaps represents the Association's exposure to the Counterparty. Should the Counterparty fail to perform in accordance with the terms of the swap agreement and variable interest rates remain at the current level, the Association could see a possible gain equivalent to \$857,000 less the cumulative fair value of \$1.8 million. As of June 30, 2022, the Counterparty was rated as follows by Moody's and S&P:

	<u>Moody's</u>	<u>S&P</u>
Bank of America, N.A.	Aa2	A+

Basis Risk – The swap exposes the Association to basis risk. The interest rate on the Series 2005B Bonds is a tax-exempt interest rate, while the LIBOR basis on the variable rate receipt on the interest rate swap agreements is taxable. Tax-exempt interest rates can change without a corresponding change in the 30-day LIBOR rate due to factors affecting the tax-exempt market that do not have a similar effect on the taxable market. The Association will be exposed to basis risk under the swaps to the extent the interest rates on the tax-exempt bonds trade at greater than 67% of LIBOR for extended periods of time. The Association would also be exposed to tax risk stemming from changes in the marginal income tax rates or those caused by a reduction or elimination in the benefits of tax exemption for municipal bonds.

Termination Risk – The interest rate swap agreement uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Association or the Counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetically fixed interest rate. Also, if at the time of termination, the swap has a negative fair value, then the Association would be liable to the Counterparty for a payment equal to the swap's fair value.

Note 7—Long-term liabilities

Changes in long-term liabilities for the year ended June 30, 2022 are as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
Deferred compensation payable	\$ 190,743	\$ -	\$ (57,188)	\$ 133,555	\$ -
Lease obligations	507,104	37,349	(231,517)	312,936	183,247
Long-term debt	81,688,773	-	(6,656,190)	75,032,583	4,955,000
Total long-term liabilities	<u>\$ 82,386,620</u>	<u>\$ 37,349</u>	<u>\$ (6,944,895)</u>	<u>\$ 75,479,074</u>	<u>\$ 5,138,247</u>

Changes in long-term liabilities for the year ended June 30, 2021 are as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Restated Ending Balance</u>	<u>Due Within One year</u>
Deferred compensation payable	\$ 247,930	\$ -	\$ (57,187)	\$ 190,743	\$ -
Lease obligations	570,274	134,023	(197,193)	507,104	220,651
Long-term debt	88,174,961	-	(6,486,188)	81,688,773	5,955,000
Total long-term liabilities	<u>\$ 88,993,165</u>	<u>\$ 134,023</u>	<u>\$ (6,740,568)</u>	<u>\$ 82,386,620</u>	<u>\$ 6,175,651</u>

The June 30, 2021 balance was restated \$507,104 related to lease obligations. See Note 2 – *New Accounting Pronouncement* and Note 15 – *Change in Accounting Principle*.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 8—Line of credit

On October 4, 2017, the Association entered into a \$50 million revolving credit agreement with a bank, which was renewed on February 27, 2020, for a draw period of 36 months and a final maturity of five years. The proceeds of the Credit Facility shall be used to bridge the cash needs to fund construction of the West End Zone project and the Butts-Mehre Expansion until cash receipts are realized from fundraising activities. Credit available under the revolving credit agreement is reduced by outstanding borrowings. At June 30, 2022 and 2021, amounts outstanding and issued under this agreement include borrowings of \$5,001,000, resulting in \$44,999,000, available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's one month LIBOR plus 73.0 basis points (or 0.73%). At June 30, 2022 and 2021, the rate applicable to the borrowings was 2.34% and 0.82%, respectively. Until the utilization of the Credit Facility exceeds 50%, the Association shall pay an unutilized fee to the Bank in an amount equal to the product of (i) 0.15% and (ii) the average difference between the Commitment Amount and the amount advanced by the Bank under the Credit Facility. Interest expense related to the line of credit during the years ended June 30, 2022 and 2021 was \$54,581 and \$22,755, respectively. Fees related to the line of credit during the years ended June 30, 2022 and 2021 was \$66,230 and \$69,771, respectively.

The revolving credit agreement requires the Association to meet certain covenants. At June 30, 2022, the Association was not aware of any violations of the covenants.

Note 9—Fair value measurements

The Association has adopted SGAS 72, *Fair Value Measurement and Application*, which requires fair value measurement be classified and disclosed in one of the following three fair value hierarchy categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level 1 include listed equity securities, mutual funds, and money market funds. The Association, to the extent it holds such investments, does not adjust the quoted price for these investments.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly-traded securities with restrictions on disposition, corporate obligations, and U.S. Government and Agency Treasury Inflation Indices.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments. The types of investments which would generally be included in this category include debt and equity securities issued by private entities and partnerships. The inputs into the determination of fair value require significant judgment or estimation. Inputs include recent transactions, earnings forecasts, market multiples, and future cash flows.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 9—Fair value measurements (continued)

The tables below summarize the valuation of the Association's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and 2021, based on the level of input utilized to measure fair value.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and 2021 are as follows:

June 30, 2022	Fair Value Measurement			
	Total	Level 1	Level 2	Level 3
Derivative financial instruments				
Interest rate swap	\$ 1,767,019	\$ -	\$ 1,767,019	\$ -
Total liabilities - recurring basis	<u>\$ 1,767,019</u>	<u>\$ -</u>	<u>\$ 1,767,019</u>	<u>\$ -</u>
June 30, 2021				
Derivative financial instruments				
Interest rate swap	\$ 3,715,221	\$ -	\$ 3,715,221	\$ -
Total liabilities - recurring basis	<u>\$ 3,715,221</u>	<u>\$ -</u>	<u>\$ 3,715,221</u>	<u>\$ -</u>

All assets and liabilities have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

The Association's amounts on deposit at the UGA Foundation are stated at fair value using the net asset value per share. As of June 30, 2022 and 2021, the fair value of the funds held by the UGA Foundation was \$54,952,645 and \$60,680,990, respectively. The amounts are invested in the long-term investment portfolio of UGA Foundation as a quasi-endowed fund which provides the opportunity to earn long-term investment return but with the inherent risk associated with such investments. As a quasi-endowed fund of the UGA Foundation, there are no unfunded commitments, and redemptions are allowable at the request of the Association. The entire net asset value is available upon request for expenditure or transfer of funds; however, the expenditure or transfer of funds could take months to complete. Complete financials of UGA Foundation and additional disclosures may be obtained at the following address: The UGA Foundation, University of Georgia, Athens, GA 30602.

Note 10—Employee benefits

Personnel of the Association are employees of the University. As such, the Association reimburses the University for compensation and benefit expenses of University employees who spend a significant amount of time providing services to the Association. Amounts recorded for reimbursements for the years ended June 30, 2022 and 2021, amounted to \$44,243,999 and \$45,337,394, respectively, and are included in operating expenses on the statements of revenues, expenses, and changes in net position.

Note 11—Risk management

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All insurance coverage, other than liability for players, directors, and officers' liability and vehicle insurance, is held and issued by the Department of Administrative Services – Risk Management Services of the University of Georgia. Insurance coverage for liability for players, directors, and officers' liability and vehicle insurance is held and issued by a commercial carrier. No settlement in excess of coverage has been incurred during the past three fiscal years.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 12—Related party transactions

The Association makes payments to the University for services such as food services, parking services, health services, tuition, gas, electricity, security, and golf course maintenance. These payments totaled \$66,297,193 and \$49,870,410 during 2022 and 2021, respectively, and were recognized as expenses of the Association. As of June 30, 2022 and 2021, there was \$37,318 and \$116,148, respectively, reflected in accounts receivable for amounts requested by the Association that had not been remitted. At June 30, 2022 and 2021, the Association recorded payables of \$6,608,949 and \$13,075,143, respectively, to the University, reflected in accounts payable and accrued payroll.

Additionally, the University collects student fees and remits those amounts to the Association. During 2022 and 2021, student fees collected by the University were remitted to the Association prior to year-end.

During fiscal years 2022 and 2021, the UGA Foundation remitted \$39,101,234 and \$22,726,690, respectively, to the Association for facility renovation and program support. As of June 30, 2022 and 2021, there was \$58,668 and \$41,207, respectively, reflected in accounts receivable for amounts requested by the Association that had not been remitted. As of June 30, 2022 and 2021, there was \$-0-, reflected in accounts payable for amounts due to UGA Foundation.

The Association has an agreement with the state of Georgia whereby expenditures for additions and improvements to the buildings, stadium, and athletic fields used by the Association become the property of the state of Georgia upon installation or acquisition; the Association leases the athletic facilities from the Board of Regents of the University System of Georgia for \$1 million per year under the current lease agreement, which expires June 30, 2027.

Note 13—Commitments and contingencies

Commitments – Authorized commitments for construction aggregated approximately \$105,207,170 and \$29,676,437 at June 30, 2022 and 2021, respectively.

Litigation – In the normal course of business, legal claims are pending against the Association. The Association's management does not expect any material liability to result from such claims in excess of recorded reserves.

Note 14—Related organizations

The UGA Foundation, a related organization, has received contributions that are restricted for Athletic purposes. As of June 30, 2022, endowment funds of \$48,264,972 have been established for athletic scholarships, \$20,404,845 has been established for athletic capital projects, \$41,464,007 has been established for general support of athletic programs and awards, and \$7,953,346 has been established for other support of Athletic programs. As of June 30, 2021, endowment funds of \$52,349,837 have been established for athletic scholarships, \$22,516,681 has been established for Athletic capital projects, \$45,703,496 has been established for general support of athletic programs and awards, and \$8,460,931 has been established for other support of Athletic programs. Such funds are accounted for and reflected as net assets of the UGA Foundation and are not reflected within the accompanying financial statements. Revenue is recognized by the Association as expenditures are made by the Association for restricted or approved purposes and reimbursements are requested from the UGA Foundation.

UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 15—Change in accounting principle

During the year ended June 30, 2022, the Association implemented SGAS No. 87, *Leases*. SGAS No. 87 requires accounting changes adopted to conform to its provisions to be applied retroactively by restating financial statements for all periods presented. Under this statement, a lessee is required to recognize a lease obligation and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The following summarizes the effect of the restatement of the financial statements as of and for the year ended June 30, 2021, as a result of the implementation of SGAS No. 87:

Statements of Net Position	2021	
	As Previously Reported	As Restated
Noncurrent Assets:		
Intangible right-to-use asset, net of accumulated amortization	\$ -	\$ 502,190
Current Liabilities:		
Lease obligations, current portion	-	220,651
Noncurrent Liabilities:		
Lease obligations, noncurrent portion	-	286,453
Net Position:		
Unrestricted	69,983,830	69,978,916
Total Net Position	\$ 357,165,591	\$ 357,160,677

Statements of Revenues, Expenses, and Changes in Net Position	2021	
	As Previously Reported	As Restated
Operating Expenses:		
Football	\$ 28,497,482	\$ 28,436,522
Sports medicine	7,069,875	7,062,675
General and administrative expense	24,872,774	24,840,425
Plant operations and facility maintenance	10,741,664	10,637,648
Depreciation and amortization expense	11,049,956	11,249,037
Nonoperating Revenue (Expenses):		
Interest, financing, and related costs	(3,697,092)	(3,704,424)
Change in net position	36,508,685	36,506,797
Net position, end of year	\$ 357,165,591	\$ 357,160,677

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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Kutak Rock LLP
3424 Peachtree Road NE, Suite 900, Atlanta, GA 30326-1132
office 404.222.4600

May __, 2023

Development Authority of the Unified Government
of Athens-Clarke County, Georgia
Athens, Georgia

U.S. Bank Trust Company, National Association
Atlanta, Georgia

\$ _____
Development Authority of the Unified Government of Athens-Clarke County, Georgia
Revenue Bonds
(University of Georgia Athletic Association, Inc. Project),
Series 2023

To the Addressees:

We have acted as Bond Counsel to the University of Georgia Athletic Association, Inc., a Georgia nonprofit corporation (the “Company”), in connection with the issuance of the above-referenced Series 2023 Bonds (the “Bonds”) by the Development Authority of the Unified Government of Athens-Clarke County, Georgia (the “Issuer”). The Bonds are being issued pursuant to a Trust Indenture dated as of May 1, 2023 (the “Indenture”) between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds bear interest, mature and are subject to exchange, transfer and redemption at the times, in the manner and on the terms, and contain such other terms and provisions, as are specified in the Indenture. Capitalized, undefined terms used herein will have the meanings given them in the Indenture.

The proceeds of the Bonds will be loaned by the Issuer to the Company pursuant to the terms of a Loan Agreement dated as of May 1, 2023 (the “Loan Agreement”) between the Issuer and the Company, for the purpose of (i) financing in whole or in part the costs of the acquisition, construction, installation, expansion and improvement of certain facilities and related amenities at the south side of Sanford Stadium (collectively, the “Project”) to be located on the campus of the University of Georgia in Athens, Georgia and rented to and operated by the Company, including reimbursing the Company for certain costs paid for the Project prior to the issuance and delivery of the Bonds, (ii) currently refunding the principal portion of all of the Issuer’s outstanding Variable Rate Revenue Bonds (University of Georgia Athletic Association Project) Series 2005B (the “Series 2005B Bonds”) to refinance such debt from a variable interest rate to a fixed interest rate, (iii) paying a termination amount in connection with the termination of

an interest rate swap agreement related to the Series 2005B Bonds and (iv) paying costs of issuance of the Bonds.

We have examined the law, such certified proceedings and other documents and matters as deemed necessary to render this opinion. In all examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photostatic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate. As to questions of fact material to our opinion, we have relied upon (a) representations of the Issuer and the Company, (b) certified proceedings and other certifications of public officials furnished to us and (c) certifications by officials of the Issuer and the Company, without undertaking to verify the same and without independent investigation. Based upon the examinations, opinions, certificates and premises referred to above, we are of the opinion that as of this date:

1. The Issuer is a public body corporate and politic, created, activated and validly existing under the Constitution and laws of the State of Georgia, and has all requisite power and authority (a) to issue, sell and deliver the Bonds, (b) to enter into the Indenture and the Loan Agreement and (c) to carry out the transactions contemplated by the Indenture and the Loan Agreement.

2. Under the Constitution and laws of the State of Georgia, including particularly the Development Authorities Law, Official Code of Georgia Annotated, Section 36-62-1, *et seq.*, as amended, the Indenture and the Loan Agreement have been authorized by all necessary action on the part of the Issuer, have been executed and delivered by the Issuer, and, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, constitute legal, valid, binding and enforceable obligations of the Issuer, except that the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and principles of equity applicable to the availability of specific performance or other equitable relief.

3. The Bonds have been duly authorized and executed by the Issuer and delivered to the Trustee for authentication, and, assuming that the Bonds have been duly authenticated by the Trustee, are valid and binding limited obligations of the Issuer, except that the rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and principles of equity applicable to the availability of specific performance or other equitable relief.

4. The Bonds and the interest thereon are limited obligations of the Issuer, payable solely from and secured by the revenues, receipts and security pledged therefor in the Indenture. Neither the State of Georgia nor any political subdivision thereof, including Athens-Clarke County, Georgia, will in any event be liable for the payment of the principal of or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever of the Issuer, and none of the Bonds or any of the Issuer's agreements or obligations may be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

5. All of the rights, title and interest of the Issuer in and to the Trust Estate (except for certain rights reserved by the Issuer under the Indenture) have been validly assigned and pledged to the Trustee under the Indenture.

6. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in the preceding sentence are subject to the condition that the Issuer and the Company comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Company have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. For tax years beginning after December 31, 2022, interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

7. The interest payable on the Bonds is exempt from State of Georgia income taxation.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

In rendering this opinion, we have relied, with your permission, upon (1) the opinion of Fortson, Bentley and Griffin, P.A., Athens, Georgia, counsel to the Issuer, dated the date hereof with respect to (a) the creation, activation and existence of the Issuer and (b) the due authorization, execution and delivery by the Issuer of the Bonds, the Indenture and the Loan Agreement and (2) the opinions of Fortson, Bentley and Griffin, P.A., Athens, Georgia, counsel to the Company, dated the date hereof with respect to the matters contained therein.

May __, 2023
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This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

Very truly yours,

KUTAK ROCK LLP

APPENDIX D
SUMMARY OF CERTAIN DOCUMENTS

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SUMMARY OF CERTAIN DOCUMENTS

Following are definitions of certain terms used in the Indenture and the Agreement, and summaries of certain provisions of those documents. Definitions of terms previously defined in this Official Statement may not be contained in the following summaries but will have the meanings set forth previously. Such summaries do not purport to be complete, and reference is made to the complete text of such documents, copies of which documents are available upon request from the Underwriter prior to the issuance and delivery of the Bonds and will be on file and available for examination at the office of the Trustee after the issuance and delivery of the Bonds.

DEFINITIONS OF CERTAIN TERMS

“*Act*” means the Development Authorities Law, O.C.G.A. Section 36-62-1 *et seq.*, as amended.

“*Act of Bankruptcy*” means the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) by or against the Company or any affiliate of the Company under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

“*Agreement*” means the Loan Agreement dated as of May 1, 2023 between the Issuer and the Company, and any amendments and supplements thereto.

“*Beneficial Owner*” means, for any Bond that is held by a nominee, the beneficial owner of such Bond.

“*Bond Counsel*” means a firm of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of public obligations and who is acceptable to the Trustee.

“*Bond Fund*” means the fund of that name created under the Indenture.

“*Bond Proceeds*” means the Sale Proceeds, and investment proceeds of the Bonds prior to the allocation of such proceeds to the payment of the Cost of the Project or the Refunding Project, the Swap Termination Amount or the Issuance Costs.

“*Bond Register*” means the books of the Issuer kept by the Trustee to evidence the registration and transfer of the Bonds.

“*Bonds*” means the Development Authority of the Unified Government of Athens-Clarke County, Georgia Revenue Bonds (University of Georgia Athletic Association Project), Series 2023 issued by the Issuer pursuant to the Indenture.

“*Book Entry System*” means the system maintained by the Securities Depository described in the Indenture.

“*Business Day*” means any day other than (a) a Saturday or Sunday, (b) a day on which the Trustee is required or permitted by law to close, and (c) a day on which the New York Stock Exchange is closed.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, including, when appropriate, the statutory predecessor thereof, or any applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided in the Indenture or required by the context thereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final or

temporary regulations and also including regulations issued pursuant to the statutory predecessor of the Code, the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court decisions).

“*Company*” means (i) University of Georgia Athletic Association, Inc., a Georgia nonprofit corporation, and (ii) any surviving, resulting, or transferee entity as provided in the Agreement.

“*Company Representative*” means the person or persons at the time designated to act on behalf of the Company by written certificate furnished to the Issuer and the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Company by its Chairperson or Treasurer. Such certificate may designate an alternate or alternates.

“*Completion Date*” means the date or dates on which construction of the Project has been completed and the Project is operational at the level for which it was intended.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement dated as of the date of initial issuance and delivery of the Bonds between the Company and the Trustee.

“*Cost*” with respect to the Project and the Refunding Project will include all items permitted to be financed or refinanced under the provisions of the Act.

“*Default*” means, with respect to the Indenture, any of the events described as such in “**THE INDENTURE – Defaults**” in this Appendix D, or, with respect to the Agreement, any of the events described as such in “**THE AGREEMENT – Defaults Defined**” in this Appendix D.

“*Determination of Taxability*” means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of an Owner of the Bonds for federal income tax purposes (other than an Owner who is a “substantial user” or “related person” to a “substantial user” within the meaning of Section 147(a) of the Code); provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Company has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Owner of a Bond, and until the conclusion of any appellate review, if sought.

“*Escrow Agent*” means U.S. Bank Trust Company, National Association in its capacity as escrow agent under the Escrow Agreement, together with its successors and assigns, as amended and supplemented.

“*Escrow Agreement*” means the Escrow Agreement dated as of May 1, 2023 among the Issuer, the Escrow Agent and the Company, as amended and supplemented from time to time.

“*Escrow Fund*” means the fund created under the Escrow Agreement.

“*Fitch*” means Fitch Ratings, Inc., its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “Fitch” will be deemed to refer to any other nationally recognized securities rating agency designated by the Company by written notice to the Trustee.

“*Government Obligations*” means direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America, which obligations are noncallable.

“Indenture” means the Indenture of Trust dated as of May 1, 2023 between the Issuer and the Trustee and any amendments and supplements thereto.

“Independent Counsel” means an attorney duly admitted to practice law before the highest court of any state and who is not a full-time employee, director, officer, or partner of the Issuer or the Company.

“Interest Payment Date” means each April 1 and October 1 beginning on October 1, 2023.

“Issuance Costs” means all costs that are treated as costs of issuing or carrying the Bonds under existing Treasury Department regulations and rulings, including, but not limited to, (a) underwriter’s spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which they are expected to be sold to the public); (b) counsel fees (including bond counsel, underwriter’s counsel, Issuer’s counsel and Company counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds); (c) financial advisory fees incurred in connection with the issuance of the Bonds; (d) rating agency fees; (e) Trustee fees incurred in connection with the issuance of the Bonds; (f) Issuer fees incurred in connection with the issuance of the Bonds; (g) paying agent and certifying and authenticating agent fees related to issuance of the Bonds; (h) accountant fees related to the issuance of the Bonds; (i) printing costs of the Bonds and of the preliminary and final offering materials; (j) publication costs associated with the financing proceedings; and (k) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

“Issuer” means the Development Authority of the Unified Government of Athens-Clarke County, Georgia, and its successors and assigns.

“Issuer Representative” means the person or persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Company and the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Issuer by its duly authorized agent. Such certificate may designate an alternate or alternates.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “Moody’s” will be deemed to refer to any other nationally recognized securities rating agency designated by the Company by written notice to the Trustee.

“Note” means the Series 2023 Note of the Company in favor of the Trustee, as assignee of the Issuer, evidencing the Company’s payment obligation under the Agreement.

“Outstanding” or *“Bonds Outstanding”* means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds canceled after purchase in the open market or because of payment at, or redemption prior to, maturity;
- (b) Bonds paid or deemed paid pursuant to the Indenture;
- (c) Bonds in lieu of which others have been authenticated under the Indenture; and
- (d) Bonds deemed tendered under the Indenture and for which another Bond has been issued.

“Owner” means the person or persons in whose name or names a Bond is registered on the books of the Issuer kept by the Trustee for that purpose in accordance with provisions of the Indenture.

“*Par*” means 100% of the principal amount of any Bond, or of the aggregate principal amount of the Bonds Outstanding, as the context may require, exclusive of accrued interest.

“*Participant*” means one of the entities which is a member of the Securities Depository and deposits securities, directly or indirectly, in the Book Entry System.

“*Project*” means the project financed with a portion of the proceeds of the Bonds as more fully described in the Agreement.

“*Project Fund*” means the fund of that name created in the Indenture.

“*Qualified Project Costs*” means Costs of the Project which constitute land costs or costs for property of a character subject to the allowance for depreciation, provided, however, that (i) costs or expenses paid more than 60 days prior to the adoption by the Issuer of its resolution on April 18, 2023, declaring its intent to reimburse Project expenditures with Bond proceeds, will not be deemed to be Qualified Project Costs unless (A) those expenditures qualify as “Preliminary Expenditures” within the meaning of the Treasury Regulations or (B) those costs do not exceed the lesser of 5% of the proceeds of the Bonds or \$100,000; (ii) Issuance Costs will not be deemed to be Qualified Project Costs; (iii) interest during the period of construction of the Project will be allocated between Qualified Project Costs and other Costs and expenses to be paid from the proceeds of the Bonds; (iv) interest paid after the construction period will not constitute a Qualified Project Cost; (v) letter of credit fees and municipal bond insurance premiums which represent costs of a qualified guaranty under applicable Treasury Regulations will be allocated between Qualified Project Costs and other Costs and expenses to be paid from the proceeds of the Bonds; (vi) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk will not constitute Qualified Project Costs; and (vii) Costs of property or land used in an unrelated trade or business, determined by applying Section 513 of the Code, are not Qualified Project Costs. “*Rebate Fund*” means the fund of that name created in the Indenture.

“*Record Date*” means the fifteenth (15th) day of the month (whether or not a Business Day) preceding each Interest Payment Date.

“*Refunding Project*” means the project originally financed with a portion of the proceeds of the Series 2005B Bonds and refinanced with a portion of the proceeds of the Bonds as more fully described in the Agreement.

“*Requisition*” means a written request for a disbursement from the Project Fund, signed by a Company Representative, substantially in the form attached to the Agreement and satisfactorily completed as contemplated by said form.

“*Reserved Rights*” means amounts payable to the Issuer under the Agreement and the right of the Issuer to receive notices.

“*Responsible Officer*” when used with respect to the Trustee, means any officer within the corporate trust administrative department of the Trustee, including any vice president, any assistant vice president, any trust officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

“*Sale Proceeds*” means the principal amount of the Bonds, less any original issue discount, plus any original issuance premium relating to the Bonds.

“*Securities Depository*” means The Depository Trust Company, New York, New York, or its nominee, and its successors and assigns.

“*Series 2005B Bonds*” means the Issuer’s Variable Rate Revenue Bonds (University of Georgia Athletic Association Project) Series 2005B issued in the original aggregate principal amount of \$30,000,000 issued pursuant to an Indenture of Trust dated as of August 1, 2005 between the Issuer and U.S. Bank Trust Company, National Association, as trustee (as successor to U.S. Bank National Association as successor to SunTrust Bank).

“*S&P*” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “*S&P*” will be deemed to refer to any other nationally recognized securities rating agency designated by the Company by written notice to the Trustee.

“*State*” means the State of Georgia.

“*Swap Termination Amount*” means the termination amount to be paid by the Company for the termination of the interest rate swap agreement related to the Series 2005B Bonds.

“*Tax Certificate*” means the Tax Regulatory Agreement and No Arbitrage Certificate dated as of May 1, 2023 between the Issuer and the Company.

“*Term of Agreement*” means the term of the Agreement, as further described in “**THE AGREEMENT – Term of Agreement**” in this Appendix D.

“*Trust Estate*” means the property conveyed to the Trustee pursuant to the Granting Clauses set forth in the Indenture.

“*Trustee*” means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United State and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor Trustee at the time serving as successor Trustee under the Indenture. “Principal Office” of the Trustee means the address specified in the Indenture or such other address as may be designated in writing to the Issuer and the Company.

THE INDENTURE

The Indenture contains various covenants, security provisions, terms and conditions, certain of which are summarized below; however, it is not a comprehensive description, and reference is made to the full text of the Indenture for a complete recital of its terms.

Rights Under the Agreement

The Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Issuer and the Company. Pursuant to the granting clauses of the Indenture, the Issuer has assigned to the Trustee its right, title, and interest (other than Reserved Rights) in and to the Agreement and the Note, and the Trustee, in its name or in the name of the Issuer, may enforce all rights of the Issuer (other than Reserved Rights) and all obligations of the Company under and pursuant to the Agreement and the Note for and on behalf of the Owners of Bonds, whether or not the Issuer is in default under the Indenture.

So long as any of the Bonds remain Outstanding, and for such longer period when required by the Agreement, the Issuer will faithfully and punctually perform and observe all obligations and undertakings on its part to be performed and observed under the Agreement. The Issuer has agreed to maintain, at all times, the validity and effectiveness of the Agreement and the Note and (except as expressly permitted by the Agreement) and will take no action, will permit no action to be taken by others, and will not omit to take any action or permit others to omit to take any action, which action or omission might release the Company from its liabilities or obligations under the Agreement and the Note or result in the surrender, termination, amendment, or modification of, or impair the validity of, the Agreement and the Note. The Issuer has agreed to enforce diligently all covenants, undertakings, and obligations of the Company under the Agreement and the Note and pursuant to the Indenture, the Issuer has authorized and directed the Trustee to enforce any and all of the Issuer's rights under the Agreement and the Note on behalf of the Issuer and Owners of the Bonds.

Revenues and Funds

Establishment of Funds. The following trust funds have been established with the Trustee under the Indenture:

- (a) the Bond Fund;
- (b) the Project Fund and therein the Costs of Issuance Account; and
- (c) the Rebate Fund.

Bond Fund. All moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or the Agreement which are required to be or which are accompanied by directions that such moneys are to be paid into the Bond Fund will be deposited into the Bond Fund from time to time.

Moneys in the Bond Fund will be used solely for the payment of the principal of, premium, if any, and interest on the Bonds and for the redemption of the Bonds prior to maturity. Funds for such payments of the principal of and premium, if any, and interest on the Bonds will be derived from any moneys furnished to the Trustee and available for such purpose.

Project Fund. There will be deposited into the Project Fund and the Costs of Issuance Account therein from time to time the following:

- (a) the amounts described in the Indenture; and
- (b) all other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or the Agreement or by or on behalf of the Company which are required to be or which are accompanied by directions that such moneys are to be paid into the Project Fund or into the Costs of Issuance Account therein.

Upon receipt of a requisition from the Company for any disbursement from the Project Fund, the Trustee will promptly advise the Company of the balance on deposit in the Project Fund or Cost of Issuance Account therein, as appropriate.

Moneys in the Project Fund and the Costs of Issuance Account therein will be expended in accordance with the provisions of the Agreement. The Trustee is authorized and directed by the Indenture to make disbursements contemplated and as required by the Agreement. The Trustee will keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom.

If as a result of the occurrence of an Event of Default under the Indenture, the Trustee declares the unpaid principal balance and accrued interest on the Bonds to be immediately due and payable, the Trustee, upon the written direction of the Bondholders, will apply all moneys in the Project Fund to the immediate payment of the Bonds, in the same manner as a redemption. Any such application will reduce and discharge the amount then due and payable on the Bonds to the extent of such application. The Trustee will promptly notify the Company and the Issuer of the amount of such reduction.

Amounts on deposit in the Costs of Issuance Account on the date that is the six-month anniversary of the date of issuance of the Bonds will be transferred to the Bond Fund.

Non-presentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, if moneys sufficient to pay any such Bond have been deposited with the Trustee for the benefit of the Owner thereof, all liability of the Issuer to the Owner thereof for the payment of such Bond will forthwith cease, determine and be completely discharged, and thereupon it will be the duty of the Trustee to hold such funds, uninvested or invested in Government Obligations maturing overnight, but in any event without liability for interest thereon, for the benefit of the Owner of such Bond, which Owner will thereafter be restricted exclusively to such funds for any claim of whatever nature on its part under the Indenture with respect to such Bond.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds within four years after the date on which the same have become due will be repaid by the Trustee to the Company upon written direction of a Company Representative, and thereafter Owners of Bonds will be entitled to look only to the Company for payment, and then to the extent of the amount so repaid, and all liability of the Trustee with respect to such money will thereupon cease, and the Company will not be liable for any interest thereon and will not be regarded as a trustee of such money.

Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of any fund or account referred to in any provision of the Indenture or the Agreement will be held by the Trustee in trust, and will, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien and security interest created in the Indenture, except as otherwise specifically provided in the Indenture.

Repayment to the Company from the Bond Fund. Any amounts remaining in any account of the Bond Fund or any other fund or account created under the Indenture (other than the Rebate Fund) after payment in full of the principal of, premium, if any, and interest on the Bonds, the fees, charges and expenses of the Trustee and all other amounts required to be paid under the Indenture, will, be paid immediately to the Company. Moneys remaining in the Rebate Fund after all payments to the United States of America required by the terms of the Indenture will also be paid to the Company.

Rebate Fund. The Trustee will make information regarding the Bonds and the investments under the Indenture available to the Company upon request, will make deposits to and disbursements from the Rebate Fund in accordance with the directions received from the Company or the Company Representative, will invest moneys in the Rebate Fund pursuant to said directions and will deposit income from such investments pursuant to said directions, and will make payments to the United States of America in accordance with directions received from the Company.

Notwithstanding any provision of the Indenture to the contrary, the Trustee will not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury regulation (the “Arbitrage Rules”), including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of the Arbitrage Rules, the maximum amount which may be invested in “nonpurpose

obligations” as defined in the Code and the fair market value of any investment made thereunder, it being understood and agreed that the sole obligation of the Trustee with respect to investments of funds under the Indenture will be to invest the moneys received by the Trustee pursuant to the instructions of the Company Representative given in accordance with the Indenture. The Trustee will have no responsibility for determining whether or not the investments made pursuant to the direction of the Company Representative or any of the instructions received by the Trustee under the Indenture comply with the requirements of the Arbitrage Rules and will have no responsibility for monitoring the obligations of the Company or the Issuer for compliance with the provisions of the Indenture with respect to the Arbitrage Rules.

Investment of Moneys

Any moneys held as a part of any fund other than the Bond Fund or the Rebate Fund will be invested or reinvested by the Trustee, to the extent permitted by law, at the written request of and as directed by a Company Representative, in any of the following qualified investments:

(i) Bonds or obligations of counties, municipal corporations, school districts, political subdivisions, authorities, or bodies of the State or other states within the United States;

(ii) Bonds or other obligations of the United States or of subsidiary corporations of the United States Government which are fully guaranteed by such government;

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

(iv) Bonds or other obligations issued by any Public Housing Agency or Municipal Corporation in the United States, which such bonds or obligations are fully secured as to the 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;

(v) Certificates of deposit of national or state banks located within the State which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan associations located within the State which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds. 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, will be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State or with a trust office within the State, of one or more the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or other states or of any county or municipal corporation in the

State, obligations of the United States or subsidiary corporations included in paragraph (ii) above, obligations of the agencies and instrumentalities of the United States Government included in paragraph (iii) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in paragraph (iv) above;

(vi) Repurchase agreements with respect to obligations included in (i), (ii), (iii), (iv) or (v) above and any other investments to the extent at the time permitted by then applicable law for the investment of public funds;

(vii) 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:

(A) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in paragraphs (ii) and (iii) above and repurchase agreements fully collateralized by any such obligations;

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

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

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

(viii) 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 Board 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 Act of 1956, provided that such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee or other similar banking arrangement will permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys; and

(ix) any other investments to the extent at the time permitted by then applicable law for the investment of public funds;

Any moneys held as a part of any account of the Bond Fund or the Rebate Fund will be invested or reinvested by the Trustee, at the direction of the Company, in Government Obligations with such maturities as required in order to assure full and timely payment of amounts required to be paid from the Bond Fund or the Rebate Fund, which maturities (in the case of the Bond Fund), in any event, may extend no more than 30 days from the date of acquisition thereof; provided, that any moneys held pursuant to the provisions of the Indenture either will be held uninvested or will be invested in Government Obligations maturing on the next Business Day.

The Trustee may make any and all such investments through its own bond or investment department or the bond or investment department of any bank or trust company under common control with the Trustee. All such investments will at all times be a part of the fund or account from which the moneys used to acquire such investments have come and all income and profits on such investments will be credited to, and losses thereon will be charged against, such fund. All investments under the Indenture will be registered in the name of the Trustee, as Trustee under the Indenture. All investments under the Indenture will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of investments of funds in any account of the Bond Fund whenever the cash balance in such account of the Bond Fund is insufficient, together with any other funds available therefor, to pay the principal of, premium, if any, and interest on the Bonds when due. The Trustee will not be responsible for any reduction of the value of any investments made in accordance with the directions of the Company or a Company Representative or any losses incurred in the sale of such investments.

Pursuant to the Indenture, the Issuer has agreed and certified to and for the benefit of the Owners of the Bonds from time to time Outstanding that so long as any of the Bonds remain Outstanding, the Issuer will not direct that moneys on deposit in any fund or account in connection with the Bonds (whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources), be used in a manner which will cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. Pursuant to such covenants, the Issuer has obligated itself to comply throughout the term of the Bonds with any request of the Company regarding the requirements of Section 148 of the Code, and any regulations promulgated thereunder.

Unless an opinion is rendered by Bond Counsel to the effect that the following actions are not required in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the Issuer has agreed in the Indenture that it will make payments as directed by the Company (but only from moneys provided to the Issuer by or on behalf of the Company for such purposes), if any, required to be made to the United States pursuant to the Code in order to establish or maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Defeasance; Discharge of Lien

If the Issuer has paid or has caused to be paid, in accordance with the provisions of the Indenture, to the Owners of the Bonds, the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and if the Issuer is not then in default in any of the other covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, and if the Issuer has paid or has caused to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, then the presents and the estate and rights granted by the Indenture will cease, determine and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture, and execute and deliver to the Issuer such instruments in writing as may be requisite to release the lien of the Indenture and reconvey, release, assign and deliver unto the Issuer any and all of the estate, right, title and interest in and to any and all rights or property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except (i) amounts in any account of the Bond Fund or Project Fund required to be paid to the Company under the Indenture, (ii) cash held by the Trustee for the payment of the principal of, premium, if any, or interest on particular Bonds and (iii) amounts in the Rebate Fund required to be paid to the United States.

Any Bond will be deemed to be paid within the meaning of the Indenture and for all purposes of the Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption either (i) have been made or caused to be made in accordance with the terms thereof, or (ii) have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Obligations maturing as to

principal and interest in such amounts and at such times as will insure, without further investment or reinvestment thereof, the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee and the Issuer pertaining to the Bonds with respect to which such deposit is made, have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid, as aforesaid, such Bond will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds has been previously given in accordance with the Indenture, or in the event said Bonds are not by their terms subject to redemption within the next 60 days, until the Company has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds that the deposit required by clause (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Bonds, plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

Before accepting or using any moneys to be deposited pursuant to this section, the Trustee will require that the Company furnish to it (i) an opinion of Bond Counsel to the effect that such deposit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and that all conditions under the Indenture have been satisfied and (ii) a certificate of an independent certified public accountant or firm thereof acceptable to the Trustee (a copy of which will be furnished to the rating agency then providing the rating borne by the Bonds) to the effect that such deposit of moneys or Government Obligations will be sufficient to defease the Bonds as provided in the Indenture.

The Trustee will be fully protected in relying upon the opinions and certificates required to be furnished to it under this section in accepting or using any moneys deposited pursuant to the Indenture.

All moneys so deposited with the Trustee as provided in the Indenture may also be invested and reinvested, at the direction of the Company, in noncallable Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to the Indenture which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys have been so deposited will be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund; provided that unless the opinion of Bond Counsel specifically permits any such reinvestment, the Company will furnish to the Trustee an opinion of Bond Counsel to the effect that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

The Issuer has agreed that no deposit will knowingly be made or accepted by the Issuer and no use knowingly made by the Issuer of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Notwithstanding any provision of any other article of the Indenture which may be contrary to the provisions of this section, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this section for the payment of Bonds (including interest and premium thereon, if any) will be applied to and used solely for the payment of the particular Bonds (including the interest and premium thereon, if any) with respect to which such moneys or Government Obligations have been so set aside in trust.

Defaults and Remedies

Defaults. If any of the following events occur, subject to the provisions of the Indenture with respect to waiver and cure of defaults, the Indenture defines such events as and declares them to be and to constitute a “Default”:

(a) Default in the due and punctual payment of interest on any Bond (other than as a result of administrative error which nonpayment is promptly corrected within one Business Day of notice of such nonpayment to the Company);

(b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(c) The occurrence of a Default under the Agreement; and

(d) A default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in the Indenture or in the Bonds contained and failure to remedy the same after notice thereof pursuant to the Indenture.

Acceleration. Upon the occurrence of any Default, the Trustee may, and at the written request of the Owners of at least a majority in aggregate principal amount of Outstanding Bonds must, by notice in writing delivered to the Issuer and the Company (or, if the Book Entry System is in effect, the Securities Depository), declare the principal of all Bonds and the interest accrued thereon to the date of such acceleration immediately due and payable. Upon any declaration of acceleration under the Indenture, the Trustee will immediately declare all payments required to be made by the Company under the Agreement and the Note to be immediately due and payable. Interest will cease to accrue on the Bonds on the date of declaration of such acceleration.

Other Remedies; Rights of Owners of Bonds.

Subject to the provisions of “– Defaults and Remedies – *Acceleration*” above, upon the occurrence of a Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds.

Subject to the provisions of “– Defaults and Remedies – *Acceleration*” above, if a Default has occurred and is continuing and if requested so to do by the Owners of at least a majority in aggregate principal amount of Outstanding Bonds and provided the Trustee is indemnified as provided in the Indenture, the Trustee will be obligated to exercise one or more of the rights and powers conferred by this section and by “– Defaults and Remedies – *Acceleration*” above, as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners of Bonds.

Subject to the provisions of “– Defaults and Remedies – *Acceleration*” above, no remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Owners of Bonds) is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or to the Owners of Bonds under the Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Default will impair any such right or power or may be construed to be a waiver of any such Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

No waiver of any Default under the Indenture, whether by the Trustee or by the Owners of Bonds, will extend to or will affect any subsequent Default or will impair any rights or remedies consequent thereon.

Rights of Owners of Bonds to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding but expressly subject to “– Defaults and Remedies – *Acceleration*” above, the Owners of at least a majority in aggregate principal amount of the Outstanding Bonds will have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture provided that such direction may not be otherwise than in accordance with the provisions of law and of the Indenture.

Appointment of Receivers. Upon the occurrence of a Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of Bonds under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment confers.

Waiver. Upon the occurrence of a Default, to the extent that such rights may then lawfully be waived, neither the Issuer nor anyone claiming through or under it, may set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws of any jurisdiction now or hereafter in force, in order to prevent or hinder the enforcement of the Indenture, and the Issuer, for itself and all who may claim through or under it, has waived, to the extent that it lawfully may do so, the benefit of all such laws.

Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this section (other than moneys deposited with the Trustee and held in accordance with “– Revenues and Funds – *Rebate Fund*” herein) will, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances owing to or incurred or made by the Trustee, be deposited in the Bond Fund and the moneys in the Bond Fund will be applied as follows:

(a) Unless the principal of all the Bonds has become or been declared due and payable, all such moneys will be applied:

FIRST – To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest (with interest on overdue installments of such interest, to the extent permitted by law, at the rate of interest borne by the Bonds) and, if the amount available are not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND – To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), (with interest on overdue installments of principal and premium, if any, to the extent permitted by law, at the rate of interest borne by the Bonds) and, if the amount available is not sufficient to pay in full all Bonds due on any particular date, then to the payment ratably according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD – To the payment to the persons entitled thereto as the same become due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment will be made ratably according to the amount of interest, principal and premium, if any, due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal, to the extent permitted by law, at the rate of interest borne by the Bonds.

(c) If the principal of all the Bonds has been declared due and payable and if such declaration thereafter has been rescinded and annulled under the provisions of this section, then, subject to the provisions of paragraph (b) above, in the event that the principal of all the Bonds later becomes due or be declared due and payable, the moneys will be applied in accordance with the provisions of paragraph (a) above.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee applies such funds, it will fix the date (which will be an Interest Payment Date unless it deems another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates will cease to accrue; provided, that upon an acceleration of Bonds pursuant to “– Defaults and Remedies – *Acceleration*” herein, interest will cease to accrue on the Bonds on and after the date of such acceleration. The Trustee will give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and will not be required to make payment to the Owner of any Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this section and all expenses and charges of the Trustee and the Issuer have been paid, any balance remaining in any account of the Bond Fund will be paid to the Company.

Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee will be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment will be for the equal and ratable benefit of the Owners of the Outstanding Bonds.

Rights and Remedies of Bondholders. No Owner of any Bond has any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust held under the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless (subject to the provisions of “– Defaults and Remedies – *Acceleration*” above (i) a Default has occurred of which the Trustee has been notified as provided in paragraph (b) of “– The Trustee – *Acceptance of the Trusts*” herein, or of which by said subsection it is deemed to have notice,

(ii) the Owners of at least a majority in aggregate principal amount of Outstanding Bonds have made written request to the Trustee and has offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding and has offered indemnity to the Trustee as provided in the Indenture, and (iii) the Trustee thereafter fails or refuses to exercise the powers, or fails or refuses to institute such action, suit or proceeding. Such notification, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Owners of the Bonds have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or equity will be instituted, had and maintained in the manner provided in the Indenture and for the equal and ratable benefit of the Owners of all Outstanding Bonds. However, nothing contained in the Indenture will affect or impair the right of any Owner of Bonds to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued under the Indenture to the respective Owners thereof at the time and place, from the source and in the manner in the Bonds expressed.

Termination of Proceedings. In case the Trustee has proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case, the Issuer, the Trustee and the Owners of Bonds will be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

Waivers of Default. The Trustee will waive any Default under the Indenture and its consequences and rescind any declaration of acceleration of principal upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds; provided that there will not be waived any Default specified in paragraph (a) or (b) of “– Defaults and Remedies – Defaults” herein unless prior to such waiver or rescission, the Company has caused to be paid to the Trustee (i) all arrears of principal and interest (other than principal of or interest on the Bonds which became due and payable by declaration of acceleration), with interest at the rate then borne by the Bonds on overdue installments, to the extent permitted by law, and (ii) all fees and expenses of the Trustee and the Issuer in connection with such Default. In case of any waiver or rescission described above, or in case any proceeding taken by the Trustee on account of any such Default has been discontinued or concluded or determined adversely, then and in every such case the Issuer, the Trustee and the Owners of Bonds will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other Default, or impair any right consequent thereon.

Notice of Defaults; Opportunity of the Issuer and the Company to Cure Defaults.

(a) Anything in the Indenture to the contrary notwithstanding, no Default under paragraph (d) of “– Defaults and Remedies – Defaults” herein will be deemed a Default until notice of such Default has been given to the Issuer and the Company by the Trustee or by the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds, and the Issuer and the Company have had 30 days after receipt of such notice to correct said Default or to cause said Default to be corrected and has not corrected said Default or caused said Default to be corrected within the applicable period; provided that if said Default is such that it cannot be corrected within the applicable period, it will not constitute a Default if corrective action has been instituted by the Issuer or the Company within the applicable period and diligently pursued until the Default is corrected.

(b) With regard to any Default concerning which notice is given to the Issuer and the Company under the provisions of this section, the Issuer has granted the Company full authority for the account of the Issuer to perform any covenant or obligation alleged in said notice to constitute a Default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

The Trustee

Acceptance of the Trusts. The Trustee has accepted the trusts imposed upon it by the Indenture, is fully empowered under applicable laws and regulations to accept such trusts, and has agreed to perform such trusts, but only upon and subject to the express terms and conditions as described in the Indenture, including, but not limited to, the following:

(a) The Trustee, prior to the occurrence of a Default and after the curing of all Defaults which may have occurred, will undertake to perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants are to be read into the Indenture against the Trustee. In case a Default has occurred (which has not been cured or waived), the Trustee will exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in the exercise of such rights and powers as an ordinary, prudent man would exercise or use in the conduct of his own affairs.

(b) The Trustee will not be required to take notice or be deemed to have notice of any Default under the Indenture except for Defaults specified in subsections (a) or (b) of “– Defaults and Remedies – Defaults” herein, unless a Responsible Officer of the Trustee is specifically notified in writing of such Default by the Issuer or by the Owners of at least a majority in aggregate principal amount of Outstanding Bonds, and all notices or other instruments required by the Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the Principal Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Default except as aforesaid.

(c) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, the Trustee, in its sole discretion, may determine what action, if any, will be taken.

Fees, Charges and Expenses of the Trustee. The Trustee will be entitled to payment of reasonable fees for its services rendered under the Indenture and reimbursement of all advances, counsel fees and other expenses reasonably made or incurred by the Trustee in connection with such services including, without limitation, the reasonable compensation, expenses and disbursements of its agents and counsel. Upon the occurrence of a Default, but only upon the occurrence of a Default, the Trustee will have a first lien with right of payment prior to payment on account of principal of, premium, if any, and interest on any Bond upon the Trust Estate (exclusive of funds held by the Trustee for matured and unrepresented Bonds) for the foregoing fees, charges and expenses of the Trustee. When the Trustee incurs expenses or renders services after the occurrence of an Act of Bankruptcy with respect to the Company, the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. The Issuer will have no liability to pay any fees, charges or other expenses of the Trustee hereinabove mentioned except from the amounts pledged under the Indenture. The rights of the Trustee under this section will survive the Trustee’s resignation or removal.

Notice of Default. If a Default occurs of which the Trustee has been notified as provided in paragraph (b) of “– The Trustee – *Acceptance of the Trusts*” above or of which by said subsection it is deemed to have notice, then the Trustee will promptly give notice thereof to the Owner of each Bond.

Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving thirty (30) days’ notice to the Issuer, the Company, and the Owner of each Bond. Such resignation will not take effect (i) until the appointment and acceptance of a successor Trustee or temporary Trustee, and (ii) payment in full of all fees and expenses and other amounts payable to the Trustee pursuant to the Indenture or the Agreement.

Removal of the Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer and signed by the Owners of at least a majority in aggregate principal amount of Outstanding Bonds. Such removal will not take effect until (i) the appointment and acceptance of a successor Trustee or temporary Trustee and (ii) payment in full of all fees and expenses and other amounts payable to the Trustee pursuant to the Indenture or the Agreement.

Appointment of Successor Trustee; Temporary Trustee. In case the Trustee under the Indenture resigns or is removed, or is dissolved, or is in the course of dissolution or liquidation, or otherwise becomes incapable of acting under the Indenture, or in case it is taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Owners of at least a majority in aggregate principal amount of Outstanding Bonds by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact duly authorized, a copy of which will be delivered personally or sent by registered mail to the Issuer and the Company. In case of any such vacancy, the Issuer, by an instrument executed by its official who executed the Bonds or his successor in office, may appoint a temporary successor Trustee to fill such vacancy until a successor Trustee will be appointed by the Owners of Bonds in the manner above provided; and such temporary successor Trustee so appointed by the Issuer will immediately and without further act be superseded by the Trustee appointed by the Owners of Bonds. If no successor Trustee has accepted appointment in the manner provided in the Indenture within sixty (60) days after the Trustee has given notice of resignation to the Issuer and the Owner of each Bond, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee; provided that any Trustee so appointed will immediately and without further act be superseded by a Trustee appointed by the Issuer or the Owners of Bonds as provided above. Every successor Trustee appointed pursuant to the provisions of this section will be, if there be such an institution willing, qualified and able to accept the trust upon customary terms, a bank with trust powers or trust company within or without the State, in good standing and having reported capital and surplus of not less than \$50,000,000.

Notice to Rating Agencies. The Trustee will provide Fitch, Moody’s or S&P, as appropriate, so long as any of such rating agencies are assigning a credit rating to any of the Bonds at such time, with prompt written notice following the effective date of such event of (i) any successor Trustee, (ii) any amendments to the Indenture or the Agreement, (iii) the redemption of the Bonds or the payment of the Bonds at maturity, (iv) the defeasance of the Bonds, or (v) the acceleration of the Bonds. In addition, the Trustee will provide Fitch, Moody’s and/or S&P, as appropriate, so long as any of such rating agencies provide the rating borne by the Bonds, with any other information which the rating agency may reasonably request in order to maintain the rating on the Bonds.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Bondholders. The Issuer and the Trustee may, upon receipt of an opinion of Bond Counsel to the effect that the proposed supplemental indenture will not adversely affect the excludability of interest on the Bonds from gross income for federal income

tax purposes and is authorized by the Indenture, and without consent of, or notice to, any of the Owners of Bonds, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (i) To cure any ambiguity or formal defect or omission in the Indenture;
- (ii) To grant to or confer upon the Trustee for the benefit of the Owners of Bonds any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owners of Bonds or the Trustee;
- (iii) To subject to the Indenture additional revenues, properties or collateral;
- (iv) To modify, amend or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;
- (v) To evidence the appointment of a separate or Co-Trustee or the succession of a new Trustee under the Indenture;
- (vi) To correct any description of, or to reflect changes in, any of the properties comprising the Trust Estate;
- (vii) To make any revisions to the Indenture that are required by Fitch, Moody's or S&P in order to obtain or maintain an investment grade rating on the Bonds;
- (viii) To provide for an uncertificated system of registering the Bonds or to provide for changes to or from the Book Entry System;
- (ix) To effect any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Owners of Bonds; or
- (x) To make revisions to the Indenture that become effective only upon, and in connection with, the remarketing of all of the Bonds then Outstanding.

In the event Fitch, S&P and/or Moody's are assigning a credit rating to any of the Bonds at such time, Fitch, S&P and/or Moody's, as the case may be, must receive prior written notice from the Trustee of the proposed amendment but such notice will not be a condition of the effectiveness of such amendment.

Supplemental Indentures Requiring Consent of Bondholders. Exclusive of amendments and indentures supplemental to the Indenture as described under “– Supplemental Indentures – *Supplemental Indentures Not Requiring Consent of Bondholders*” above, and subject to the terms and provisions described below and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds will have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental thereto as deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided that nothing in this section or in “– Supplemental Indentures – *Supplemental Indentures Not Requiring Consent of Bondholders*” above will permit, or be construed as permitting, without the consent of the Owners of all

Bonds Outstanding, (a) an extension of the maturity of the principal of, or the interest on, any bond issued under the Indenture, or (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures or any modifications or waivers of the provisions of the Indenture or the Agreement, or (e) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate or any part thereof, except as expressly permitted in the Indenture, or (f) the deprivation of the Owner of any Outstanding Bond of the lien created on the Trust Estate.

If at any time the Issuer requests the Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given to the Owners of the Bonds as provided in the Indenture; provided, that prior to the delivery of such notice, the Trustee may require that an opinion of Bond Counsel be furnished to the effect that the supplemental indenture complies with the provisions of the Indenture and will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes. Such notice will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners of Bonds. If, within 60 days or such longer period as prescribed by the Issuer following such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding (except for those Supplemental Indentures requiring the consent of the Owners of all Bonds Outstanding as described above) at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this section permitted and provided, the Indenture will be and be deemed to be modified and amended in accordance therewith.

In the event Fitch, S&P and/or Moody's are assigning a credit rating to any of the Bonds at such time, Fitch, S&P and/or Moody's, as the case may be, must receive prior written notice from the Trustee of the proposed amendment but such notice will not be a condition of the effectiveness of such amendment

Consent of the Company. Anything in the Indenture to the contrary notwithstanding, a supplemental indenture will not become effective unless and until the Company has consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee will cause notice of the proposed execution of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed to the Company at least 15 Business Days prior to the proposed date of execution and delivery of any such supplemental indenture.

Amendment of Agreement and Note

Amendments to Agreement and Note Not Requiring Consent of Bondholders. The Issuer and the Trustee may, upon receipt of an opinion of Bond Counsel to the effect that the proposed amendment will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes and is authorized by the Indenture, and without the consent of or notice to the Owners of Bonds, consent to any amendment, change or modification of the Agreement or the Note as may be required (i) by the provisions of the Agreement or the Note, (ii) for the purpose of curing any ambiguity or formal defect or omission in the Agreement or the Note, (iii) so as to more precisely identify the Project or the Refunding Project, or to substitute or add additional improvements or equipment to the Project or the Refunding Project or additional rights or interests in property acquired in accordance with

the provisions of the Agreement or the Note, (iv) to enter into an indenture or indentures supplemental to the Indenture as provided in “– Supplemental Indentures – *Supplemental Indentures Not Requiring Consent of Bondholders*” herein, (v) to make any revisions that are required by Fitch, Moody’s and/or S&P in order to obtain or maintain an investment grade rating on the Bonds, or (vi) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Owners of Bonds.

Amendments to Agreement and Note Requiring Consent of Bondholders. Except for the amendments, changes, or modifications described in the preceding paragraph, neither the Issuer nor the Trustee may consent to any other amendment, change or modification of the Agreement or the Note without mailing of notice and the written approval or consent of the Owners of a majority in aggregate principal amount of the Outstanding Bonds, provided that the consent of the Owners of all Bonds Outstanding is required for any amendment, change or modification of the Agreement or the Note that would permit the termination or cancellation of the Agreement or the Note or a reduction in or postponement of the payments under the Agreement or the Note or any change in the provisions relating to payment thereunder. If at any time the Issuer and the Company request the consent of the Trustee to any such proposed amendment, change or modification of the Agreement or the Note, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by “– Supplemental Indentures – *Supplemental Indentures Requiring Consent of Bondholders*” herein with respect to supplemental indentures; provided, that prior to the delivery of such notice or request, the Trustee and the Issuer may require that an opinion of Bond Counsel be furnished to the effect that such amendment, change or modification complies with the provisions of the Indenture and will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes. Such notice will briefly set forth the nature of such proposed amendment, change or modification and will state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by all Owners of Bonds.

Limitation of Rights. With the exception of any rights expressly conferred in the Indenture, nothing expressed or mentioned in or to be implied from the Indenture or the Bonds is intended or may be construed to give to any person or company other than the parties thereto, the Owners of the Bonds, any legal or equitable right, remedy or claim under or with respect to the Indenture or any covenants, conditions and provisions therein contained; the Indenture and all of the covenants, conditions and provisions thereof being intended to be and being for the sole and exclusive benefit of the parties thereto, the Owners of the Bonds as therein provided.

THE AGREEMENT

Following is a brief summary of certain provisions of the Agreement; however, it is not a comprehensive description, and reference is made to the full text of the Agreement for a complete recital of its terms.

The Loan and the Note

The Issuer has agreed to lend to the Company, and the Company has agreed to borrow from the Issuer, the proceeds of the sale of the Bonds for the purposes of financing the Costs of the Project and the Refunding Project, the Swap Termination Amount, and the Issuance Costs in accordance with the terms and conditions of the Agreement and the Indenture. The deposit of the proceeds of the sale of the Bonds as provided in the Indenture will constitute the loan of such proceeds from the Issuer to the Company, and such proceeds will be applied as provided in the Indenture. The Company has agreed to repay the Loan, as described under “– Loan Provisions” below.

The Company's obligation to repay the Loan, together with premium, if any, and interest thereon, which is more fully described under "– Loan Provisions – *Amounts Payable*" below, will be evidenced by the Note, which the Company has agreed to execute and deliver to the Issuer.

Acquisition and Construction of the Project; Issuance of Bonds

Agreement to Issue the Bonds; Application of Bond Proceeds. In order to provide funds to finance and refinance the payment of the Costs of the Project and the Refunding Project, the Swap Termination Amount, and the Issuance Costs as described in the Indenture, the Issuer, concurrently with the execution of the Agreement, the Issuer has agreed to issue, sell, and deliver the Bonds and deposit the Sale Proceeds thereof with the Trustee in the Project Fund and the Escrow Fund, respectively, and for the payment of the Swap Termination Amount in the amount as described in the Indenture.

Agreement to Acquire, Construct, Improve and Equip the Project. The Company has agreed to make all contracts and do all things necessary for the acquisition, construction, expansion, improvement and equipping of the Project. The Company has further agreed that it will acquire, construct, expand, improve, and equip the Project with all reasonable dispatch and use its best efforts to cause the acquisition, construction, improvement, equipping, and occupancy of the Project to be completed by third anniversary of the date of issuance and delivery of the Bonds or as soon thereafter as may be practicable, delays caused by force majeure as defined in "– Defaults and Remedies – *Defaults Defined*" herein only excepted; but if for any reason such acquisition, construction, expansion, improving and equipping has not been completed by such date there will be no resulting liability on the part of the Company and no diminution in or postponement of the payments required as set forth in "– Loan Provisions – *Amounts Payable*" herein to be paid by the Company.

Project Fund. The Issuer has, in the Indenture, authorized and directed the Trustee to make disbursements from the Project Fund to pay the Costs of the Project and the Issuance Costs, or to reimburse the Company for any Cost of the Project or Issuance Costs paid by the Company. The Trustee may not make any disbursement from the Project Fund until the Company has provided the Trustee with a Requisition, and the Trustee will not be bound to ascertain or inquire as to the performance or observance of any certification, condition or representation on the part of the Company therein.

Establishment of Completion Date. The Completion Date will be evidenced to the Issuer and the Trustee by a certificate or certificates signed by a Company Representative stating that, except for amounts retained by the Trustee at the Company's direction to pay any Cost of the Project, not then due and payable, (i) construction of the Project has been completed and all costs of labor, services, materials and supplies used in such construction have been paid, (ii) all equipment for the Project has been installed, such equipment so installed is suitable and sufficient for the operation of such Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, improved, and equipped and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon completion of the acquisition, construction, expansion, improvement and equipping of such Project, the Company has agreed to cause such certificate to be furnished to the Issuer and the Trustee. Upon receipt of such certificate, the Trustee will retain in the Project Fund a sum equal to the amounts necessary for payment of the Costs of the Project not then due and payable according to such certificate. If any such amounts so retained are not subsequently used, prior to any transfer of such amounts to the Bond Fund as provided below, the Trustee will give notice to the Company of the failure to apply such funds for payment of the Costs of the Project or Issuance Costs. Any amount not to be retained in the Project Fund for payment of the Costs of the Project or Issuance Costs, and all amounts so retained but

not subsequently used, will be transferred by the Trustee into the Bond Fund to pay principal of the Bonds when due.

If at least 95% of the Bond Proceeds of the Bonds (excluding the portion of the Bond Proceeds used in connection with the refunding of the Series 2005B Bonds) have not been used to pay Qualified Project Costs, any amount (exclusive of amounts retained by the Trustee in the Project Fund for payment of Costs of the Project not then due and payable) remaining in the Project Fund will be transferred by the Trustee into the Bond Fund and used by the Trustee (a) to redeem, or to cause the redemption of, Bonds on the earliest redemption date permitted by the Indenture, (b) to purchase Bonds on the open market prior to such redemption date at prices not in excess of the principal amount of such Bonds, or (c) for any other purpose provided that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not cause interest on the Bonds be included in gross income of the owners of the Bonds for federal income tax purposes. Until used for one or more of the foregoing purposes, such amount may be invested as permitted by the Indenture at a yield not in excess of the yield on the Bonds unless the Trustee is provided with an opinion of Bond Counsel to the effect that investment of such moneys in excess of the yield on the Bonds will not cause interest on the Bonds be included in gross income of the owners of the Bonds for federal income tax purposes.

Company Required to Pay in Event Project Fund Insufficient

In the event the moneys in the Project Fund available for payment of the Costs of the Project and Issuance Costs are not sufficient to pay the Costs of the Project and Issuance Costs in full, the Company agreed to complete the Project and to pay that portion of the Costs of the Project and Issuance Costs in excess of the moneys available therefor in the Project Fund. The Issuer has not made any warranty, either express or implied, that the moneys deposited in the Project Fund and available for payment of the Costs of the Project and Issuance Costs will be sufficient to pay all of the Costs of the Project and Issuance Costs. The Company has agreed that if after disbursement of the moneys in the Project Fund, the Company should pay any portion of the Cost of the Project and Issuance Costs, the Company will not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Owners of any of the Bonds, nor will the Company be entitled to any diminution of the amounts payable under “– Loan Provisions – Amounts Payable” under the Note.

Term of Agreement

The Agreement will become effective upon its delivery and will be in full force and effect until midnight, April 1, 2043, or until such time as all of the Bonds and the fees and expenses of the Issuer and the Trustee have been fully paid or provision has been made for such payments, whichever is later; provided, however, that the Agreement may be terminated prior to such date pursuant to the Agreement, but in no event before all of the obligations and duties of the Company under the Agreement have been fully performed, including, without limitation, the payments of all costs and fees mandated under the Agreement.

Loan Provisions

Loan of Proceeds. The Issuer has agreed, upon the terms and conditions contained in the Agreement and the Indenture, to lend to the Company the Sale Proceeds received by the Issuer from the sale of the Bonds. Such proceeds will be disbursed to or on behalf of the Company as provided in the Agreement and for the purpose of currently refunding the principal portion of the Series 2005B Bonds as described in the Escrow Agreement and paying the Swap Termination Amount.

Amounts Payable. Pursuant to the Agreement, the Company has agreed to issue the Note to the Trustee, as assignee of the Issuer under the Indenture. It is understood and agreed that all payments

payable by the Company under the Note are assigned by the Issuer to the Trustee for the benefit of the Owners of the Bonds. The Company has assented to such assignment. The Issuer has directed the Company, and the Company has agreed with the Issuer to pay to the Trustee all payments payable by the Company under the Note.

The Company will also pay the reasonable fees and expenses of the Trustee under the Indenture and all other amounts which may be payable to the Trustee under “– The Trustee – *Fees, Charges, and Expenses of the Trustee*” herein, such amounts to be paid directly to the Trustee for the Trustee’s own account as and when such amounts become due and payable.

The Company has also agreed to pay the reasonable expenses of the Issuer related to the issuance of the Bonds and incurred upon the written request of the Company. In addition, the Company has agreed to pay to the Issuer (i) on the date of initial issuance and delivery for the Bonds, a fee equal to one-eighth (1/8th) of one percent (1%) of the original aggregate principal amount of the Bonds and (ii) on or prior to each anniversary date thereafter, a fee equal to \$3,500.

In the event the Company fails to make any of the payments under the Note, the item or installment so in default will continue as an obligation of the Company until the amount in default has been fully paid, and the Company has agreed to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

Obligations of Company Unconditional. The obligations of the Company to make the payments required above in “– Loan of Proceeds – *Amounts Payable*” and the Note and to perform and observe the other agreements contained in the Agreement are absolute and unconditional and are not subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer or the Trustee of any obligation to the Company, whether under the Agreement or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer or the Trustee, and, until such time as the principal of, premium, if any, and interest on the Bonds has been fully paid or provision for the payment thereof has been made in accordance with the Indenture, the Company (i) will not suspend or discontinue any payments provided for above in “– Loan of Proceeds – *Amounts Payable*” or in the Note, (ii) will perform and observe all other agreements contained in the Agreement and (iii) except as otherwise provided in the Agreement, will not terminate the Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Company to complete the acquisition, construction, expansion, improvement and equipping of the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project or the Refunding Project, the taking by eminent domain of title to or temporary use of any or all of the Project or the Refunding Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Agreement. Nothing contained in this section may be construed to release the Issuer from the performance of any of the agreements on its part contained in the Agreement, and in the event the Issuer or the Trustee fails to perform any such agreement on its part, the Company may institute such action against the Issuer or the Trustee as the Company deems necessary to compel performance so long as such action does not abrogate the obligations of the Company contained in the Agreement and the Note.

No Warranty of Condition or Suitability by Issuer.

The Issuer has made no warranty, either express or implied, (1) as to the Project or the Refunding Project or the condition thereof, (2) that the Project or the Refunding Project will be suitable for the purposes or needs of the Company, (3) that the Company will have quiet and peaceful possession of the Project or the Refunding Project, (4) with respect to the merchantability, condition or workmanship of

any part of the Project or the Refunding Project or (5) as to the suitability of the Project or the Refunding Project for the Company's purposes.

Access to the Project and Refunding Project.

The Company has agreed that the Issuer, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives will have the right to inspect the Project and the Refunding Project at all reasonable times and on reasonable notice. The Issuer, the Trustee and their duly authorized agents will also be permitted, at all reasonable times, to examine the books and records of the Company with respect to the Project and the Refunding Project.

Operation of Project and the Refunding Project in Compliance with Applicable Law

The Company has agreed to use its reasonable efforts to cause the Project and the Refunding Project to be operated in accordance with the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof.

Assignment, Selling and Leasing

The Agreement may be assigned and the Project and the Refunding Project may be sold or leased, as a whole or in part, without the necessity of obtaining the consent of either the Issuer or the Trustee; provided, however, that (i) the Company must provide the Trustee with an opinion of Bond Counsel to the effect that such assignment, sale or lease will not result in interest on any of the Bonds becoming includable in gross income for federal income tax purposes and (ii) no such assignment, sale or lease will relieve the Company of any of its obligations under the Agreement and the Note.

Release and Indemnification Covenants.

The Company has agreed to indemnify and hold the Issuer and the Trustee harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, or with respect to, the Project and the Refunding Project during the Term of the Agreement, including without limitation, (i) any condition of the Project and the Refunding Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under the Agreement, (iii) any act or negligence of the Company or of any of its agents, contractors, servants, employees or licensees or (iv) any act or negligence of any assignee or lessee of the Company, of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Company or (v) any violation of federal or state securities laws relating to the initial offer and sale or subsequent remarketing of the Bonds. The Company will indemnify and save the Issuer and the Trustee harmless from any such claim, or in connection with any action or proceeding brought thereon, and upon notice from the Issuer or the Trustee, the Company will defend them or either of them in any such action or proceeding.

Notwithstanding that the parties to the Agreement intend that the Issuer will not incur any pecuniary liability by reason of the terms of the Agreement or the undertakings required of the Issuer under the Agreement, by reason of the issuance of the Bonds, by reason of the execution of the Indenture or by reason of the performance of any act requested of the Issuer by the Company, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulation pertaining to the foregoing; nevertheless, if the Issuer incurs any such pecuniary liability, then in such event the Company will indemnify and hold the Issuer harmless against all claims, demands or causes of action whatsoever, by or on behalf of any person, firm or corporation or other legal entity arising out of the same or out of any offering statement or lack of offering statement in connection with the sale or resale of the Bonds and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Company will defend the Issuer in any

such action or proceeding. All references to the Issuer will include its commissioners, directors, officers, employees, and agents.

Notwithstanding anything to the contrary contained in the Agreement, the Company will have no liability to indemnify the Issuer or the Trustee against claims or damages resulting from the Issuer's or the Trustee's own gross negligence or willful misconduct.

The Company has agreed to indemnify the Trustee, for, and hold the Trustee harmless against, any loss, liability or expense (including the costs and expenses of defending any claim of liability) incurred without gross negligence or willful misconduct by the Trustee and arising out of or in connection with its acting as Trustee under the Indenture.

Issuer to Grant Security Interest to Trustee.

The Company and the Issuer have agreed that pursuant to the Indenture, the Issuer will assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to the Agreement and the Note, except for Reserved Rights.

Defaults and Remedies

Defaults Defined.

The occurrence of any one or more of the following events is a "Default" under the Agreement:

(a) Failure by the Company to pay when due any amount required to be paid under the Note;

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Agreement, other than as referred to in paragraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Company by the Issuer or the Trustee, unless the Issuer and the Trustee have agreed in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action has been instituted by the Company within the applicable period and diligently pursued until such failure is corrected;

(c) The dissolution or liquidation of the Company, or the voluntary initiation by the Company of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Company of any such proceeding which has remained undismissed for 60 days, or failure by the Company to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Company to carry on its operations at the Project and the Refunding Project, or assignment by the Company for the benefit of creditors, or the entry by the Company into an agreement of composition with its creditors or the failure generally by the Company to pay its debts as they become due; or

(d) The occurrence of a Default under the Indenture.

The provisions of subsection (b) above are subject to the following limitation: if by reason of force majeure the Company is unable in whole or in part to carry out any of its agreements contained in the Agreement, the Company will not be deemed in Default during the continuance of such inability. The term "force majeure" as used in the paragraph means, without limitation, the following: acts of God;

strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; and any other cause or event not reasonably within the control of the Company. The Company has agreed, however, to remedy with all reasonable dispatch the cause or causes preventing the Company from carrying out its agreement, provided that the settlement of strikes and other industrial disturbances will be entirely within the discretion of the Company and the Company will not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Company unfavorable to the Company.

Remedies on Default. Whenever any Default referred to in “– Defaults and Remedies – *Defaults Defined*” above has happened and is continuing, the Trustee, or the Issuer with the written consent of the Trustee, may take one or any combination of the following remedial steps:

- (a) If the Trustee has declared the Bonds immediately due and payable pursuant to the Indenture, by written notice to the Company, declare the Note to be due and payable in an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same will become immediately due and payable;
- (b) Have reasonable access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Company during regular business hours of the Company; or
- (c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under the Agreement.

Any amounts collected pursuant to action taken under this section will be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

No Remedy Exclusive. Subject to the Indenture, no remedy conferred upon or reserved to the Issuer or the Trustee in the Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default will impair any such right or power or will be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this section, it will not be necessary to give any notice, other than such notice as may be required in this section. Such rights and remedies as are given the Issuer under the Agreement will also extend to the Trustee, and the Trustee and the Owners of the Bonds, subject to the provisions of the Indenture, will be entitled to the benefit of all covenants and agreements contained in the Agreement.

No Additional Waiver Implied by One Waiver. In the event any agreement contained in the Agreement is breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach under the Agreement.

Prepayment and Redemption

The Company may prepay its obligations under the Agreement at the times and in the amounts as necessary to exercise its option to cause the Bonds to be redeemed as set forth in the Indenture and in the Bonds. The Issuer, at the request of the Company, will take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the Outstanding Bonds, as may be specified by the Company, on the date established for such redemption.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT**, dated May __, 2023 (this “Disclosure Agreement”) is executed and delivered by the University of Georgia Athletic Association, Inc. (the “Athletic Association”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) under the Indenture of Trust dated as of May 1, 2023 (the “Indenture”), between the Development Authority of the Unified Government of Athens-Clarke County, Georgia (the “Authority”) and the Trustee pursuant to which the Authority’s Revenue Bonds (University of Georgia Athletic Association Project), Series 2023 in the original aggregate principal amount of \$_____ (the “2023 Bonds”) are being issued.

The proceeds of the 2023 Bonds are being loaned to the Athletic Association pursuant to a Loan Agreement dated as of May 1, 2023 (the “Loan Agreement”), between the Authority and the Athletic Association. The Athletic Association and the Trustee hereby covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Athletic Association and the Trustee for the benefit of the Beneficial Owners (as defined herein) of the 2023 Bonds and in order to assist the Participating Underwriter (as defined herein) in complying with the Rule (as defined herein).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture and Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Athletic Association pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” means any beneficial owner of the 2023 Bonds. Beneficial ownership is to be determined consistent with the definition thereof contained in Rule 13d-3 of the SEC, or, in the event such provisions do not adequately address the situation at hand (in the opinion of nationally recognized bond counsel), beneficial ownership is to be determined based upon ownership for federal income tax purposes.

“Dissemination Agent” means the Athletic Association or any successor Dissemination Agent designated in writing by the Athletic Association and which has filed with the Athletic Association a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access system as described in Securities Exchange Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule, or any successor thereto.

“Fiscal Year” means any period of 12 consecutive months adopted by the Athletic Association as the Athletic Association’s fiscal year for financial reporting purposes and initially shall mean the period beginning on July 1 of a calendar year and ending on June 30 of the following calendar year.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“Participating Underwriter” means Stephens Inc., the initial underwriter of the 2023 Bonds required to comply with the Rule in connection with the offering of the 2023 Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) The Athletic Association shall provide, or cause the Dissemination Agent (if other than the Athletic Association) to provide, to the MSRB in an electronic format as prescribed by the MSRB, and accompanied by identifying information as prescribed by the MSRB, not later than six months after the end of the Athletic Association’s Fiscal Year (the “Annual Filing Date”), commencing with the report for Fiscal Year 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Athletic Association may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. In such event, the audited financial statements will be submitted promptly upon their availability.

(b) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the Athletic Association), file a report with the Athletic Association certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB; and

(ii) send a notice to the MSRB in substantially the form attached as Exhibit A if the Athletic Association is unable to verify that an Annual Report has been provided to the MSRB by the date required in paragraph (a) of this Section 3.

SECTION 4. Content of Annual Reports.

(a) The Annual Report for each Fiscal Year, which is to be provided within six months after the end of such Fiscal Year pursuant to Section 3(a), shall contain or include by reference:

(i) the audited financial statements of the Athletic Association for the preceding Fiscal Year, which shall be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which shall be accompanied by an opinion letter, if available at the time of submission of the Annual Report to the MSRB

pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;

(ii) to the extent not included in the audited financial statements (including the notes thereto) of the Athletic Association, if generally accepted accounting principles have changed since the last Annual Report submitted pursuant to Section 3(a) hereof and if such changes are material to the Athletic Association, a narrative explanation describing the impact of such changes on the Athletic Association; and

(iii) information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the Athletic Association, as originally set forth under the headings “THE UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION, INC. - Summary Financial Information,” “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Sources of Revenue” and “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Employee Benefits” in Appendix A to the Official Statement, to the extent not included in the audited financial statements (including the notes thereto) of the Athletic Association furnished pursuant to paragraph 4(a)(i) above.

(b) Any or all of the items listed in paragraph (a) of this Section 4 may be included by specific reference to other documents, including official statements of debt issues with respect to which the Athletic Association is an “obligated person” (as defined in the Rule), which have been submitted to the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB or have been deposited with the MSRB. The Athletic Association shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Notice Events.

(a) The Athletic Association shall file or cause to be filed through the Dissemination Agent, notice with the MSRB, in the format required by the MSRB and in a timely manner not in excess of ten business days after the occurrence of any of the following events with respect to the 2023 Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS

Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2023 Bonds, or other material events affecting the tax status of the 2023 Bonds;

7. modifications to rights of holders of the 2023 Bonds, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the 2023 Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the obligated person (Note: Such an event is considered to occur when there is an appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
13. the consummation of a merger, consolidation or acquisition involving the Athletic Association or the sale of all or substantially all of the assets of the Athletic Association, other than in the ordinary course of business, the entry into a definitive agreement relating to any such actions or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or a change in the name of a trustee, if material;
15. incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect holders of 2023 Bonds, if material; or
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Athletic Association shall file, or cause to be filed, a notice with the MSRB, in the appropriate format required by the MSRB and in a timely manner after the occurrence of a failure of the Athletic Association to provide the Annual Report on or before the Annual Filing Date with respect to the 2023 Bonds.

SECTION 6. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Athletic Association from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Athletic Association chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Athletic Association shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 7. Termination of Reporting Obligation. The Athletic Association reserves the right to terminate its obligations under this Disclosure Agreement if and when it no longer remains an obligated person with respect to the 2023 Bonds within the meaning of the Rule; in particular upon the occurrence of the legal defeasance, prior redemption or payment in full of all of the 2023 Bonds. The Dissemination Agent will provide notice of such termination to the MSRB through EMMA.

SECTION 8. Dissemination Agent. The Athletic Association, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent other than the Athletic Association shall not be responsible in any manner for the content of any notice or report prepared by the Athletic Association pursuant to this Disclosure Agreement.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Athletic Association and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendments requested by the Athletic Association), and any provision of this Disclosure Agreement may be waived, if:

(a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person on the 2023 Bonds, or type of business conducted;

(b) such amendment is supported by an opinion of counsel expert in federal securities laws, to the effect that the undertakings contained herein, as amended, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or official interpretations of the Rule, as well as any change in circumstances; and

(c) such amendment does not materially impair the interests of the Beneficial Owners, as determined either by an opinion of counsel expert in securities laws filed with the Athletic Association, or by the approving vote of the Beneficial Owners pursuant to the terms of the Indenture at the time of such amendment.

If any provision of this Disclosure Agreement is amended, the first release of the Annual Report containing any amended financial information or operating data shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type (or in the case of a

change of accounting principles, on the presentation) of financial information or operating data being provided. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5 and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Default. If the Athletic Association fails to comply with any provision of this Disclosure Agreement, any Beneficial Owner's right to enforce the provisions of this undertaking shall be limited to a right to obtain mandamus or specific performance by court order of the Athletic Association's obligations pursuant to this Disclosure Agreement. Any failure by the Athletic Association to comply with the provisions of this Disclosure Agreement shall not be an event of default under the Indenture or the Agreement.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent and Trustee. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement. The Trustee is entering into this Disclosure Agreement in its capacity as Trustee under the Indenture, and as such shall be entitled to the protection of the provisions thereof, including specifically Article X thereof.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Athletic Association, the Dissemination Agent (if other than the Athletic Association), the Participating Underwriter, the Trustee and Beneficial Owners and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be interpreted in accordance with the laws of the State of Georgia.

[SIGNATURE PAGES TO FOLLOW]

**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT
(UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION PROJECT)**

**UNIVERSITY OF GEORGIA
ATHLETIC ASSOCIATION, INC.**

By: _____
Chairperson

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT
(UNIVERSITY OF GEORGIA ATHLETIC ASSOCIATION PROJECT)**

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Development Authority of the Unified Government of
Athens-Clarke County, Georgia

Name of Bond Issues: \$_____ Development Authority of the Unified Government of
Athens-Clarke County, Georgia Revenue Bonds (University of
Georgia Athletic Association Project), Series 2023

Date of Issuance: _____, 2023

NOTICE IS HEREBY GIVEN that the University of Georgia Athletic Association, Inc. (the "Athletic Association") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement dated as of May 1, 2023 by the Athletic Association in favor of U.S. Bank Trust Company, National Association, as Trustee. The Athletic Association anticipates that the Annual Report will be filed by _____.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to _____.

Dated: _____

**UNIVERSITY OF GEORGIA
ATHLETIC ASSOCIATION, INC.**

By: _____
Chairperson

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APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

Information concerning DTC and the book entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority, the Underwriter, the Trustee, or the Athletic Association.

The 2023 Bonds will be available only in book entry form in Authorized Denominations. The Depository Trust Company (“DTC”), New York, NY, will act as the initial securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully registered securities in the name of Cede & Co. (DTC’s partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding Company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants” and, together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 2023 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2023 Bond (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owners

entered into the transaction. Transfers of ownership interests in the 2023 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the 2023 Bonds, except in the event that use of the book-entry only system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Book-Entry Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Book-Entry Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Book-Entry Bonds; DTC's records reflect only the identity of the Direct Participants to whose account such Book-Entry Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyances of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2023 Bond documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Book-Entry Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Book-Entry Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Book-Entry Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Book-Entry Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Authority, the Trustee or the Athletic

Association, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

For every transfer and exchange of a beneficial ownership interest in the 2023 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge, that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the 2023 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2023 Bond certificates are required to be printed and delivered.

The Authority or the Athletic Association may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2023 Bond certificates will be printed and delivered to DTC.

So long as Cede & Co. is the registered owner of the 2023 Bonds, as nominee for DTC, references in this Official Statement to the Bondholders, holders or registered owners of the 2023 Bonds (other than under the caption "TAX MATTERS") will mean Cede & Co., as aforesaid, and will not mean the Beneficial Owners of the 2023 Bonds.

NEITHER THE AUTHORITY NOR THE TRUSTEE NOR THE ATHLETIC ASSOCIATION WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OR ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK ENTRY BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY BONDS.

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