

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: Standard & Poor's "AA" (AGM Insured)
Standard & Poor's "A+" (Underlying)**
See "MISCELLANEOUS, -Rating" herein.

In the opinion of Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel, under existing law, and assuming compliance with certain tax covenants of the City, interest on the Series 2020 Bonds will be excluded from gross income for regular federal income tax purposes and will not be an item of tax preference for purposes of the alternative minimum tax imposed on taxpayers other than corporations. Interest on the Series 2020 Bonds will be exempt from certain taxation in the State of Georgia. See "Legal Matters- Tax Status" herein.

\$17,435,000
CITY OF BUFORD (GEORGIA)
Combined Utility System Revenue Bonds, Series 2020

Dated: Date of Issuance

Due: July 1, in the years shown on the inside cover

The CITY OF BUFORD COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2020 (the "Series 2020 Bonds") will be issued in registered form in the name of Cede and Co., as the nominee for The Depository Trust Company ("DTC"), New York, New York. Individual purchases of the Series 2020 Bonds must be made in book-entry form only in authorized denominations of \$5,000 or any integral multiple thereof. Individual purchasers ("Beneficial Owners") of the Series 2020 Bonds will not receive physical delivery of the Series 2020 Bonds. Transfers of the Series 2020 Bonds will be effected through a book-entry system as described herein.

Interest on the Series 2020 Bonds will be payable on January 1 and July 1 of each year beginning on January 1, 2021. So long as Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the registered owner of the Series 2020 Bonds, disbursements of payments of principal of and interest on the Series 2020 Bonds to Cede & Co. is the responsibility of U.S. Bank National Association, Atlanta, Georgia, as Paying Agent; disbursements of such payments to DTC Participants is the responsibility of DTC; and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants as more fully described herein. See "THE SERIES 2020 BONDS, -Book-Entry Only System of Delivery of the Bonds" herein.

The City of Buford, Georgia (the "City") is issuing the Series 2020 Bonds for the purpose of providing funds to be applied to (i) the financing of the costs of the acquisition, construction and installation of certain additions, extensions and improvements to the water and sewerage portions of the Combined System (defined herein), including, without limitation, the construction and development of a new water plant and improvements to one or more existing sewer main service lines; (ii) the purchase of a municipal bond insurance policy and a debt service reserve insurance policy for the Series 2020 Bonds; and (iii) the payment of the costs of issuing the Series 2020 Bonds. See "THE SERIES 2020 BONDS" herein.

Certain of the Series 2020 Bonds are subject to optional redemption prior to maturity.

The scheduled payment of principal of and interest on the Series 2020 Bonds when due will be guaranteed under an insurance policy (the "Policy") to be issued concurrently with the delivery of the Series 2020 Bonds by Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer"). For a description of the Policy and the Bond Insurer, see "BOND INSURANCE" herein. For a form of the Policy, see "Appendix E - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".



The payment of the principal of and interest on the Series 2020 Bonds is secured by a first and prior pledge of and lien on the Net Revenues (as defined herein) of the City's water, wastewater, electric, and natural gas system (collectively, the "Combined System"). See "THE SERIES 2020 BONDS -Security and Sources of Payment for the Bonds" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE SERIES 2020 BONDS OR THE SECURITY THEREFOR. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

THE SERIES 2020 BONDS ARE NOT A DEBT OR A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF GEORGIA OR OF THE CITY. NO HOLDER OF THE SERIES 2020 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR THE CITY TO PAY THE SERIES 2020 BONDS OR TO ENFORCE PAYMENT THEREOF AGAINST ANY PROPERTY OF THE STATE OR THE CITY, NOR SHALL THE SERIES 2020 BONDS CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY OTHER THAN THE NET REVENUES OF THE COMBINED SYSTEM.

The Series 2020 Bonds are offered when, as and if issued by the City and accepted by the Underwriter, subject to the approval of legality by Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Gregory D. Jay, Esq., Buford, Georgia, and for the Underwriter by its counsel, Gray Pannell & Woodward LLP, Savannah, Georgia. Delivery of the Series 2020 Bonds in definitive form is expected to be made through DTC in New York, New York, on or about July 21, 2020.

STEPHENS INC.

\$17,435,000
CITY OF BUFORD (GEORGIA)
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2020

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
2021	\$ 510,000	4.000%	0.470%	120026 AA7
2022	620,000	4.000%	0.510%	120026 AB5
2023	645,000	4.000%	0.520%	120026 AC3
2024	675,000	3.000%	0.610%	120026 AD1
2025	695,000	3.000%	0.720%	120026 AE9
2026	715,000	4.000%	0.850%	120026 AF6
2027	740,000	4.000%	1.010%	120026 AG4
2028	770,000	4.000%	1.140%	120026 AH2
2029	805,000	4.000%	1.230%	120026 AJ8
2030	835,000	4.000%	1.350%	120026 AK5
2031	870,000	4.000%	1.460%	120026 AL3
2032	905,000	4.000%	1.560%	120026 AM1
2033	940,000	4.000%	1.690%	120026 AN9
2034	975,000	4.000%	1.760%	120026 AP4
2035	1,015,000	4.000%	1.830%	120026 AQ2
2036	1,055,000	4.000%	1.880%	120026 AR0
2037	1,100,000	4.000%	1.930%	120026 AS8
2038	1,140,000	4.000%	1.980%	120026 AT6
2039	1,190,000	4.000%	2.000%	120026 AU3
2040	1,235,000	4.000%	2.020%	120026 AV1

¹ CUSIP numbers have been assigned by an organization not affiliated with the City and are included for the convenience of the holders of the Series 2020 Bonds. The City is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their accuracy on the Series 2020 Bonds, as indicated above.

CITY OF BUFORD

Board of Commissioners

Phillip Beard, *Chairman*
L. Chris Burge, *Vice Chairman*
Bradley W. Weeks

Appointed Officials

Bryan B. Kerlin, *City Manager*
Mike Brown, *Finance Director/Deputy Clerk*
Kim C. Wolfe, *City Clerk/Planning Director*

SPECIAL SERVICES

Independent Auditors

Wilcox & Bivings, P.C.
Suwanee, Georgia

City Attorney

Gregory D. Jay, Esq.
Buford, Georgia

Bond Counsel

Alston & Bird, LLP
Atlanta, Georgia

Underwriter's Counsel

Gray Pannell & Woodward LLP
Savannah, Georgia

Underwriter

Stephens Inc.
Atlanta, Georgia

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This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of any offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

Stephens Inc., Atlanta, Georgia (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 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.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2020 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT APPROVED OR DISAPPROVED OF THE SERIES 2020 BONDS OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the other matters described herein since the date hereof.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the City. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2020 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person.

The prices and other terms respecting the offering and sale of the Series 2020 Bonds may be changed from time to time by the Underwriter after the Series 2020 Bonds are released for sale, and the Series 2020 Bonds may be offered and sold at prices other than the initial offering prices, including sales to the Underwriter who may sell the Series 2020 Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2020 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 Series 2020 Bonds have not been registered under the Securities Act of 1933, and the Ordinance (as defined herein) has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Series 2020 Bonds or the advisability of investing in the Series 2020 Bonds. In addition, AGM has not independently

verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE”, “Appendix E – Specimen Municipal Bond Insurance Policy.”

OFFICIAL STATEMENT

Relating to

\$17,435,000

CITY OF BUFORD (GEORGIA)
COMBINED UTILITY SYSTEM REVENUE BONDS
SERIES 2020

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to furnish information with respect to the proposed issuance and sale by the City of Buford (the “**City**”) of its CITY OF BUFORD COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2020 (the “**Series 2020 Bonds**”).

The information contained in this section entitled “INTRODUCTION” is a brief description of the terms of and security for the Series 2020 Bonds and does not purport to be comprehensive or definitive. A full review of the entire Official Statement, as well as the documents summarized or described herein, should be made. All undefined, capitalized terms used herein shall have the meaning ascribed to such terms in the Ordinance (hereinafter defined) unless the context requires otherwise.

The City

The City is a municipal corporation of the State of Georgia (the “**State**”), located in north central Georgia, and was created and is existing under the laws of the State of Georgia. The City received its original charter in 1872 and its current charter became effective in 2003. For more detailed information, see “CITY OF BUFORD.”

Purpose of the Series 2020 Bonds

The Series 2020 Bonds are being issued for the purpose of providing funds to be applied to (i) finance the costs of the acquisition, construction and installation of certain additions, extensions and improvements to the water and sewerage portion of the Combined System, including, without limitation, the construction and development of a new water plant and improvements to one or more existing sewer main service lines (the “**Projects**”), (ii) purchase a municipal bond insurance policy and a debt service reserve insurance policy for the Series 2020 Bonds, and (iii) the payment of the costs of issuing the Series 2020 Bonds.

The Combined System

The City owns a water supply, treatment, and distribution system, a sanitary sewer treatment and collection system, an electric system, and a natural gas distribution system, which are operated by the City as a combined system (the “**Combined System**”).

Water and sewerage service is provided to all areas within the corporate limits of the City. As of June 30, 2019 there were approximately 3,404 water customers and approximately 3,673 sewer customers. The City receives its water from Lake Sidney Lanier (“**Lake Lanier**”), a 38,000 acre lake located just north of the City. The City also purchases a portion of its water from the Gwinnett County Water Plant, with a combined total daily permitted withdrawal of 2.5 million gallons per day (“**MGD**”), four high service pumps, two elevated storage tanks, and a water distribution network consisting of approximately 17 miles of pipelines. The Sewerage System consists of two treatment facilities, collection mains, and three pumping stations. The Southside Water Treatment Plant has a design capacity of 2.0 monthly average MGD and the Westside Water Treatment Plant has a design capacity of 0.250 monthly average MGD.

The electric system consists of 4 substations and approximately 86 miles of distribution line. The electric system serves an approximately 15 square mile area and has approximately 3,644 electric connections. The electric system supplies electricity to residential, commercial, and industrial customers located within the City's corporate limits. The City has entered into contracts with the Municipal Electric Authority of Georgia ("MEAG") pursuant to which the City purchases electric power and energy for resale to its customers.

The natural gas distribution system consists of approximately 934.5 miles of gas main, 161.19 miles of protected steel, and 773.31 miles of plastic pipe. The City provides natural gas to residential, commercial, and industrial customers inside the City's corporate limits and throughout 5 different counties. Natural gas is available for those customers needing supplies on a firm basis as well as on an interruptible basis. There are approximately 40,918 natural gas customers. The City is a member of the Municipal Gas Authority of Georgia.

Authority for Issuance.

The Series 2020 Bonds are to be issued pursuant to the Constitution and the laws of the State of Georgia, including particularly the Revenue Bond Law (O.C.G.A § 36-82-60 et seq.), as amended. The Series 2020 Bonds are being issued in accordance with the provisions of a bond ordinance adopted by the Board of Commissioners of the City on June 18, 2020, as supplemented and amended by a supplemental bond ordinance on June 25, 2020 (together, the "**Ordinance**").

Security and Sources of Payment for the Bonds

The Series 2020 Bonds are special limited obligations of the City payable solely from and secured by a pledge of and lien on all revenues arising from the City's ownership and operation of the Combined System, and properties in connection therewith as it now exists and as it may hereafter be added to, extended or improved remaining in the Revenue Fund (hereinafter defined) after the payment in each month of all reasonable and necessary costs of operating, maintaining and repairing the Combined System, including, without limitation, salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of the Combined System, the cost of materials and supplies, the cost of purchased gas, purchased power and purchased water, including hedging costs associated with such purchases, rentals of leased property, real or personal, insurance premiums, audit fees and such other charges as may properly be made for the purpose of operating, maintaining and repairing the Combined System in accordance with sound business practices, but before making provision for depreciation coming due in such month (the "**Operating Expenses**") (the "**Net Revenues**"). For more detailed information, see "THE SERIES 2020 BONDS – Security and Sources of Payment for the Bonds"

The Series 2020 Bonds do not constitute a general obligation, or a pledge of the faith and credit or taxing power of the City. Neither the State of Georgia nor any political subdivision thereof, including the City, is obligated to levy any tax for the payment of the Series 2020 Bonds.

Subject to certain conditions as set forth in the Ordinance, the City may issue additional revenue bonds of the City ranking on a parity with the first and prior lien of the Series 2020 Bonds on the Net Revenues of the Combined System ("**Additional Bonds**," and collectively with the Series 2020 Bonds, the "**Bonds**"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Additional Bonds."

The scheduled payment of principal of and interest on the Series 2020 Bonds when due will be guaranteed under an insurance policy (the "**Policy**") to be issued concurrently with the delivery of the Series 2020 Bonds by Assured Guaranty Municipal Corp. ("**AGM**" or the "**Bond Insurer**"). For a description of the Policy and the Bond Insurer, see "BOND INSURANCE" herein. For a form of the Policy, see "Appendix E - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

Debt Service Reserve. Payment of principal of and interest on the Series 2020 Bonds will also be secured by a debt service reserve within the Sinking Fund, which is to be held in trust for the owners of all the Series 2020 Bonds, equally and ratably, under the terms of the hereinafter defined Ordinance. The Debt Service Reserve Requirement (as defined in the Ordinance) will be fully funded upon the issuance of the Series 2020 Bonds from the purchase of a debt service reserve insurance policy issued by AGM (the “**Reserve Policy**”).

Bond Registrar and Paying Agent

U.S. Bank National Association, Atlanta, Georgia, will act as Bond Registrar (“**Bond Registrar**”) and Paying Agent (“**Paying Agent**”) for the Series 2020 Bonds.

Description of the Series 2020 Bonds

Redemption. Certain of the Series 2020 Bonds are subject to optional redemption prior to maturity, see “THE SERIES 2020 BONDS –Redemption”.

Denominations. The Series 2020 Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof.

Registration and Transfer. The Series 2020 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as securities depository for the Series 2020 Bonds and the Series 2020 Bonds may be registered, transferred, or exchanged in accordance with the rules of DTC.

Manner of Making Payments. Interest on the Series 2020 Bonds will be payable on January 1 and July 1 of each year (each an “**Interest Payment Date**”), commencing on January 1, 2021. The interest so payable on any such Interest Payment Date will be paid to the person in whose name the Series 2020 Bonds are registered at the close of business on the 15th day of the calendar month preceding each Interest Payment Date (the “**Record Date**”). The Series 2020 Bonds bear interest at the rates per annum, and mature in the years and amounts, as set forth on the inside cover page hereof.

So long as DTC or its nominee is the registered owner of the Series 2020 Bonds, the payments of principal of and interest on the Series 2020 Bonds are payable by wire transfer by the Paying Agent to Cede & Co., as nominee for DTC which, in turn, will remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners (as defined herein).

For more detailed information on the Series 2020 Bonds, see “THE SERIES 2020 BONDS.”

Tax Status

In the opinion of Bond Counsel, under existing law, and assuming compliance with certain tax covenants of the City, interest on the Series 2020 Bonds will be excludable from gross income for regular federal income tax purposes and will not be an item of tax preference for purposes of the alternative minimum tax imposed on taxpayers other than corporations. Interest on the Series 2020 Bonds will be exempt from certain taxation in the State of Georgia. See “Appendix D – PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL” for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2020 Bonds. For more complete discussion of such opinion and certain other tax consequences of owning the Series 2020 Bonds, see “LEGAL MATTERS – Tax Status” herein.

Professionals Involved in the Offering

Certain legal matters pertaining to the City and its authorization and issuance of the Series 2020 Bonds are subject to the approving opinion of Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel. A copy

of the opinion will be available at the time of delivery of the Series 2020 Bonds, and a copy of the proposed form of the opinion is attached hereto as Appendix D. Certain legal matters will be passed on for the City by its counsel, Gregory D. Jay, Esq., Buford, Georgia, and for the Underwriter by its counsel, Gray Pannell & Woodward LLP, Savannah, Georgia. The general purpose financial statements of the City for the fiscal year ended June 30, 2019, attached hereto as Appendix A, have been audited by Wilcox & Bivings, P.C., Certified Public Accountants, Suwanee, Georgia, to the extent and for the period indicated in its report thereon which appears in Appendix A hereto.

Offering and Delivery

The Series 2020 Bonds are offered when, as, and if issued by the City and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, to approval of legality by Alston & Bird, LLP, Atlanta, Georgia, and to validation by the Superior Court of Gwinnett, County. The Series 2020 Bonds in definitive form are expected to be delivered through DTC in New York, New York on or about July 21, 2020.

Continuing Disclosure

Pursuant to Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “**Rule**”), the City will sign, as of the date of the issuance and delivery of the Series 2020 Bonds, a Disclosure Dissemination Agent Agreement (“**Disclosure Dissemination Agreement**”) with Digital Assurance Certification, L.L.C. (“**DAC**”), under which the City has designated DAC as Disclosure Dissemination Agent. The Disclosure Dissemination Agreement will allow the Underwriter of the Series 2020 Bonds to comply with the Rule. See “Appendix C: FORM OF DISCLOSURE DISSEMINATION AGREEMENT.”

Although the City is current in all material respects in its continuing disclosure obligations, the City failed to satisfy certain continuing disclosure obligations in a timely manner with respect to certain previously outstanding obligations. For a more detailed discussion of the City’s past failure to make timely continuing disclosure filings, see “MISCELLANEOUS – Continuing Disclosure.”

Additional Information

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the City, the Series 2020 Bonds, the Ordinance, and the security and sources of payment for the Series 2020 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to, or summaries of, the Ordinance or any other document or any constitutional provision or statute are qualified in their entirety by the exact terms of such documents or constitutional provision or statute. All references herein to, or summaries of, the Series 2020 Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Ordinance. Copies of all documents described herein are available upon request, prior to the delivery of the Series 2020 Bonds, from Stephens Inc., 3344 Peachtree Road, Suite 1650, Atlanta, Georgia 30326, (404) 461-5155, and after delivery of the Series 2020 Bonds upon payment to the City of a charge for copying, mailing and handling, from the City of Buford, 2300 Buford Highway, Buford, Georgia 30518, telephone (770) 945-6761.

THE SERIES 2020 BONDS

General Description

The Series 2020 Bonds, dated as of the date of delivery, will bear interest at the rates per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, and mature on July 1 in the years and principal amounts, set forth on the inside cover page hereof. Interest shall be payable on January 1 and July 1 of each year, beginning January 1, 2021.

Redemption

Optional Redemption. The Series 2020 Bonds maturing July 1, 2021 through July 1, 2029 shall not be subject to redemption prior to maturity. The Series 2020 Bonds maturing July 1, 2030 and thereafter may be redeemed at the option of the City in whole or in part at any time, in any year not earlier than July 1, 2029, from any moneys which may be available for such purpose and deposited in the Optional Redemption Account of the Sinking Fund to be made available to the Paying Agent on or before the date fixed for redemption for payment of the redemption price. The optional redemption of the Series 2020 Bonds will be made by the payment of the principal amount of the Series 2020 Bonds to be redeemed and accrued interest thereon to date of redemption, at a redemption price equal to the principal amount of the Series 2020 Bonds to be redeemed plus accrued interest to the redemption date. If the Series 2020 Bonds are called for optional redemption in part, then any Series 2020 Bonds so called for redemption shall be called in such order of maturity as the City shall select and specify and if less than a full maturity by lot in such manner as may be designated by the Bond Registrar. The Series 2020 Bonds are subject to redemption only in principal amounts of \$5,000 or any integral multiple thereof.

Notice of Redemption. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption will be given by the Bond Registrar on behalf of the City by mailing a copy of an official 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 registered owner of the Bond or Bonds being redeemed (in whole or in part) at the address shown on the bond register on the Record Date for such payment or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption will be dated and will state: (i) the redemption date, (ii) the redemption price, (iii) if less than all outstanding Bonds are to be redeemed, the identification and CUSIP number (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon will cease to accrue from and after said date and (v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment will be the principal office of the Paying Agent. The failure of the Bond Registrar to give any such notice to a particular owner of a Bond (or any defect in such notice) or the failure of the owner of any Bond to receive any such notice as so given will not affect the validity of the proceedings for the redemption of any other Bond as to which proper notice is given.

Prior to giving any such notice of redemption, the City will give the Bond Registrar 45 days' notice of its intent to redeem, unless waived by the Bond Registrar, and will deposit with the Paying Agent on or before the date of redemption an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City defaults in the payment of the redemption price) such Bonds or portions of Bonds will cease to bear interest, and the owner of said Bonds will not be entitled to any rights under the Ordinance except the right to receive payment, and said Bond or portion thereof will not be considered to be outstanding. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be redeemed by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date will be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there will be

prepared for the registered owner a new fully registered Bond or Bonds of the same series, interest rate and maturity in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount equal to the unpaid or unredeemed portion of such Bond. All Bonds which have been redeemed will be canceled and destroyed by the Bond Registrar and will not be reissued.

Book-Entry Only System of Delivery of the Series 2020 Bonds

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2020 Bonds, in the 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 § 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 (“**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 (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (a “**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 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 Series 2020 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 Series 2020 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 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.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, defaults, and proposed amendments to the documents pertaining to the Series 2020 Bonds. For example, Beneficial Owners of bonds may wish to ascertain that the nominee holding the 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 Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2020 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent 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 bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2020 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 City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2020 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

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

The foregoing information concerning DTC and its book-entry system has been obtained from DTC. The City and the Underwriter do not make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

SO LONG AS CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE CITY AND THE BOND REGISTRAR WILL TREAT CEDE & CO. OR SUCH OTHER NOMINEE AS THE ONLY OWNER OF THE BONDS FOR ALL PURPOSES UNDER THE ORDINANCE, INCLUDING RECEIPT OF ALL

PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE CITY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE ORDINANCE. THE CITY HAS NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE ORDINANCE TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS OWNER.

Beneficial Owners of the Series 2020 Bonds may experience some delay in their receipt of distributions of principal and interest on the Series 2020 Bonds since such distributions will be forwarded by the Paying Agent to DTC, and DTC will credit such distributions to the accounts of Direct Participants which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Payment of principal, premium, if any, and interest on Series 2020 Bonds not existing in Book-Entry Form shall be made as provided in such Series 2020 Bonds.

Authority for Issuance of the Series 2020 Bonds

The Series 2020 Bonds will be issued under the authority of the Constitution of the State, the general laws of the State, in particular, the Revenue Bond Law, the laws of the State relating to the City, and the Ordinance. The City is authorized to operate and maintain the Combined System for its own use and for the use of public and private consumers both within and without the territorial limits of the City and to acquire, construct, improve, and equip the Combined System. Under the Revenue Bond Law and in accordance with the Ordinance, the City is authorized to prescribe and revise rates and collect fees, tolls, and charges for the services furnished by the Combined System as the same now exists and as it hereafter may be added to, extended, improved and equipped.

Validation of the Series 2020 Bonds

In accordance with the laws of the State of Georgia and in particular Article 2 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated ("O.C.G.A."), the Series 2020 Bonds and the security therefore will be confirmed and validated by a judgment of the Superior Court of Gwinnett County prior to their issuance and delivery. Under State law, the judgment of validation is forever conclusive against the City with respect to such validation of the Series 2020 Bonds and the security therefor.

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Estimated Sources and Uses of Funds

Sources of Funds:

Proceeds from Sale of the Series 2020 Bonds ¹	\$20,377,558.95
Total Sources of Funds:	<u>\$20,377,558.95</u>

Uses of Funds:

Deposit to Construction Fund	\$20,000,000.00
Costs of Issuance ²	<u>\$ 377,558.95</u>
Total Uses of Funds:	<u>\$20,377,558.95</u>

¹ Includes Original Issue Premium of \$2,942,558.95.

² Includes estimated fees of attorneys and accountants, Underwriter's Discount and expenses, cost of printing, bond validation fees, rating agency's fee, municipal bond insurance policy and debt service reserve policy premiums, the initial fee of Bond Registrar and Paying Agent, and other miscellaneous fees and expenses.

The Projects

The proceeds from the sale of the Series 2020 Bonds will be deposited into a special fund created by the Ordinance and designated CITY OF BUFORD COMBINED UTILITY SYSTEM CONSTRUCTION FUND (the "**Construction Fund**"). Money in the Construction Fund will be withdrawn and will finance [in part] the Projects, which consist of the following:

- Acquisition, construction and equipping of a new water treatment plant. Construction of the new water treatment plant is scheduled to begin in calendar year 2020 and anticipated to be completed in calendar year 2022.
- Replacement of one or more sewer main service lines located in the City sewer distribution system. The project is scheduled to begin in calendar year 2021 and anticipated to be completed in calendar year 2022.

Plan of Financing. The City has developed a plan to finance the Projects with proceeds from the sale of the Series 2020 Bonds, investment earnings thereon, and lawfully available funds in the Enterprise Fund of the City, as necessary, the aggregate amount of which is expected to be sufficient to provide funding for the Projects.

Construction of the Projects. The acquisition, construction and equipping of the Projects will be in accordance with or substantially in accordance with plans, specifications, or recommendations prepared by Keck & Wood, Inc., Duluth, Georgia. The Projects have not yet been bid but are anticipated to begin construction in the fall of 2020

The City will require each general contractor hired in connection with the Projects to secure its obligations for construction and timely completion by labor and material payment and performance bonds. The timely completion of the Projects is dependent upon, among other factors, promptly obtaining approvals and permits from various governmental agencies and the absence of delays due to strikes, shortages of materials, and adverse weather conditions. The cost of constructing the Projects may be affected by factors beyond the control of the City, including strikes, energy and material shortages, subcontractor defaults, adverse weather conditions, and other unforeseen circumstances which may occur in the course of

construction or when remodeling or repairing older systems and buildings, which may delay completion of the Projects. There can be no assurance that the City will complete the construction of the capital improvements described above in accordance with its present construction schedule and construction budget.

For a description of governmental approvals that are required in connection with the capital improvements described above, see “THE COMBINED SYSTEM, -Water and Sewerage System, *Water and Sewerage System – Governmental Approvals and Environmental Regulation.*”

Debt Service Schedule

Set forth below are the principal and interest payment requirements of the City with respect to the Series 2020 Bonds.

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
01/01/2021	-	\$ 303,866.67	\$ 303,866.67
07/01/2021	\$ 510,000.00	341,850.00	851,850.00
01/01/2022	-	331,650.00	331,650.00
07/01/2022	620,000.00	331,650.00	951,650.00
01/01/2023	-	319,250.00	319,250.00
07/01/2023	645,000.00	319,250.00	964,250.00
01/01/2024	-	306,350.00	306,350.00
07/01/2024	675,000.00	306,350.00	981,350.00
01/01/2025	-	296,225.00	296,225.00
07/01/2025	695,000.00	296,225.00	991,225.00
01/01/2026	-	285,800.00	285,800.00
07/01/2026	715,000.00	285,800.00	1,000,800.00
01/01/2027	-	271,500.00	271,500.00
07/01/2027	740,000.00	271,500.00	1,011,500.00
01/01/2028	-	256,700.00	256,700.00
07/01/2028	770,000.00	256,700.00	1,026,700.00
01/01/2029	-	241,300.00	241,300.00
07/01/2029	805,000.00	241,300.00	1,046,300.00
01/01/2030	-	225,200.00	225,200.00
07/01/2030	835,000.00	225,200.00	1,060,200.00
01/01/2031	-	208,500.00	208,500.00
07/01/2031	870,000.00	208,500.00	1,078,500.00
01/01/2032	-	191,100.00	191,100.00
07/01/2032	905,000.00	191,100.00	1,096,100.00
01/01/2033	-	173,000.00	173,000.00
07/01/2033	940,000.00	173,000.00	1,113,000.00
01/01/2034	-	154,200.00	154,200.00
07/01/2034	975,000.00	154,200.00	1,129,200.00
01/01/2035	-	134,700.00	134,700.00
07/01/2035	1,015,000.00	134,700.00	1,149,700.00
01/01/2036	-	114,400.00	114,400.00
07/01/2036	1,055,000.00	114,400.00	1,169,400.00
01/01/2037	-	93,300.00	93,300.00
07/01/2037	1,100,000.00	93,300.00	1,193,300.00
01/01/2038	-	71,300.00	71,300.00
07/01/2038	1,140,000.00	71,300.00	1,211,300.00
01/01/2039	-	48,500.00	48,500.00
07/01/2039	1,190,000.00	48,500.00	1,238,500.00
01/01/2040	-	24,700.00	24,700.00
07/01/2040	1,235,000.00	24,700.00	1,259,700.00
	-		
Total	\$ 17,435,000.00	\$ 8,141,066.67	\$ 25,576,066.67

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS

Pledge of Net Revenues

The Series 2020 Bonds will be payable from and secured by a first and prior pledge of and lien on Net Revenues of the Combined System. The Net Revenues so pledged shall immediately be subject to the charge or lien of said pledge without any physical delivery thereof or other act, and the charge or lien of said pledge shall be valid and binding against the City and against all parties having claims of any kind against the City whether such claims shall have arisen from a tort, contract or otherwise and irrespective of whether such parties have notice of such pledge. The lien created on the Net Revenues of the Combined System by the Ordinance to secure payment of the Series 2020 Bonds shall be prior and superior to any lien or pledge that may be created hereafter to secure any obligations having as their security a lien on the Net Revenues of the Combined System. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS, - Rate Covenant” and “Appendix B: FORM OF THE ORDINANCE.”

The Series 2020 Bonds are limited obligations of the City. The principal of and redemption premium, if any, and interest on the Series 2020 Bonds are not payable from, and are not a charge upon, any funds of the City other than the Net Revenues of the Combined System. The Series 2020 Bonds do not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City, other than the Net Revenues of the Combined System.

The scheduled payment of principal of and interest on the Series 2020 Bonds when due will be guaranteed under the Policy to be issued concurrently with the delivery of the Series 2020 Bonds by AGM. For a description of the Policy and the Bond Insurer, see “BOND INSURANCE” herein. For a form of the Policy, see “Appendix E: SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

Creation of Funds and Flow of Funds

Under the terms of the Ordinance, the City has established the following funds: the “**Revenue Fund**,” the “**Sinking Fund**,” the “**Debt Service Account**,” “**Debt Service Reserve Account**,” and the “**Renewal and Extension Fund**.” See “Appendix B – FORM OF THE ORDINANCE” for a complete description of the flow of funds.

Revenue Fund Disbursements. Commencing with the month in which the Series 2020 Bonds are issued and delivered, all revenues arising from the ownership or operation of the Combined System and properties in connection therewith as it now exists and as it may hereafter be added to, extended or improved will be collected by the City or by its agents or employees and deposited promptly with the depository to the credit of the Revenue Fund, and the City will continue to maintain the Revenue Fund separate and apart from its other funds so long as the Series 2020 Bonds and any future issue or issues of Additional Bonds therewith hereafter issued are outstanding and unpaid or until provision has been duly made for the payment thereof. Said revenues will be disbursed from the Revenue Fund to the extent and in the following manner and order:

Costs of Combined System. There will first be paid from the Revenue Fund in each month all Operating Expenses which shall come due in such month, and then there shall be retained in the Revenue Fund a balance equal to the preceding six months’ aggregate Operating Expenses to meet the working capital needs of the Combined System. The Net Revenues of the Combined System remaining in the Revenue Fund are pledged to the payment of the principal of and the interest on, and the redemption premium, if any, on all Bonds issued under the Ordinance, including any Additional Bonds.

Sinking Fund. There will next be paid the amounts listed below from the Revenue Fund into the Sinking Fund and the Sinking Fund will initially consist of two accounts, the Debt Service Account and the Debt Service Reserve Account. After there have been paid from the Revenue Fund the sums required or permitted to be paid as described in the preceding paragraph (pursuant to the provisions of paragraph 1 of

Section 502 of the Ordinance), there will be paid into the Debt Service Account for the purpose of paying the principal of and interest on the Series 2020 Bonds coming due in the then current Sinking Fund Year, whether by maturity, mandatory redemption, or otherwise, and taking into consideration moneys deposited therein simultaneously with the issuance and delivery of the Series 2020 Bonds and any interest earned on amounts on deposit in the Debt Service Account of the Sinking Fund, the amounts more particularly described in paragraph 2 of Section 502 of the Ordinance. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS, -Rate Covenant.”

Debt Service Reserve. Payment of principal of and interest on the Series 2020 Bonds will also be secured by the Debt Service Reserve Requirement (as defined in the Ordinance) held in the Debt Service Reserve Account within the Sinking Fund, which is held in trust for the owners of the Series 2020 Bonds under the terms of the Ordinance. Upon the issuance of the Series 2020 Bonds, the Reserve Policy issued by AGM will be purchased to fund the Debt Service Reserve Requirement for the Series 2020 Bonds.

Renewal and Extension Fund. After there have been paid from the Revenue Fund in each month the sums required or permitted to be paid under the provisions of Paragraphs 1 and 2 of the Section 502 of the Ordinance, there shall next be paid from the Revenue Fund into the Renewal and Extension Fund all of the moneys then remaining in the Revenue Fund. Expenditures made from the Renewal and Extension Fund are subject to the terms and conditions set forth in Paragraph 3 of Section 502 of the Ordinance.

Additional Bonds

The Ordinance permits the City to issue Additional Bonds ranking *pari passu* with the Series 2020 Bonds with respect to the pledge of and the charge or lien on the Net Revenues of the Combined System provided certain conditions are met. The Ordinance also permits the City to issue additional bonds or obligations from time to time payable from the Net Revenues of the Combined System and secured by a lien on the Net Revenues junior and subordinate to the lien of the Series 2020 Bonds on the Net Revenues of the Combined System.

The Ordinance sets forth the following conditions that must be met for Additional Bonds to be issued:

(a) The payments covenanted to be made into the Sinking Fund, as the same may have been enlarged and extended in any proceedings authorizing the issuance of any Additional Bonds, must be currently being made in the full amount required and said “Debt Service Account” and “Debt Service Reserve Account” held within said Sinking Fund must be at their proper respective balances.

(b) The Net Earnings of the Combined System for a period of twelve (12) consecutive months out of the twenty four (24) consecutive months preceding the month of adoption of the proceedings authorizing the issuance of such Additional Bonds must have been equal to at least 1.25 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Series 2020 Bonds and any other issue or issues of Additional Bonds then outstanding and on the Bonds proposed to be issued, or in lieu of the foregoing formula, if a new schedule of rates and charges for the services, facilities and commodities furnished by the Combined System is adopted and will be in effect and an independent and recognized firm of certified public accountants or a municipal advisor or advisory firm registered with the Securities and Exchange Commission will certify that had this new rate schedule been in effect during the period described above, the Net Revenues would have been equal to at least 1.25 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Series 2020 Bonds and any Additional Bonds then outstanding and on the Bonds proposed to be issued.

(c) An independent and recognized firm of certified public accountants or a municipal advisor or advisory firm registered with the Securities and Exchange Commission must certify in

triplicate to the City that the requirements of subparagraph (a) above are being complied with and that the requirements of subparagraph (b) above have been met.

(d) Except when Bonds are being issued solely for the purpose of refunding outstanding revenue bonds, the Consulting Engineers for the City must provide the City with a written report recommending the additions, extensions and improvements to be made to the Combined System and stating that same are feasible, designating in reasonable detail the work and installation proposed to be done and the estimated cost of accomplishing the undertaking. The Consulting Engineers must set forth in said report the Projected Net Revenues (hereinafter defined) to be derived from the Combined System which will be available for debt service payments over the life of the Series 2020 Bonds and any Additional Bonds therewith then outstanding and the Bonds proposed to be issued and must indicate the projected coverage of such debt service payments in each succeeding Sinking Fund Year. "Projected Net Revenues" in each year for the purpose of this subparagraph (d) shall be estimated gross revenues of the Combined System in each Sinking Fund Year remaining after payment of the estimated costs required or permitted to be paid pursuant to the provisions of Paragraph 1 of Section 502 of the Ordinance for said period.

(e) The City must pass proper proceedings reciting that all of the above requirements have been met, must authorize the issuance of the Additional Bonds and provide in such proceedings, among other things, the date such Additional Bonds must bear, the rate or rates of interest and maturity dates, as well as the registration and redemption provisions. The interest on the Additional Bonds of any such issue must fall due on January 1 and July 1 of each year, and the Additional Bonds must mature in installments on July 1, but, as to principal, not necessarily in each year or in equal installments; provided that if such Additional Bonds bear interest at a variable rate, the Issuer may, by supplemental ordinance, designate such other interest payment dates or record dates with respect to such Additional Bonds as may be appropriate. Any such proceeding or proceedings must require the City to increase the monthly payments then being made into the Sinking Fund to the extent necessary to pay the principal of and the interest on the Series 2020 Bonds and on all such Additional Bonds therewith then outstanding and on the Bonds proposed to be issued as same become due and payable, either at maturity or by proceedings for mandatory redemption, in the then current Sinking Fund Year, and to deposit into the Debt Service Reserve Account, as a condition to the issuance of such Additional Bonds, either a surety bond or letter of credit which complies with the terms of the Ordinance or cash in an amount equal to the debt service reserve requirement (taking into account the Bonds being issued), and to maintain the Debt Service Reserve Account in such amount. Any such proceeding or proceedings must restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of this Ordinance.

(f) Such Additional Bonds or obligations and all proceedings relative thereto, and the security therefor, must be validated as prescribed by law.

(g) In the event that any such Additional Bonds bear interest at a rate other than a fixed rate of interest per annum, the proceedings under which such Additional Bonds are issued must provide a "cap" or a maximum rate of interest per annum which such Additional Bonds may bear, and in the event that the City enters into a contract with a bank or other financial institution (a "Liquidity Provider") to provide liquidity for such Additional Bonds, (i) the interest rate payable to the Liquidity Provider must be specified at the time of issuance of such Additional Bonds, (ii) any acceleration of principal payments due to the Liquidity Provider or any interest due in excess of the interest payable on such Additional Bonds must be subordinate to the payment of debt service on the Bonds outstanding under this Ordinance, and (iii) the Liquidity Provider must be rated in either of the two highest short-term debt rating categories of the applicable rating agency or agencies.

Remedies

The Revenue Bond Law provides that the provisions of the Revenue Bond Law and the Ordinance constitute a contract between the City and the owners of the Series 2020 Bonds. For a description of the remedies available to owners of the Series 2020 Bonds under the terms of the Ordinance upon the occurrence of an Event of Default thereunder, see “Appendix B: FORM OF THE ORDINANCE” hereto.

In addition to the remedies set forth in the Ordinance, the Revenue Bond Law provides that the duties of the City, Board of Commissioners, and the officers of the City under the Revenue Bond Law and the Ordinance are enforceable by any owner of the Series 2020 Bonds by mandamus or other appropriate action or proceeding at law or in equity.

The Revenue Bond Law also provides that in the event the City defaults in the payment of the principal or interest on any of the Series 2020 Bonds after the same becomes due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or in the event the City or the officers, agents, or employees of the City fail or refuse to comply with the essential provisions of the Revenue Bond Law or default in any material respect in the Ordinance, any holders of the Series 2020 Bonds shall have the right to apply in an appropriate judicial proceeding to the Superior Court of Gwinnett County or to any court of competent jurisdiction for the appointment of a receiver of the Combined System, whether or not all Series 2020 Bonds have been declared due and payable and whether or not such holder is seeking or has sought to enforce any other right or to exercise any remedy in connection with the Series 2020 Bonds. Upon such application, the Superior Court, if it deems such action necessary for the protection of the bondholders, may appoint and, if the application is made by the holders of 25% in principal amount of the Series 2020 Bonds then outstanding, shall appoint a receiver of the Combined System.

The receiver so appointed under the Revenue Bond Law, directly or by his agents and attorneys, is required under the Revenue Bond Law to forthwith enter into and upon and take possession of the Combined System. If the court so directs, the receiver may exclude the City and the City’s officers, agents, and employees, and all persons claiming under them, wholly from the Combined System. The receiver will have, hold, use, operate, manage, and control the Combined System, in the name of the City or otherwise, as the receiver may deem best. The receiver will exercise all the rights and powers of the City with respect to the Combined System as the City itself might do. The receiver will maintain, restore, insure, and keep insured the Combined System and from time to time will make all such necessary or proper repairs as the receiver may deem expedient. The receiver will establish, levy, maintain, and collect such fees, tolls, rentals, and other charges in connection with the Combined System as he deems necessary or proper and reasonable. The receiver will collect and receive all revenues and will deposit the same in a separate account and apply the revenues so collected and received in such manner as the court shall direct.

Notwithstanding the provisions of the Revenue Bond Law described above, the receiver has no power to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the City and useful for the Combined System. The authority of any such receiver is limited to the operation and maintenance of the Combined System. No court may have jurisdiction to enter any order or decree requiring or permitting the receiver to sell, assign, mortgage, or otherwise dispose of any such assets.

The receiver must, in the performance of the powers conferred upon him, act under the direction and supervision of the court making such appointment and will at all times be subject to the orders and decrees of such court and may be removed by such court.

Under the terms of the Revenue Bond Law, whenever all that is due upon the Bonds and interest thereon and upon any other notes, bonds, or other obligations and interest thereon having a charge, lien, or encumbrance on the revenues of the Combined System and under any of the terms of the Ordinance has been paid or deposited as provided therein and whenever all defaults have been cured and made good and it appears to the court that no default is imminent, the court must direct the receiver to surrender possession of

the Combined System to the City. The same right of the holders of the Series 2020 Bonds to secure the appointment of a receiver exists upon any subsequent default as is provided in the Revenue Bond Law.

If the City were to default on the Series 2020 Bonds, the realization of value from the pledge of the Net Revenues to secure the payment of the Bonds would depend upon the exercise of various remedies specified by the Ordinance and Georgia law (including the Revenue Bond Law). These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies with respect to the Series 2020 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.

O.C.G.A. § 36-80-5 provides that no municipality created under the Constitution or laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. O.C.G.A. § 36-80-5 also provides that no chief executive, mayor, Board of Commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any municipality created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

Rate Covenant

Pursuant to the Ordinance, the City has covenanted to place into effect a schedule of rates, fees and charges for the services, facilities and commodities furnished by the Combined System and as often as it shall appear necessary the City will revise and adjust such schedule of rates, fees and charges for any of its water, sewerage, gas distribution or electric distribution services and facilities, or all of them, to the extent necessary to produce funds sufficient to:

- (a) operate, maintain and repair the Combined System on a sound businesslike basis;
- (b) produce an amount equal to 110% of the amount required to discharge the payment of the principal of and the interest on the Series 2020 Bonds and any Additional Bonds as same become due and payable in the then current period commencing on July 2 in a year and ending on July 1 in the next ensuing year (the "**Sinking Fund Year**");
- (c) create and maintain a reserve in the Debt Service Reserve Account in the amount as required herein or such larger amount as may be required in any proceedings authorizing any such issue or issues of Additional Bonds; and
- (d) create and maintain a reserve for extensions and improvements to the Combined System.

The rates, fees and charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the Combined System so that as nearly as practicable such rates, fees and charges will be uniform in application to all users falling within any reasonable class. No free services may at any time be furnished from the Combined System and it will undertake within its health powers or such other applicable powers now or hereafter provided by law to require the owners of all improved property abutting any sewerage line to connect with the Combined System. No customer may be connected to the Combined System or served by the City without a proper meter having been first installed. All services must be furnished in accordance with rates now or hereafter established, including services furnished to any county, municipal corporation or other public board or body. Notwithstanding the above limitation in this paragraph,

the City in the exercise of its reasonable discretion has the right to furnish free unmetered water to nonprofit bodies or public bodies.

In the event the City fails to adopt a schedule or schedules of rates, fees and charges, or to revise its schedule or schedules of rates, fees and charges, in accordance with the Ordinance, any bondholder without regard to whether any default, as defined in the Ordinance, has occurred, may institute and prosecute in any court of competent jurisdiction, an appropriate action to compel the City to adopt a schedule or schedule of rates, fees and charges, or to revise its schedule or schedules of rates, fees and charges in accordance with the rate covenant requirements of this section.

Permitted Investments

Money in the funds created under the Ordinance shall be invested and reinvested, as directed by the City, in the following investments (hereinafter referred to as “**Permitted Investments**”), if and to the extent same are at the time legal for investments of City funds:

(a) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated, as amended;

(b) bonds or obligations of the State of Georgia, or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

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

(d) obligations of agencies of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives;

(e) 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;

(f) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any of the proceeds of the Certificates. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations referred to in paragraph I above, obligations of the agencies of the United States government referred to in paragraph (d) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities referred to in paragraph I above;

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

(1) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referred to in paragraph I above and repurchase agreements fully collateralized by any such obligations;

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

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

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

(h) repurchase agreements with respect to the foregoing investments consented to by any applicable Insurer; and

(i) any other investments authorized by the laws of the State of Georgia.

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BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2020 Bonds, AGM will issue the Policy for the Series 2020 Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2020 Bonds when due as set forth in the form of the Policy included as Appendix E to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“**AGL**”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “**AGO**”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “**AA**” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“**S&P**”), “**AA+**” (stable outlook) by Kroll Bond Rating Agency, Inc. (“**KBRA**”) and “**A2**” (stable outlook) by Moody’s Investors Service, Inc. (“**Moody’s**”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 19, 2019, KBRA announced it had affirmed AGM’s insurance financial strength rating of “**AA+**” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM’s financial strength rating of “**AA**” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “**A2**” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At March 31, 2020:

- The policyholders’ surplus of AGM was approximately \$2,573 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. (“MAC”) (as described below) were approximately \$997 million. Such amount includes 100% of AGM’s contingency reserve and 60.7% of MAC’s contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,997 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiary Assured Guaranty (Europe) plc (“AGE”), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders’ surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2020 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Series 2020 Bonds or the advisability of investing in the Series 2020 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under this section heading “BOND INSURANCE”.

THE COMBINED SYSTEM

Introduction

The Revenue Bond Law authorizes the City to acquire and operate for users within and outside its territorial boundaries systems, plants, works, instrumentalities, and properties (i) used or useful in connection with obtaining a water supply and conserving, treating, and disposing of water for public and private uses, (ii) used or useful in connection with collecting, treating, and disposing of sewage and wastewater, and (iii) used or useful in connection with buying, constructing, extending, operating, and maintaining a gas or electric distribution system. The City is currently operating its water and sewerage system, a natural gas distribution system, and an electric system on a consolidated basis as a combined utility, defined herein as the “Combined System”.

Combined System Management

The Combined System is administered by the City through the Board of Commissioners. The City Manager, as the chief executive officer of the City, is charged with the responsibility of daily operation and administration of the Combined System. The City Manager appoints the Public Utilities Director to assist in the management and daily operation and administration of the Combined System

Public Utilities Director. Clyde Black is the current Public Utilities Director. The Public Utilities Director plans, directs, organizes and coordinates work in the street, sanitation, water, sewer, natural gas and electric departments. The Public Utilities Director also assists in preparing preliminary budgets for each department and attends commission meetings.

Water System Superintendent. Andy Puckett is the Water System Superintendent. The Water System Superintendent oversees the daily maintenance of the water distribution lines, repairs leaks and installation of new services.

Water Treatment Plant Superintendent. Cory Burge is the current Water Treatment Plant Superintendent. The Water Treatment Plant Superintendent manages the daily operations of the water plant, Buford Waterworks, and is responsible for all reporting to state and federal regulating agencies.

Sewer Treatment Plant Superintendent. Bob Sheldon is the Sewer Treatment Plant Superintendent. The Sewer Treatment Plant Superintendent oversees the daily responsibilities of collecting, treating and releasing waste water.

Natural Gas Superintendent. Daren Perkins is the Natural Gas Superintendent. The Natural Gas Superintendent oversees the daily responsibilities of the City’s natural gas distribution system including the installation of main supply lines and the installation and repairs of service lines to customers

Electric Department Superintendent. Stacy Rolin is the Electric Department Superintendent. The Electric Department Superintendent oversees the daily responsibilities of the City’s electric system including the installation and repair of commercial and residential service lines.

Water and Sewerage System

Water System. The City receives its water from Lake Sidney Lanier (“**Lake Lanier**”), a 38,000 acre lake located just north of the City. The City also purchases a portion of its water from the Gwinnett County Water Plant. Lake Lanier is very low in point source and urban runoff pollutants. The City’s Water Treatment Plant, Buford Waterworks, was built in 1934 to filter 500,000 gallons of drinking water per day. In 1965, it was increased to 1 MGD. In 1994, the plant was high rated to 2 MGD. Withdrawal of water from Lake Lanier is regulated through permits issued by the U.S. Army Corps of Engineers and Georgia Department of Natural Resources Environmental Protection Division. The Water System consists primarily of

the facilities at the Lake Lanier intake point, transmission mains, distribution mains, and storage and operation facilities.

After water is withdrawn, it is then distributed to the City’s Buford Waterworks plant for treatment, where coagulation, flocculation, sedimentation, filtration, and chlorination take place, after passing through filters. The water then goes into a 465,000 gallon storage tank; fluoride is injected at that point. The high service pumps distribute water to elevated storage tanks that have a combined storage capacity of 600,000 gallons. The water is then distributed through distribution mains ranging in various sizes.

As of March 30, 2020, the water system served approximately 3,511 water customers, which included 2,742 residential customers, 700 commercial customers, and 69 City government customers.

The City entered into an agreement with Gwinnett County on May 2, 2018 to purchase water reclamation services from Gwinnett. The agreement is for a period of 50 years, or until it is dissolved or revised by mutual consent. The payment terms of the agreement are for the City to make an annual payment to Gwinnett in the amount of \$1,375,000 per year over 12 years totaling \$16,500,000. The agreement provides for an annual increase in the amount of instantaneous daily flow that the City can send to Gwinnett with an initial daily flow maximum of 83,333 gallons per day increasing annually by 83,333 gallons per day until the daily maximum flow reaches 1,000,000 gallons per day in year 12. Payments are to be made annually unless the daily max flow sent from the City to Gwinnett exceeds the current allotted daily max flow. If the City exceeds its daily maximum flow then the City will be required to make a payment to Gwinnett that corresponds with the daily max flow tier level that occurred in the previous month. The City has made payments totaling \$5,500,000 as of December 13, 2019.

The City owns one water treatment plant, which is described below.

<u>Plant</u>	<u>Rated Capacity (MGD)</u>	<u>Treated Water Pumping Rated Capacity (MGD)</u>	<u>2020 Plant Production Treated Water (MGD) Average</u>	<u>2020 Plant Production Treated Water (MGD) Maximum</u>	<u>Year of Original Construction</u>	<u>Year of Last Improvement</u>
Buford Waterworks	2.0	2.0	1.038	1.144	1934	1994

Raw Water Facility. The Buford Lake Lanier intake facility includes a raw water intake pump station with 2 raw water force mains, one 12 inch and one 10 inch. Three raw water pumps were part of the original raw water pump station with a capacity of 2 MGD. Expansion and upgrades in 1995 increased the total capacity to 3.5 MGD.

Buford Water Filtration Plant. The Buford Water Filtration Plant is located 0.25 mile south of the raw water intake facility. Plant components consist of a 770,000 gallon raw water storage reservoir, conventional pretreatment equipment, high rate filters, clearwells, sludge handling, chemical storage, handling and feed systems, and a high service pump station. High service pumping to the water distribution system is accomplished with four high service pumps with a total capacity of 3.6 MGD. Two transmission mains exit the Plant to serve the City through its distribution system. The distribution system consists of pipes of various size that encompass the City’s 17.5 square mile area.

Storage Facilities. System storage is either by ground storage or elevated tanks. Finished water clearwells have a capacity of 465,000 gallons. Two elevated tanks have storage capacity of 600,000 gallons.

Sewerage System. The City Sewerage System operates two wastewater treatment facilities, Southside and Westside, to accommodate the needs of its community as well as other contiguous areas. The Sewerage System consists of two treatment facilities, collection mains, and three pumping stations. As of June 30, 2019,

the sewerage system served approximately 3,673 customers, which included 2,930 residential customers, 743 commercial customers.

The City owns two wastewater treatment plants, which are described below.

<u>Plant</u>	<u>Rated Treatment Capacity (Monthly Average MGD)</u>	<u>2019¹ Treated Wastewater (Monthly Average MGD)</u>	<u>Date of Original Construction</u>	<u>Date of Improvements</u>	<u>Receiving Stream</u>
Southside	2.00	1.664	1975	2005	Suwanee Creek
Westside	0.25	0.137	1975	--	Richland Creek

¹Year ended June 30, 2019.

Treatment Facilities. The Southside Wastewater Treatment Plant was constructed in 1975. It is an Activated Sludge Extended Aeration Plant. The plant was original designed with a capacity of 1 MGD, and in 1987, an upgrade was completed to increase such capacity to 2 MGD. The current average discharge is 1.664 MGD. A Sand Filter System and Ultraviolet Disinfection System was added to the plant in 2005 to ensure quality effluent discharge as volume increases.

The Westside Wastewater Treatment Plant was originally constructed in 1975. It is an Activated Sludge Extended Aeration Plant. The design capacity is currently 0.250 MGD. The current discharge is 0.137 MGD.

Wastewater is pretreated with several different basic processes. These processes include preliminary treatment and secondary treatment. The preliminary treatment is accomplished by using equipment such as bar screens to remove rocks and similar materials which may hinder treatment. The secondary treatment process consists of four activated sludge units that are permitted to treat an average of 2 MGD. This process is a type of biological treatment process followed by secondary clarifiers that allow the solids to settle out from the wastewater being treated. The solids are removed from the clarifiers and are treated by a digester before being dewatered with a belt press. The dried sludge is ultimately disposed of at Richard Creek Landfill.

Collection System. The collection system consists of approximately 24 miles of pipe of various sizes. The collection system has about 90% gravity feed with 10% requiring a pumping station.

Water and Sewerage System – Governmental Approvals and Environmental Regulation.

State Requirements. The Georgia Water Quality Control Act authorizes the State of Georgia Department of Natural Resources, Environmental Protection Division (“EPD”), to regulate the withdrawal of water from rivers, lakes, streams, and aquifers in Georgia. The City holds a permit for withdrawal of raw water in the following amounts from the following sources:

<u>Raw Water Source</u>	<u>Permitted Withdrawal (MGD)⁽¹⁾</u>		<u>2019 Actual Withdrawal (MGD)</u>	
	<u>Average</u>	<u>Maximum</u>	<u>Average</u>	<u>Maximum⁽²⁾</u>
Lake Lanier	2.0	2.5	1.344	1.697

⁽¹⁾ The City must not exceed a combined withdrawal of 2.5 MGD maximum day/2.0 monthly average from all sources.

⁽²⁾ Maximum actual withdrawal, per source, is determined by peak day demands.

The withdrawal permit expires November 1, 2021. The withdrawal permit is evaluated and renewed every ten years by the EPD. The EPD has never denied a withdrawal permit renewal application for the City.

EPD has issued to the City operating permits for the treatment of water in the following amounts at the following water treatment facility:

<u>Plant</u>	<u>Maximum Permitted Treatment Capacity (MGD)</u>	<u>2019 Actual Treatment Flow (MGD)</u>	
		<u>Average</u>	<u>Maximum</u>
Buford Waterworks	2.0	1.240	1.591

The operating permits expire March 21, 2028. The EPD has never denied an operating permits renewal application for these plants.

The City expects the routine renewal of operating and withdrawal permits upon their expiration.

EPD also regulates wastewater treatment systems in Georgia pursuant to the Georgia Water Quality Control Act. The EPD has issued to the City operating permits for the treatment of wastewater in the following amounts at the following wastewater treatment plants:

<u>Plant</u>	<u>Permitted Treatment Capacity (MGD)</u>	<u>2019 Actual Treatment Flow (MGD)</u>	
		<u>Monthly Average</u>	<u>Daily</u>
Southside	2.000	49.920	1.664
Westside	0.250	4.110	0.137
Totals	2.250	55.030	1.801

Federal Requirements. The City’s wastewater operations are subject to the regulatory requirements imposed by the Federal Water Pollution Control Act, as amended (the “**Clean Water Act**”). The regulatory requirements are administered by the Federal Environmental Protection Agency (“**EPA**”) through the EPD. Regulations of these agencies deal primarily with the quality of effluent which may be discharged from the City’s wastewater treatment facilities, the disposal of sludge generated by the wastewater treatment plants, and the nature of waste material (particularly industrial waste) discharged into the collection system. To comply with federal regulations concerning the industrial discharge of waste materials into the sewer system, the City must administer and enforce industrial pretreatment limitation standards upon users of the sewer system. As a condition of having received federal EPA grant funds under the Clean Water Act for planning, design, and construction of various wastewater projects, the City is subject to additional regulatory requirements. Among the grant-related requirements are guidelines which must be followed concerning planning methodologies, design criteria, construction activities, and the operation, maintenance, and financing of facilities.

To comply with federally mandated effluent quality and disposal criteria, wastewater operations must comply with discharge limitations and reporting requirements set forth in National Pollutant Discharge Elimination System (“**NPDES**”) discharge permits. At the present time, the City has two NPDES discharge permits (GA #0023167 which will expire on August 31, 2024 and GA #0023175 which will expire on June 31, 2024).

Natural Gas System

The City provides natural gas to residential, commercial, and industrial customers inside the City's corporate limits and throughout five different counties. Natural gas is available for those customers needing supplies on a firm basis as well as on an interruptible basis. The City is a member of the Municipal Gas Authority of Georgia ("MGAG"). As of June 30, 2019, the gas system served approximately 39,712 customers. The City's natural gas system consists of approximately 934.5 miles of gas main, 161.19 miles of protected steel, and 773.31 miles of plastic pipe operating in the City. The operational condition of the gas system meets all State and federal requirements. The City is continually improving its natural gas pipeline infrastructure with an ongoing renewal program.

The City's primary source of natural gas is MGAG. The City has entered into the Gas Supply Contract and certain Supplemental Gas Supply Contracts with MGAG under which the City buys natural gas for resale to its customers. Under such contracts with MGAG, the City is obligated to take from MGAG, and MGAG is obligated to provide, all of the City's natural gas requirements. The price paid by the City to MGAG under its contracts is intended to cover the City's share of all the costs of MGAG, including scheduled debt service of MGAG. Such payments are required to be made by the City whether or not MGAG's facilities or natural gas properties or any part thereof are operating or operable or the output therefrom is interrupted, interfered with, curtailed or terminated in whole or in part, or whether or not any of its natural gas suppliers or transporters defaults in its obligations under its gas supply or transportation contracts with MGAG. To the extent the required payments are not made from the revenues of the Combined System or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. The City is contingently liable for its pro-rata share of MGAG's debt in the amount of \$13,906,118 of as June 30, 2019. The contingent obligations of the City are general obligations of the City to which the City's full faith credit and taxing powers are pledged.

Electric System

The City's primary source of power is the Municipal Electric Authority of Georgia ("MEAG"), of which the City is a member. MEAG Power is a public generation and transmission corporation providing power to 49 Georgia communities that in turn bring energy to approximately 634,000 citizens. As the third largest power supplier in the state, with \$661 million in revenues. MEAG Power has assets of over \$7.6 billion, co-owns four generating plants with a generating capacity of 2,069 megawatts, and co-owns Georgia's Integrated Transmission System ("ITS").

Under the terms of its Power Sales Contracts with MEAG, the City is obligated to take from MEAG, and MEAG is obligated to provide, all electric power and energy required by the City in excess of the amount received by the City as an allotment from federally owned projects through the Southeastern Power Administration ("SEPA"). Such allotment of SEPA power has been assigned by the City to MEAG and is transmitted to the City by MEAG through Georgia's ITS for a separate charge. Under its Power Sales Contracts with MEAG, the City has the right to receive additional power as needed from the ITS. The price paid by the City to MEAG under its Power Sales Contracts is intended to cover the City's share of all the costs of MEAG, including debt service on MEAG's long-term debt. The amounts required to be paid to MEAG under the Power Sales Contracts are payable first from revenues of the City's electrical system. To the extent the required payments are not made from revenues of the City's electric system or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. Payments by the City are required to be made by the City whether or not MEAG's facilities or any part thereof are operating or operable or the output therefrom is interrupted, interfered with, curtailed or terminated in whole or in part. In addition, the City may be obligated to purchase additional power, subject to contractual limitations, in the event other MEAG participants default. The City presently purchases approximately 98% of its power and energy requirements from MEAG and approximately 2% of its power and energy requirements from SEPA.

As of June 30, 2019, the service area for the electric system consists of the corporate limits of the City and serves 3,644 electric connections. The Georgia Territorial Electric Service Act presently assigns electric suppliers in Georgia certain territory. Subject to existing corridor rights, each supplier has the exclusive right to supply electricity to all customers located within its territory, for initially connected loads of less than 900 kilowatts (“KW”). For initially connected loads of 900 KW or more, the customer has a choice as to which supplier will provide electricity. Once a customer is connected to a particular supplier, it becomes the permanent customer of that supplier.

The City’s electric system consists of an electric distribution system. The electric system has four substations, which meter electricity and which are described below.

<u>Substation</u>	<u>Kilovolt</u>	<u>Installed Capacity¹ (in Volt Amperes)</u>	<u>Owner</u>
1	12.47	22.4 MVA	MEAG Power
2	12.47	22.4 MVA	MEAG Power
3	12.47	A22.4 + B22.4 MVA	MEAG Power
4	12.47	33.6 MVA	MEAG Power

¹ In millions.

The condition of the substations is good. The City owns approximately 55 miles of pole-mounted primary wire and approximately 31 miles of underground primary wire. The condition of the primary wire is good.

Historical Demand Data

Water System

The following table shows historical data of water service demand for the last five fiscal years.

	<u>Water Demand</u>				
	<u>Years Ended June 30</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Average Metered Sales (MGD)	1.223	1.229	1.190	1.242	1.240
Peak Day Production (MGD)	1.587	1.723	1.587	1.667	1.591

Set forth below is the number of connections to the water system by customer class as of the dates shown.

<u>Customer Class</u>	<u>Number of Water Connections</u>				
	<u>As of June 30</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential ¹	2,478	2,536	2,589	2,646	2,730
Commercial/Industrial	620	648	655	666	674
Total	<u>3,098</u>	<u>3,184</u>	<u>3,244</u>	<u>3,312</u>	<u>3,404</u>

¹ Includes apartment complexes, which are served by a single connection.

Sewer System

The following table show historical data of the demand for sewer service for the past five fiscal years.

	<u>Treated Wastewater Flow</u>				
	Years Ended June 30				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Average Daily (MGD)	1.401	1.362	1.487	1.701	1.664
Maximum Daily (MGD)	2.669	2.242	2.325	2.902	3.449

Set forth below is the number of connections to the sewer system by customer class as of the dates shown.

<u>Customer Class</u>	<u>Number of Sewer Connections</u>				
	As of June 30				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential ¹	2,507	2,577	2,715	2,821	2,930
Commercial/Industrial	686	713	723	733	743
Total	<u>3,193</u>	<u>3,290</u>	<u>3,438</u>	<u>3,554</u>	<u>3,673</u>

¹ Includes apartment complexes, which are served by a single connection.

Gas System

The following table shows historical data of natural gas demand for the last five fiscal years, based upon per 1,000 cubic feet (“MCF”).

	<u>Gas Demand</u>				
	Years Ended June 30				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Average Consumption ¹	8,237	6,869	6,520	8,534	8,950
Peak Demand ²	43,841	35,803	36,866	45,056	35,398

¹ MCFs per day.

² MCFs.

Set forth below is the number of connections to the gas system by customer class as of the dates shown.

<u>Customer Class</u>	<u>Number of Gas Connections</u>				
	As of June 30				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential ¹	33,545	34,606	35,655	36,720	37,761
Commercial	1,726	1,762	1,801	1,884	1,950
Industrial	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>35,272</u>	<u>36,369</u>	<u>37,457</u>	<u>38,605</u>	<u>39,712</u>

¹ Includes apartment complexes, which are served by a single connection

Electric System

The following table shows historical data of electricity demand for the last five fiscal years.

Electricity Demand

	Years Ended June 30				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Average Consumption ¹	508,025	529,881	564,735	586,602	613,413
Peak Demand ²	38,195	38,071	39,644	41,197	43,322

¹ Kilowatt hours per day.

² Maximum Non-Coincident Peak in kilowatts

Set forth below is the number of connections to the electric system by customer class as of the dates shown.

Number of Electric Connections

<u>Customer Class</u>	As of June 30				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential ¹	2,432	2,487	2,566	2,603	2,695
Commercial	<u>869</u>	<u>900</u>	<u>905</u>	<u>922</u>	<u>949</u>
Total	<u>3,301</u>	<u>3,387</u>	<u>3,471</u>	<u>3,525</u>	<u>3,644</u>

¹ Includes apartment complexes, which are served by a single connection.

Historical Customer Data

Number of Customers of the Combined System. The following table shows historical numbers of customers of the Combined System for the last five fiscal years.

<u>Fiscal Year</u>	<u>Water Customers</u>	<u>Sewer Customers</u>	<u>Gas Customers</u>	<u>Electricity Customers</u>
2015	3,098	3,193	35,272	3,301
2016	3,184	3,290	36,369	3,387
2017	3,244	3,438	37,457	3,471
2018	3,312	3,554	38,605	3,525
2019	3,404	3,673	39,712	3,644

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Ten Largest Water Customers. The following table shows the ten largest water customers of the City for the fiscal year ended June 30, 2019. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the water system.

<u>Customer</u>	<u>Annual Gallons of Water Billed</u>	<u>Annual Water Revenue</u>	<u>Revenues as a Percent of Total Water Sales¹</u>
Cardinal CG	25,631,000	\$111,794.85	8.77%
Heraeus Tenevo, Inc.	13,508,000	59,659.80	4.68
Eagle Creek, LLC.	9,078,000	49,749.30	3.9
John Deere	6,718,000	29,703.30	2.3
Huntington Court	4,799,000	21,475.65	1.6
Theragenics Corp.	4,418,000	19,818.30	1.5
Windridge Apartments	2,954,000	17349.90	1.3
Hamilton Mill Business Center	2,515,000	11780.25	0.9
UniHealth Post Acute	2,494,000	11,148.90	0.8
Richmond Development, LLC	<u>1,054,000</u>	<u>6,609.90</u>	<u>0.5</u>
Totals	<u>73,242,169</u>	<u>\$339,090.15</u>	<u>26.61%</u>

¹ Based on Water Sales of \$1,274,028.90 for the fiscal year ended June 30, 2019

Ten Largest Wastewater Customers. The following table shows the ten largest wastewater customers of the City for the fiscal year ended June 30, 2019. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the sewerage system.

<u>Customer</u>	<u>Annual Gallons of Sewage Treated</u>	<u>Annual Sewer Revenue</u>	<u>Revenues as a Percent of Total Sewer Sales¹</u>
Sun Communities (Hall Co.)	48,780,000	\$426,575.20	17.5%
Sun Communities (Gwinnett)	21,641,000	201,522.70	8.2
Cardinal CG	25,631,000	147144.85	6.0
Bloom of Buford	9,412,000	111,562.80	4.6
Eagle Creek, LLC.	9,078,000	83,157.57	3.4
Heraeus Tenevo, Inc.	13,508,000	80,549.80	3.3
Golden Park Business, LLC	12,355,000	40,200.70	1.6
Windridge Apartments	2,953,000	29,015.70	1.19
Huntington Court	4,799,000	28,861.65	1.18
Theragenics Corp.	<u>4,418,000</u>	<u>26,594.30</u>	<u>1.09</u>
Totals	<u>152,575,000</u>	<u>\$1,175,185.27</u>	<u>48.3%</u>

¹ Based on Sewer Sales of \$2,431,996.01 for for the fiscal year ended June 30, 2019

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Ten Largest Gas Customers. The following table shows the ten largest gas customers of the City for the fiscal year ended June 30, 2019. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the gas system.

<u>Customer</u>	<u>MCFs Billed</u>	<u>Annual Gas Revenue</u>	<u>Revenues as a Percent of Total Gas Sales¹</u>
Gwinnett Co. Public Utilities	29,121.1	\$281,675.39	0.67%
Sunbelt Asphalt	26,927.5	258,786.74	0.61
Phillips Correctional Inst.	25,115.8	243,757.38	0.58
Cardianl CG	2,294.2	205,492.88	0.49
Dayton Superior	13,396.0	133,470.02	0.32
Elringklinger	13,081.3	126,163.07	0.30
Baldwin Paving	53,991.0	139,818.46	0.33
Cheesecake Factory	7,661.6	74,190.82	0.17
Heraeus Tenevo, Inc.	6,238.4	62,323.41	0.15
Wal-Mart/Sam's	<u>4,744.2</u>	<u>46,026.86</u>	<u>0.11</u>
Totals	<u>201,571.1</u>	<u>\$1,571,705.03</u>	<u>3.70%</u>

¹ Based on gas sales of \$41,514,794.31 for the fiscal year ended June 30, 2019.

Ten Largest Electric Customers. The following table shows the ten largest electricity customers of the City for the fiscal year ended June 30, 2019. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the electric system

<u>Customer</u>	<u>Mega-Watt Hours Metered</u>	<u>Annual Electricity Revenue</u>	<u>Revenues as a Percent of Total Electricity Sales¹</u>
Cardinal CG	56,790	\$4,689,943	20.8%
Heraeus Tenevo, Inc.	29,383	2,539,162	11.2
Carcoustics USA	5,621	533,316	2.36
Rohrer Corporation	5,306	547,248	2.43
Office Depot #1214	5,008	473,741	2.10
Global Equipment`	3,338	330,549	1.46
Buford High School	2,911	327,165	1.45
Gezolan	2,808	306,233	1.36
Kraiburg TPE Corporation	2,709	311,394	1.38
Makita Corporation	<u>2,699</u>	<u>289,898</u>	<u>1.28</u>
Totals	<u>116,573</u>	<u>\$10,348,649.00</u>	<u>45.97%</u>

¹ Based on electricity sales of \$22,507,008.54 for the fiscal year ended June 30, 2019.

Rate Setting Process

Under State law, the City has the exclusive authority to establish rates and charges for the water, sewer, gas, and electricity service supplied by the Combined System. The rates charged by the City for water, sewer, gas, and electricity service are not subject to review or approval by any federal or State regulatory body. The Board of Commissioners establish the rates, which are subject to change at any time as the Board of Commissioners deem advisable. No statutory or charter procedures are required as a condition precedent to a change in rates. The Board of Commissioners adopt rate schedules by Ordinance after recommendations from the staff of the Combined System. The staff of the Combined System makes periodic reviews of the rate structure to determine if modifications are needed. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS -Rate Covenant” herein for a description of the City’s agreements concerning the rates, fees, and charges for the services, facilities, and commodities furnished by the Combined System.

Billing and Collection Policy

Upon application for service, the City requires homeowner customers to make a utility deposit of \$235 for water, sewer, gas, and electric services (individually or any combination thereof as applicable). If a homeowner customer applies for water services only or sewer services only the deposit is \$50. If the customer applies for water and sewer services only the deposit is \$75. Customers applying for services connected at a property that is not their primary residence the following deposits are required. A deposit of \$235 or more is required for gas services. A deposit of \$300 or more is required for electricity services. A deposit of \$20 or more is required for water services. A deposit of \$50 or more is required for water only services. A deposit of \$50 or more is required for sewer only services. A deposit of \$75 dollars or more is required for water and sewer only services. For primary residences, the deposit is added to the first monthly bill. Deposit refunds are issued at account closing for primary residences.

The City uses cycle billing and bills six times a month covering all of the City services provided in its service areas. The City prepares bills that include charges for water, sewer, gas, electricity, sanitation and security lighting, depending on service(s) rendered. Bills not paid by the due date result in a 10% delinquency penalty. If the bill is not paid by the cut-off date stated in the bill, service is discontinued. To restore service, the customer must pay the amount of the past due bill, plus the 10% delinquency penalty, and a reconnect fee of \$75.

Rates, Fees, and Charges

Current Water and Sewer Rate Schedule. The current water rates became effective 2007, and the current sewer rates became effective in 2018. The City reviews rates annually during budget preparation. The current charges for water and sewer service are as follows.

Water Rates:

<u>Monthly Gallons</u>	<u>Residential</u>	
	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 8000	\$1.15/thousand gallons	\$2.55/thousand gallons
8000-15000	\$1.40/thousand gallons	\$2.90/thousand gallons
Over 15000	\$2.30/thousand gallons	\$4.60/thousand gallons

Commercial

<u>Base rate</u>	<u>Rate per thousand gallons</u>
\$15	\$4.35/thousand gallons

Sewer Rates:

<u>Residential</u>		
<u>Monthly Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 4000	\$2.50/thousand gallons	\$2.50/thousand gallons
Over 4000	\$0.50/thousand gallons	\$2.80/thousand gallons

<u>Commercial</u>	
<u>Base rate</u>	<u>Rate per thousand gallons</u>
\$15	\$7.35/thousand gallons

Water Tap Charges:

<u>Size</u>	<u>Tap Fee (IC/OC)</u>
Up to ¾"	\$800/1500
1"	\$900/2000
1 ½"	\$2000/2500
2"	\$2500/3000
3"	\$12630/15000
4"	\$13300/16000
6"	\$21000/21000
8"	\$25700/25700

Sewer Tap Charges:

<u>Location</u>	<u>Tap Fee</u>
Inside City	\$4000.00
Outside City	\$4750.00

Current Gas Rates. On a monthly basis the City employs a formula to calculate the purchased gas portion of natural gas charges for inclusion in customers' bills. Among other things, the formula includes the current cost of gas in \$/MMBTU (the Spot Market Index Price) which will be billed to the City by its wholesale natural gas supplier, MGAG. Such formula immediately adjusts customer billings to account for the current cost of natural gas which will be included in the City's wholesale natural gas invoice.

<u>Residential and Commercial Customers</u>	<u>Base Per Unit Charge</u>	<u>Rate Per MCF</u>
Monthly Minimum	- Residential	\$22/month
	- Small Commercial	\$26/month
	- Large Commercial	\$60/month
		\$8.7446/ MCF

Current Electricity Rates. Monthly service charges for electric service generally consist of a monthly demand charge plus a volume charge applied to the monthly electricity use. The electric rates to all customers are uniform. The City passes through to its customers on a monthly basis increases and decreases in the cost of power purchased from MEAG. All rates listed below are measured in Kilowatt hours (“kWh”).

Monthly Electric Service Rates¹

<i>Residential</i>	Customer Charge	\$7.00 per month
	<u>Energy Charges</u>	
	<i>Summer</i>	
	First 650 kWh	\$0.0720 per kWh
	Additional kWh	\$0.0980 per kWh
	<i>Winter</i>	
	First 650 kWh	\$0.0720 per kWh
	Additional kWh	\$0.0580 per kWh
<i>Commercial Non-Demand</i>	Customer Charge	\$15.00 per month
	<u>Energy Charges</u>	
	Summer	\$0.1300 per kWh
	Winter	\$0.1000 per kWh
<i>Commercial Demand Small</i>	Customer Charge	\$30.00 per month
	Demand Charge	\$2.00 per kWh
	<u>Energy Charges</u>	
	First 200 kWh per kW	
	First 3,000 kWh	\$0.1000 per kWh
	Next 7,000 kWh	\$0.0925 per kWh
	Additional kWh	\$0.0850 per kWh
	<u>Load Factor Provisions</u>	
	200-400 kWh per kW	\$0.0450 per kWh
	400-600 kWh per kW	\$0.0400 per kWh
Over 400 kWh per kW	\$0.0350 per kWh	
<i>Commercial Demand Large</i>	Customer Charge	\$75.00 per month
	Demand Charge	\$3.00 per kWh
	<u>Energy Charges</u>	
	First 200 kWh per kW	
	First 3,000 kWh	\$0.1000 per kWh
	Next 7,000 kWh	\$0.0900 per kWh
	Next 90,000 kWh	\$0.0800 per kWh
	Additional kWh	\$0.0700 per kWh
	<u>Load Factor Provisions</u>	
	200-400 kWh per kW	\$0.0350 per kWh
400-600 kWh per kW	\$0.0300 per kWh	
Over 400 kWh per kW	\$0.0250 per kWh	

¹ Power Costs Adjustment: At the option of the City, the amounts calculated using the above monthly rate may be increased or decreased as necessary to reflect changes in the total costs of providing electric service to the customer.

COMBINED SYSTEM FINANCIAL INFORMATION

Independent Auditor's Reports

The auditor's reports on the financial statements of the City for the fiscal years ended June 30, 2015, through June 30, 2019, state that said financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Five-Year Operating History (Combined Systems)

Set forth on the following page is an historical, comparative summary of the revenues and expenses of the Combined System for the past five fiscal years and for the nine month period ending March 31, 2020. The information in the following table was derived from and relates directly to the underlying accounting and other records used to prepare the basic audited financial statements of the City for the respective years. The information for the nine month period ending March 31, 2020 has been consistently prepared but does not relate to audited financial statements as of that period.

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STATEMENT OF COMBINED SYSTEM REVENUES AND EXPENSES ⁽¹⁾

	Years Ended June 30					Unaudited through March 31
	<u>2015</u>	<u>2016</u>	<u>2017⁽³⁾</u>	<u>2018⁽⁴⁾</u>	<u>2019</u>	<u>2020⁽²⁾</u>
Operating Revenues						
Charges for Services:						
Gas	\$36,435,643	\$31,120,634	\$31,137,093	\$38,468,828	\$42,070,827	\$32,730,056
Electric	18,881,589	19,924,115	21,012,204	21,904,435	22,855,079	17,050,663
Wastewater	2,409,031	3,052,268	2,705,707	2,870,366	3,378,593	2,729,681
Water	988,241	1,019,141	1,103,059	1,314,793	1,371,892	954,200
Penalties	807,518	691,639	684,158	860,534	899,246	622,155
Service Charges	<u>258,307</u>	<u>275,151</u>	<u>270,821</u>	<u>269,128</u>	<u>274,956</u>	<u>167,916</u>
Total Charges for Services	59,780,329	56,082,948	56,913,042	65,688,084	70,850,593	54,254,671
Miscellaneous						
Other	<u>641,450</u>	<u>482,797</u>	<u>113,527</u>	<u>232,686</u>	<u>26,605</u>	<u>17,880</u>
Total Operating Revenues	60,421,779	56,565,745	57,026,569	65,920,770	70,877,198	54,272,551
Operating Expenses:						
Utilities Purchased for Resale	29,731,903	24,715,151	24,826,314	27,095,316	31,199,823	20,920,401
Personal Services	4,509,386	5,592,792	6,071,479	5,941,449	6,106,214	4,600,110
Deprecation	4,395,168	4,419,555	4,525,806	4,911,469	5,089,761	3,899,810
Contractual Services	939,487	787,892	986,775	872,833	1,049,767	650,947
Materials and Supplies	2,248,392	2,096,114	2,076,957	2,377,342	2,148,624	1,919,846
Utilities	694,463	700,224	791,533	2,072,202	728,605	582,158
Repairs and Maintenance	594,399	675,562	366,938	497,275	414,832	427,144
Other Operating	<u>384,171</u>	<u>218,110</u>	<u>201,421</u>	<u>194,575</u>	<u>109,518</u>	<u>175,388</u>
Total Operating Expenses	43,497,369	39,205,400	39,847,223	43,962,461	46,847,144	33,175,804
Operating Income (Loss)	16,924,410	17,360,345	17,179,346	21,958,309	24,030,054	21,096,747
Nonoperating Revenues (Expenses)						
Refunds and Rebates	1,452,813	1,826,042	2,133,267	2,104,950	2,179,880	648,626
Grant Revenue	1,094,000	900,938	659,279	-	-	-
Investment Income	<u>112,315</u>	<u>302,486</u>	<u>229,683</u>	<u>367,277</u>	<u>621,426</u>	<u>259,825</u>
Total Nonoperating Revenues (Expenses)	2,659,128	3,029,466	3,022,229	2,472,227	2,801,306	908,451
Income (Loss) Before Transfers	19,583,538	20,389,811	20,201,575	24,430,536	26,831,360	22,005,198
Transfers	<u>(17,459,678)</u>	<u>(22,936,412)</u>	<u>(19,202,627)</u>	<u>(15,666,823)</u>	<u>(22,572,488)</u>	<u>(20,158,153)</u>
Change in Net Position	2,123,860	(2,546,601)	998,948	8,763,713	4,258,872	1,847,045
Total Net Position at Beginning of Year	<u>79,260,626</u>	<u>81,384,486</u>	<u>74,114,127</u>	<u>73,524,142</u>	<u>82,287,855</u>	<u>86,546,727</u>
Total Net Position at End of Year	<u>\$81,384,486</u>	<u>\$78,837,885</u>	<u>\$75,113,075</u>	<u>\$82,287,855</u>	<u>\$86,546,727</u>	<u>\$88,393,772</u>

- (1) The Combined System revenues and expenses are not separately audited.
- (2) Unaudited.
- (3) Net position at beginning of year for 2017 has been restated for prior period adjustments related to pension items and OPEB obligation.
- (4) Net position at beginning of year for 2018 has been restated for the adoption GASB statement No. 75, "Accounting and financial reporting by employers for post-employment benefits other than pensions".

Management Comments Concerning Material Trends in Revenues and Expenditures

The revenues derived from the water, wastewater, gas and electric systems for the past five fiscal years remain steady with growth in the respective utility revenues during this period. The utility fund remains steady with ample funds for capital improvements and expansions. Rates are reviewed regularly and adjusted, if necessary, to ensure the integrity of the utility fund.

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 and 2018, amounted to \$139,146,096 and \$135,999,667, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, machinery and equipment, computer equipment, utility infrastructure, infrastructure assets, and vehicles. Major capital asset events during the 2019 fiscal year included the following: The City added \$3,079,302 to its gas system, \$411,316 to its electric system, and \$245,355 to its water and wastewater system for improvements and expansion of the systems. The City incurred construction in progress costs for improvements and expansion of its gas system of \$70,322, and its water and wastewater system of \$1,256,228. Numerous gas and electric extension and improvement projects were completed in 2019 supporting development, roadway projects, system safety and reliability, which will continue in 2020.

Pro Forma Debt Service Coverage Ratio

The Net Revenues of the Combined System will be pledged to the payment of the Bonds. Set forth below are pro forma debt service coverage ratios, based upon Net Revenues of the Combined System available for Debt Service, that would have occurred during the past five fiscal years if the Bonds had been outstanding during such years.

Revenue Bonds Debt Service Coverage

	<u>Fiscal Years Ended June 30</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Historical Net Revenues of Combined System Available for Debt Service ¹	\$23,978,706	\$24,809,366	\$24,727,381	\$29,342,005	\$31,921,121
Maximum Annual Debt Service on the Series 2020 Bonds	\$1,287,700	\$1,287,700	\$1,287,700	\$1,287,700	\$1,287,700
Pro Forma Annual Debt Service Coverage Ratio	18.62	19.27	19.20	22.79	24.79

¹ Represents Operating Income (Loss) plus Depreciation, and Non-Operating Interest Income Revenues. See "COMBINED SYSTEM FINANCIAL INFORMATION –Five Year Operating History (Combined System)."

Projected Debt Service Coverage Ratios

Set forth below are the Combined System’s projected debt service coverage ratios of Net Revenues Available for Debt Service on the Bonds for fiscal year 2020 through fiscal year 2024 based upon the financial forecast of the Combined System’s Net Revenues.

Revenue Bonds Debt Service Coverage

	<u>Fiscal Years Ended June 30</u>				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Projected Net Revenues of Combined System Available for Debt Service	\$32,878,755	\$33,865,117	\$34,881,071	\$35,927,503	\$37,005,328
Maximum Annual Debt Service on the Bonds ¹	\$1,287,700	\$1,287,700	\$1,287,700	\$1,287,700	\$1,287,700
Pro Forma Annual Debt Service Coverage Ratio	25.53	26.30	27.09	27.90	28.74

¹ See “COMBINED SYSTEM FINANCIAL INFORMATION, - Debt Service Schedule.”

THE FINANCIAL FORECAST SET FORTH ABOVE IS BASED SOLELY UPON ASSUMPTIONS MADE BY THE CITY, INCLUDING, WITHOUT LIMITATION, ASSUMPTIONS AS TO RATES FOR THE SERVICES PROVIDED BY THE COMBINED SYSTEM, STABILITY AND GROWTH OF THE CUSTOMER BASE, AND OPERATING EXPENSES. THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH SUCH ASSUMPTIONS, THAT UNCONTROLLABLE FACTORS WILL NOT AFFECT SUCH ASSUMPTIONS, OR THAT THE FORECASTED RESULTS WILL BE ACHIEVED. THE ACHIEVEMENT OF THE FINANCIAL FORECAST WILL BE AFFECTED BY ECONOMIC CONDITIONS AND OTHER UNCONTROLLABLE FACTORS AND IS DEPENDENT UPON THE OCCURRENCE OF FUTURE EVENTS WHICH CANNOT BE ASSURED. THUS, THE ACTUAL RESULTS ACHIEVED MAY VARY FROM THOSE FORECASTED ABOVE, AND SUCH VARIATIONS COULD HAVE AN ADVERSE EFFECT UPON THE COMBINED SYSTEM’S NET REVENUES AVAILABLE FOR DEBT SERVICE.

Budgetary Process of the Combined System

General Description. Annual budgets are adopted for the General and Proprietary (Enterprise) Funds. Capital Projects are budgeted over the life of the projects. Debt Service is budgeted through either the General or Proprietary (Enterprise) Fund depending on the type of debt. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the Proprietary (Enterprise) Fund is adopted on a GAAP basis, except that depreciation expense is not budgeted. Budget amounts are as originally adopted, or as amended by the Board of Commissioners.

Budgeting Policy. The prior year’s actual revenues and expenditures/expenses for the General and Proprietary (Enterprise) Funds are compared to budget amounts for that year and adjustments are then made to the prior year’s budgeted revenues and expenditures/expenses to make budgeted amounts agree with actual amounts. These are the proposed budgets for the coming year. The proposed budgets are submitted to the Board of Commissioners, who make adjustments to the proposed budgets as it deems necessary, and the proposed budgets are then revised in accordance with the Board of Commissioners recommendations and resubmitted to the Board of Commissioners for their approval. After reviewing the budget revisions, the Board of Commissioners approves and adopts the budgets. All budget amendments must be approved by the Board of Commissioners. All appropriations lapse at the end of the fiscal year.

Pursuant to O.C.G.A. § 36-81-3(b), the annual budget approved by the Board of Commissioners must be balanced. A budget is balanced when the sum of estimated net revenues and appropriated fund balances is

equal to appropriations. The Board of Commissioners has the authority under O.C.G.A. § 36-81-3(d), however, to amend its budget as follows:

(1) Any increase in appropriation at the local government's legal level of control, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, requires the approval of the Board of Commissioners. Such amendment shall be adopted by ordinance or resolution;

(2) Transfers of appropriations within any fund below the local government's legal level of control requires only the approval of the budget officer; and

(3) The Board of Commissioners may amend the legal level of control to establish a more detailed level of budgetary control at any time during the budget period. Said amendment shall be adopted by ordinance or resolution.

Operating Budget of the Combined System

Budgeted revenues for the utility fund for the 2020 fiscal year include \$3,363,000 for the wastewater system, \$1,335,000 for the water system, \$23,026,000 for the electric system, and \$42,195,000 for the gas system. Budgeted expenditures and transfers out for the 2020 fiscal year include \$7,258,000 for the wastewater system, \$2,270,500 for the water system, \$16,463,000 for the electric system, and \$20,841,503 for the gas system.

Set forth on the following page is a summary of the City's adopted budget for the Combined System for the fiscal year ending June 30, 2020. The budget is based upon certain assumptions and estimates of the City's administration regarding future events, transactions, and circumstances. Realizations of the results projected in the 2020 budget will depend upon implementation by management of policies and procedures consistent with the assumptions made by the City. Accordingly, the actual results achieved for the 2020 budget could materially vary from those projected in the 2020 budget shown below.

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City of Buford
 Combined Utility System
for Fiscal Year Ending June 30 2020

Operating Revenues

Charges for Services	
Water	\$ 1,335,000
Wastewater	3,345,000
Gas	22,526,000
Electricity	40,345,000
Penalties.....	935,000
Service Charges	<u>270,000</u>
Total Charges for Services	68,756,000
Miscellaneous	
Other	<u>59,000</u>
Total Operating Revenue.....	68,815,000

Operating Expenses

Utilities Purchased for Resale.....	27,936,503
Personal Services.....	6,215,000
Contractual Services	1,435,000
Materials and Supplies	3,074,000
Utilities	2,159,500
Repairs and Maintenance	5,890,000
Other Operating	<u>218,000</u>
Total Operating Expenses	46,928,003

Operating Income (Loss) 21,886,997

Non-Operating Revenues (Expenses)

Refunds and Rebates	2,000,000
Investment Income	<u>378,000</u>
Total Non-Operating Revenues (Expenses)	2,378,000

Income (Loss) Before Operating Transfer ... 24,264,997

Transfers (\$26,373,500)
)

Change in Net Position (\$ 2,108,503)

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Capital Improvements Program

The following table summarizes the estimated costs of capital improvements made to the Combined System in each year for the past five fiscal years and the funding sources for such capital improvements.

Fiscal Year	Total Costs of Capital Improvements	Funding Sources	
		System Revenues	Debt Proceeds and Investment Earnings
2015	\$3,117,346	\$60,421,779	\$113,315
2016	4,997,685	56,565,745	302,486
2017	5,492,893	57,026,569	229,683
2018	5,154,701	65,920,770	367,277
2019	5,047,664	70,877,198	621,426

The City has developed a multi-year capital improvements program and a plan to finance the program which relies on a combination of Combined System revenues and proceeds of debt and investment earnings on such proceeds. The capital improvements program allows the City to plan, on a long-term basis, for future Combined System capital needs. Each year the capital improvements program is updated. Below is summary of the City's current capital improvements plan.

Natural Gas System. The City currently has annual contracts with providers for gas service installations and gas line renewal and repair projects. These items are budgeted in the utility expansion and utility renewal portions of the City's annual budget. The City anticipates and budgets for an average of 1,000 new residential services inside and outside the City limits for the period covering 2020 through 2024. Approximately 90% of the new residential services are installed outside the City limits. Commercial services are expected to grow by approximately 25 services per year for the period 2020 through 2024 from approximately 1,600 commercial services to 1,725 commercial services. The City currently budgets \$1 million annually for expansions and improvements to the natural gas system.

Electric System. The City currently projects an increase of 170 to 220 residential electrical services over the next five years. Generally, capital projects will consist of operation and maintenance costs and work on a streetscape project with overhead line conversions to underground. The costs estimate for this project is anticipated to be approximately \$1,250,000 incurred over the years 2021 and 2022. The City projects an increase of 10 to 20 commercial services of varying size per year over the next five years. The City currently budgets \$50,000 annually for expansions and improvements to the electric system.

Water System. Capital improvements to the water system will include the replacement of Buford Water Treatment Plant with a new water treatment plant to be funded in part with the proceeds from the Series 2020 Bonds. The new water treatment plant will have a capacity of 2 MGD with expansion capabilities up to 4.83 MGD. The construction of the new water treatment plant is planned to take place in late calendar year 2020 and completed in 2022. The City currently budgets \$50,000 annually for general repairs and maintenance to the water system.

Sewerage System. The City has plans to use funds from its Enterprise Fund and proceeds from the Series 2020 Bonds to make improvements to one or more existing sewer main service lines. The replacement of +/- 6,100 LF of the sewer main sewer line located approximately 850 feet north of Maddox Road to Hamilton Mill Road is scheduled to begin in 2021 and completed in 2022. The sewer diameter is 30 inches. The costs of this project are estimated to be \$2,100,000. The City anticipates budgeting \$50,000 annually for sewerage system expansion and \$50,000 annually for general operations and maintenance of the sewerage system.

The City entered into an agreement with Gwinnett County on May 2, 2018 to purchase water reclamation services from Gwinnett. For a description of said agreement with Gwinnett County see "THE COMBINED SYSTEM – Water and Sewerage System." The City has made four payments under the payment plan set forth in the agreement (advanced to June 2021 on the payment schedule) and secured 333,333 MGD flow.

Governmental Immunity and Insurance Coverage

Governmental Immunity. Under State law, the City has sovereign immunity from suit, except for actions against the City for the breach of written contracts or unless the General Assembly has specifically provided by statute that the City has waived its sovereign immunity (see O.C.G.A. § 36-33-1 *et seq.*). State law requires that sovereign immunity of local governments is waived with respect to claims for the negligent ownership, maintenance, operation, or use of a covered motor vehicle up to certain limits. The City may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983, alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the City in the exercise of its delegated powers. Officers and employees of the City may be subject to suit and may be liable for injuries and damages caused by the negligent performance of, or negligent failure to perform, their ministerial functions and may be liable for injuries and damages if they act with actual malice or with actual intent to cause injury in the discretionary performance of their official functions. Except as provided in the previous sentence, officers and employees of the City shall not be subject to suit or liability, and no judgment shall be entered against them for the performance or nonperformance of their official functions.

Insurance Coverage. The City carries liability insurance for the types of claims and in amounts that are customary for similar entities for those categories of claims that are not subject to the defense of sovereign immunity. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City obtains workers' compensation insurance through Summit Insurance. The City is insured for general liability through Travelers Indemnity Company. Current coverage is as follows:

<u>Type</u>	<u>Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Annual Aggregate</u>
Casualty		
Commercial General Liability Coverage	\$1,000,000	\$2,000,000
Automobile Liability	1,000,000	N/A
Umbrella Liability	1,000,000	1,000,000

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THE CITY OF BUFORD

Introduction

The City is located in both Gwinnett County and Hall County, Georgia, and consists of approximately 17 square miles, the vast majority of which is situated in Gwinnett County, which is part of the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area. The portions of the City located in Hall County are not part of Atlanta’s metropolitan statistical area, but are part of Atlanta’s larger Combined Statistical Area, which includes Hall County. The City was chartered by the State in 1872 and its current charter became effective in 2003.

The population of the City grew 39.4% percent during the 20-year period from 1990 to 2010, from 8,771 residents in 1990 to 12,225 in 2010; the population of Gwinnett County grew 128.2% during the 20-year period from 1990 to 2010, from 352,910 residents in 1990 to 805,321 residents in 2010; and the population of Hall County grew 88.3% during the 20-year period from 1990 to 2010, from 95,428 residents in 1990 to 179,684 residents in 2010. This compares with Georgia’s total population growth of 49.5% during the same 20-year time period. The City had an estimated population of 15,189 for the year 2018 according to US Census Bureau estimates.

At approximately 436.7 square miles, Gwinnett County is the 50th largest of Georgia’s 159 counties. Set forth below are the percentages of land use for various categories within the territorial limits of the City located in Gwinnett County, computed based upon the acres of land for the various categories set forth in the tax digest for each respective year.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	42.7%	43.0%	38.3%	38.3%	38.9%
Agricultural	0.0	0.0	0.1	0.1	0.1
Conservation Use	2.1	1.7	1.7	1.7	1.7
Commercial	50.6	50.7	49.1	49.1	48.5
Industrial	<u>4.6</u>	<u>4.6</u>	<u>10.8</u>	<u>10.8</u>	<u>10.8</u>
Total:	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

¹ Information unavailable

Source: Georgia Department of Revenue, Tax Digest Consolidated Summary.

At approximately 429.2 square miles, Hall County is the 54th largest of Georgia’s 159 counties. Set forth below are the percentages of land use for various categories within the territorial limits of the City located in Hall County, computed based upon the acres of land for the various categories set forth in the tax digest for each respective year.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	16.9%	22.2%	25.4%	21.7%	25.6%
Agricultural	10.3	9.6	8.4	11.5	7.4
Conservation Use	10.6	10.5	10.3	10.4	9.5
Commercial	33.2	26.7	26.1	26.7	24.3
Industrial	<u>29.0</u>	<u>31.0</u>	<u>29.8</u>	<u>29.7</u>	<u>33.2</u>
Total:	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

¹ Information unavailable

Source: Georgia Department of Revenue, Tax Digest Consolidated Summary.

Government Format and Principal Officials

The City is a municipal corporation of the State and is governed by a Board of Commissioners and City Manager. The City Commission consists of three members, with the Chairman elected among his peers. The Commissioners are elected at-large by the qualified voters of the City and must have been a resident of the City for at least six months preceding his or her election, must continue to reside within the City during his or her period of service, and must be registered and qualified to vote in municipal elections within the City. The Commissioners shall serve for a term of four years and until their respective successors are elected and qualified.

Information regarding the City Commission and the City Manager as of June 1, 2020, is as follows:

<u>Name</u>	<u>Position</u>	<u>Expiration Date of Current Term</u>	<u>Principal Occupation</u>
Phillip Beard	Commission Chairman	December 31, 2023	Real Estate Broker/Investor
L. Chris Burge	Commission Vice Chairman	December 31, 2021	Small Business Owner
Bradley Weeks	Commissioner	December 31, 2021	Real Estate Investor
Bryan B. Kerlin	City Manager		

Government Services and Facilities

The City's police services are provided by Gwinnett County through agreement. The City's fire department services are provided by Gwinnett County through agreement. The City maintains approximately 65 miles of paved streets and 0.2 miles of unpaved roads. The City's public works, gas, electric, water, sewer, and sanitation departments have 125 employees and operate and maintain the City's utility systems and other public works.

Employees and Employee Relations

As of May 1, 2020, the City has approximately 141 full-time employees and 4 part-time employees. The City's Management believes that it enjoys an excellent relationship with its employees. The City has never experienced a major disruption of services due to strike or employee action. No employees belong to labor unions or other collective bargaining groups and the City has no knowledge of any union organizing efforts.

Population Information

The following table sets forth the population in the City, Gwinnett County, Hall County, the State of Georgia, and the United States. The population for the City as of July 1, 2019, was 15,552 according to U.S. Census Bureau estimates.

<u>Year</u>	<u>City</u>	<u>Percentage Change</u>	<u>Gwinnett County</u>	<u>Percentage Change</u>	<u>Hall County</u>	<u>Percentage Change</u>
1970	4,640	--	72,349	--	59,409	--
1980	6,578	41.8%	166,903	130.7%	75,649	27.3%
1990	8,771	33.3	352,910	111.4	95,428	26.1
2000	10,668	21.6	588,448	66.7	139,277	45.9
2010	12,225	14.6	805,321	36.9	179,684	29.0

<u>Year</u>	<u>Georgia</u>	Percentage	
		<u>Change</u>	<u>United States</u>
1970	4,589,575	16.4%	203,211,926
1980	5,462,982	19.0	226,505,000
1990	6,478,149	18.6	248,710,000
2000	8,186,483	26.4	281,421,906
2010	9,687,653	18.3	308,745,538

Source: U.S. Department of Commerce, Bureau of the Census.

Per Capita Personal Income

The following table sets forth the per capita personal income in Gwinnett County, Hall County, the State of Georgia, and the United States for the years 2014 through 2019.

<u>Year</u>	Gwinnett			
	<u>County</u>	<u>Hall County</u>	<u>Georgia</u>	<u>United States</u>
2014	35,569	35,116	38,873	46,464
2015	37,106	36,597	40,367	48,190
2016	38,629	39,946	42,693	49,870
2017	39,738	41,856	44,536	51,885
2018	41,458	43,701	46,482	54,446
2019	*	*	48,199	56,663

* Not available

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data

Building Permits

The following table shows a summary of residential building permits in the Counties (each including the City) for the year 2014 through 2019.

<u>Year</u>	<u>Gwinnett County</u>			<u>Hall County</u>		
	<u>Buildings</u>	<u>Units</u>	<u>Value</u>	<u>Buildings</u>	<u>Units</u>	<u>Value</u>
2014	3,139	3,379	\$591,439,091	303	303	\$ 50,998,547
2015	3,315	3,918	522,549,949	916	946	158,693,503
2016	3,661	3,461	793,323,722	856	1,367	202,127,451
2017	2,639	2,639	313,258,149	1,021	1,021	132,408,750
2018	2,599	2,599	312,521,112	1,101	1,101	152,370,135
2019	2,218	2,218	267,379,059	1,036	1,036	149,909,200

Source: City of Buford

Industry and Employment

Public Employers. Set forth below are the largest public employers located in the City as of May 1, 2020, their type of service, and their approximate number of employees. There can be no assurance that any employer listed below will continue employment at the level stated.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Buford City Schools	Education	567
City of Buford	Municipality	147

Source: City of Buford.

Private Employers. Set forth below are the ten largest private employers located in the City as of May 1, 2020, their type of business, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the City or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Global Equipment Co., Inc.	Distribution	480
Office Depot #1214	Warehouse	382
Hisco, Inc.	Distribution	340
Wal-Mart Supercenter #1314	Retail	322
Elringklinger USA, Inc.	Manufacturing	271
The Sherwin-Williams Company	Warehouse	262
FedEx Freight, Inc.	Freight Service	223
Cardinal CG Company	Manufacturing	196
An. T. Imports of Atlanta, LLC	Auto Dealership	191
Cardinal Health 200, LLC	Distribution	180
Scanfil, Inc.	Manufacturing	180

Source: City of Buford.

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Civilian Employment Statistics of the Counties. Employment includes nonagricultural wage and salary employment, self-employed, unpaid family and private household workers, and agricultural workers. Persons in labor disputes are counted as employed. The use of rounded data does not imply that the numbers are exact.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Gwinnett County					
Employment	428,919	445,565	461,911	467,317	474,882
Unemployment	<u>23,383</u>	<u>22,141</u>	<u>20,224</u>	<u>17,017</u>	<u>14,728</u>
Total Labor Force	452,302	467,706	482,135	484,334	489,610
Hall County					
Employment	88,261	91,805	96,501	98,303	99,222
Unemployment	<u>4,503</u>	<u>4,300</u>	<u>3,883</u>	<u>3,238</u>	<u>2,839</u>
Total Labor Force	92,764	96,105	100,384	101,541	102,061
Gwinnett County Unemployment Rate	5.2%	4.7%	4.2%	3.5%	3.0%
Hall County Unemployment Rate	4.9%	4.5%	3.9%	3.2%	2.8%
State Unemployment Rate	5.9%	5.3%	4.7%	3.9%	3.4%
U.S. Unemployment Rate	5.3%	4.9%	4.4%	3.9%	3.7%

Source: State of Georgia Dept. of Labor, Workforce Statistics & Economic Research, Local Area Unemployment Statistics Unit

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Gwinnett County – Economic Sector Distribution. The following table shows the annual average percentage of persons who worked in each major sector of the local economy in Gwinnett County in the years 2015 through 2019. Figures are based on jobs that are covered by unemployment insurance laws.

<u>Industry</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Agriculture, Forestry, Fishing & Hunting	0.1%	0.1%	0.1%	0.1%	0.1%
Mining	*	*	*	*	*
Construction	5.4	5.3	5.7	6.1	6.3
Manufacturing	7.5	7.6	7.5	8.0	7.9
Utilities	0.1	0.1	0.1	0.1	0.2
Wholesale Trade	9.1	9.0	8.9	8.6	8.7
Retail Trade	14.1	14.1	13.9	14.0	13.5
Transportation and Warehousing	2.1	2.2	2.2	2.2	2.4
Information	3.0	2.8	2.7	2.2	2.2
Finance and Insurance	5.1	4.9	5.0	4.1	3.8
Real Estate and Rental and Leasing	1.7	1.8	1.7	1.8	1.8
Professional Scientific & Technical Svc	7.5	7.7	7.9	7.9	7.8
Management of Companies and Enterprises	2.6	3.0	3.0	2.6	2.5
Admin., Support, Waste Mgmt, Remediation	8.5	8.1	8.0	8.2	8.2
Education Services	1.1	1.1	1.2	1.2	1.2
Health Care and Social Assistance	8.3	8.5	8.7	9.1	9.3
Arts, Entertainment, and Recreation	1.1	1.0	1.0	1.1	1.2
Accommodation and Food Services	9.0	9.3	9.3	9.4	9.6
Other Services (except Public Admin.)	2.4	2.5	2.5	2.6	2.7
Unclassified – industry not assigned	0.5	0.5	0.3	0.3	0.4
Federal, State, and Local Government	<u>10.4</u>	<u>10.5</u>	<u>10.3</u>	<u>10.4</u>	<u>10.3</u>
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

*Denotes confidential data relating to individual employers and cannot be released. These data use the North American Industrial Classification System (NAICS) categories. Average weekly wage is derived by dividing gross payroll dollars paid to all employees – both hourly and salaried – by the average number of employees who had earnings; average earnings are then divided by the number of weeks in a reporting period to obtain weekly figures. Figures in other columns may not sum accurately due to rounding.

Source: State of Georgia Department of Labor, Labor Information Systems.

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Hall County – Economic Sector Distribution. The following table shows the annual average percentage of persons who worked in each major sector of the local economy in Hall County in the years 2015 through 2019. Figures are based on jobs that are covered by unemployment insurance laws.

<u>Industry</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Agriculture, Forestry, Fishing & Hunting	0.3%	0.3%	0.3%	0.3%	0.3%
Mining	*	*	*	*	*
Construction	4.2	4.4	4.7	4.8	4.9
Manufacturing	23.4	23.4	23.4	23.4	23.1
Utilities	0.2	0.2	0.2	0.2	0.2
Wholesale Trade	4.9	5.3	5.3	4.9	5.1
Retail Trade	11.0	10.4	10.1	10.2	10.1
Transportation and Warehousing	3.1	3.1	3.3	3.3	3.3
Information	0.8	0.7	0.6	0.5	0.6
Finance and Insurance	2.7	2.7	2.8	2.9	2.6
Real Estate and Rental and Leasing	0.6	0.7	0.7	0.7	0.7
Professional Scientific & Technical Svc	2.2	2.0	2.1	2.1	2.1
Management of Companies and Enterprises	0.8	1.1	1.1	1.1	1.1
Admin., Support, Waste Mgmt, Remediation	6.0	5.8	6.2	6.9	6.8
Education Services	1.2	1.1	1.1	1.3	1.3
Health Care and Social Assistance	15.2	15.3	15.1	14.8	15.1
Arts, Entertainment, and Recreation	1.1	1.2	1.2	1.0	1.0
Accommodation and Food Services	7.9	8.0	8.0	7.9	7.9
Other Services (except Public Admin.)	1.8	1.9	1.9	1.9	2.0
Unclassified – industry not assigned	0.3	0.3	0.2	0.2	0.2
Federal, State, and Local Government	<u>12.6</u>	<u>12.3</u>	<u>12.0</u>	<u>11.7</u>	<u>11.6</u>
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

*Denotes confidential data relating to individual employers and cannot be released. These data use the North American Industrial Classification System (NAICS) categories. Average weekly wage is derived by dividing gross payroll dollars paid to all employees – both hourly and salaried – by the average number of employees who had earnings; average earnings are then divided by the number of weeks in a reporting period to obtain weekly figures. Figures in other columns may not sum accurately due to rounding.

Source: State of Georgia Department of Labor, Labor Information Systems.

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LEGAL MATTERS

Litigation

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of the affairs of the City. The City, after reviewing the current status of all pending and threatened litigation relating to the City with its counsel, Gregory D. Jay, Esq., 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 threatened against the City or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Combined System.

There is no litigation now pending or, to the knowledge of the City, threatened against the City which restrains or enjoins the issuance or delivery of the Series 2020 Bonds, the provision for the security for the payment of the Series 2020 Bonds, the use of the proceeds of the Series 2020 Bonds for the purpose herein stated, or which questions or contests the validity of the Series 2020 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, nor existence of the City nor the title of the present members or other officials of the City to their respective offices is being contested or questioned.

Legal Proceedings

Validation of the Series 2020 Bonds. In accordance with the law of the State, the Series 2020 Bonds and the security therefor will be confirmed and validated prior to the issuance and delivery thereof by judgment of the Superior Court of Gwinnett County, Georgia. Under State law, the judgment of validation is forever conclusive against the City with respect to such validation of the Series 2020 Bonds and the security therefor.

Opinions of Counsel. All legal matters incidental to authorization and issuance of the Series 2020 Bonds are subject to the approval of Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel. It is anticipated that the approving opinion will be in substantially the form included in Appendix D. Certain legal matters will be passed upon for the City by its counsel, Gregory D. Jay, Esq., Buford, Georgia and for the Underwriter by its counsel Gray Pannell & Woodward LLP, Savannah, Georgia. The payment of legal fees is contingent upon issuance of the Series 2020 Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds express the professional judgment of the attorneys or law firms rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion the attorney or law firm does not become an insurer or guarantor of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Tax Status

General. In the opinion of Bond Counsel, under existing statutes, regulations, administrative interpretations and court decisions, and assuming continuing compliance by the City with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and relying on certain statements by the City, interest on the Series 2020 Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to § 103 of the Code, and (ii) is not treated as an item of tax preference in calculating the alternative minimum tax imposed on taxpayers other than corporations under the Code. In addition, ownership of the Series 2020 Bonds may result in certain collateral federal income tax consequences herein described.

The ownership of tax-exempt obligations, such as the Series 2020 Bonds, may result in collateral consequences to certain taxpayers, including without limitation, an S corporation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, a borrower of money to purchase or carry the Series 2020 Bonds, an individual claiming the earned income credit, and individuals receiving Social Security or railroad retirement benefits, or taxpayers who may have a tax imposed on passive income, which includes interest on tax-exempt obligations, such as the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds shall consult their tax advisors as to the applicability of any such collateral consequences.

It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Series 2020 Bonds or affect the market price of the Series 2020 Bonds. Bond Counsel is not responsible for updating its opinion in the future.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2020 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent the owners of the Series 2020 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisers regarding any enactment of any such future legislation, as to which Bond Counsel expresses no opinion.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2020 Bonds in order for interest on the Series 2020 Bonds to be and remain excludable from gross income for purposes of federal income taxation. Examples include: the requirement that the City rebate certain excess earnings on proceeds and amounts treated as proceeds of the Series 2020 Bonds to the United States Treasury; restriction on investment of such proceeds and other amounts; and restrictions on the ownership and use of the facilities financed with proceeds of the Series 2020 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the City subsequent to issuance of the Series 2020 Bonds to maintain the exclusion of interest on the Series 2020 Bonds from income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Series 2020 Bonds to be included in gross income retroactively to the date of issuance of the Series 2020 Bonds. The City has covenanted in the Ordinance to comply with these requirements. The opinion of Bond Counsel delivered on the date of issuance of the Series 2020 Bonds is conditioned on compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the Series 2020 Bonds.

State of Georgia. In the opinion of Bond Counsel, under the existing laws of the State, interest on the Series 2020 Bonds is exempt from all present state income taxation in Georgia. Interest on the Series 2020 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Each prospective purchaser of the Series 2020 Bonds should consult his own tax advisor as to the status of interest on the Series 2020 Bonds under the tax laws of any state other than Georgia.

Premium. The initial public offering price of the Series 2020 Bonds is more than the principal amount payable at maturity (the “**Premium Bonds**”). The tax accounting treatment of the bond premium on Premium Bonds is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Premium Bond will be reduced. The holder of a Premium Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Premium Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Premium Bond, even though the Premium Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Premium Bonds, it should consult its tax advisor regarding the tax treatment of bond premium.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority, and represents Bond Counsel's judgment as to the proper treatment of the Series 2020 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted to comply with the requirements of the Code.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Series 2020 Bonds. In general, such requirements are satisfied if the interest recipient completes and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2020 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Consult Own Tax Advisor. Potential investors should consult their own tax advisors in determining the federal, state, local, and other tax consequences to them of the purchase, ownership, and disposition of the Series 2020 Bonds.

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RISK FACTORS

The following section is intended only as a summary of certain pertinent risk factors relating to an investment in the Series 2020 Bonds. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an investment in the Series 2020 Bonds. *In order for potential investors to identify risk factors and make an informed investment decision, they should thoroughly review this entire Official Statement and the appendices hereto and confer with their own tax and financial advisors when considering a purchase of the Series 2020 Bonds.*

Global Health Risk

The outbreak of the 2019 novel coronavirus (“COVID-19”), a respiratory illness caused by a new strain of coronavirus, has affected global, national, state and local economic activity. Within the United States, the Federal government and various state and local governments as well as private entities and institutions have implemented a variety of different efforts aimed at preventing the spread of COVID-19 including, but not limited to, travel restrictions, voluntary and mandatory quarantines, event postponement and cancellations, voluntary and mandatory work from home arrangements and facility closures. The impact of these various measures, as well as general concerns related to the global and national public health emergency and other contributing factors (including an ongoing oil production dispute), has had an adverse impact on global financial markets and economies, including financial markets and economic conditions in the United States. Consequently, there has been significant volatility in the U.S. and global stock and bond markets. The impact of the COVID-19 pandemic on the United States economy is expected to be broad based and negatively impact national, state and local economies. In response to such expectations, President Trump on March 13, 2020, declared a “national emergency,” which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. On March 14, 2020, the Governor of the State of Georgia signed Executive Order No. 03.14.20.01 declaring a Public Health State of Emergency in the State due to the spread of COVID-19. On March 16, 2020, the Georgia General Assembly concurred with the Executive Order by joint resolution. During a state of emergency, Georgia law vests the Governor with powers and duties as may be deemed necessary to promote and secure the safety and protection of the civilian population. In addition to Executive Order No. 03.14.20.01, the Governor has signed multiple subsequent executive orders relating to COVID-19 that have, among other effects, (i) limited large gatherings statewide, ordered “shelter in place” for specific populations, and closed bars and nightclubs in Georgia; (ii) closed public elementary, secondary, and post-secondary schools to stop the spread of COVID-19; (iii) reduced regulations to assist the State’s response to the spread of COVID-19; and (iv) authorized transfers from the Governor’s Emergency Fund. On April 1, 2020, the Governor of the State of Georgia signed Executive Order No. 04.02.20.01 ordering a statewide “shelter-in-place” from April 3, 2020 through April 13, 2020, which was extended by multiple subsequent orders and most recently extended unto July 12, 2020. On May 28, 2020, the Governor issued Executive Order No. 05.28.20.02, which outlined guidance for the safe reopening of businesses, including bars and nightclubs, beginning June 1, 2020 and relaxed social distancing rules for businesses already open.

The State and the City’s finances are likely to be adversely affected by the continued spread of COVID-19. The City cannot predict what effect the spread of COVID-19 or the various governmental and private actions taken in response thereto will have on the finances or operations of the Combined System. If there is a negative impact on the revenues of the Combined System, the City’s ability to pay debt service on the Series 2020 Bonds may be adversely impacted.

Climate Change

Planning for climate change in the State and its impact on the Combined System operations is an unknown challenge. The State’s climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are

much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. Such changes may lead to lower supply and higher demand for water. The financial impact of the climate change is not yet known and therefore its future impact on the Net Revenues of the Combined System cannot be quantified reliably at this time.

Risk of Loss, Damage or Destruction

The City has covenanted in the Ordinance that it will cause the Combined System to be continuously insured against physical loss or damage. The City has further covenanted that the proceeds of such insurance shall be applied to repair or replace the damaged or destroyed property. There can be no assurance that the proceeds of insurance or other sources of funds available to the City for purposes of replacing, repairing, rebuilding, or restoring all or any portion of the Combined System facilities that may be damaged or destroyed will be sufficient for such replacement, repair, rebuilding or restoration.

Cyber-Security

Computer networks and data transmission and collection are vital to the efficient operations of the Combined System. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the City, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the commercial operations, which could materially adversely affect the operations of the Combined System.

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MISCELLANEOUS

Rating

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**Standard & Poor's**"), is expected to assign the Series 2020 Bonds the rating of "AA" based upon the issuance of the Policy by the Bond Insurer at the time of delivery of the Series 2020 Bonds. Standard & Poor's has assigned the rating of "A+" to the Series 2020 Bonds without regard to the issuance of the Policy by the Bond Insurer.

The rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing such rating. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that the rating will remain unchanged for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the liquidity and market price of the Series 2020 Bonds.

S&P Global Ratings may be contacted as follows: S&P Global Ratings, Municipal Finance Department, 55 Water Street, 38th Floor, New York, New York 10041, telephone (212) 438-2074.

Underwriting

Pursuant to a bond purchase agreement executed by and between the City and the Underwriter on June 25, 2020 the Underwriter has agreed to purchase the Series 2020 Bonds at a price of \$20,269,263.65, which represents the par amount of the Series 2020 Bonds, \$17,435,000.00, less Underwriter's Discount of \$108,295.30, and plus Original Issue Premium of \$2,942,558.95. The obligation of the Underwriter to accept delivery of the Series 2020 Bonds is subject to numerous conditions set forth in the bond purchase agreement.

The Underwriter may offer and sell the Series 2020 Bonds to certain dealers and others at prices lower than the public offering price stated on the front cover page hereof. The initial public offering price may be changed from time to time by the Underwriter.

Financial Statements

The general purpose financial statements of the City as of June 30, 2019, and for the year then ended, included as Appendix A, have been audited by Wilcox & Bivings, P.C., Certified Public Accountants, Suwanee, Georgia, to the extent and for the period indicated in its report thereon which appears in such appendix.

Continuing Disclosure

Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**") under the Securities Exchange Act of 1934 imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities. In order to assist the Underwriter of the Series 2020 Bonds in complying with the Rule, the City will sign a Disclosure Dissemination Agent Agreement with DAC on the date of issuance and delivery of the Series 2020 Bonds (the "**Disclosure Agreement**") under which the City has designated DAC as Disclosure Dissemination Agent. The City will provide for the benefit of the beneficial owners of the Series 2020 Bonds (i) certain financial information and/or operating data relating to the City (the "**Annual Report**") and (ii) notices of the occurrence of certain enumerated events, if material ("**Event Notices**"). The Annual Reports and Event Notices will be filed electronically with the Electronic Municipal Market Access website ("**EMMA**"), an Internet based electronic filing system supported by the Municipal Securities Rulemaking Board.

The Annual Report shall contain or incorporate by reference, among other items, the general purpose financial statements of the City for the prior Fiscal Year. The City’s current fiscal year began on July 1, 2019, and will end on June 30, 2020. The specific nature of the information to be contained in the Annual Report or in the notices of material events is in “Appendix C: FORM OF DISCLOSURE DISSEMINATION AGREEMENT.”

The City had been responsible for filing continuing disclosure under the Rule for its CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2015 (the “Series 2015 Bonds”). The City did not timely file its audited financial statements or an Annual Report for the Series 2015 Bonds for fiscal years 2015 and 2016. However, the audited financials, the Annual Reports, and a notice of the City’s failure to file its Annual Reports for fiscal years 2015 and 2016 have been filed with EMMA. The City issued its CITY OF BUFORD GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017C (the “Series 2017C Bonds”), to finance the costs of advance refunding and redeeming certain of the then outstanding Series 2015 Bonds.

To ensure in the future that the City remains compliant with its continuing disclosure undertakings, including its Annual Report for the Series 2020 Bonds, the City has engaged DAC to ensure ongoing compliance with its continuing disclosure filing requirements. DAC provides its clients with automated filing of rating events, templates consolidating all outstanding filing requirements that accompany reminder notices of annual or interim mandatory filings, and review of all template filings by professional accountants, as well as a time and date stamp record of each filing along with the unique identification number from EMMA accompanying the copy of the actual document filed. DAC also offers its clients a series of training webinars each year qualified for NASBA certified CPE credits, as well as model secondary market compliance policies and procedures.

Miscellaneous

Insofar as any statement in this Official Statement involves matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the Holders of the Series 2020 Bonds.

Use of the words “shall,” “must,” or “will” in summaries of documents or laws in this Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Certification

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the City.

CITY OF BUFORD, GEORGIA

By: /s/ Phillip Beard
Chairman
Board of Commissioners

Appendix A

CITY OF BUFORD, GEORGIA
FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The general purpose financial statements of the City of Buford as of June 30, 2019, and for the year then ended, included as this Appendix A, have been audited by Wilcox & Bivings, P.C., Certified Public Accounts, Suwanee, Georgia, to the extent and for the period indicated in its report thereon which appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Wilcox & Bivings, P.C., given upon the authority of such firm as experts in accounting and auditing.

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CITY OF BUFORD, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**CITY OF BUFORD, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4485 Trench Road, Suite 1320

Suwanee, GA 30024

Phone: 770-904-0419

Fax: 770-904-5299

INDEPENDENT AUDITOR'S REPORT

**The Honorable Members of the Board of Commissioners
City of Buford, Georgia**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Buford Board of Education, which represent 100% of the assets, net position, revenues, and expenses of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Buford Board of Education, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Members of the Board of Commissioners
City of Buford, Georgia

OPINIONS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the City of Buford Retirement Plan on pages 61-63 and the City of Buford Other Postemployment Benefit Plan on pages 64-65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the City of Buford, Georgia's basic financial statements. The accompanying supplementary information which consists of the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor and individual fund financial statements, budgetary comparison schedules, and Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Expenditures Incurred with Special Sales Tax Proceeds are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Commissioners
City of Buford, Georgia

OTHER REPORTING REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Buford, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Buford, Georgia's internal control over financial reporting and compliance.

Wilcox & Bivings, P.C.

Suwanee, Georgia
December 13, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Management of the City of Buford, Georgia (the "City") provides this Management Discussion and Analysis, as prescribed by the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis of the City's financial activities is for the fiscal year ending June 30, 2019. Please consider this information in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2019 by \$175,278,889 ("net position"). Of this amount, \$30,582,266, was reported as "unrestricted net position". \$134,142,860 of net position consisted of net investment in capital assets. The remainder of net position consisted of amounts restricted by law, contracts, donors or debt agreements. \$9,609,327 was restricted for capital projects to be financed by SPLOST funds, \$385,096 was restricted for debt service of the 2010, 2015, and 2017 General Obligation Bonds, and \$559,340 was restricted for Education.
- The City's total net position decreased by \$4,316,224 in the fiscal year ended June 30, 2019.
- As of the close of the current fiscal year ended June 30, 2019, the City's governmental funds reported combined ending fund balances of \$20,294,270. 40.49% of this total amount, \$8,216,727 is available for use within the City's policies ("unassigned fund balances").
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,918,124 or 28.15% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected property taxes and earned and unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues ("governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities").

The government-wide financial statements can be found on pages 13-14 of this reporting package.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Fund financial statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories - governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fifteen governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the 2017 General Obligation Bonds Debt Service Fund, and the 2017 General Obligation Bonds Capital Projects Fund which are considered to be major funds. Data from the other twelve funds are combined into a single, aggregated presentation, Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 to 19 of this reporting package.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its gas, electric, solid waste and recycling, wastewater and water operations (Utilities Fund) and to account for the operations of the Buford Community Center Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Utilities Fund is considered a major fund of the City. The basic proprietary funds financial statements can be found on pages 20 to 23 of this reporting package.

Fiduciary Funds

The City maintains four fiduciary funds consisting of agency funds related to the Buford Board of Education SPLOST funds from Gwinnett and Hall Counties. The basic fiduciary fund financial statement can be found on page 24 of this reporting package.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25 to 60 of this reporting package.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Supplementary Information Required or Recommended by GASB 34

Supplementary information required by GASB 34 consisting of pension and OPEB disclosures, combining nonmajor governmental funds, schedules of budget to actual for nonmajor governmental funds and a statement of changes in assets and liabilities for the agency funds can be found on pages 61 to 90 of this reporting package.

Report Required by Governmental Auditing Standards

The Report required by *Government Auditing Standards* can be found on pages 91 to 92 of this reporting package.

Schedule Required by the State of Georgia

The schedule required by the State of Georgia relating to SPLOST expenditures can be found on page 93 of this reporting package.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Buford, assets exceeded liabilities by \$175,278,889 as of June 30, 2019.

The largest portion of the City's net position, totaling \$134,142,860 (76.53%) reflects its investments in capital assets (such as land, buildings and improvements, furniture, machinery and equipment, computer equipment, vehicles, utility systems and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, totaling \$10,553,763 (6.02%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$30,582,266 (17.45%) may be used to meet the government's ongoing obligations to citizens and creditors.

The property tax rate decreased to 12.75 mills from 12.80 for the tax year billed in 2018 and payable in the fiscal year ending June 30, 2019.

At June 30, 2019, the governmental activities of the City had positive balances in net investment in capital assets of \$76,342,652, in restricted assets totaling \$10,553,763 and in unrestricted net position of \$1,682,686. At June 30, 2018, the governmental activities of the City had positive balances in net investment in capital assets of \$72,720,667, in restricted assets totaling \$10,105,989 and in unrestricted net position of \$14,280,956.

The unrestricted net position of business-type activities had a positive balance of \$28,899,580 as of June 30, 2019, and a positive balance of \$24,580,180 as of June 30, 2018.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

CITY OF BUFORD, GEORGIA'S CONDENSED NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total - Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 87,111,437	\$ 112,532,400	\$ 46,184,593	\$ 41,044,139	\$ 133,296,030	\$ 153,576,539
Capital assets	<u>81,345,888</u>	<u>78,223,903</u>	<u>57,800,208</u>	<u>57,775,764</u>	<u>139,146,096</u>	<u>135,999,667</u>
Total assets	<u>168,457,325</u>	<u>190,756,303</u>	<u>103,984,801</u>	<u>98,819,903</u>	<u>272,442,126</u>	<u>289,576,206</u>
Deferred outflows of resources	<u>1,764,331</u>	<u>1,718,060</u>	<u>1,533,485</u>	<u>1,493,268</u>	<u>3,297,816</u>	<u>3,211,328</u>
Noncurrent liabilities	70,823,079	72,367,385	13,027,107	13,179,749	83,850,186	85,547,134
Other liabilities	<u>9,206,416</u>	<u>21,605,244</u>	<u>4,536,937</u>	<u>3,597,292</u>	<u>13,743,353</u>	<u>25,202,536</u>
Total liabilities	<u>80,029,495</u>	<u>93,972,629</u>	<u>17,564,044</u>	<u>16,777,041</u>	<u>97,593,539</u>	<u>110,749,670</u>
Deferred inflows of resources	<u>1,613,060</u>	<u>1,394,122</u>	<u>1,254,454</u>	<u>1,048,629</u>	<u>2,867,514</u>	<u>2,442,751</u>
Net position:						
Net investment in capital assets	76,342,652	72,720,667	57,800,208	57,775,764	134,142,860	130,496,431
Restricted	10,553,763	10,105,989	-	131,557	10,553,763	10,237,546
Unrestricted	<u>1,682,686</u>	<u>14,280,956</u>	<u>28,899,580</u>	<u>24,580,180</u>	<u>30,582,266</u>	<u>38,861,136</u>
Total net position	\$ <u>88,579,101</u>	\$ <u>97,107,612</u>	\$ <u>86,699,788</u>	\$ <u>82,487,501</u>	\$ <u>175,278,889</u>	\$ <u>179,595,113</u>

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended June 30, 2019 and June 30, 2018. Governmental activities decreased the City's net position by \$(8,528,511) for the year ended June 30, 2019 and increased net position by \$1,739,346 for the year ended June 30, 2018. Business-type activities increased the City's net position by \$4,212,287 for the year ended June 30, 2019 and increased net position by \$8,700,578 for the year ended June 30, 2018.

CITY OF BUFORD, GEORGIA'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,452,833	\$ 1,261,474	\$ 77,207,088	\$ 71,031,184	\$ 78,659,921	\$ 72,292,658
Capital grants and Contributions	15,999,835	40,395,212	761,429	750,377	16,761,264	41,145,589
Operating grants	-	108,502	-	-	-	108,502
General revenues:						
Taxes	21,194,237	17,996,258	-	-	21,194,237	17,996,258
Franchise fees	1,002,189	940,009	-	-	1,002,189	940,009
Investment income	174,016	349,811	621,439	367,292	795,455	717,103
Gain (loss) on sale of assets	(29,485)	-	-	-	(29,485)	-
Miscellaneous	156,998	171,576	1,453,573	1,599,527	1,610,571	1,771,103
Total revenues	39,950,623	61,222,842	80,043,529	73,748,380	119,994,152	134,971,222
Expenses:						
General government	4,032,032	3,681,796	-	-	4,032,032	3,681,796
Public safety	544,470	511,935	-	-	544,470	511,935
Public services	8,326,901	7,805,299	-	-	8,326,901	7,805,299
Board of Education	54,979,747	61,740,917	-	-	54,979,747	61,740,917
Downtown development	1,427,051	-	-	-	1,427,051	-
Debt service	2,851,696	2,299,692	-	-	2,851,696	2,299,692
Gas system	-	-	22,476,307	21,454,856	22,476,307	21,454,856
Electric system	-	-	16,393,850	15,789,926	16,393,850	15,789,926
Solid waste and recycling	-	-	3,755,421	3,119,724	3,755,421	3,119,724
Wastewater system	-	-	2,784,096	4,033,722	2,784,096	4,033,722
Water system	-	-	4,923,260	2,333,229	4,923,260	2,333,229
Utilities Fund - Nondivisional	-	-	269,631	350,728	269,631	350,728
Community Center	-	-	1,545,914	1,409,474	1,545,914	1,409,474
Total expenses	72,161,897	76,039,639	52,148,479	48,491,659	124,310,376	124,531,298
Excess (deficiency) in net position before transfers	(32,211,274)	(14,816,797)	27,895,050	25,256,721	(4,316,224)	10,439,924
Transfers - internal	23,682,763	16,556,143	(23,682,763)	(16,556,143)	-	-
Change in net position	(8,528,511)	1,739,346	4,212,287	8,700,578	(4,316,224)	10,439,924
Net position – July 1	97,107,612	95,368,266	82,487,501	73,786,923	179,595,113	169,155,189
Net position – June 30	\$ 88,579,101	\$ 97,107,612	\$ 86,699,788	\$ 82,487,501	\$ 175,278,889	\$ 179,595,113

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,294,270. Of this amount, \$10,556,508 (52.02%) of this total is restricted due to external limitations on its use. These uses include 1) capital projects funded by the 2015 General Obligation Bonds \$2,745 and SPLOST funds \$9,609,327, 2) debt service related to the 2010 GOB Bond \$65,372, 2015 GOB Bond \$289,539, and 2017 GOB Bond \$30,185, and 3) education purposes \$559,340. \$1,521,035 (7.49%) of fund balances is considered unspendable because it has been used for prepaid items. \$8,216,727 (40.49%) constitutes unassigned fund balance.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,918,124, and total fund balance was \$12,732,765. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 28.15% of total expenditures, while total fund balance represents 30.08% of that same amount.

The General Fund's fund balance increased by \$5,894,130 during the current fiscal year. Key factors are as follows:

- Total revenues increased by \$1,899,386. Components of this increase included an increase in property tax revenues of \$3,377,236 due to increases in real property valuations; and a decrease in intergovernmental revenues of \$1,900,768 due to a decrease in capital grant revenue.
- Total expenditures decreased by \$687,449. Components of this decrease included a decrease in general governmental expenditures of \$3,911,502 due to a decrease in capital expenditures for construction projects and property purchases; and an increase in intergovernmental expenditures to the Buford Board of Education of \$2,299,593.
- Other financing sources increased by \$5,034,314 due primarily to an increase in transfers in of \$5,704,387.

Proprietary funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds was \$28,899,580, primarily represented by unrestricted net position of \$28,896,516 from the Utilities Fund. The funds had an overall net increase in fund net position of \$4,212,287, represented primarily by an increase in Utilities Fund net position of \$4,258,872.

General Fund Budgetary Highlights

The City made revisions to the original budgeted expenditures as necessary during the year, as approved by the City Commission, including amending the budget in order to equal actual expenditures at the end of the fiscal year. Overall these changes resulted in an increase from original budgeted expenditures by \$1,433,142 a percentage increase of 3.50%. Budgeted expenditures for General Government were increased by \$642,712, Financial Administration budgeted expenditures were decreased by \$(458,911), expenditures for Highway and Street were increased by \$355,224, and expenditures to the Buford Board of Education were increased by \$600,000.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 and 2018, amounted to \$139,146,096 and \$135,999,667, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, machinery and equipment, computer equipment, utility infrastructure, infrastructure assets, and vehicles.

Major capital asset events during the current fiscal year included the following:

- The City added \$3,079,302 to its Gas System, \$411,316 to its Electric System, and \$245,355 to its Water and Wastewater System for improvements and expansion of the systems.
- The City capitalized \$7,228,518 in buildings and improvements.
- The City capitalized \$2,626,165 in street additions and improvements.
- The City capitalized \$4,276,948 in streetscapes and hardscapes additions and improvements.
- The City purchased land parcels for \$2,253,923.
- The City incurred \$3,135,129 in construction in progress in its governmental activities including \$2,198,474 in construction costs on the new City parking deck.
- The City incurred construction in progress costs for improvements and expansion of its Gas System of \$70,322, and its Water and Wastewater System of \$1,256,228.

Depreciation expense totaled \$2,866,739 in the governmental activities and \$5,150,633 in the business-type enterprises.

CAPITAL ASSETS AT YEAR-END (NET OF ACCUMULATED DEPRECIATION)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 21,130,496	\$ 20,003,308	\$ 202,663	\$ 202,663	\$ 21,333,159	\$ 20,205,971
Construction in progress	4,716,294	14,363,569	2,045,112	987,104	6,761,406	15,350,673
Utility system infrastructure	-	-	117,863,951	114,598,427	117,863,951	114,598,427
Buildings and improvements	39,089,580	31,861,062	146,773	146,773	39,236,353	32,007,835
City parks	4,661,579	4,661,579	-	-	4,661,579	4,661,579
Furniture and equipment	984,397	978,691	411,719	227,272	1,396,116	1,205,963
Sidewalks	1,488,738	1,304,485	-	-	1,488,738	1,304,485
Streets	23,219,178	20,593,013	-	-	23,219,178	20,593,013
Streetscapes & hardscapes	10,560,013	6,283,065	-	-	10,560,013	6,283,065
Vehicles	339,893	247,373	1,246,763	1,136,114	1,586,656	1,383,487
Accumulated depreciation	(24,844,280)	(22,072,242)	(64,116,773)	(59,522,589)	(88,961,053)	(81,594,831)
Total	\$ 81,345,888	\$ 78,223,903	\$ 57,800,208	\$ 57,775,764	\$ 139,146,096	\$ 135,999,667

Additional information on the City's capital assets can be found in note 5 in the notes to the basic financial statements on pages 39-41 of this reporting package.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had \$64,728,284 in outstanding debt consisting of general obligation bonds.

CITY OF BUFORD, GEORGIA'S OUTSTANDING DEBT

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ <u>64,728,284</u>	\$ <u>76,528,248</u>	\$ _____ -	\$ _____ -	\$ <u>64,728,284</u>	\$ <u>76,528,248</u>
Total	\$ <u>64,728,284</u>	\$ <u>76,528,248</u>	\$ _____ -	\$ _____ -	\$ <u>64,728,284</u>	\$ <u>76,528,248</u>

The City's total debt decreased by \$11,799,964 during the current fiscal year. This was attributable to the City making principal payments to retire \$11,270,000 of general obligation bonds along with \$529,964 of amortization of bond reoffering premiums.

The General Obligation Bonds issued in 2015 and 2017 were for the purpose of acquisition and construction of school facilities to be owned by the Board of Education of the City of Buford school system "BOE". The General Obligation Refunding Bonds issued in 2017 were issued to advance refund a portion of the General Obligation Bonds issued in 2015. The City has entered into intergovernmental contracts with the BOE in regards to issuance, use of proceeds and payment of the Bonds. The contracts stipulate that the BOE's payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds as set forth in the Bonds and the Bond Ordinance directly to and for the applicable account of the City as so designated by the City. The obligation of the BOE to pay promptly its obligations shall be absolute and unconditional and shall not be subject to any defense or right of setoff, counterclaim, or recoupment arising from any breach by the City of any obligation to the Board or the breach by the BOE of any obligation to the City. In addition, the Board has notified the State Board of Education of the issuance of the Bonds and has authorized and directed the State Board to withhold and transfer any state appropriation to which the BOE is entitled to. The Sinking Fund Custodian shall be required to transfer to the paying agent for the Bonds such amounts of monies as are necessary to provide for the payment of the principal and/or interest on the Bonds coming due each payment date. The BOE has assigned SPLOST revenues from an Intergovernmental Agreement with the Board of Education of Gwinnett County for use in payment of the Bonds.

Additional information on the City's long-term debt can be found in note 6 on pages 41-46 of this reporting package.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The area's economy continues to show strength with a particularly high level of activity in the light industrial/office/warehouse sector. Several projects have been completed with others slated for completion in 2020. Single family housing construction is healthy with several developments offering a range of housing opportunities. The retail sector continues its steady improvement. Several commercial developments are either proposed or in concept development. The City is assisting in the development of a new Buford High School campus. As part of this project, the City is constructed a roadway connector adjacent to the campus. The City plans to continue improvements to its infrastructure, further invest in its utility systems, support planning and development in the City and focus on delivery of services to its citizens and customers.

With regards to capital projects, the South Lee Street utility improvement and streetscape project has been completed. Numerous gas and electric extension and improvement projects were completed in 2019 supporting development, roadway projects, system safety and reliability, which will continue in 2020. Water plant and sewer plant capital investments are being evaluated.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS - CONTINUED

The Georgia Department of Transportation let the Buford Highway widening project on the north side of the City with construction now underway. The City has partnered with Gwinnett County on a road widening project on State Route 20 utilizing SPLOST and other funding that is currently underway. A number of other capital projects are in the planning stages for 2020 and beyond.

Buford Community Center and Theatre continues to host events, weddings, receptions and meetings with demand for the facility remaining strong. Buford Youth Sports Complex continues to host youth sporting events and draws teams and spectators from across Georgia and the Southeast.

Fiscal Year 2020 Budget

General Fund budgeted revenue and transfers in for the 2020 fiscal year total \$63,723,695, while General Fund budgeted expenditures and transfers out for the 2020 fiscal year total \$53,619,500.

Budgeted revenues for the Utilities Fund for the 2020 fiscal year include \$3,363,000 for the Waste Water System, \$1,335,000 for the Water System, \$7,135,000 for Solid Waste and Recycling, \$23,026,000 for the Electric System, \$42,195,000 for the Gas System and \$1,274,000 for Nondivisional revenues for a total of \$78,328,000. Budgeted expenditures and transfers out for the 2020 fiscal year include \$7,258,000 for the Waste Water System, \$2,270,500 for the Water System, \$3,508,500 for Solid Waste and Recycling, \$16,463,000 for the Electric System, \$20,841,503 for the Gas System, 95,000 for Nondivisional expenditures and \$30,000,000 transfers out for a total of \$80,436,503.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Buford, 2300 Buford Highway, Buford, Georgia 30518.

The financial statements of the City of Buford Board of Education are audited by the Georgia Department of Audits, as allowed by Code of Georgia Annotated 50-6-6. These component financial statements can be obtained from the City of Buford Board of Education at 70 Wiley Drive, Buford, Georgia 30518.

BASIC FINANCIAL STATEMENTS

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**CITY OF BUFORD, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	06/30/17 City of Buford Board of Education	Downtown Development Authority
ASSETS					
Cash and cash equivalents	\$ 9,849,811	\$ 11,177,005	\$ 21,026,816	\$ 10,382,174	\$ 6,011,598
Investments	6,030,495	22,998,276	29,028,771	-	2,278,093
Receivables - net	695,984	4,701,052	5,397,036	1,574,969	-
Due from primary government	-	-	-	-	-
Due from other governments	512,786	-	512,786	3,880,880	-
Internal balances	(90,617)	90,617	-	-	-
Prepaid expenses	1,521,035	338,644	1,859,679	255,431	-
Inventories	-	-	-	30,699	-
Cash on hand with fiscal agent	-	-	-	27,909,226	-
Restricted cash and cash equivalents	8,866,895	-	8,866,895	-	-
Restricted investments	-	6,878,999	6,878,999	-	-
Intergovernmental contracts receivable	59,725,048	-	59,725,048	-	-
Capital assets being depreciated - net	55,499,098	55,552,433	111,051,531	70,035,248	-
Capital assets not being depreciated	25,846,790	2,247,775	28,094,565	13,124,825	-
Total assets	<u>168,457,325</u>	<u>103,984,801</u>	<u>272,442,126</u>	<u>127,193,452</u>	<u>8,289,691</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB related deferred outflows	93,293	81,087	174,380	-	-
Pension related deferred outflows	1,671,038	1,452,398	3,123,436	13,184,444	-
Total deferred outflows of resources	<u>1,764,331</u>	<u>1,533,485</u>	<u>3,297,816</u>	<u>13,184,444</u>	<u>-</u>
LIABILITIES					
Bank overdrafts	-	19,526	19,526	-	-
Accounts payable	6,834,869	3,071,778	9,906,647	2,480,379	-
Accrued interest	1,296,609	-	1,296,609	776,285	-
Other accrued liabilities	44,973	273,704	318,677	9,237,071	-
Unearned revenue	-	1,171,929	1,171,929	154,448	-
Due to primary government	-	-	-	1,195,033	-
Due to component unit	-	-	-	-	-
General obligation bonds payable, due in less than one year	1,029,965	-	1,029,965	-	-
Intergovernmental payable, due in less than one year	-	-	-	2,385,527	-
Long-term liabilities, due in more than one year					
Intergovernmental agreement	-	-	-	36,721,123	-
Customer deposits	-	6,878,999	6,878,999	-	-
Accrued compensated absences	196,469	126,322	322,791	-	-
General obligation bonds payable	63,698,319	-	63,698,319	-	-
Net OPEB liability	5,445,005	4,732,574	10,177,579	-	-
Net pension liability	1,483,286	1,289,212	2,772,498	45,434,048	-
Total liabilities	<u>80,029,495</u>	<u>17,564,044</u>	<u>97,593,539</u>	<u>98,383,914</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on bond refunding	169,765	-	169,765	-	-
OPEB related deferred inflows	1,059,024	920,461	1,979,485	-	-
Pension related deferred inflows	384,271	333,993	718,264	224,672	-
Total deferred inflows of resources	<u>1,613,060</u>	<u>1,254,454</u>	<u>2,867,514</u>	<u>224,672</u>	<u>-</u>
NET POSITION					
Net Investment in capital assets	76,342,652	57,800,208	134,142,860	66,897,190	-
Restricted for:					
Capital projects - SPLOST	9,609,327	-	9,609,327	-	-
Capital projects - Board of Education	-	-	-	481,104	-
Debt service	385,096	-	385,096	-	-
Education	559,340	-	559,340	-	-
Federal programs	-	-	-	430,077	-
Unrestricted	1,682,686	28,899,580	30,582,266	(26,039,061)	8,289,691
Total net position	<u>\$ 88,579,101</u>	<u>\$ 86,699,788</u>	<u>\$ 175,278,889</u>	<u>\$ 41,769,310</u>	<u>\$ 8,289,691</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 655,931	\$ 448,058	\$ -	\$ 14,522,135
Financial administration	3,376,101	-	-	-
Public safety, Marshal and Code enforcement	544,470	29,194	-	-
Highway and street	5,151,439	-	-	1,477,700
Building inspection	419,406	860,062	-	-
Culture and recreation	1,953,023	115,519	-	-
Maintenance	803,033	-	-	-
Board of Education	54,979,747	-	-	-
Downtown Development Authority	1,427,051	-	-	-
Interest and fiscal charges	<u>2,851,696</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>72,161,897</u>	<u>1,452,833</u>	<u>-</u>	<u>15,999,835</u>
Business-type activities:				
Gas system	22,476,307	42,070,827	-	621,720
Electric system	16,393,850	22,855,079	-	139,709
Solid waste and recycling	3,755,421	5,817,761	-	-
Wastewater system	2,784,096	3,378,593	-	-
Water system	4,923,260	1,371,892	-	-
Non-divisional utility	269,631	1,174,202	-	-
Community Center	<u>1,545,914</u>	<u>538,734</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>52,148,479</u>	<u>77,207,088</u>	<u>-</u>	<u>761,429</u>
Total primary government	<u>\$ 124,310,376</u>	<u>\$ 78,659,921</u>	<u>\$ -</u>	<u>\$ 16,761,264</u>
Component Units				
City of Buford Board of Education	\$ 55,496,976	\$ 3,528,340	\$ 24,283,870	\$ 2,130,318
Downtown Development Authority	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 55,496,976</u>	<u>\$ 3,528,340</u>	<u>\$ 24,283,870</u>	<u>\$ 2,130,318</u>

General revenues:

Taxes:

 Property

 Sales, excise, and other

Franchise fees

Investment income

Payments from City of Buford

Gain on sale of assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

Net (Expense) Revenue and Changes in Net Position			Component Units	
Primary Government			06/30/17 City of Buford Board of Education	Downtown Development Authority
Governmental Activities	Business-Type Activities	Total		
\$ 14,314,262	\$ -	\$ 14,314,262	\$ -	\$ -
(3,376,101)	-	(3,376,101)	-	-
(515,276)	-	(515,276)	-	-
(3,673,739)	-	(3,673,739)	-	-
440,656	-	440,656	-	-
(1,837,504)	-	(1,837,504)	-	-
(803,033)	-	(803,033)	-	-
(54,979,747)	-	(54,979,747)	-	-
(1,427,051)	-	(1,427,051)	-	-
(2,851,696)	-	(2,851,696)	-	-
(54,709,229)	-	(54,709,229)	-	-
-	20,216,240	20,216,240	-	-
-	6,600,938	6,600,938	-	-
-	2,062,340	2,062,340	-	-
-	594,497	594,497	-	-
-	(3,551,368)	(3,551,368)	-	-
-	904,571	904,571	-	-
-	(1,007,180)	(1,007,180)	-	-
-	25,820,038	25,820,038	-	-
\$(54,709,229)	\$ 25,820,038	\$(28,889,191)	\$ -	\$ -
\$ -	\$ -	\$ -	\$(25,554,448)	\$ -
-	-	-	-	-
\$ -	\$ -	\$ -	\$(25,554,448)	\$ -
\$ 17,456,803	\$ -	\$ 17,456,803	\$ 12,851,494	\$ -
3,737,434	-	3,737,434	3,899,128	-
1,002,189	-	1,002,189	-	-
174,016	621,439	795,455	219,861	32,204
-	-	-	7,497,089	1,427,051
(29,485)	-	(29,485)	-	4,620,426
156,998	1,453,573	1,610,571	2,989,446	-
23,682,763	(23,682,763)	-	-	-
46,180,718	(21,607,751)	24,572,967	27,457,018	6,079,681
(8,528,511)	4,212,287	(4,316,224)	1,902,570	6,079,681
97,107,612	82,487,501	179,595,113	39,866,740	2,210,010
\$ 88,579,101	\$ 86,699,788	\$ 175,278,889	\$ 41,769,310	\$ 8,289,691

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General	2017 GOB Debt Service	2017 GOB Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 452,708	\$ -	\$ -	\$ 9,397,103	\$ 9,849,811
Investments – certificates of deposit	6,030,495	-	-	-	6,030,495
Property taxes receivable - net	504,198	-	-	-	504,198
Sales, excise, and other taxes receivable	-	-	-	95,686	95,686
Other receivables	96,100	-	-	-	96,100
Due from other governments	130,430	-	-	382,356	512,786
Interfund balances	6,346,894	-	-	-	6,346,894
Prepaid items	255,301	928,897	-	336,837	1,521,035
Restricted cash and cash equivalents	-	30,185	8,481,799	354,911	8,866,895
Total assets	\$ 13,816,126	\$ 959,082	\$ 8,481,799	\$ 10,566,893	\$ 33,823,900
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 826,111	\$ -	\$ 5,984,886	\$ 23,872	\$ 6,834,869
Accrued expenses	44,973	-	-	-	44,973
Interfund balances	-	-	6,198,310	239,201	6,437,511
Total liabilities	871,084	-	12,183,196	263,073	13,317,353
DEFERRED INFLOWS OF RESOURCES					
Property tax revenue	212,277	-	-	-	212,277
Total deferred inflows of resources	212,277	-	-	-	212,277
FUND BALANCES					
Non-spendable:					
Prepaid items	255,301	928,897	-	336,837	1,521,035
Restricted for:					
Capital projects - City of Buford					
Board of Education	-	-	-	2,745	2,745
Capital project – SPLOST construction	-	-	-	9,609,327	9,609,327
Debt service	-	30,185	-	354,911	385,096
Education	559,340	-	-	-	559,340
Unassigned	11,918,124	-	(3,701,397)	-	8,216,727
Total fund balances	12,732,765	959,082	(3,701,397)	10,303,820	20,294,270
Total liabilities, deferred inflows of resources and fund balances	\$ 13,816,126	\$ 959,082	\$ 8,481,799	\$ 10,566,893	\$ 33,823,900

SEE NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF BUFORD, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total fund balance - total governmental funds	\$ 20,294,270
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds balance sheet.	81,345,888
Long-term receivables applicable to governmental activities are not due and receivable in the current period and accordingly are not reported in the governmental funds balance sheet:	
Intergovernmental contracts receivable	59,725,048
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in governmental funds:	
Property tax revenue	212,277
Deferred outflows of resources are not due and payable in the current period, and therefore, are not reported in the funds:	
OPEB related experience differences, assumption changes, differences between projected and actual earnings on OPEB plan investments, and contributions	93,293
Pension related experience differences, assumption changes, differences between projected and actual earnings on pension plan investments, and contributions	1,671,038
Deferred inflows of resources are not available to pay for current-period expenditures, and therefore, are not reported in the funds:	
OPEB related differences between expected and actual experience	(1,059,024)
Pension related differences between expected and actual experience	(384,271)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported in fund liabilities. Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position:	
General obligation bonds - 2010 issue	(5,003,236)
General obligation bonds - 2015 issue	(10,700,000)
General obligation bonds - 2017 issue	(43,500,000)
Refunding premium - 2015 issue	(1,075,339)
Refunding premium - 2017 issue	(4,449,709)
Deferred gain on bond refunding	(169,765)
Accrued interest payable	(1,296,609)
Compensated absences	(196,469)
OPEB liability	(5,445,005)
Net pension liability	(1,483,286)
Net position of governmental activities	\$ <u>88,579,101</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF BUFORD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General	2017 GOB Debt Service	2017 GOB Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes - property	\$ 17,709,175	\$ -	\$ -	\$ -	\$ 17,709,175
Taxes - sales, excise, and other	3,290,631	-	-	446,803	3,737,434
Intergovernmental	1,483,895	12,144,055	10,358,647	2,774,540	26,761,137
Charges for services	1,452,833	-	-	-	1,452,833
Franchise fees	1,002,189	-	-	-	1,002,189
Investment income	65,059	1,546	107,205	8,904	182,714
Miscellaneous	<u>156,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,998</u>
Total revenues	<u>25,160,780</u>	<u>12,145,601</u>	<u>10,465,852</u>	<u>3,230,247</u>	<u>51,002,480</u>
EXPENDITURES					
Current operating:					
General government:					
General	6,714,381	-	-	-	6,714,381
Financial administration	3,429,589	-	-	-	3,429,589
Public safety:					
Public safety, Marshal and code enforcement	551,751	-	-	-	551,751
Public services:					
Highway and street	4,462,224	-	-	-	4,462,224
Building inspection	423,282	-	-	-	423,282
Culture and recreation	862,545	-	-	90,560	953,105
Maintenance	991,933	-	-	-	991,933
Downtown development	98,806	-	-	-	98,806
Intergovernmental:					
Buford Board of Education	24,800,000	-	30,179,705	42	54,979,747
Capital outlay	-	-	-	261,442	261,442
Debt Service					
Principal retirement	-	10,770,000	-	500,000	11,270,000
Interest and fiscal charges	<u>-</u>	<u>2,397,043</u>	<u>-</u>	<u>750,452</u>	<u>3,147,495</u>
Total expenditures	<u>42,334,511</u>	<u>13,167,043</u>	<u>30,179,705</u>	<u>1,602,496</u>	<u>87,283,755</u>
Excess (deficiency) of revenues over (under) expenditures	(17,173,731)	(1,021,442)	(19,713,853)	1,627,751	(36,281,275)
OTHER FINANCING SOURCES (USES)					
Sales of surplus property	55,002	-	-	-	55,002
Transfers in	24,900,597	750	371	1,025,539	25,927,257
Transfers out	(1,887,738)	<u>-</u>	<u>-</u>	(356,756)	(2,244,494)
Total other financing sources (uses)	<u>23,067,861</u>	<u>750</u>	<u>371</u>	<u>668,783</u>	<u>23,737,765</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	5,894,130	(1,020,692)	(19,713,482)	2,296,534	(12,543,510)
Fund balances at beginning of year	<u>6,838,635</u>	<u>1,979,774</u>	<u>16,012,085</u>	<u>8,007,286</u>	<u>32,837,780</u>
Fund balances at ending of year	\$ <u>12,732,765</u>	\$ <u>959,082</u>	\$ (<u>3,701,397</u>)	\$ <u>10,303,820</u>	\$ <u>20,294,270</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Net change in fund balances - total governmental funds \$(12,543,510)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. When assets are sold or retired, the difference between the sales proceeds, if any, and the net book value of the assets is reported in the statement of activities as a gain or loss:

Capital asset additions	7,401,456
Depreciation expense	(2,866,739)
Loss on disposal of assets	(1,412,732)

In the governmental funds, payments received on long-term intergovernmental contracts receivable are reported as intergovernmental revenues. However, in the statement of activities, the intergovernmental contracts receivable, is recorded in the year it is created and repayments serve to reduce the long-term receivable. This is the net effect of these differences in the current year: (11,299,964)

Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase (decrease) during the current year in deferred inflows or resources that are earned but not collected:

Property tax revenue	(252,372)
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The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the government-wide statement of activities:

Principal payments on general obligation bonds	11,270,000
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Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds:

Amortization of bond reoffering premiums	529,964
Amortization of gain on advance bond refunding	17,871
Accrued interest	277,928
Compensated absences	(38,336)
OPEB cost	(118,317)
Pension cost	<u>506,240</u>

Change in net position of governmental activities \$(8,528,511)

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>			Variance with Final budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Taxes - property	\$ 16,185,500	\$ 16,185,500	\$ 17,709,175	\$ 1,523,675
Taxes - sales, excise, and other	2,965,200	2,965,200	3,290,631	325,431
Intergovernmental	2,612,195	2,612,195	1,483,895	(1,128,300)
Charges for services	1,402,500	1,402,500	1,452,833	50,333
Franchise fees	955,000	955,000	1,002,189	47,189
Investment income	10,000	10,000	65,059	55,059
Miscellaneous	<u>55,000</u>	<u>55,000</u>	<u>156,998</u>	<u>101,998</u>
Total revenues	<u>24,185,395</u>	<u>24,185,395</u>	<u>25,160,780</u>	<u>975,385</u>
EXPENDITURES				
Current operating:				
General government:				
General	6,071,669	6,714,381	6,714,381	-
Financial administration	3,888,500	3,429,589	3,429,589	-
Public safety:				
Public safety, Marshal and Code enforcement	578,700	551,751	551,751	-
Public services:				
Highway and street	4,107,000	4,462,224	4,462,224	-
Building inspection	325,000	423,282	423,282	-
Culture and recreation	862,000	862,545	862,545	-
Maintenance	868,500	991,933	991,933	-
Downtown development	-	98,806	98,806	-
Intergovernmental:				
Board of Education	<u>24,200,000</u>	<u>24,800,000</u>	<u>24,800,000</u>	-
Total expenditures	<u>40,901,369</u>	<u>42,334,511</u>	<u>42,334,511</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,715,974)</u>	<u>(18,149,116)</u>	<u>(17,173,731)</u>	<u>975,385</u>
OTHER FINANCING SOURCES (USES)				
Sales of surplus equipment	5,000	5,000	55,002	50,002
Transfers in	32,598,331	32,598,331	24,900,597	(7,697,734)
Transfers out	<u>(700,000)</u>	<u>(1,887,738)</u>	<u>(1,887,738)</u>	<u>-</u>
Net other financing sources (uses)	<u>31,903,331</u>	<u>30,715,593</u>	<u>23,067,861</u>	<u>(7,647,732)</u>
Change in fund balance	15,187,357	12,566,477	5,894,130	(6,672,347)
Fund balance at beginning of year	<u>6,838,635</u>	<u>6,838,635</u>	<u>6,838,635</u>	<u>-</u>
Fund balance at end of year	<u>\$ 22,025,992</u>	<u>\$ 19,405,112</u>	<u>\$ 12,732,765</u>	<u>\$(6,672,347)</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,177,005	\$ -	\$ 11,177,005
Investments	22,998,276	-	22,998,276
Accounts receivable, net	4,701,052	-	4,701,052
Due from other funds	-	90,617	90,617
Prepaid expenses	<u>285,299</u>	<u>53,345</u>	<u>338,644</u>
Total current assets	<u>39,161,632</u>	<u>143,962</u>	<u>39,305,594</u>
Noncurrent assets:			
Restricted assets:			
Restricted investments	6,878,999	-	6,878,999
Capital assets - net	<u>57,650,211</u>	<u>149,997</u>	<u>57,800,208</u>
Total noncurrent assets	<u>64,529,210</u>	<u>149,997</u>	<u>64,679,207</u>
Total assets	<u>103,690,842</u>	<u>293,959</u>	<u>103,984,801</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to OPEB	81,087	-	81,087
Deferred outflows of resources related to pensions	<u>1,405,546</u>	<u>46,852</u>	<u>1,452,398</u>
Total deferred outflows of resources	<u>1,486,633</u>	<u>46,852</u>	<u>1,533,485</u>
LIABILITIES			
Current liabilities:			
Bank overdrafts	-	19,526	19,526
Accounts payable	3,060,985	10,793	3,071,778
Other accrued liabilities	271,319	2,385	273,704
Unearned revenue	<u>1,069,244</u>	<u>102,685</u>	<u>1,171,929</u>
Total current liabilities	<u>4,401,548</u>	<u>135,389</u>	<u>4,536,937</u>
Noncurrent liabilities:			
Customer deposits payable	6,878,999	-	6,878,999
Accrued compensated absences	126,322	-	126,322
Net OPEB liability	4,732,574	-	4,732,574
Net pension liability	<u>1,247,625</u>	<u>41,587</u>	<u>1,289,212</u>
Total noncurrent liabilities	<u>12,985,520</u>	<u>41,587</u>	<u>13,027,107</u>
Total liabilities	<u>17,387,068</u>	<u>176,976</u>	<u>17,564,044</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB	920,461	-	920,461
Deferred inflows of resources related to pensions	<u>323,219</u>	<u>10,774</u>	<u>333,993</u>
Total deferred inflows of resources	<u>1,243,680</u>	<u>10,774</u>	<u>1,254,454</u>
NET POSITION			
Investment in capital assets	57,650,211	149,997	57,800,208
Unrestricted	<u>28,896,516</u>	<u>3,064</u>	<u>28,899,580</u>
Total net position	<u>\$ 86,546,727</u>	<u>\$ 153,061</u>	<u>\$ 86,699,788</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
OPERATING REVENUES			
Charges for services:			
Gas	\$ 42,070,827	\$ -	\$ 42,070,827
Electric	22,855,079	-	22,855,079
Solid waste and recycling	5,817,761	-	5,817,761
Wastewater	3,378,593	-	3,378,593
Water	1,371,892	-	1,371,892
Penalties	899,246	-	899,246
Service charges	274,956	-	274,956
Buford Community Center	<u>-</u>	<u>538,734</u>	<u>538,734</u>
Total charges for services	<u>76,668,354</u>	<u>538,734</u>	<u>77,207,088</u>
Miscellaneous:			
Other	<u>26,605</u>	<u>8,517</u>	<u>35,122</u>
Total miscellaneous	<u>26,605</u>	<u>8,517</u>	<u>35,122</u>
Total operating revenues	<u>76,694,959</u>	<u>547,251</u>	<u>77,242,210</u>
OPERATING EXPENSES			
Utilities purchased for resale	31,199,823	-	31,199,823
Personal services	6,534,606	340,010	6,874,616
Depreciation	5,131,056	19,577	5,150,633
Contractual services	4,243,200	253,160	4,496,360
Materials and supplies	2,195,908	36,713	2,232,621
Utilities	728,605	140,017	868,622
Event expenses	-	623,257	623,257
Repairs and maintenance	458,798	110,551	569,349
Other operating	<u>110,569</u>	<u>22,629</u>	<u>133,198</u>
Total operating expenses	<u>50,602,565</u>	<u>1,545,914</u>	<u>52,148,479</u>
Income (loss) from operations	26,092,394	(998,663)	25,093,731
NONOPERATING REVENUES (EXPENSES)			
Refunds and rebates	2,179,880	-	2,179,880
Investment income	<u>621,426</u>	<u>13</u>	<u>621,439</u>
Total nonoperating revenues (expenses)	<u>2,801,306</u>	<u>13</u>	<u>2,801,319</u>
Income (loss) before transfers	28,893,700	(998,650)	27,895,050
TRANSFERS	<u>(24,634,828)</u>	<u>952,065</u>	<u>(23,682,763)</u>
Total transfers	<u>(24,634,828)</u>	<u>952,065</u>	<u>(23,682,763)</u>
Change in net position	4,258,872	(46,585)	4,212,287
Total net position at beginning of year	<u>82,287,855</u>	<u>199,646</u>	<u>82,487,501</u>
Total net position at end of year	<u>\$ 86,546,727</u>	<u>\$ 153,061</u>	<u>\$ 86,699,788</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>			
Receipts from customers	\$ 76,087,380	\$ 592,206	\$ 76,679,586
Receipts from other operating sources	26,605	8,517	35,122
Receipts from interfund services provided	580,970	-	580,970
Payments to suppliers for goods and services	(38,230,777)	(1,196,125)	(39,426,902)
Payments for personal services	(6,841,282)	(356,215)	(7,197,497)
Net cash provided (used) by operating activities	<u>31,622,896</u>	<u>(951,617)</u>	<u>30,671,279</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</i>			
Transfers from other funds	-	952,065	952,065
Proceeds from refunds and rebates	1,418,451	-	1,418,451
Transfers to other funds	(24,634,828)	-	(24,634,828)
Net cash provided (used) by noncapital financing activities	<u>(23,216,377)</u>	<u>952,065</u>	<u>(22,264,312)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>			
Proceeds from refunds and rebates	761,429	-	761,429
Purchases of capital assets	(5,175,077)	-	(5,175,077)
Net cash provided (used) by capital and related financing activities	<u>(4,413,648)</u>	<u>-</u>	<u>(4,413,648)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>			
Proceeds from sales of investments	1,234,867	-	1,234,867
Purchases of investments	(3,431,036)	-	(3,431,036)
Income from investments	<u>621,426</u>	<u>13</u>	<u>621,439</u>
Net cash provided (used) by investing activities	<u>(1,574,743)</u>	<u>13</u>	<u>(1,574,730)</u>
Increase (decrease) in cash and cash equivalents	2,418,128	461	2,418,589
Cash and cash equivalents at beginning of year	<u>8,758,877</u>	<u>(19,987)</u>	<u>8,738,890</u>
Cash and cash equivalents at end of year	\$ <u>11,177,005</u>	\$(<u>19,526)</u>	\$ <u>11,157,479</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<i>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</i>			
Income (loss) from operations	\$ 26,092,394	\$(998,663)	\$ 25,093,731
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation	5,131,056	19,577	5,150,633
Changes in assets and liabilities:			
Accounts receivable	(503,952)	-	(503,952)
Due from other governments	10,965	-	10,965
Due from other funds	-	(4,084)	(4,084)
Prepaid expenses	(37,345)	8,259	(29,086)
Deferred outflows OPEB	(10,892)	-	(10,892)
Deferred outflows pension	(28,379)	(946)	(29,325)
Accounts payable	699,792	(14,300)	685,492
Other accrued liabilities	44,813	(1,684)	43,129
Unearned revenue	158,013	53,472	211,485
Customer deposits payable	345,935	-	345,935
Compensated absences	4,196	-	4,196
Net OPEB liability	(46,364)	-	(46,364)
Net pension liability	(441,686)	(14,723)	(456,409)
Deferred inflows OPEB	160,093	-	160,093
Deferred inflows of pension	44,257	1,475	45,732
Net cash provided (used) by operating activities	\$ <u>31,622,896</u>	\$(<u>951,617</u>)	\$ <u>30,671,279</u>
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:</i>			
Cash and cash equivalents	\$ 11,177,005	\$ -	\$ 11,177,005
Restricted cash and cash equivalents	-	-	-
Bank overdrafts	-	(19,526)	(19,526)
Total cash and cash equivalents at end of year	\$ <u>11,177,005</u>	\$(<u>19,526</u>)	\$ <u>11,157,479</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
CITY OF BUFORD BOARD OF EDUCATION SPLOST FUNDS
JUNE 30, 2019**

	AGENCY FUNDS				
	Gwinnett County E-SPLOST IV Fund	Gwinnett County E-SPLOST V Fund	Hall County E-SPLOST IV Fund	Hall County E-SPLOST V Fund	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ 414,894	\$ 720,697	\$ 33,236	\$ 1,168,827
Investments	<u>-</u>	<u>10,194,065</u>	<u>-</u>	<u>-</u>	<u>10,194,065</u>
Total assets	\$ <u>-</u>	\$ <u>10,608,959</u>	\$ <u>720,697</u>	\$ <u>33,236</u>	\$ <u>11,362,892</u>
LIABILITIES					
Due to others	\$ <u>-</u>	\$ <u>10,608,959</u>	\$ <u>720,697</u>	\$ <u>33,236</u>	\$ <u>11,362,892</u>
Total liabilities	\$ <u>-</u>	\$ <u>10,608,959</u>	\$ <u>720,697</u>	\$ <u>33,236</u>	\$ <u>11,362,892</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Buford, Georgia (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

These financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This Statement established financial reporting requirements for state and local governments throughout the United States. As part of the implementation of GASB Statement No. 34, the City has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the financial statements.

REPORTING ENTITY

The City was incorporated December 23, 1937, under Code of Georgia Annotated Title 69-1 and reincorporated under a revised City Charter in 2003. The City operates under a Commission-Manager form of government and is vested with all rights, powers, and privileges incident to a Municipal corporation. The City's charter authorizes the following services: public safety (public safety, marshal and code enforcement), highways and streets, culture and recreation, maintenance, sanitation and utility services, education and general administrative services.

The City for financial reporting purposes includes all of the funds relevant to the operations of the City of Buford. The Government Accounting Standards Board has set forth criteria to determine if legally separate organizations are considered to be component units in which the City is considered to be financially accountable or other organizations whose nature and significant relationship with the City is such that exclusion would cause the City's financial statements to be incomplete or misleading. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and accordingly, data from these units are combined with data of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The component units discussed below should be included in the City's reporting entity because of their operational or financial relationship with the City.

Discretely Presented Component Units

City of Buford Board of Education - The City of Buford Board of Education ("BOE") is the governing authority of the City School System. There are five members on the Board. Four of them are elected by the public, and one is the Chairman of the City of Buford Board of Commissioners. The BOE is a legally separate entity with the power to sue or be sued. The BOE has decision-making authority, the power to designate management, the power to incur indebtedness, and the ability to significantly influence operations. The BOE controls the employment of all personnel and has the final decision on how its funds are disbursed. However, the City Commission holds the authority to levy taxes and determines the amount of tax revenue flowing to the BOE. The City approves the property tax millage, levies the tax and remits the school portion of the tax to the board. In addition, the City provides additional funds as necessary to ensure that the quality of educational facilities and services provided are maintained at the highest level possible. Finally, the City may, and has, approved the issuance of bonded debt for the use of the BOE and is legally responsible for that debt. Thus, the BOE is a component unit of the City because it is fiscally dependent on the City. The amounts on the government-wide financial statements are from the BOE's audited financial statements for the year ending June 30, 2017, which were released on July 25, 2018 and are the latest available as of the date of our report.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

REPORTING ENTITY - CONTINUED

Discretely Presented Component Units - Continued

The financial statements of the City of Buford Board of Education noted above were audited by other independent auditors. These component financial statements can be obtained from the City of Buford Board of Education at 2625 Sawnee Avenue, Buford, Georgia 30518.

Note information in these Notes to Basic Financial Statements does not include any data related to the City of Buford Board of Education. GASBS No. 14, paragraph 63 states that "determining which discretely presented component unit disclosures are essential to fair presentation is a matter of professional judgment and should be done on a component unit-by-component unit basis." Because of the fact that these financial statements are primarily concerned with the Primary Government of the City of Buford, and due to the fact that the BOE has separately issued financial statements that are readily available to users, this information is not included in these notes.

City of Buford Downtown Development Authority – The City of Buford Downtown Development Authority ("DDA") is governed by a board appointed by the City of Buford Board of Commissioners. The DDA is responsible for the revitalization and redevelopment of the geographical area within the corporate limits of the City.

The DDA did not issue separate financial statements for the year ended June 30, 2019.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Government-Wide Financial Statements

The City of Buford's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position and report information on all of the activities of the City. The statements present summaries of governmental and business-type activities of the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets as well as infrastructure assets acquired after July 1, 1980 and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. 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. The types of transactions reported as program revenues of the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, transactions of a service type nature between the governmental activities and the business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements, including all NCGA Statements and Interpretations currently in effect.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - CONTINUED

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental funds. An accompanying schedule is presented to reconcile and explain differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The City has presented all funds that meet those qualifications.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures in the current period. Accordingly, revenues are recorded when received in cash, except those revenues that are subject to accrual (generally sixty days after year-end) which are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City are property tax, sales tax, intergovernmental revenues and other taxes. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

The City has presented the following major governmental funds:

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

Debt Service Funds

The Debt Service Funds account for the accumulation of resources for, and the payment of governmental long-term debt principal, interest, and fiscal charges. The following is a description of the City's major Debt Service Fund:

2017 General Obligation Bond Debt Service Fund – This fund is used to service the governmental long-term debt related to the 2017 General Obligation Bonds used to finance the construction of educational facilities related to the City of Buford Board of Education.

Capital Project Funds

Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the General and Enterprise Funds. The following is a description of the City's major Capital Projects Fund:

2017 General Obligation Bond Capital Project Fund – This fund is used to account for the construction and financing of projects funded by the City of Buford 2017 General Obligation Bonds.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - CONTINUED

Governmental Fund Financial Statements - Continued

Other governmental funds that are not considered major include the following:

Special Revenue Funds

Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Funds:

Hotel/Motel Tax Fund - used to account for receipt and allocation of the City's hotel/motel tax. Use of this tax is limited by law to promotion of tourism. The City hotel/motel tax rate for its three hotels was 7% during the fiscal year ending June 30, 2019.

Auto Rental Excise Tax Fund - used to account for receipt and allocation of the City's rental motor vehicle excise tax. Use of this tax is limited by law to promote industry, trade, commerce, and tourism; for the provision of convention, trade, sports, and recreational facilities. The City's rental motor vehicle excise tax rate was 3% during the fiscal year ending June 30, 2019.

Debt Service Funds

2010 General Obligation Bond Debt Service Fund - used to service the governmental long-term debt related to the 2010 General Obligation Bonds used to finance the construction of the Buford Community Center, Town Park and Theatre.

2015 General Obligation Bond Debt Service Fund - used to service the governmental long-term debt related to the 2015 General Obligation Bonds used to finance the construction of educational facilities related to the City of Buford Board of Education.

Capital Project Funds

Gwinnett County 2009 SPLOST Fund - used to account for the construction and financing of projects funded by the Gwinnett County 2009 SPLOST.

Gwinnett County 2014 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Buford 2014 SPLOST.

Gwinnett County 2017 SPLOST Fund - used to account for the construction and financing of projects funded by the Gwinnett County 2017 SPLOST.

Hall County 2009 SPLOST Fund - used to account for the construction and financing of projects funded by the Hall County 2009 SPLOST.

Hall County 2015 SPLOST Fund - used to account for the construction and financing of projects funded by the Hall County 2015 SPLOST.

Rest Haven 2001 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Rest Haven 2001 SPLOST.

Rest Haven 2005 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Rest Haven 2005 SPLOST.

2015 General Obligation Bond Capital Project Fund - This fund is used to account for the construction and financing of projects funded by the City of Buford 2015 General Obligation Bonds.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - CONTINUED

Proprietary Funds Financial Statements

Proprietary Funds Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund and aggregated non-major funds.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. 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.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the funds. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the funds. All other expenses are reported as non-operating expenses.

The City has presented the following major proprietary fund:

Utilities Fund - used to account for the provision of electric, gas, water, waste water, sanitation and recycling services to the residents of the City of Buford and its surrounding areas. Activities of the fund include administration, operations and maintenance of the utility systems, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for enterprise fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the fund.

Other proprietary funds that are not considered major include the following:

Buford Community Center Fund - used to account for the activity of the Buford Community Center, Town Park and Theatre.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Assets and Liabilities. The City's Fiduciary Funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The Agency funds use the accrual basis of accounting like the proprietary funds explained above. Agency funds of the City are related to Buford Board of Education SPLOST funds from Gwinnett and Hall Counties.

USE OF RESTRICTED/UNRESTRICTED NET POSITION

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FICAL YEAR ENDING JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted for the General, Special Revenue, and Proprietary (Enterprise) Funds. Capital Projects are budgeted over the life of the projects. Debt Service is budgeted through either the General or Proprietary (Enterprise) Fund depending on the type of debt. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the Proprietary (Enterprise) Fund is adopted on a GAAP basis, except that depreciation expense is not budgeted. Budget amounts are as originally adopted, or as amended by the Board of Commissioners.

Budgeting Policy

- The prior year's actual revenues and expenditures/expenses for the General and Proprietary (Enterprise) Funds are compared to budget amounts for that year.
- Adjustments are made to the prior year's budgeted revenues and expenditures/expenses to make budgeted amounts agree with actual amounts. These are the proposed budgets for the coming year.
- The proposed budgets are submitted to the Board of Commissioners, who make adjustments to the proposed budgets as it deems necessary.
- The proposed budgets are revised in accordance with the Board of Commissioners recommendations and resubmitted to the Board of Commissioners for their approval.
- After reviewing the budget revisions, the Board of Commissioners approves and adopts the budgets.
- All budget amendments must be approved by the Board of Commissioners.
- All appropriations lapse at the end of the fiscal year.

CASH, CASH EQUIVALENTS AND INVESTMENTS

For purposes of the Statement of Cash Flows, the City considers cash, demand deposits, certificates of deposit, cash with agents and all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City generally holds all investments until maturity.

INTERFUND RECEIVABLES AND PAYABLES

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

TRANSACTIONS BETWEEN FUNDS

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

PAYMENTS BETWEEN CITY AND BUFORD BOARD OF EDUCATION AGENCY FUNDS

Resource flows between the City and the Agency Funds related to the Buford Board of Education SPLOST funds are reported as external transactions - that is, as revenues and expenses/expenditures in the financial statements.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ACCOUNTS RECEIVABLE AND UNEARNED REVENUES

Accounts receivable are recorded in the General, Special Revenue, Capital Project and Proprietary Funds. Receivables are stated at their net realizable value (face value less the allowance for uncollectible accounts). Delinquent taxes receivable are fully reserved by the deferral of the related revenues until payment is received. Utility revenue is recorded when earned. The accrual of earned, but unbilled receivables is made at year-end and included in the accompanying financial statements. The Utilities Fund grants credit to utility customers, all of whom are located in North Georgia Counties. Allowances for doubtful accounts totaled \$429,981 for the General Fund and \$3,721,412 for the Utilities Fund. No allowance was considered necessary for any receivables in the special revenue or capital project funds.

PREPAID ITEMS

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

RESTRICTED CASH AND INVESTMENTS

Certain funds are held in the major Capital Project Fund, Debt Service Funds, and Utilities Fund in accounts restricted for capital outlay and debt service. These funds are held in cash or investments as allowed by State law and the requirements of the related debt agreements. The investments are stated at fair value and the City records all investment revenue earned on these investments in the appropriate fund.

INVENTORIES

There are no inventories of supplies or materials recorded at June 30, 2019, as amounts stored for supplies and materials were not of a material nature at that date.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The amounts that qualify for reporting in this category are related to pensions and other post-employment benefits (OPEB).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The amounts that qualify for reporting in this category are related to deferred gain on bond refunding, pensions, and other post-employment benefits (OPEB).

In addition to liabilities, governmental activities fund balance will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The amounts that qualify for reporting in this category are related to property taxes.

MANAGEMENT ESTIMATES

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

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

PROPERTY TAX

Property Taxes - City property tax revenues are recognized when levied to the extent that they result in current receivables. Receivables outstanding more than 60 days after the fiscal year-end are recorded as deferred revenue in governmental funds. Taxes were levied on August 6, 2018, which is the date that the millage rate was established. Taxes are payable by November 20 and become delinquent and attach as an enforceable lien on that date. The City bills and collects property taxes through the General Fund and the funds are entirely related to and for the use of the Buford Board of Education and transferred along with additional funding appropriations as set by the City Commission in the budget process. The millage rate for the 2018 tax digest was set at 12.75 mills.

CAPITAL ASSETS

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

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Infrastructure assets capitalized have an original cost of \$10,000 or more. Depreciation has been calculated on depreciable assets using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	15-50 years
Equipment	5-10 years
Furniture and fixtures	10 years
Sidewalks	16-50 years
Streets, streetscapes and hardscapes	20-50 years
Utility Plant - Electric	20-50 years
Utility Plant - Gas	25-50 years
Utility Plant - Waste Water	25-50 years
Utility Plant - Water	25-50 years
Vehicles	5-10 years

The City has elected not to capitalize collections and works of art. Collections such as works of art and historical artifacts meet the definition of a capital asset. The requirement for capitalization is waived, however, for collections that meet the following conditions:

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

The sale or disposal of capital assets is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, drainage, sidewalks, etc. The City finalized implementation of the general provisions of GASB Statement No. 34 related to retroactive infrastructure provisions in the fiscal year ending June 30, 2007. All infrastructure acquired after years ending June 30, 1980 is included in these financial statements.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CAPITALIZED INTEREST

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets during the construction period of the related project. There were no interest costs incurred by the Utilities Fund for the year ended June 30, 2019, therefore, no interest costs were charged to expense or capitalized for the year ended June 30, 2019.

COMPENSATED ABSENCES

Compensated absences are recorded on the statement of activities in the government-wide financial statements and the statement of revenues, expenses, and changes in net position in the proprietary fund financial statements. The City's policy for compensated absences is as follows. Vacation is accrued at the rate of five days per year for employees with zero through three years of service, at a rate of ten days per year for employees with four years to nine years of service and at a rate of fifteen days per year for employees with ten or more years of service. Unused vacation leave, not to exceed thirty days, may be carried into the next calendar year. Any annual vacation leave above thirty days will be paid at the end of the calendar year. Sick leave accrues at the rate of five days per year. Unused sick leave may be carried into the next calendar year, not to exceed ten days.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Long-term liabilities expected to be financed from governmental fund types are not recorded in the governmental fund financial statements. Any related interest expense is recorded on the statement of activities in the government-wide financial statements and the statement of revenues, expenses, and changes in net position in the proprietary fund financial statements. Payments of principal and interest are recorded as expenditures on the statement of revenues, expenditures and changes in fund balance in the governmental fund financial statements.

Bond discounts and premiums are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources. Bond issuance costs are reported as debt service expenditures.

GOVERNMENTAL FUND BALANCES

In accordance with GASB Statement No. 54 Fund *Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable fund balance - amounts that cannot be spent because they are not in a spendable form, such as prepaid expenses or inventory, or because they are legally or contractually required to be maintained intact.

Restricted fund balance - constraints are placed on the use of specific purposes by their providers, such as grantors, creditors and bondholders, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City of Buford Board of Commissioners. The Board of Commissioners is the City's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GOVERNMENTAL FUND BALANCES - CONTINUED

Assigned fund balance - amounts that are constrained by the City's intent to use for a specific purpose, but are neither restricted nor committed. The intent should be expressed by the Board of Commission.

Unassigned fund balance - the residual classification representing fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund. These are amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the City Commission through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service, or for other purposes).

Flow assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: Committed, then Assigned, and lastly, Unassigned.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk - the risk that, in the event of the failure of a depository institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits to be 110% collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia, or industrial revenue bonds or bonds of public or development authorities, counties, or municipalities of the State of Georgia. The collateral pledged by the banks' trust department in the City's name is composed of bonds of U.S. Government Agencies. The City's policy on custodial credit risk is to comply with the requirements of the State of Georgia.

Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust. The City has not adopted a formal deposit policy.

Investments

State statutes authorize the City to invest only in certificates of deposit of banks and savings and loan associations which have deposits insured by the FDIC with any uninsured amounts collateralized by direct obligations of the United States or the State of Georgia; obligations of the United States and of its agencies and instrumentalities; or bonds or certificates of indebtedness of the State of Georgia and of its agencies and its instrumentalities. The City has not adopted a formal investment policy.

At June 30, 2019, the City's primary government investments were classified as follows:

Investments	\$ 29,028,771
Restricted investments	<u>6,878,999</u>
Total primary government investments	\$ <u>35,906,770</u>

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investments - Continued

As of June 30, 2019, the City had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>Primary Government</u>			
<u>Governmental activities</u>			
Certificates of Deposit	N/A	365 day	\$ 6,030,495
<u>Business-type activities</u>			
Certificates of Deposit	N/A	365 day	15,650,634
Municipal Competitive Trust:			
Flexible Operating Account	N/A	07/01/19-09/13/19	10,642,479
Intermediate Extended Maturity	N/A	07/01/19-10/01/40	<u>3,583,162</u>
Total primary government			\$ <u>35,906,770</u>
<u>Component Unit</u>			
<u>Downtown Development Authority</u>			
Certificates of Deposit	N/A	365 day	\$ <u>2,278,093</u>
Total Downtown Development Authority			\$ <u>2,278,093</u>

The City is involved in an external investment pool, the Municipal Competitive Trust, which is administered by the Municipal Electric Authority of Georgia ("MEAG"), a governmental entity. The City entered into a Municipal Competitive Trust agreement with MEAG. The City purchases for resale, electric power from MEAG. The City is a beneficiary of this trust, and the City and MEAG deposit monies in the trust from time to time. All monies are held by the trustee, Municipal Competitive Trust, for the City's benefit and are invested in investment securities. The City has recorded the assets in the Enterprise Fund. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, direct and general obligations of states, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be permissible under the laws of the State of Georgia. The fair value of the City's position in the pool changes with market conditions, and is calculated based on the fair market value of net position held in the pool at the close of each business day.

Credit Risk - the City's policy regarding credit risk is to follow state statute. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, direct and general obligations of states, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be permissible under the laws of the State of Georgia.

Custodial Credit Risk - for an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in the funds. Fund shares are not guaranteed by the US Government. The fund is a managed portfolio and its holdings are subject to change. The fund shares are held in an investment account in the City's name. Custodial Credit Risk is not required for external investment pools; therefore, the Municipal Competitive Trust is exempt from this requirement. The City has no policy on custodial credit risk.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investments - Continued

Interest Rate Risk - interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The US Treasury Money Market interest rate risk is based on WAM. The Municipal Competitive Trust interest rate risk is based on the maximum duration of maturity of its investments.

Concentration of Credit Risk - the City places no limit on the amount that the City may invest in any one issuer. External investment pools are excluded from the concentration of credit risk requirement; therefore, the Municipal Competitive Trust is exempt from this requirement.

Foreign Currency Risk - The City has no foreign currency risk as all investments are in U.S. dollar-denominated assets.

Fair Value Measurements – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City's fair value measurements follow:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
<u>Primary Government</u>				
Municipal Competitive Trust:				
Short-term Portfolio	\$ -	\$ 10,642,479	\$ -	\$ 10,642,479
Intermediate Extended Maturity	-	<u>3,583,162</u>	-	<u>3,583,162</u>
Total investments measured at fair value	<u>\$ -</u>	<u>\$ 14,225,641</u>	<u>\$ -</u>	<u>\$ 14,225,641</u>
Investments recorded at cost:				
Certificates of deposit				<u>21,681,129</u>
Total primary government investments				<u>\$ 35,906,770</u>

Component Unit

Downtown Development Authority – All investments of the Downtown Development Authority were invested in certificates of deposit, and were recorded at cost, which was \$2,278,093 at June 30, 2019.

NOTE 3 - RECEIVABLES

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Current receivables:			
Property taxes	\$ 504,198	\$ -	\$ 504,198
Sales and excise tax receivable	95,686	-	95,686
Accounts	-	4,701,052	4,701,052
Other	<u>96,100</u>	-	<u>96,100</u>
Total current receivables	<u>\$ 695,984</u>	<u>\$ 4,701,052</u>	<u>\$ 5,397,036</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 - RECEIVABLES - CONTINUED

Intergovernmental contracts receivable

The City has entered into intergovernmental contracts with the City of Buford Board of Education (BOE) regarding the issuance, use of proceeds, and payment of General Obligation Bonds Series 2015, 2017A, 2017B, and GO Refunding Bonds Series 2017C. The Bonds were issued to provide funds, together with other available funds of the BOE to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the BOE and the costs of issuance of the bonds including capitalized interest. The intergovernmental contracts state that the BOE's payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds. The BOE will fund the bonds with ESPLOST revenues, and thus the City has an intergovernmental contracts receivable from the BOE for the outstanding Bonds. The outstanding principal balance on the Bonds was \$54,200,000 with a premium outstanding of \$5,525,048 for total intergovernmental contracts receivable of \$59,725,048 at June 30, 2019. The City's two capital project funds 2015 GOB Capital Project and 2017 GOB Capital Project account for the sources and uses of the Bond proceeds. At June 30, 2019, the City had restricted assets available to use for the BOE capital projects of \$2,745 in the 2015 GOB Capital Project Fund, and \$8,481,799 in the 2017 GOB Capital Project Fund.

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSACTIONS

Interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made. All interfund receivable/payable amounts are classified as short-term.

Interfund receivables/payables are as follows at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		
Due from GOB 2017 Construction Fund	\$ 6,198,310	\$ -
Due from Other Governmental Funds	<u>148,584</u>	<u>-</u>
Total General Fund	<u>6,346,894</u>	<u>-</u>
GOB 2017 Construction Fund		
Due to General Fund	<u>-</u>	<u>6,198,310</u>
Other Governmental Funds		
Due to General Fund	-	148,584
Due to Buford Community Center Enterprise Fund	<u>-</u>	<u>90,617</u>
Total Non-Major Governmental Funds	<u>-</u>	<u>239,201</u>
Non-Major Proprietary Fund – Buford Community Center Fund		
Due from Other Governmental Funds	<u>90,617</u>	<u>-</u>
Total Non-Major Proprietary Fund	<u>90,617</u>	<u>-</u>
Total	\$ <u>6,437,511</u>	\$ <u>6,437,511</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSACTIONS - CONTINUED

Interfund transactions consisted of the following for the year ending June 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund:</u>		
Utilities Fund	\$ 24,634,828	\$ -
2017 GOB Debt Service Fund	-	750
Other Governmental Funds	265,769	1,025,539
Buford Community Center Fund	<u>-</u>	<u>861,449</u>
Total General Fund	<u>24,900,597</u>	<u>1,887,738</u>
<u>2017 GOB Debt Service Fund:</u>		
General Fund	<u>750</u>	<u>-</u>
Total 2017 GOB Debt Service Fund	<u>750</u>	<u>-</u>
<u>2017 GOB Capital Project Fund:</u>		
Other Governmental Funds	<u>371</u>	<u>-</u>
Total 2017 GOB Capital Project Fund	<u>371</u>	<u>-</u>
<u>Other Governmental Funds:</u>		
General Fund	1,025,539	265,769
2017 GOB Capital Project Fund	-	371
Buford Community Center Fund	<u>-</u>	<u>90,616</u>
Total Other Governmental Funds	<u>1,025,539</u>	<u>356,756</u>
<u>Proprietary Funds:</u>		
<u>Utilities Fund:</u>		
General Fund	<u>-</u>	<u>24,634,828</u>
Total Utilities Fund	<u>-</u>	<u>24,634,828</u>
<u>Buford Community Center Fund:</u>		
General Fund	861,449	-
Other Governmental Funds	<u>90,616</u>	<u>-</u>
Total Buford Community Center Fund	<u>952,065</u>	<u>-</u>
Totals	\$ <u>26,879,322</u>	\$ <u>26,879,322</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund and Utilities Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. (c) Transfer funds to finance the debt service funds in fulfillment of the 2010, 2015, and 2017 General Obligation Bond obligations.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 - CAPITAL ASSETS

Following is a summary of changes in the capital assets of governmental activities:

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>
GOVERNMENTAL ACTIVITIES:				
Not being depreciated:				
Land	\$ 11,918,146	\$ 2,253,923	\$(1,126,735)	\$ 13,045,334
Land - schools	8,085,162	-	-	8,085,162
Construction in progress	<u>14,363,569</u>	<u>3,135,129</u>	<u>(12,782,404)</u>	<u>4,716,294</u>
Subtotal	<u>34,366,877</u>	<u>5,389,052</u>	<u>(13,909,139)</u>	<u>25,846,790</u>
Other capital assets:				
Buildings and improvements	31,861,062	7,228,518	-	39,089,580
City parks	4,661,579	-	-	4,661,579
Equipment	339,342	21,166	(15,460)	345,048
Furniture and fixtures	639,349	-	-	639,349
Sidewalks	1,304,485	184,253	-	1,488,738
Streets	20,593,013	2,626,165	-	23,219,178
Streetscapes and hardscapes	6,283,065	4,276,948	-	10,560,013
Vehicles	<u>247,373</u>	<u>171,761</u>	<u>(79,241)</u>	<u>339,893</u>
Subtotal	<u>65,929,268</u>	<u>14,508,811</u>	<u>(94,701)</u>	<u>80,343,378</u>
Accumulated depreciation:				
Buildings and improvements	(8,662,245)	(1,158,426)	-	(9,820,671)
City parks	(1,094,302)	(186,817)	-	(1,281,119)
Equipment	(159,601)	(40,305)	15,460	(184,446)
Furniture and fixtures	(639,349)	-	-	(639,349)
Sidewalks	(332,160)	(91,126)	-	(423,286)
Streets	(7,904,875)	(1,044,118)	-	(8,948,993)
Streetscapes and hardscapes	(3,105,465)	(312,936)	-	(3,418,401)
Vehicles	<u>(174,245)</u>	<u>(33,011)</u>	<u>79,241</u>	<u>(128,015)</u>
Subtotal	<u>(22,072,242)</u>	<u>(2,866,739)</u>	<u>94,701</u>	<u>(24,844,280)</u>
Net other capital assets	<u>43,857,026</u>	<u>11,642,072</u>	<u>-</u>	<u>55,499,098</u>
Total capital assets	\$ <u>78,223,903</u>	\$ <u>17,031,124</u>	\$ <u>(13,909,139)</u>	\$ <u>81,345,888</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 262,688
Financial and administration	14,098
Public safety, Marshal and Code enforcement	2,265
Highway and street	1,559,496
Building inspection	-
Culture and recreation	1,011,056
Maintenance	<u>17,136</u>
Total governmental activities depreciation expense	\$ <u>2,866,739</u>

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS - CONTINUED

Following is a summary of changes in the capital assets of business-type activities:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
BUSINESS-TYPE ACTIVITIES:				
<u>Not being depreciated:</u>				
Land - Gas	\$ 11,183	\$ -	\$ -	\$ 11,183
Land - Sanitation	85,000	-	-	85,000
Land - Water & waste water	106,480	-	-	106,480
Construction in progress - Gas	92,765	70,322	(92,765)	70,322
Construction in progress - Water & wastewater	894,339	1,256,228	(175,777)	1,974,790
Subtotal	<u>1,189,767</u>	<u>1,326,550</u>	<u>(268,542)</u>	<u>2,247,775</u>
<u>Other capital assets:</u>				
Buildings and improvements - BCC	146,773	-	-	146,773
Equipment - Electric	7,500	12,366	-	19,866
Equipment - Gas	111,957	22,332	-	134,289
Equipment - Water & wastewater	36,454	149,749	-	186,203
Equipment - BCC	71,361	-	-	71,361
Utility plant - Electric	18,256,780	411,316	-	18,668,096
Utility plant - Gas	65,623,015	3,079,302	(210,483)	68,491,834
Utility plant - Water & wastewater	30,718,632	245,355	(259,966)	30,704,021
Vehicles - Electric	249,681	-	(86,000)	163,681
Vehicles - Gas	514,923	-	-	514,923
Vehicles - Solid waste & recycling	349,243	127,413	-	476,656
Vehicles - Water & wastewater	22,267	69,236	-	91,503
Subtotal	<u>116,108,586</u>	<u>4,117,069</u>	<u>(556,449)</u>	<u>119,669,206</u>
<u>Accumulated depreciation:</u>				
Buildings and improvements - BCC	(29,355)	(9,785)	-	(39,140)
Equipment - Electric	(4,500)	(1,780)	-	(6,280)
Equipment - Gas	(30,072)	(15,109)	-	(45,181)
Equipment - Water & wastewater	(5,224)	(10,915)	-	(16,139)
Equipment - BCC	(19,205)	(9,792)	-	(28,997)
Utility plant - Electric	(12,013,941)	(894,300)	-	(12,908,241)
Utility plant - Gas	(32,419,833)	(2,619,224)	210,483	(34,828,574)
Utility plant - Water & wastewater	(14,474,035)	(1,416,159)	259,966	(15,630,228)
Vehicles - Electric	(165,765)	(24,837)	86,000	(104,602)
Vehicles - Gas	(245,808)	(102,984)	-	(348,792)
Vehicles - Solid waste & recycling	(109,242)	(41,295)	-	(150,537)
Vehicles - Water & waste water	(5,609)	(4,453)	-	(10,062)
Subtotal	<u>(59,522,589)</u>	<u>(5,150,633)</u>	<u>556,449</u>	<u>(64,116,773)</u>
Net other capital assets	<u>56,585,997</u>	<u>(1,033,564)</u>	<u>-</u>	<u>55,552,433</u>
Net capital assets	<u>\$ 57,775,764</u>	<u>\$ 292,986</u>	<u>\$ (268,542)</u>	<u>\$ 57,800,208</u>

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 - CAPITAL ASSETS - CONTINUED

Depreciation was charged to functions as follows:

Business-type activities:	
Electric	\$ 920,916
Gas	2,737,317
Solid Waste and Recycling System	41,295
Waste Water	715,764
Water	715,764
Buford Community Center	<u>19,577</u>
Total business-type activities depreciation expense	\$ <u>5,150,633</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

Type of Debt	Balance July 1, 2018 <u>Restated</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2019	Amounts Due within One Year
Governmental activities:					
General Obligation Bonds direct placement	\$ 5,503,236	\$ -	\$(500,000)	\$ 5,003,236	\$ 500,000
General Obligation Bonds Reoffering premium	<u>64,970,000</u>	-	(10,770,000)	54,200,000	-
	<u>6,055,012</u>	<u>-</u>	<u>(529,964)</u>	<u>5,525,048</u>	<u>529,964</u>
General Obligation Bonds - net	76,528,248	-	(11,799,964)	64,728,284	1,029,964
Compensated absences	158,132	38,337	-	196,469	-
Net OPEB liability	5,498,349	-	(53,344)	5,445,005	-
Net pension liability	<u>2,008,404</u>	<u>-</u>	<u>(525,118)</u>	<u>1,483,286</u>	<u>-</u>
Total governmental activities Long-term liabilities	\$ <u>84,193,133</u>	\$ <u>38,337</u>	\$(<u>12,378,426</u>)	\$ <u>71,853,044</u>	\$ <u>1,029,964</u>
Business-type activities:					
Compensated absences	\$ 122,126	\$ 4,196	\$ -	\$ 126,322	\$ -
Net OPEB liability	4,778,938	-	(46,364)	4,732,574	-
Net pension liability	<u>1,745,621</u>	<u>-</u>	<u>(456,410)</u>	<u>1,289,211</u>	<u>-</u>
Total business-type activities Long-term liabilities	\$ <u>6,646,685</u>	\$ <u>4,196</u>	\$(<u>502,774</u>)	\$ <u>6,148,107</u>	\$ <u>-</u>

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

For governmental activities, compensated absences, net OPEB liability, and net pension liability are liquidated by the General Fund.

For business-type activities, compensated absences and net pension liability are liquidated by the Utilities Fund and the Buford Community Center Fund. Net OPEB liability is liquidated by the Utilities Fund.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 6 - LONG-TERM DEBT - CONTINUED

GOVERNMENTAL ACTIVITIES

As of June 30, 2019, the governmental long-term debt of the financial reporting entity consisted of the following:

GENERAL OBLIGATION BONDS PAYABLE

City of Buford General Obligation Bonds Series 2010

On October 21, 2010 the City issued City of Buford General Obligation Bonds Series 2010 payable in the original amount of \$10,000,000 in a direct placement. The bonds were issued for the purpose of providing funds to be used to pay the cost of acquiring, constructing, and equipping certain additional facilities, including a multi-purpose facility to house and in furtherance of the following: (i) recreation and athletics, including, but not limited to a passive park, (ii) fine arts, including, but not limited to a theater, (iii) education, (iv) public meeting space and community-wide events and programs, and (v) administrative offices, and other buildings and facilities useful in connection therewith and acquiring property, real and personal, necessary therefor, and paying expenses incident thereto, including the costs of issuing the bonds. The City has pledged its full faith and credit and taxing power to the bonds. The bonds bear an interest rate of 3.50%, with a final maturity date of July 1, 2030.

The following is a summary of the maturity of the bonds and interest thereon:

Amount of original issue	\$ 10,000,000
Less: amount redeemed	(4,996,764)
 Net amount outstanding June 30, 2019 - total general obligation bonds payable	 5,003,236
Less: current maturities	<u>500,000</u>
 Long-term maturities	 \$ <u>4,503,236</u>

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds, Series 2010 long-term debt as of June 30, 2019, are as follows:

	<u>Governmental Activities</u>		
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 500,000	\$ 170,738	\$ 670,738
2021	500,000	153,238	653,238
2022	500,000	135,738	635,738
2023	500,000	118,238	618,238
2024	500,000	100,738	600,738
2025-2028	<u>2,503,236</u>	<u>241,193</u>	<u>2,744,429</u>
 Total	 \$ <u>5,003,236</u>	 \$ <u>919,883</u>	 \$ <u>5,923,119</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Bonds Series 2015

On June 17, 2015, the City issued City of Buford General Obligation Bonds Series 2015 payable in the original amount of \$33,050,000. The bonds were issued for the purpose of providing funds, together with other available funds of the Board of Education of the City of Buford ("BOE") to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School System and the costs of issuance of the Bonds including capitalized interest, more specifically for the purpose of acquisition, construction and equipping certain additional Buford City School facilities, the addition of classrooms to existing schools, renovation of existing facilities and technology and preventive maintenance thereto in furtherance of K-12 education in the Buford City School district and other buildings and facilities useful in connection therewith, and acquiring property, real and personal, necessary thereof, and paying expenses incident thereto; to provide for the date and the maximum interest rate or rates of interest which such bonds shall bear, and the schedule of maturities of said bond issue; to provide for the levy of and collection of taxes to service said bond issue, and for other related purposes. On December 6, 2017, \$22,350,000 of the bonds were advance refunded by the issuance of the City of Buford General Obligation Refunding Bonds Series 2017C. The proceeds of this advance refunding were deposited into an escrow fund to refund and defease the refunded bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2019, \$22,350,000 of bonds outstanding are considered defeased. The remaining bonds from the 2015 issue bear an interest rate of 5.250%, with a final maturity date of January 1, 2029. The City has pledged its full faith and credit and taxing power to the bonds.

The City previously entered into an intergovernmental contract with the BOE in regards to issuance, use of proceeds and payment of the City of Buford General Obligation Bonds Series 2015. This contract was replaced in its entirety by an amended and restated contract entered into on December 1, 2017 as part of the issuance of the City of Buford General Obligation Refunding Bonds Series 2017C.

The BOE has assigned SPLOST revenues from the Intergovernmental Agreement with the Board of Education of Gwinnett County dated July 17, 2015 for use in payment of the Bonds.

The following is a summary of the maturity of the bonds and interest thereon:

Amount of original issue at par	\$ 33,050,000
Less: amount redeemed	<u>(22,350,000)</u>
Net amount outstanding June 30, 2019 - total general obligation bonds payable	10,700,000
Less: current maturities	<u> -</u>
Long-term maturities	\$ <u>10,700,000</u>

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds, Series 2015 long-term debt as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 561,750	\$ 561,750
2021	-	561,750	561,750
2022	-	561,750	561,750
2023	-	561,750	561,750
2024	-	561,750	561,750
2025-2029	<u>10,700,000</u>	<u>2,808,750</u>	<u>13,508,750</u>
Total	\$ <u>10,700,000</u>	\$ <u>5,617,500</u>	\$ <u>16,317,500</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Bonds Series 2017A and Series 2017B

On November 22, 2017, the City issued The City of Buford General Obligation Bonds – Series 2017A and Series 2017B in the total amount of \$30,000,000. The City has pledged its full faith and credit and taxing power to the bonds. The Series 2017A and 2017B bonds were issued for the purpose of providing funds, together with other available funds of the Board of Education of the City of Buford (“BOE”) to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School System and the costs of issuance of the Bonds including capitalized interest, more specifically for the purpose of acquisition, construction and equipping certain additional Buford City School facilities, the addition of classrooms to existing schools, renovation of existing facilities and technology and preventive maintenance thereto in furtherance of K-12 education in the Buford City School district and other buildings and facilities useful in connection therewith, and acquiring property, real and personal, necessary thereof, and paying expenses incident thereto; to provide for the date and the maximum interest rate or rates of interest which such bonds shall bear, and the schedule of maturities of said bond issue; to provide for the levy of and collection of taxes to service said bond issue, and for other related purposes. The bonds bear an interest rate of 5.00%, with a final maturity date of January 1, 2029.

The City entered into an intergovernmental contract with the BOE in regards to issuance, use of proceeds and payment of the City of Buford General Obligation Bonds Series 2017A and Series 2017B. The contract stipulates that the BOE’s payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds as set forth in the Bonds and the Bond Ordinance directly to and for the applicable account of the City as so designated by the City. The obligation of the BOE to pay promptly its obligations shall be absolute and unconditional and shall not be subject to any defense or right of setoff, counterclaim, or recoupment arising from any breach by the City of any obligation to the BOE or the breach by the BOE of any obligation to the City. In addition, the BOE has notified the State Board of Education of the issuance of the Bonds and has authorized and directed the State Board to withhold and transfer any state appropriation to which the BOE is entitled to. The Sinking Fund Custodian shall be required to transfer to the paying agent for the Bonds such amounts of monies as are necessary to provide for the payment of the principal and/or interest on the Bonds coming due each payment date.

The BOE has assigned SPLOST revenues from the Intergovernmental Agreement with the Board of Education of Gwinnett County dated July 17, 2015 for use in payment of the Bonds.

The following is a summary of the maturity of the bonds and interest thereon:

Amount of original issue at par	\$ 30,000,000
Less: amount redeemed	<u>(10,770,000)</u>
Net amount outstanding June 30, 2019 - total general obligation bonds payable	19,230,000
Less: current maturities	<u> -</u>
Long-term maturities	<u>\$ 19,230,000</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Bonds Series 2017A and Series 2017B - Continued

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds Series 2017A and Series 2017B long-term debt as of June 30, 2019, are as follows:

	<u>Governmental Activities</u>		
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 961,500	\$ 961,500
2021	-	961,500	961,500
2022	-	961,500	961,500
2023	-	961,500	961,500
2024	9,420,000	961,500	10,381,500
2025-2029	<u>9,810,000</u>	<u>2,452,500</u>	<u>12,262,500</u>
Total	\$ <u>19,230,000</u>	\$ <u>7,260,000</u>	\$ <u>26,490,000</u>

City of Buford General Obligation Refunding Bonds Series 2017C

On December 6, 2017, the City issued The City of Buford General Obligation Refunding Bonds Series 2017C in the amount of \$24,270,000. The City has pledged its full faith and credit and taxing power to the bonds. The Series 2017C bonds were issued to advance refund \$22,350,000 of the City's previously issued City of Buford General Obligation Bonds Series 2015. The bonds bear interest rates averaging from 3.00% to 4.00%, with a final maturity date of January 1, 2048. The City advance refunded a portion of the Series 2015 bonds in order to issue additional bonds for the construction of BOE facilities and to extend the maturity of the bonds by 19 years, which will result in an increase in total scheduled debt service payments of \$17,921,571 and an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$982,127. The proceeds of the Series 2017C issue resulted in a gain on advance refunding as follows:

Net carrying amount of City of Buford G.O. Bonds Series 2015 refunded:		
Principal balance		\$ 22,350,000
Unamortized bond issue premium		<u>2,600,808</u>
City of Buford G.O. Bonds Series 2015 Bonds refunded		\$ 24,950,808
Reacquisition price of City of Buford G.O. Bonds Series 2015		<u>24,754,238</u>
Gain on advance refunding		\$ <u>196,570</u>

The City entered into an amended and restated intergovernmental contract with the BOE in regards to issuance, use of proceeds and payment of the City of Buford General Obligation Bonds Series 2015 and City of Buford General Obligation Refunding Bonds Series 2017C as of December 1, 2017. The amended and restated contract replaced the 2015 intergovernmental contract in its entirety. The contract stipulates that the BOE's payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds as set forth in the Bonds and the Bond Ordinance directly to and for the applicable account of the City as so designated by the City. The obligation of the BOE to pay promptly its obligations shall be absolute and unconditional and shall not be subject to any defense or right of setoff, counterclaim, or recoupment arising from any breach by the City of any obligation to the BOE or the breach by the BOE of any obligation to the City. In addition, the BOE has notified the State Board of Education of the issuance of the Bonds and has authorized and directed the State Board to withhold and transfer any state appropriation to which the BOE is entitled to. The Sinking Fund Custodian shall be required to transfer to the paying agent for the Bonds such amounts of monies as are necessary to provide for the payment of the principal and/or interest on the Bonds coming due each payment date.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Refunding Bonds Series 2017C - Continued

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Refunding Bonds Series 2017C long-term debt as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 896,294	\$ 896,294
2021	-	896,294	896,294
2022	-	896,294	896,294
2023	-	896,294	896,294
2024	-	896,294	896,294
2025-2029	-	4,481,469	4,481,469
2030-2034	4,825,000	4,110,869	8,935,869
2035-2039	5,845,000	3,100,469	8,945,469
2040-2044	7,010,000	1,927,918	8,937,918
2045-2048	<u>6,590,000</u>	<u>565,312</u>	<u>7,155,312</u>
Total	\$ <u>24,270,000</u>	\$ <u>18,667,507</u>	\$ <u>42,937,507</u>

The annual debt service requirements to maturity, including principal and interest, for total General Obligation Bonds as of June 30, 2019, are as follows:

DEBT SERVICE REQUIREMENTS - TOTAL GENERAL OBLIGATION BONDS PAYABLE, SERIES 2010, SERIES 2015, AND SERIES 2017

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>				
	<u>Direct Placement General Oblig. Bonds</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>			
2020	\$ 500,000	\$ 170,738	\$ -	\$ 2,419,544	\$ 3,090,282
2021	500,000	153,238	-	2,419,544	3,072,782
2022	500,000	135,738	-	2,419,544	3,055,282
2023	500,000	118,238	-	2,419,544	3,037,782
2024	500,000	100,738	9,420,000	2,419,544	12,440,282
2025-2029	2,503,236	241,193	20,510,000	9,742,719	32,997,148
2030-2034	-	-	4,825,000	4,110,869	8,935,869
2035-2039	-	-	5,845,000	3,100,469	8,945,469
2040-2044	-	-	7,010,000	1,927,918	8,937,918
2045-2048	<u>-</u>	<u>-</u>	<u>6,590,000</u>	<u>565,312</u>	<u>7,155,312</u>
Total	\$ <u>5,003,236</u>	\$ <u>919,883</u>	\$ <u>54,200,000</u>	\$ <u>31,545,007</u>	\$ <u>91,668,126</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 7 - FUND BALANCES

The City's governmental fund balance classifications are nonspendable, restricted for specific purposes, as required by bond ordinances, higher levels of government, or unassigned. As of June 30, 2019, the City's classifications of governmental fund balances are as follows:

Governmental Funds

Nonspendable:

Prepaid items	\$ 1,521,035
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Restricted for:

Capital Projects – City of Buford Board of Education	2,745
Capital Projects – SPLOST Construction	9,609,327
Debt Service	385,096
Education	559,340

Unassigned

8,216,727

Total governmental fund balances	\$ <u>20,294,270</u>
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NOTE 8 - RESTRICTED NET POSITION

Governmental Activities

Restricted net position is comprised of the following at June 30, 2019:

Restricted for:

Capital Projects - SPLOST	\$ 9,609,327
Debt service	385,096
Education	<u>559,340</u>

Total net position restricted for governmental-type activities	\$ <u>10,553,763</u>
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**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 9 - PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Buford Retirement Plan ("The BRP"), provides retirement and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by the City Commission. The BRP is affiliated with the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for the BRP, that authority rests with the City of Buford. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by written request to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Membership of the plan

Retirees and beneficiaries receiving benefits	67
Terminated vested participants	12
Active plan members	<u>107</u>
Total	<u>186</u>

Funding Policy

BRP members are not required and do not contribute to BRP. BRP is a noncontributory plan. The City is required to contribute 100% of the amount necessary to fund BRP at an actuarially determined rate; the current rate is 13.25% of expected payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

BRP is subject to minimum funding standards of the Georgia Public Retirement Systems Standards Law. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level that the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution is developed under the actuarial funding policy each year, and meets applicable state funding standards. These contributions are determined under the entry age normal actuarial cost method and the asset valuation method for developing the actuarial value of assets. The amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for other changes to plan provisions, and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year base. These amortization periods, if applicable, are closed for this plan year.

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 9 - PENSION PLAN - CONTINUED

Investment Data

The market value of assets is based on current values as of three months preceding the valuation date (September 30, 2018) as is assumed to be current through that date. All asset data that was used in the actuarial valuation has been supplied by GMEBS. Net investment return is assumed to be 7.50% on an ongoing basis, based on the long-term expected rate of return on pension plan investments. The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Cash	<u>0%</u>	
Total	<u>100%</u>	

NET PENSION LIABILITY

The City's net pension liability was measured as of September 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2018.

Net pension liability is calculated as follows:

Total pension liability	\$ 17,978,334
Fiduciary net position	<u>(15,205,836)</u>
Net pension liability	\$ <u>2,772,498</u>
 Fiduciary net position as a percentage of total pension liability	 84.58%

Total pension liability uses Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2019 are used to measure total pension liability as of September 30, 2018. The balances as of September 30, 2018 constitute measurements of the net pension liability for the fiscal year ending June 30, 2019.

The mortality and economic actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 9 - PENSION PLAN - CONTINUED

Assumptions on which the cost of BRP is calculated include investment return, mortality rates, retirement rates, and turnover rates.

Total pension liability, fiduciary net position, and net pension liability are based on a September 30, 2018 measurement date which would make them applicable to the fiscal year beginning July 1, 2018 and ending June 30, 2019.

Benefit Terms

The eligibility requirement is immediate for employees and officials. Employees and officials are vested after 10 years. The type of benefit payment is a life annuity. Death benefits are term vested Auto A death benefit effective January 1, 2003. Previously eligibility was "early or normal". The benefit formula is 2.00%. There are no automatic postemployment benefit changes due to COLAs. The Georgia Municipal Association has assigned the authority to the City to establish and amend the benefit provisions of the plan.

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was based on the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial assumptions included the following:

- Rate of return on investment 7.50% per year
- Projected salary increases 2.75% per year plus age and service based on merit increases
- Inflation rate assumption 2.75%
- Cost of living adjustments 0.0%

Changes in Assumptions

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

- The investment return assumption was decreased from 7.75% to 7.50%.
- The inflation assumption was decreased from 3.25% to 2.75%.

Benefit Changes

There were no changes in benefit provisions in the last two fiscal years.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability. There was no change to the discount rate since the plan's prior fiscal year.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 9 - PENSION PLAN - CONTINUED

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2019, were as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) – (b)</u>
Beginning balance	\$ 16,682,952	\$ 12,928,927	\$ 3,754,025
Changes for the year:			
Service cost	295,792	-	295,792
Interest	1,237,995	-	1,237,995
Differences between expected and actual experience	705,887	-	705,887
Contributions – employer	-	1,926,160	(1,926,160)
Contributions – employee	-	-	-
Net investment income	-	1,320,193	(1,320,193)
Benefit payments, including refunds of employee contributions	(944,292)	(944,292)	-
Administrative expense	-	(25,152)	25,152
Other changes	-	-	-
Ending balance	\$ <u>17,978,334</u>	\$ <u>15,205,836</u>	\$ <u>2,772,498</u>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes of the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as, what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
	\$ <u>4,968,309</u>	\$ <u>2,772,498</u>	\$ <u>945,667</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2018 and the current sharing pattern of costs between employer and employee.

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 9 - PENSION PLAN - CONTINUED

PENSION EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

Pension expense for the year ended June 30, 2019 is \$942,722.

Deferred outflows/inflows of resource related to pensions:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,290,227	\$ -
Changes in assumptions	166,485	-
Changes in benefit terms	-	-
Net difference between projected and actual earnings on pension plan Investments	-	(718,264)
City contributions subsequent to the measurement date	<u>1,666,724</u>	<u>-</u>
Total	\$ <u>3,123,436</u>	\$ <u>(718,264)</u>

Employer contributions made subsequent to the measurement date of the net pension liability of \$1,666,724 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Projected recognition of deferred outflows/(inflows):

<u>Year Ended</u>	<u>Recognition</u>
June 30, 2020	\$ 418,266
June 30, 2021	131,456
June 30, 2022	110,478
June 30, 2023	78,248
June 30, 2024	-
Thereafter	<u>-</u>
Total	\$ <u>738,448</u>

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THEN PENSIONS - OPEB

Summary of Significant Accounting Policies

The City uses accounting policies consistent with recognition of liabilities and expenses in the Government-Wide financial statements as described in Note 1 and with GASB Statement No. 75. The City has chosen the pay-as-you-go method of funding the Plan, and as of June 30, 2019, the Plan reported no assets.

General Information about the OPEB Plan

Plan administration. The City of Buford Other Postemployment Benefit Plan (OPEB) is a defined benefit postretirement healthcare, prescription drug, and life insurance plan. The Plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer OPEB plan administered by the Georgia Municipal Association (GMA). The authority to establish and amend benefit provisions of the Plan rests with the City and is established by ordinance. The Plan does not issue separate financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - OPEB - CONTINUED

Benefits Provided. The Plan allows employees to continue medical, prescription drug, dental and life insurance coverage beyond retirement, depending on whether the retiree had those coverages at the time they retire. Spouse benefits are the same as benefits for retirees except for life insurance. Benefits are payable to a spouse regardless of when the retiree dies. Retiree and spouse contribution rates are periodically reset by City ordinance.

City Contributions. The City has not elected to advance fund the OPEB Plan, but rather maintains the OPEB Plan on a "pay-as-you-go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulated restricted funds. The plan is noncontributory in that the City contributes 100% of the benefit payments to the plan. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS.

Employees eligible for the plan include the following:

Elected officials: officials and their dependents are eligible for a period equal to their years of service.

Appointed positions and department heads: employees and their dependents are eligible for a period equal to their years of service in which they held an appointed position.

Regular employees: After thirty years of service, the employee and their dependents are eligible for life.

Employees covered by the benefit terms. At January 1, 2018, City plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	9
Vested terminated members entitled to but not yet receiving benefits	0
Active members	<u>112</u>
Total	<u>121</u>

Total OPEB Liability

The City's Net OPEB liability was measured as of June 30, 2018 and 2017. The Plan Fiduciary Net Positions (plan assets, if any) were valued as of the measurement dates and the Total OPEB liability was determined from actuarial valuations using data as of January 1, 2018.

Actuarial assumptions and other inputs. The total OPEB liability was measured as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise noted:

Inflation	2.75%
Salary increases	2.75%, plus service-based merit increases
Discount rate	3.87%
Healthcare cost trends	Medical and Prescription Drug: 6.50% Trended down to 4.50% over 4 years Dental and Administrative Expenses: 5.00%
Mortality rates	RP-2000 Combined Healthy Mortality Table With sex-distinct rates, set forward two years For males and one year for females

The discount rate was based on the index of the General Obligation, 20-year, Municipal Bond Rate as of each measurement date.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - OPEB - CONTINUED

Changes in the Total OPEB Liability of the City. The changes in the components of the total OPEB liability of the City for the year ended June 30, 2019, were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Beginning balance	\$ 10,277,287	\$ -	\$ 10,277,287
Changes for the year:			
Service cost	329,837	-	329,837
Interest	377,047	-	377,047
Differences between expected and actual experience	4,002	-	4,002
Changes of assumptions	(660,436)	-	(660,436)
Contributions – employer	-	150,158	(150,158)
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(150,158)	(150,158)	-
Administrative expense	-	-	-
Ending balance	\$ <u>10,177,579</u>	\$ <u>-</u>	\$ <u>10,177,579</u>

Benefit Changes

There were no changes in benefit provisions since GASB 75 implementation.

Changes of Assumptions

Effective June 30, 2018 the discount rate changed from 3.58% to 3.87%.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ <u>12,716,589</u>	\$ <u>10,177,579</u>	\$ <u>8,281,492</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

	1% Decrease In Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Total OPEB liability	\$ <u>8,157,964</u>	\$ <u>10,177,579</u>	\$ <u>12,934,169</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - OPEB - CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$391,349. At June 30, 2019, the City reported deferred outflows/inflows of resource related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,184	\$ -
Changes in assumptions or other inputs	-	(1,979,485)
City contributions subsequent to the measurement date	<u>170,196</u>	<u>-</u>
Total	\$ <u>174,380</u>	\$ <u>(1,979,485)</u>

Employer contributions made subsequent to the measurement date of the total OPEB liability of \$170,196 are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Projected recognition of deferred outflows/(inflows):

<u>Year Ended</u>	<u>Recognition</u>
June 30, 2020	\$(315,541)
June 30, 2021	(315,541)
June 30, 2022	(315,541)
June 30, 2023	(315,541)
June 30, 2024	(315,541)
Thereafter	<u>(397,596)</u>
Total	\$ <u>(1,975,301)</u>

NOTE 11 - HOTEL/MOTEL LODGING TAX

The City has levied a hotel/motel lodging tax under OCGA 48-13-51(b). The City levies excise taxes at the rate of 7%. 3/7 (42.86%) goes into the general fund; 2/7 (28.57%) is remitted to the Cities destination marketing organizations (e.g. Gwinnett Convention and Visitors Bureau and Lake Lanier Convention and Visitors Bureau); the remaining 2/7 (28.57%) is spent on "tourism product development" such as the Buford Community Center or as defined in 48-13-50.2 under the definition tourism product development. A summary of the transactions for the year ending June 30, 2019 follows:

Total hotel/motel tax receipts collected @ 7%	\$ 316,960
Less: 71.43% of hotel/motel tax collected @ 7% to be remitted to City of Buford General Fund and Buford Community Center Fund	(<u>226,542</u>)
Tax collected to be expended for the promotion of tourism, conventions and trade shows	90,418
Expenditures for promotion of tourism, conventions and trade shows remitted to the Gwinnett and Lake Lanier Convention & Visitors Bureaus	(<u>90,418</u>)
Collections over (under) expenditures for year ended June 30, 2019	\$ <u> -</u>

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 12 – AUTO RENTAL EXCISE TAX

The City has levied a rental motor vehicle excise tax. OCGA 48-13-93 requires that all motor rental vehicle excise taxes be expended for the purpose of promoting industry, trade, commerce, and tourism; for the provision of convention, trade, sports, and recreational facilities. During the year ended June 30, 2019, the City recognized \$129,843 in revenue from rental motor vehicle excise tax. Of this amount \$129,843, was expended for these purposes.

NOTE 13 - EXCESS EXPENDITURES OR EXPENSES OVER APPROPRIATIONS

The City had no excess expenditures or expenses over appropriations for the year ending June 30, 2019.

NOTE 14 - DEFICIT FUND BALANCES/NET POSITION

The City's 2017 General Obligation Bond Capital Project Fund had a deficit fund balance of \$3,701,397 at June 30, 2019. This deficit is a result of inadequate revenues to cover expenditures during the current fiscal year. The City will need to make transfers from the General Fund to the 2017 General Obligation Bond Capital Project Fund in order to eliminate this deficit. The City had no other deficits in fund balances or net position as of June 30, 2019.

NOTE 15 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation plan is not available to employees until termination, retirement, death or unforeseeable emergencies.

In accordance with Section 457 of the Internal Revenue Code, plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and liabilities of the deferred compensation plans are not included in the accompanying financial statements.

NOTE 16 - LITIGATION

The City is a party to various claims with no legal proceedings, which normally occur in the course of governmental operations. These claims are not likely to have a material adverse impact on the affected funds of the City, and accordingly, no provision for losses has been recorded.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

The City has *Potential Liability under MEAG Contracts* as follows:

Electrical System. The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia ("MEAG") pursuant to which the City purchases electric power and energy for resale to its customers. MEAG was created by the State of Georgia for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of Georgia which owned and operated electric distribution systems as of March 18, 1975.

Under the terms of its Power Sales Contracts with MEAG, the City is obligated to take from MEAG, and MEAG is obligated to provide, all electric power and energy required by the City in excess of the amount received by the City as an allotment from federally owned projects through the Southeastern Power Administration ("SEPA"). Such allotment of SEPA power has been assigned by the City to MEAG and is transmitted to the City by MEAG through Georgia's Integrated Transmission System for a separate charge. Under its Power Sales Contracts with MEAG, the City has the right to receive additional power as needed from the Integrated Transmission System. The price paid by the City to MEAG under its Power Sales Contracts is intended to cover the City's share of all the costs of MEAG, including debt service on MEAG's long-term debt. The amounts required to be paid to MEAG under the Power Sales Contracts are payable first from revenues of the City's electrical system. To the extent the required payments are not made from revenues of the City's electric system or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. Payments by the City are required to be made by the City whether or not MEAG's facilities or any part thereof are operating or operable or the output there from is interrupted, interfered with, curtailed or terminated in whole or in part. In addition, the City may be obligated to purchase additional power, subject to contractual limitations, in the event other MEAG participants default.

MEAG has issued bonds for the purpose of providing power generation and transmission and telecommunication facilities. The City is contingently liable for their pro rata share of the bonds as a power purchase cost until they are retired. The City's contingent contractual obligation varies by individual MEAG project and totals approximately \$92,975,769 as of June 30, 2019. The contingent obligations of the City are general obligations of the City to which the City's full faith credit and taxing powers are pledged.

The City has *Potential Liability under MGAG Contracts* as follows:

Gas System. The City has entered into the Gas Supply Contract and certain Supplemental Gas Supply Contracts with the Municipal Gas Authority of Georgia ("MGAG") under which the City buys natural gas for resale to its customers. Under such contracts with MGAG, the City is obligated to take from MGAG, and MGAG is obligated to provide, all of the City's natural gas requirements. The price paid by the City to MGAG under its contracts is intended to cover the City's share of all the costs of MGAG, including scheduled debt service of MGAG. Such payments are required to be made by the City whether or not MGAG's facilities or natural gas properties or any part thereof are operating or operable or the output there from is interrupted, interfered with, curtailed or terminated in whole or in part, or whether or not any of its natural gas suppliers or transporters defaults in its obligations under its gas supply or transportation contracts with MGAG. To the extent the required payments are not made from the revenues of the System or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. The City is contingently liable for its pro-rata share of MGAG's debt in the amount of \$13,906,118 of as June 30, 2019. The contingent obligations of the City are general obligations of the City to which the City's full faith credit and taxing powers are pledged.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES - CONTINUED

Gwinnett County and City of Buford Wholesale Sewage Agreement

The City entered into an agreement with Gwinnett County on May 2, 2018 to purchase water reclamation services from Gwinnett. The agreement is for a period of 50 years, or until it is dissolved or revised by mutual consent by both Gwinnett and the City. The payment terms of the agreement are for the City to make an annual payment to Gwinnett in the amount of \$1,375,000 per year over 12 years totaling \$16,500,000. The agreement provides for an annual increase in the amount of instantaneous daily flow that the City can send to Gwinnett with an initial daily flow maximum of 83,333 gallons per day increasing annually by 83,333 gallons per day until the daily maximum flow reaches 1,000,000 gallons per day in year 12. Payments are to be made annually unless the daily max flow sent from the City to Gwinnett exceeds the current allotted daily max flow. If the City exceeds its daily maximum flow then the City will be required to make a payment to Gwinnett that corresponds with the daily max flow tier level that occurred in the previous month. The City has made payments totaling \$5,500,000 as of the audit report date.

NOTE 18 - RISK MANAGEMENT

The City 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. Significant losses in these areas are all covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 19 - TRANSACTIONS WITH COMPONENT UNITS AND OTHER RELATED ENTITIES

For the year ended June 30, 2019, The City incurred the following intergovernmental revenues, expenditures and transfers relating to the City of Buford Board of Education, a component unit of the City. For additional information, see Note 1.

General Fund

Transfers to City of Buford Board of Education \$ 24,800,000

GOB 2017 Capital Project Fund

Capital project expenditures by the GOB 2017 Construction fund 30,179,705

GOB 2015 Capital Project Fund

Intergovernmental expenditures by the GOB 2015 Construction fund 42

Total intergovernmental expenditures relating to City of Buford Board of Education \$ 54,979,747

Agency Funds

Amounts from SPLOST funds held in trust for the City of Buford Board of Education totaled \$11,362,892 as of June 30, 2019.

Component Unit - Downtown Development Authority

For the year ended June 30, 2019, The City transferred property with a book value of \$1,427,051 to the City of Buford Downtown Development Authority, a component unit of the City.

In addition, The City of Buford Housing Authority is a related organization of the City. The Authority provides safe and sanitary dwelling accommodations for persons of low income. The City appoints a voting majority of the Authority's board, but is not financially accountable for the Authority. The City has no significant influence over the management, budget, or policies of the Authority. The Authority reports independently. The City received payment in lieu of taxes from the Authority for the year ended June 30, 2019 totaling \$6,195.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 20 - JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 10 county metro Atlanta area, is a member of the Atlanta Regional Commission ("ARC"). The City pays no annual dues to ARC. Membership in a Regional Commission ("RC") is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of an RC in Georgia. The ARC Board membership includes each county commission chairman in the region, one mayor from each county (except Fulton County) chosen by a caucus of mayors, one mayor from the northern half and one mayor from the southern half of Fulton County elected by a caucus of mayors within northern and southern Fulton County, the mayor of the City of Atlanta, one member of the Atlanta City Council, fifteen private citizens, one from each of the 15 multi-jurisdictional districts of roughly equal population, elected by the 23 public officials, and one member appointed by the Board of the Georgia Department of Community Affairs. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland St, NE, Atlanta, GA 30303 or the Northeast Georgia Regional Commission, 305 Research Drive, Athens, GA 30605-2725.

NOTE 21 - GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed by management to have a direct and material effect on the financial statements taken as a whole.

NOTE 22 - MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE

The City's municipal solid waste landfill located at Peachtree Industrial Boulevard and McEver Road (The "landfill") ceased accepting waste in 1986. In 1998 the landfill was capped with a minimum of two-foot thick soil cover to close the site under existing EPD rules and regulations, then grassed, and has since been routinely maintained by the City to preserve its integrity. According to state and federal laws and regulations, the City must perform certain maintenance and monitoring functions at the site for a minimum of 30 years from the time of closure, and since 1997, the landfill has been the subject of routine ground water and methane monitoring and reporting in conformance with EPD rules and regulations. The City previously recognized a liability for closure and postclosure care costs, which was fully amortized as of June 30, 2018. There is no remaining estimated total current cost of closure and postclosure care remaining to be recognized. The percentage of landfill capacity used to date is 100%, and it has an estimated remaining landfill life of zero years. The City is and will maintain the landfill as a grassed area to discourage erosion. There are no assets restricted for payment of closure and postclosure care costs. The City continued to perform routine ground water and methane monitoring and testing at the site during the current year, and expended \$47,471 on the monitoring and testing. Even though there is no remaining liability for closure and postclosure care costs, the City could potentially be subject to additional costs due to changes in requirements of and decisions made by the EPD in relation to the landfill, inflation, or changes in technology.

The City is listed on the State of Georgia's Hazardous Site Inventory and, as such, is eligible for reimbursement of certain costs. Any reimbursable amounts have not been included in cost estimates due to the uncertainty of amounts to be reimbursed. The City is not under any closure and post closure financial assurance requirements per EPD rule 391-3-4-.13 due to its closing prior to October 8, 1993.

NOTE 23 - SUBSEQUENT EVENTS

Management of the City has evaluated subsequent events through December 13, 2019.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 24 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Current Economic Environment

The current economic environment presents municipalities with circumstances and challenges, which in some cases could result in declines in the volume of tax collections, other general revenues, municipal utility billings; constraints on liquidity and difficulty obtaining financing. These financial statements have been prepared using fair values and information currently available to the City, which are susceptible to change in the future based on economic conditions.

**SUPPLEMENTARY INFORMATION
REQUIRED BY GASB**

**CITY OF BUFORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>CITY OF BUFORD RETIREMENT PLAN</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Service cost	\$ 295,792	\$ 290,915	\$ 282,761	\$ 242,345	\$ 229,426
Interest	1,237,995	1,141,107	1,064,758	860,448	814,082
Differences between Expected and actual Experience	705,887	643,809	392,980	910,203	74,088
Changes in assumptions	-	277,477	-	-	23,680
Changes of benefit terms	-	-	-	1,281,817	-
Benefit payments, including Refunds of employee Contributions	(944,292)	(788,624)	(722,078)	(595,041)	(490,971)
Net change in total pension Liability	1,295,382	1,564,684	1,018,421	2,699,772	650,305
Total pension liability – Beginning	<u>16,682,952</u>	<u>15,118,268</u>	<u>14,099,847</u>	<u>11,400,075</u>	<u>10,749,770</u>
Total pension liability – Ending (a)	<u>\$ 17,978,334</u>	<u>\$ 16,682,952</u>	<u>\$ 15,118,268</u>	<u>\$ 14,099,847</u>	<u>\$ 11,400,075</u>
Plan Fiduciary Net Position					
Contributions – employer	\$ 1,926,160	\$ 1,991,281	\$ 1,966,440	\$ 806,632	\$ 740,510
Contributions – employee	-	-	-	-	-
Net Investment income	1,320,193	1,593,046	953,798	80,385	770,232
Benefit payments, including Refunds of employee Contributions	(944,292)	(788,624)	(722,078)	(595,041)	(490,971)
Administrative expense Other	(25,152)	(25,331)	(14,366)	(15,919)	(12,688)
Net change in fiduciary Net position	2,276,909	2,770,372	2,183,794	276,057	1,007,083
Plan fiduciary net position – Beginning	<u>12,928,927</u>	<u>10,158,555</u>	<u>7,974,761</u>	<u>7,698,704</u>	<u>6,691,621</u>
Plan fiduciary net position – Ending (b)	<u>\$ 15,205,836</u>	<u>\$ 12,928,927</u>	<u>\$ 10,158,555</u>	<u>\$ 7,974,761</u>	<u>\$ 7,698,704</u>
Net Position Liability					
Net pension liability – Ending (a) – (b)	<u>\$ 2,772,498</u>	<u>\$ 3,754,025</u>	<u>\$ 4,959,713</u>	<u>\$ 6,125,086</u>	<u>\$ 3,701,371</u>
Plan's fiduciary net position As a percentage of the Total pension liability	84.58%	77.50%	67.19%	56.56%	67.53%
Covered-employee payroll	\$ 5,477,581	\$ 6,066,224	\$ 5,655,240	\$ 5,475,883	\$ 5,393,065
Net pension liability as a Percentage of covered- Employee payroll	50.62%	61.88%	87.70%	111.86%	68.63%

**CITY OF BUFORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>CITY OF BUFORD RETIREMENT PLAN</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	*	\$ 938,559	\$ 1,008,855	\$ 757,901	\$ 758,076
Contributions in relation to The actuarially determined Contribution	*	1,938,559	2,008,855	1,952,301	758,076
Contribution deficiency (excess)	*	(1,000,000)	(1,000,000)	(1,194,400)	-
Covered-employee payroll	*	\$ 6,066,224	\$ 5,655,240	\$ 5,475,883	\$ 5,393,065
Contributions as a percentage Of covered-employee Payroll	*	31.96%	35.52%	35.65%	14.06%

* 2019 information will be determined after fiscal year end and will be included in the 2020 audit report.

**CITY OF BUFORD, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - RECOMMENDED CONTRIBUTION

The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the HRP. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

NOTE 2 – VALUATION DATE

The actuarially determined contribution rate was determined as of January 1, 2019, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2020.

NOTE 3 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Actuarial Cost Method – Entry Age Normal

Amortization Method – Closed level dollar for remaining unfunded liability

Remaining Amortization Period – Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset Valuation Method – Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

- Rate of return on investment 7.50% per year
- Projected salary increases 2.75% per year plus age and service based on merit increases
- Cost of living adjustments 0.0%

Retirement Age – 65

The mortality and economic actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

NOTE 4 - CHANGES OF ASSUMPTIONS

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%

NOTE 5 - BENEFIT CHANGES

There were no changes in benefit provisions in the last two fiscal years.

**CITY OF BUFORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CITY OF BUFORD OPEB PLAN

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 329,837	\$ 421,379
Interest	377,047	338,642
Changes of benefit terms	-	-
Differences between Expected and actual Experience	4,002	909
Changes in assumptions	(660,436)	(1,868,799)
Benefit payments, including Refunds of employee Contributions	(150,158)	(151,309)
Net change in total OPEB Liability	(99,708)	(1,259,178)
Total OPEB liability – Beginning	<u>10,277,287</u>	<u>11,536,465</u>
Total OPEB liability – Ending (a)	<u>\$10,177,579</u>	<u>\$10,277,287</u>
Plan fiduciary net position		
Contributions – employer	\$ 150,158	\$ 151,309
Net investment income	-	-
Benefit payments	(150,158)	(151,309)
Administrative expense	<u>-</u>	<u>-</u>
Net Change in plan fiduciary Net position	-	-
Plan fiduciary net position – Beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position – Ending (b)	\$ <u>-</u>	\$ <u>-</u>
Net OPEB Liability – Ending (a) - (b)	<u>\$10,177,579</u>	<u>\$10,277,287</u>
Plan's fiduciary net position As a percentage of the Total OPEB Liability	0.00%	0.00%
Covered-employee payroll	\$ 5,477,581	\$ 6,066,224
Total OPEB liability as a Percentage of covered- Employee payroll	185.80%	169.42%

**CITY OF BUFORD, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - CONTRIBUTION RATE

Actuarially determined contribution rates are calculated as of the middle of the fiscal year, based on the most recent valuation date.

Methods and assumptions used to determine contribution rates:

Discount rate	3.87%
Actuarial cost method	Entry Age Level Percent of Pay Actuarial Cost Method
Amortization method	Open 30 years, level percent of payroll
Remaining amortization period	30 years
Asset valuation method	Market Value

NOTE 2 - PLAN ASSETS

There were no assets accumulated in a trust that meets the criteria in GASB 75, Paragraph 4 to pay related benefits.

NOTE 3 - CHANGES OF ASSUMPTIONS

Effective June 30, 2018 the discount rate changed from 3.58% to 3.87%.

NOTE 4 - BENEFIT CHANGES

There have been no benefit changes since GASB 75 implementation.

COMBINING FINANCIAL STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds are funds in which total fund assets, liabilities, revenues or expenditures are less than 10% of total governmental funds, and total fund assets, liabilities, revenues or expenditures are less than 5% of total governmental and business-type funds. These funds are made up of funds used to account for resources, which are required legally or by sound financial management to be accounted for in a fund other than the General Fund.

SPECIAL REVENUE FUND

The Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Fund:

Hotel/Motel Tax Fund - used to account for receipt and allocation of the City's hotel/motel tax. Use of this tax is limited by law to promotion of tourism. The City hotel/motel tax rate for its three hotels was 7% during the fiscal year ending June 30, 2019.

Auto Rental Excise Tax Fund – used to account for the receipt and allocation of the City's auto rental excise tax. Use of this tax is limited by law to promote industry, trade, commerce, and tourism, certain capital outlay projects, and maintenance and operating expenses or security and public safety expenses associated with those capital outlay projects. The City auto rental excise tax rate was 3% during the fiscal year ending June 30, 2019.

DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of resources for, and the payment of governmental long-term debt principal, interest, and fiscal charges. The governmental long-term debt serviced by the Debt Service Funds consist of the 2010 General Obligation Bonds and 2015 General Obligation Bonds.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the General and Proprietary Funds. The following is a description of the City's non-major Capital Projects Funds.

Gwinnett County 2009 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Buford 2009 SPLOST.

Gwinnett County 2014 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Buford 2014 SPLOST.

Gwinnett County 2017 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Buford 2017 SPLOST.

Hall County 2009 SPLOST Fund - used to account for the construction and financing of projects funded by the Hall County 2009 SPLOST.

Hall County 2015 SPLOST Fund - used to account for the construction and financing of projects funded by the Hall County 2015 SPLOST.

Rest Haven 2001 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Rest Haven 2001 SPLOST.

Rest Haven 2005 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Rest Haven 2005 SPLOST.

2015 General Obligation Bond Capital Project Fund - used to account for the construction of the new Buford high school funded by the issuance of the 2015 General Obligation Bonds.

**CITY OF BUFORD, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2019**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 167,387	\$ -	\$ 9,229,716	\$ 9,397,103
Sales, excise, and other tax receivable	95,686	-	-	95,686
Due from other governments	-	-	382,356	382,356
Prepaid items	-	336,837	-	336,837
Restricted cash and cash equivalents	<u>-</u>	<u>354,911</u>	<u>-</u>	<u>354,911</u>
Total assets	\$ <u>263,073</u>	\$ <u>691,748</u>	\$ <u>9,612,072</u>	\$ <u>10,566,893</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 23,872	\$ -	\$ -	\$ 23,872
Interfund balances	<u>239,201</u>	<u>-</u>	<u>-</u>	<u>239,201</u>
Total liabilities	<u>263,073</u>	<u>-</u>	<u>-</u>	<u>263,073</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	336,837	-	336,837
Restricted for:				
Tourism, conventions and trade shows	-	-	-	-
Debt Service	-	354,911	-	354,911
Capital projects - City of Buford				
Board of Education	-	-	2,745	2,745
SPLOST construction projects	<u>-</u>	<u>-</u>	<u>9,609,327</u>	<u>9,609,327</u>
Total fund balances	<u>-</u>	<u>691,748</u>	<u>9,612,072</u>	<u>10,303,820</u>
Total liabilities and fund balances	\$ <u>263,073</u>	\$ <u>691,748</u>	\$ <u>9,612,072</u>	\$ <u>10,566,893</u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDING JUNE 30, 2019**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes – sales, excise, and other	\$ 446,803	\$ -	\$ -	\$ 446,803
Intergovernmental revenue	-	561,750	2,212,790	2,774,540
Investment income	<u>142</u>	<u>48</u>	<u>8,714</u>	<u>8,904</u>
Total revenues	<u>446,945</u>	<u>561,798</u>	<u>2,221,504</u>	<u>3,230,247</u>
EXPENDITURES				
Current operating:				
Public services:				
Culture and recreation	90,560	-	-	90,560
Intergovernmental:				
Buford Board of Education	-	-	42	42
Capital outlay	-	-	261,442	261,442
Debt service:				
Principal retirement	-	500,000	-	500,000
Interest and fiscal agent fees	<u>-</u>	<u>750,452</u>	<u>-</u>	<u>750,452</u>
Total expenditures	<u>90,560</u>	<u>1,250,452</u>	<u>261,484</u>	<u>1,602,496</u>
Excess (deficiency) of revenues over (under) expenditures	<u>356,385</u>	(<u>688,654</u>)	<u>1,960,020</u>	<u>1,627,751</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,025,539	-	1,025,539
Transfers out	(<u>356,385</u>)	<u>-</u>	(<u>371</u>)	(<u>356,756</u>)
Net other financing sources (uses)	(<u>356,385</u>)	<u>1,025,539</u>	(<u>371</u>)	<u>668,783</u>
Change in fund balances	-	336,885	1,959,649	2,296,534
Fund balances - beginning	<u>-</u>	<u>354,863</u>	<u>7,652,423</u>	<u>8,007,286</u>
Fund balances - ending	\$ <u>-</u>	\$ <u>691,748</u>	\$ <u>9,612,072</u>	\$ <u>10,303,820</u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AS OF JUNE 30, 2019**

NON-MAJOR SPECIAL REVENUE FUNDS

	Hotel/ Motel Tax Fund	Auto Rental Excise Tax Fund	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and cash equivalents	\$ 167,387	\$ -	\$ 167,387
Sales, excise, and other taxes receivable	<u>83,027</u>	<u>12,659</u>	<u>95,686</u>
Total assets	\$ <u>250,414</u>	\$ <u>12,659</u>	\$ <u>263,073</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 23,872	\$ -	\$ 23,872
Interfund balances	<u>226,542</u>	<u>12,659</u>	<u>239,201</u>
Total liabilities	<u>250,414</u>	<u>12,659</u>	<u>263,073</u>
FUND BALANCES			
Restricted for:			
Tourism, conventions, and trade shows	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ <u>250,414</u>	\$ <u>12,659</u>	\$ <u>263,073</u>

SEE INDEPENDENT AUDITOR'S REPORT.

CITY OF BUFORD, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 AS OF JUNE 30, 2019

NON-MAJOR SPECIAL REVENUE FUNDS

	Hotel/ Motel Tax Fund	Auto Rental Excise Tax Fund	Total Nonmajor Special Revenue Funds
REVENUES			
Taxes – sales, excise, and other	\$ 316,960	\$ 129,843	\$ 446,803
Investment income	<u>142</u>	<u>-</u>	<u>142</u>
Total revenues	<u>317,102</u>	<u>129,843</u>	<u>446,945</u>
EXPENDITURES			
Culture and recreation	<u>90,560</u>	<u>-</u>	<u>90,560</u>
Total expenditures	<u>90,560</u>	<u>-</u>	<u>90,560</u>
Excess (deficiency) of revenues over(under) expenditures	<u>226,542</u>	<u>129,843</u>	<u>356,385</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(<u>226,542</u>)	(<u>129,843</u>)	(<u>356,385</u>)
Net other financing sources (uses)	(<u>226,542</u>)	(<u>129,843</u>)	(<u>356,385</u>)
Change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 AS OF JUNE 30, 2019**

NON-MAJOR DEBT SERVICE FUNDS			
	2010 GOB Debt Service Fund	2015 GOB Debt Service Fund	Total Nonmajor Debt Service Funds
ASSETS			
Prepaid items	\$ 336,837	\$ -	\$ 336,837
Restricted cash and cash equivalents	<u>65,372</u>	<u>289,539</u>	<u>354,911</u>
Total assets	\$ <u>402,209</u>	\$ <u>289,539</u>	\$ <u>691,748</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 336,837	\$ -	\$ 336,837
Restricted for: Debt Service	<u>65,372</u>	<u>289,539</u>	<u>354,911</u>
Total fund balances	\$ <u>402,209</u>	\$ <u>289,539</u>	\$ <u>691,748</u>

SEE INDEPENDENT AUDITOR'S REPORT.

CITY OF BUFORD, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 AS OF JUNE 30, 2019

NON-MAJOR DEBT SERVICE FUNDS			
	2010 GOB Debt Service Fund	2015 GOB Debt Service Fund	Total Nonmajor Debt Service Funds
REVENUES			
Intergovernmental	\$ -	\$ 561,750	\$ 561,750
Investment income	<u>-</u>	<u>48</u>	<u>48</u>
Total revenues	<u>-</u>	<u>561,798</u>	<u>561,798</u>
EXPENDITURES			
Debt service:			
Principal retirement	500,000	-	500,000
Interest and fiscal charges	<u>188,202</u>	<u>562,250</u>	<u>750,452</u>
Total expenditures	<u>688,202</u>	<u>562,250</u>	<u>1,250,452</u>
Excess (deficiency) of revenues over (under) expenditures	(<u>688,202</u>)	(<u>452</u>)	(<u>688,654</u>)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,025,039</u>	<u>500</u>	<u>1,025,539</u>
Net other financing sources (uses)	<u>1,025,039</u>	<u>500</u>	<u>1,025,539</u>
Change in fund balance	336,837	48	336,885
Fund balance at beginning of year	<u>65,372</u>	<u>289,491</u>	<u>354,863</u>
Fund balance at end of year	\$ <u>402,209</u>	\$ <u>289,539</u>	\$ <u>691,748</u>

SEE INDEPENDENT AUDITOR'S REPORT.

CITY OF BUFORD, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 AS OF JUNE 30, 2019

NON-MAJOR CAPITAL PROJECTS FUNDS

	GWINNETT COUNTY 2009 SPLOST	GWINNETT COUNTY 2014 SPLOST	GWINNETT COUNTY 2017 SPLOST	HALL COUNTY 2009 SPLOST	HALL COUNTY 2015 SPLOST
ASSETS					
Cash and cash equivalents	\$ 2,767,876	\$ 1,123,312	\$ 4,100,167	\$ 91,899	\$ 555,286
Due from other governments	-	-	353,295	-	29,061
Total assets	\$ 2,767,876	\$ 1,123,312	\$ 4,453,462	\$ 91,899	\$ 584,347
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Interfund balances	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-
FUND BALANCES					
Restricted for:					
Capital projects - City of Buford Board of Education	-	-	-	-	-
Capital projects - SPLOST construction	2,767,876	1,123,312	4,453,462	91,899	584,347
Total fund balances	2,767,876	1,123,312	4,453,462	91,899	584,347
Total liabilities and fund balances	\$ 2,767,876	\$ 1,123,312	\$ 4,453,462	\$ 91,899	\$ 584,347

REST HAVEN 2001 SPLOST	REST HAVEN 2005 SPLOST	2015 GOB CAPITAL PROJECT	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
\$ 19,118	\$ 569,313	\$ 2,745	\$ 9,229,716
<u>-</u>	<u>-</u>	<u>-</u>	<u>382,356</u>
\$ <u>19,118</u>	\$ <u>569,313</u>	\$ <u>2,745</u>	\$ <u>9,612,072</u>
\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	2,745	2,745
<u>19,118</u>	<u>569,313</u>	<u>-</u>	<u>9,609,327</u>
<u>19,118</u>	<u>569,313</u>	<u>2,745</u>	<u>9,612,072</u>
\$ <u>19,118</u>	\$ <u>569,313</u>	\$ <u>2,745</u>	\$ <u>9,612,072</u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019**

NON-MAJOR CAPITAL PROJECTS FUNDS					
	GWINNETT COUNTY 2009 SPLOST	GWINNETT COUNTY 2014 SPLOST	GWINNETT COUNTY 2017 SPLOST	HALL COUNTY 2009 SPLOST	HALL COUNTY 2015 SPLOST
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ 2,051,306	\$ -	\$ 161,484
Investment income	<u>3,202</u>	<u>1,213</u>	<u>3,131</u>	<u>92</u>	<u>474</u>
Total revenues	<u>3,202</u>	<u>1,213</u>	<u>2,054,437</u>	<u>92</u>	<u>161,958</u>
EXPENDITURES					
Intergovernmental:					
Buford Board of Education	-	-	-	-	-
Capital outlay	<u>-</u>	<u>261,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>261,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>3,202</u>	<u>(260,229)</u>	<u>2,054,437</u>	<u>92</u>	<u>161,958</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balances	3,202	(260,229)	2,054,437	92	161,958
Fund balances-beginning	<u>2,764,674</u>	<u>1,383,541</u>	<u>2,399,025</u>	<u>91,807</u>	<u>422,389</u>
Fund balances-ending	\$ <u>2,767,876</u>	\$ <u>1,123,312</u>	\$ <u>4,453,462</u>	\$ <u>91,899</u>	\$ <u>584,347</u>

REST HAVEN 2001 SPLOST	REST HAVEN 2005 SPLOST	2015 GOB CAPITAL PROJECT	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
\$ -	\$ -	\$ -	\$ 2,212,790
<u>19</u>	<u>567</u>	<u>16</u>	<u>8,714</u>
<u>19</u>	<u>567</u>	<u>16</u>	<u>2,221,504</u>
-	-	42	42
<u>-</u>	<u>-</u>	<u>-</u>	<u>261,442</u>
<u>-</u>	<u>-</u>	<u>42</u>	<u>261,484</u>
<u>19</u>	<u>567</u>	<u>(26)</u>	<u>1,960,020</u>
<u>-</u>	<u>-</u>	<u>(371)</u>	<u>(371)</u>
<u>-</u>	<u>-</u>	<u>(371)</u>	<u>(371)</u>
19	567	(397)	1,959,649
<u>19,099</u>	<u>568,746</u>	<u>3,142</u>	<u>7,652,423</u>
\$ <u><u>19,118</u></u>	\$ <u><u>569,313</u></u>	\$ <u><u>2,745</u></u>	\$ <u><u>9,612,072</u></u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Taxes – sales, excise, and other	\$ 320,000	\$ 316,960	\$(3,040)
Investment income	<u>200</u>	<u>142</u>	<u>(58)</u>
Total revenues	<u>320,200</u>	<u>317,102</u>	<u>(3,098)</u>
EXPENDITURES			
Current operating:			
Public services:			
Culture and recreation	<u>90,560</u>	<u>90,560</u>	<u>-</u>
Total expenditures	<u>90,560</u>	<u>90,560</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>229,640</u>	<u>226,542</u>	<u>(3,098)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(226,542)</u>	<u>(226,542)</u>	<u>-</u>
Net other financing sources (uses)	<u>(226,542)</u>	<u>(226,542)</u>	<u>-</u>
Change in fund balance	3,098	-	(3,098)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,098</u>	<u>\$ -</u>	<u>\$(3,098)</u>

**CITY OF BUFORD, GEORGIA
 AUTO RENTAL EXCISE TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Taxes – sales, excise, and other	\$ <u>100,000</u>	\$ <u>129,843</u>	\$ <u>29,843</u>
Total revenues	<u>100,000</u>	<u>129,843</u>	<u>29,843</u>
EXPENDITURES			
Current operating:			
Public services:			
Culture and recreation	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>100,000</u>	<u>129,843</u>	<u>29,843</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(<u>129,843</u>)	(<u>129,843</u>)	-
Net other financing sources (uses)	(<u>129,843</u>)	(<u>129,843</u>)	-
Change in fund balance	(29,843)	-	29,843
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$(<u>29,843</u>)	\$ <u>-</u>	\$ <u>29,843</u>

**CITY OF BUFORD, GEORGIA
2010 GENERAL OBLIGATION BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES	\$ _____ -	\$ _____ -	\$ _____ -
Total revenues	_____ -	_____ -	_____ -
EXPENDITURES			
Debt service:			
Principal retirement	500,000	500,000	-
Interest and fiscal charges	<u>188,202</u>	<u>188,202</u>	-
Total expenditures	<u>688,202</u>	<u>688,202</u>	-
Excess (deficiency) of revenues over (under) expenditures	(<u>688,202</u>)	(<u>688,202</u>)	_____ -
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>700,000</u>	<u>1,025,039</u>	<u>325,039</u>
Net other financing sources (uses)	<u>700,000</u>	<u>1,025,039</u>	<u>325,039</u>
Change in fund balance	11,798	336,837	325,039
Fund balance at beginning of year	<u>65,372</u>	<u>65,372</u>	_____ -
Fund balance at end of year	\$ <u><u>77,170</u></u>	\$ <u><u>402,209</u></u>	\$ <u><u>325,039</u></u>

**CITY OF BUFORD, GEORGIA
2015 GENERAL OBLIGATION BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Intergovernmental	\$ -	\$ 561,750	\$ 561,750
Investment income	<u>-</u>	<u>48</u>	<u>48</u>
Total revenues	<u>-</u>	<u>561,798</u>	<u>561,798</u>
EXPENDITURES			
Debt service:			
Interest & fiscal charges	<u>562,250</u>	<u>562,250</u>	<u>-</u>
Total expenditures	<u>562,250</u>	<u>562,250</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(<u>562,250</u>)	(<u>452</u>)	<u>561,798</u>
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	<u>-</u>	<u>500</u>	<u>500</u>
Net other financing sources (uses)	<u>-</u>	<u>500</u>	<u>500</u>
Change in fund balance	(562,250)	48	562,298
Fund balance at beginning of year	<u>289,491</u>	<u>289,491</u>	<u>-</u>
Fund balance at end of year	\$(<u>272,759</u>)	\$ <u>289,539</u>	\$ <u>562,298</u>

**CITY OF BUFORD, GEORGIA
2017 GENERAL OBLIGATION BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES			
Intergovernmental	\$ -	\$ 12,144,055	\$ 12,144,055
Investment income	<u>-</u>	<u>1,546</u>	<u>1,546</u>
Total revenues	<u>-</u>	<u>12,145,601</u>	<u>12,145,601</u>
EXPENDITURES			
Debt service:			
Principal retirement	10,770,000	10,770,000	-
Interest and fiscal charges	<u>2,397,043</u>	<u>2,397,043</u>	<u>-</u>
Total expenditures	<u>13,167,043</u>	<u>13,167,043</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,167,043)</u>	<u>(1,021,442)</u>	<u>12,145,601</u>
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	<u>-</u>	<u>750</u>	<u>750</u>
Net other financing sources (uses)	<u>-</u>	<u>750</u>	<u>750</u>
Change in fund balance	<u>(13,167,043)</u>	<u>(1,020,692)</u>	<u>12,146,351</u>
Fund balance at beginning of year	<u>1,979,774</u>	<u>1,979,774</u>	<u>-</u>
Fund balance at end of year	<u>\$(11,187,269)</u>	<u>\$ 959,082</u>	<u>\$ 12,146,351</u>

**CITY OF BUFORD, GEORGIA
 GWINNETT COUNTY 2009 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Intergovernmental revenue	\$ -	\$ -	\$ -
Investment income	<u>-</u>	<u>3,202</u>	<u>3,202</u>
Total revenues	<u>-</u>	<u>3,202</u>	<u>3,202</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>3,202</u>	<u>3,202</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	3,202	3,202
Fund balance at beginning of year	<u>2,764,674</u>	<u>2,764,674</u>	<u>-</u>
Fund balance at end of year	\$ <u>2,764,674</u>	\$ <u>2,767,876</u>	\$ <u>3,202</u>

**CITY OF BUFORD, GEORGIA
 GWINNETT COUNTY 2014 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Intergovernmental revenue	\$ -	\$ -	\$ -
Investment income	<u>-</u>	<u>1,213</u>	<u>1,213</u>
Total revenues	<u>-</u>	<u>1,213</u>	<u>1,213</u>
EXPENDITURES			
Capital outlay	<u>261,442</u>	<u>261,442</u>	<u>-</u>
Total expenditures	<u>261,442</u>	<u>261,442</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(<u>261,442</u>)	(<u>260,229</u>)	<u>1,213</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(<u>261,442</u>)	(<u>260,229</u>)	<u>1,213</u>
Fund balance at beginning of year	<u>1,383,541</u>	<u>1,383,541</u>	<u>-</u>
Fund balance at end of year	\$ <u>1,122,099</u>	\$ <u>1,123,312</u>	\$ <u>1,213</u>

**CITY OF BUFORD, GEORGIA
 GWINNETT COUNTY 2017 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Intergovernmental revenue	\$ 1,750,000	\$ 2,051,306	\$ 301,306
Investment income	<u>1,000</u>	<u>3,131</u>	<u>2,131</u>
Total revenues	<u>1,751,000</u>	<u>2,054,437</u>	<u>303,437</u>
EXPENDITURES			
Capital outlay	-	-	-
Total expenditures	-	-	-
Change in fund balance	1,751,000	2,054,437	303,437
Fund balance at beginning of year	<u>2,399,025</u>	<u>2,399,025</u>	-
Fund balance at end of year	\$ <u>4,150,025</u>	\$ <u>4,453,462</u>	\$ <u>303,437</u>

**CITY OF BUFORD, GEORGIA
HALL COUNTY 2009 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Intergovernmental revenue	\$ -	\$ -	\$ -
Investment income	<u>90</u>	<u>92</u>	<u>2</u>
Total revenues	<u>90</u>	<u>92</u>	<u>2</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	90	92	2
Fund balance at beginning of year	<u>91,807</u>	<u>91,807</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>91,897</u></u>	\$ <u><u>91,899</u></u>	\$ <u><u>2</u></u>

**CITY OF BUFORD, GEORGIA
HALL COUNTY 2015 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES			
Intergovernmental revenue	\$ -	\$ 161,484	\$ 161,484
Investment income	<u>-</u>	<u>474</u>	<u>474</u>
Total revenues	<u>-</u>	<u>161,958</u>	<u>161,958</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	161,958	161,958
Fund balance at beginning of year	<u>422,389</u>	<u>422,389</u>	<u>-</u>
Fund balance at end of year	\$ <u>422,389</u>	\$ <u>584,347</u>	\$ <u>161,958</u>

**CITY OF BUFORD, GEORGIA
 REST HAVEN 2001 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Intergovernmental revenue	\$ -	\$ -	\$ -
Investment income	<u>20</u>	<u>19</u>	<u>(1)</u>
Total revenues	<u>20</u>	<u>19</u>	<u>(1)</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	20	19	(1)
Fund balance at beginning of year	<u>19,099</u>	<u>19,099</u>	<u>-</u>
Fund balance at end of year	\$ <u>19,119</u>	\$ <u>19,118</u>	\$ <u>(1)</u>

**CITY OF BUFORD, GEORGIA
 REST HAVEN 2005 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Intergovernmental revenue	\$ -	\$ -	\$ -
Investment income	<u>500</u>	<u>567</u>	<u>67</u>
Total revenues	<u>500</u>	<u>567</u>	<u>67</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	500	567	67
Fund balance at beginning of year	<u>568,746</u>	<u>568,746</u>	<u>-</u>
Fund balance at end of year	<u>\$ 569,246</u>	<u>\$ 569,313</u>	<u>\$ 67</u>

**CITY OF BUFORD, GEORGIA
2015 GOB CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES			
Intergovernmental revenue	\$ -	\$ -	\$ -
Investment income	<u>-</u>	<u>16</u>	<u>16</u>
Total revenues	<u>-</u>	<u>16</u>	<u>16</u>
EXPENDITURES			
Intergovernmental:			
Buford Board of Education	<u>42</u>	<u>42</u>	<u>-</u>
Total expenditures	<u>42</u>	<u>42</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	(<u>42</u>)	(<u>26</u>)	<u>16</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(<u>371</u>)	(<u>371</u>)	<u>-</u>
Net other financing sources (uses)	(<u>371</u>)	(<u>371</u>)	<u>-</u>
Change in fund balance	(413)	(26)	16
Fund balance at beginning of year	<u>3,142</u>	<u>3,142</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>2,729</u></u>	\$ <u><u>2,745</u></u>	\$ <u><u>16</u></u>

CITY OF BUFORD, GEORGIA
AGENCY FUNDS
BUFORD BOARD OF EDUCATION SPLOST FUNDS
GWINNETT COUNTY E-SPLOST IV
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>GWINNETT COUNTY E-SPLOST IV:</u>				
ASSETS				
Cash and cash equivalents	\$ <u>3,051</u>	\$ <u>2</u>	\$(<u>3,053</u>)	\$ <u>-</u>
LIABILITIES				
Due to others	\$ <u>3,051</u>	\$ <u>2</u>	\$(<u>3,053</u>)	\$ <u>-</u>

CITY OF BUFORD, GEORGIA
AGENCY FUNDS
BUFORD BOARD OF EDUCATION SPLOST FUNDS
GWINNETT COUNTY E-SPLOST V
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>GWINNETT COUNTY E-SPLOST V:</u>				
ASSETS				
Cash and cash equivalents	\$ 409,008	\$ 301,489	\$(295,603)	\$ 414,894
Investments	<u>19,562,759</u>	<u>321,508</u>	<u>(9,690,202)</u>	<u>10,194,065</u>
Total assets	\$ <u>19,971,767</u>	\$ <u>622,997</u>	\$ <u>(9,985,805)</u>	\$ <u>10,608,959</u>
LIABILITIES				
Due to others	\$ <u>19,971,767</u>	\$ <u>622,997</u>	\$ <u>(9,985,805)</u>	\$ <u>10,608,959</u>

CITY OF BUFORD, GEORGIA
AGENCY FUNDS
BUFORD BOARD OF EDUCATION SPLOST FUNDS
HALL COUNTY E-SPLOST IV
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>HALL COUNTY E-SPLOST IV:</u>				
ASSETS				
Cash and cash equivalents	\$ <u>800,986</u>	\$ <u>913</u>	\$(<u>81,202</u>)	\$ <u>720,697</u>
Total Assets	\$ <u>800,986</u>	\$ <u>913</u>	\$(<u>81,202</u>)	\$ <u>720,697</u>
LIABILITIES				
Due to others	\$ <u>800,986</u>	\$ <u>913</u>	\$(<u>81,202</u>)	\$ <u>720,697</u>
Total Liabilities	\$ <u>800,986</u>	\$ <u>913</u>	\$(<u>81,202</u>)	\$ <u>720,697</u>

CITY OF BUFORD, GEORGIA
AGENCY FUNDS
BUFORD BOARD OF EDUCATION SPLOST FUNDS
HALL COUNTY E-SPLOST V
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>HALL COUNTY E-SPLOST V:</u>				
ASSETS				
Cash and cash equivalents	\$ 75,601	\$ 24,951	\$(67,316)	\$ 33,236
Investments	<u>2,650,603</u>	<u>2,081</u>	<u>(2,652,684)</u>	<u>-</u>
Total Assets	\$ <u>2,726,204</u>	\$ <u>27,032</u>	\$(<u>2,720,000</u>)	\$ <u>33,236</u>
LIABILITIES				
Due to others	\$ <u>2,726,204</u>	\$ <u>27,032</u>	\$(<u>2,720,000</u>)	\$ <u>33,236</u>

**REPORT REQUIRED BY GOVERNMENTAL AUDITING
STANDARDS**

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of the Board of Commissioners
City of Buford, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Buford, Georgia's basic financial statements and have issued our report thereon dated December 13, 2019. Our report includes a reference to other auditors who audited the financial statements of the City of Buford Board of Education, as described in our report on the City of Buford, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Honorable Members of the Board of Commissioners
City of Buford, Georgia

Purpose of this Report

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

Wilcox & Bivings, P.C.

Suwanee, Georgia
December 13, 2019

**SCHEDULE REQUIRED BY THE
STATE OF GEORGIA**

CITY OF BUFORD, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>PROJECT DESCRIPTION</u>	<u>Original Estimate Amount</u>	<u>Current Estimate Amount</u>	<u>Amount Expended In Prior Years</u>	<u>Amount Expended In Current Year</u>	<u>Total</u>	<u>Estimated Percentage of Completion</u>
<i>REST HAVEN 2001 SPLOST</i> Recreational Facilities	\$ -	\$ 90,997	\$ 71,879	\$ -	\$ 71,879	79.00%
Total Rest Haven 2001 SPLOST	<u>\$ -</u>	<u>\$ 90,997</u>	<u>\$ 71,879</u>	<u>\$ -</u>	<u>\$ 71,879</u>	
<i>REST HAVEN 2005 SPLOST</i> Transportation	\$ 296,785	\$ 569,313	\$ -	\$ -	\$ -	0.00%
Total Rest Haven 2005 SPLOST	<u>\$ 296,785</u>	<u>\$ 569,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<i>HALL COUNTY 2009 SPLOST</i> Transportation	\$ 25,732	\$ 91,899	\$ -	\$ -	\$ -	0.00%
Total Hall County 2009 SPLOST	<u>\$ 25,732</u>	<u>\$ 91,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<i>GWINNETT COUNTY 2009 SPLOST</i> Transportation Recreational Facilities Water & Sewer	\$ 5,960,000 1,677,101 <u>2,000,000</u>	\$ 4,729,333 1,330,800 <u>1,587,024</u>	\$ 2,179,281 1,200,000 <u>1,500,000</u>	\$ - - -	\$ 2,179,281 1,200,000 <u>1,500,000</u>	46.08% 90.17% 94.52%
Total Gwinnett County 2009 SPLOST	<u>\$ 9,637,101</u>	<u>\$ 7,647,157</u>	<u>\$ 4,879,281</u>	<u>\$ -</u>	<u>\$ 4,879,281</u>	
<i>GWINNETT COUNTY 2014 SPLOST</i> Recreational Facilities & Equipment Transportation	\$ 4,172,696 <u>1,788,299</u>	\$ 3,810,404 <u>1,471,907</u>	\$ 3,810,404 <u>87,163</u>	\$ - <u>261,442</u>	\$ 3,810,404 <u>348,605</u>	100.00% 23.68%
Total Gwinnett County 2014 SPLOST	<u>\$ 5,960,995</u>	<u>\$ 5,282,311</u>	<u>\$ 3,897,567</u>	<u>\$ 261,442</u>	<u>\$ 4,159,009</u>	
<i>HALL COUNTY 2015 SPLOST</i> Transportation Water & Sewer	\$ 111,249 <u>600,000</u>	\$ 111,249 <u>600,000</u>	\$ - -	\$ - -	\$ - -	0.00% 0.00%
Total Hall County 2015 SPLOST	<u>\$ 711,249</u>	<u>\$ 711,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<i>GWINNETT COUNTY 2017 SPLOST</i> Parking Facilities Recreational Facilities & Equipment Transportation	\$ 3,765,543 6,932,788 <u>941,677</u>	\$ 3,765,543 6,932,788 <u>941,677</u>	\$ - - -	\$ - - -	\$ - - -	0.00% 0.00% 0.00%
Total Gwinnett County 2017 SPLOST	<u>\$ 11,640,008</u>	<u>\$ 11,640,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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Appendix B

FORM OF THE ORDINANCE

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AN ORDINANCE OF THE CITY OF BUFORD PROVIDING FOR THE ISSUANCE OF CITY OF BUFORD COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2020 ("SERIES 2020 BONDS") IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$20,000,000 FOR THE PURPOSES OF (i) (A) FINANCING IN WHOLE OR IN PART THE COSTS OF ACQUIRING, CONSTRUCTING AND INSTALLING CERTAIN ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE WATER AND SEWERAGE SYSTEM OF THE CITY OF BUFORD; AND (B) PAYING THE COSTS OF ISSUING THE SERIES 2020 BONDS; (ii) THE ISSUANCE UNDER CERTAIN TERMS AND CONDITIONS OF ADDITIONAL BONDS; (iii) THE CREATION AND MAINTENANCE OF CERTAIN FUNDS; (iv) THE ESTABLISHMENT OF RATES, FEES AND CHARGES FOR THE SERVICES, FACILITIES AND COMMODITIES TO BE FURNISHED BY THE SYSTEM; (v) THE ESTABLISHMENT OF REMEDIES FOR THE OWNERS OF SAID BONDS; (vi) THE AUTHORIZATION OF A BOND PURCHASE AGREEMENT FOR THE SERIES 2020 BONDS; (vii) THE APPROVAL OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT FOR THE SERIES 2020 BONDS; (viii) THE APPROVAL OF A CONTINUING DISCLOSURE CERTIFICATE; AND (ix) OTHER PURPOSES.

Adopted June 18, 2020

Prepared by:

Peter K. Floyd, Esq.
Alston & Bird LLP
1201 W. Peachtree Street
Atlanta, Georgia 30309

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SCHEDULE 1 TO THE BOND ORDINANCE
EXHIBIT A Purchase Agreement

AN ORDINANCE OF THE CITY OF BUFORD PROVIDING FOR THE ISSUANCE OF CITY OF BUFORD COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2020 ("SERIES 2020 BONDS") IN THE AGGREGATE PRINCIPAL AMOUNT OF \$20,000,000 FOR THE PURPOSES OF (i) (A) FINANCING IN WHOLE OR IN PART THE COSTS OF ACQUIRING, CONSTRUCTING AND INSTALLING CERTAIN ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE WATER AND SEWERAGE SYSTEM OF THE CITY OF BUFORD; AND (B) PAYING THE COSTS OF ISSUING THE SERIES 2020 BONDS; (ii) THE ISSUANCE UNDER CERTAIN TERMS AND CONDITIONS OF ADDITIONAL BONDS; (iii) THE CREATION AND MAINTENANCE OF CERTAIN FUNDS; (iv) THE ESTABLISHMENT OF RATES, FEES AND CHARGES FOR THE SERVICES, FACILITIES AND COMMODITIES TO BE FURNISHED BY THE SYSTEM; (v) THE ESTABLISHMENT OF REMEDIES FOR THE OWNERS OF SAID BONDS; (vi) THE AUTHORIZATION OF A BOND PURCHASE AGREEMENT FOR THE SERIES 2020 BONDS; (vii) THE APPROVAL OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT FOR THE SERIES 2020 BONDS; (viii) THE APPROVAL OF A CONTINUING DISCLOSURE CERTIFICATE; AND (ix) OTHER PURPOSES.

WHEREAS, the City of Buford, a duly created and validly existing municipal corporation of the State of Georgia (the "City"), currently owns, operates and maintains water, wastewater, electric and natural gas systems (such systems, as they now exist and as they may be hereafter added to, extended and improved, being hereinafter collectively referred to as the "System") and, by virtue of the Revenue Bond Law of the State of Georgia, O.C.G.A. Sections 36-82-60 through 36-82-85, as amended (the "Revenue Bond Law"), is authorized to own, operate and maintain its System for its own use, and for the use of the public, and to prescribe, revise and collect, rates, tolls, fees and charges for the services, facilities and commodities furnished by the System and, in anticipation of the collection of revenues from the System, to issue revenue bonds to finance, in whole or in part, the acquisition, construction and installation of certain additions, extensions and improvements to the System and other obligations payable from the revenues of such System, at its option, pay the premium of a surety bond in lieu of a debt service reserve, to purchase a municipal bond insurance policy for such revenue bonds and to pay all expenses necessary to accomplish the foregoing; and

WHEREAS, after careful study and investigation, the City has determined that the most feasible method of raising the funds required to finance the cost of the acquisition, construction and installation of certain additions, extensions and improvements to the water and sewerage portions of the System, including, without limitation, the construction and development of a new water plant and improvements to one or more existing sewer main service lines, is for the City to issue its City of Buford Combined Utility System Revenue Bonds, Series 2020 (the "Series 2020 Bonds"), having as security for the payment of the principal thereof and interest thereon, and any parity bonds therewith hereafter issued, a first or prior lien on the Net Revenues (hereinafter defined) of the System; and

WHEREAS, the City has further determined that in order to accomplish the sale of the Series 2020 Bonds hereinafter authorized, the City should enter into a bond purchase agreement (the "Purchase Agreement") with Stephens Inc., as underwriter for the Series 2020 Bonds, the terms of which provide for the sale and delivery of the Series 2020 Bonds; and

WHEREAS, it is anticipated that additional demands will be made from time to time for additions, extensions and improvements to the System and in order to meet these needs, provision should be made

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for the issuance of additional revenue bonds for such purpose, said bonds to stand on a parity with and be of equal dignity as to lien on the Net Revenues of the System securing the payment of the Series 2020 Bonds hereinafter authorized to be issued or may be bonds or obligations ranking as to lien on the Net Revenues of the System junior and subordinate to the Series 2020 Bonds hereinafter authorized to be issued;

NOW, THEREFORE, BE IT ORDAINED by the BOARD OF COMMISSIONERS OF THE CITY OF BUFORD, and it is HEREBY ORDAINED by authority of the same as follows:

ARTICLE I

DEFINITIONS

In addition to the terms hereinabove defined, whenever the following terms are used in this Ordinance, the same, unless the context shall clearly indicate another or different meaning or intent, shall be construed or used and are intended to have the meaning as follows:

“**Additional Bonds**” shall mean any revenue bonds of the City ranking on a parity with the Series 2020 Bonds which may hereafter be issued pursuant to Section 508 hereof.

“**Authenticating Agent**” means initially U.S. Bank National Association, Atlanta, Georgia, and its successors, or such other commercial bank or trust company, its successors and assigns, appointed by the City.

“**Authorized Officer of the City**” means the officer or officers designated by the City as such to the Custodian or Custodians of any funds held under this Ordinance.

“**Beneficial Owner**” shall mean the owners of a beneficial interest in Series 2020 Bonds registered in the Book-Entry Form.

“**Bond Registrar**” means initially U.S. Bank National Association, Atlanta, Georgia, and its successors, or such other commercial bank or trust company, its successors and assigns, appointed by the City to maintain, in accordance with the provisions of this Ordinance and any supplemental ordinance, the registration books of the City for any series of Bonds secured by this Ordinance.

“**Bondholder**” and “**bondholder**” means the registered owner of any of the outstanding Bonds.

“**Bonds**” shall mean any revenue bonds authorized by and issued pursuant to this Ordinance, including the Series 2020 Bonds and any Additional Bonds of the City issued pursuant to this Ordinance.

“**Book-Entry Form**” or “**Book-Entry System**” shall mean, with respect to the Series 2020 Bonds, a form or system, as applicable, under which (i) the ownership of Beneficial Interests in the Bonds may be transferred only through book-entry and (ii) physical Series 2020 Bonds in fully registered form are registered only in the name of a Securities Depository or a Securities Depository nominee, with the physical Bonds in the custody of a Securities Depository or a Securities Depository nominee.

“**City**” shall mean the City of Buford, a municipal corporation of the State of Georgia.

“**Construction Fund**” shall mean the City of Buford Construction Fund created in Section 402 of this Ordinance.

“**Construction Fund Custodian**” means initially the commercial bank appointed by the City for such role in the City’s supplemental ordinance for the Series 2020 Bonds, or any successor custodian for the Construction Fund thereafter appointed by the City; provided, however, the Construction Fund Custodian shall at all times be a commercial bank.

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“**Consulting Engineer**” shall mean Keck & Wood, Inc., or such other engineer, engineers or engineering firm designated by the City in relation to the supervision of the additions, extensions and improvements to be made to the System and in relation to the services to be rendered as contemplated by this Ordinance.

“**Debt Service Reserve Account**” means the Debt Service Reserve Account(s) that may be created, pursuant to Section 502, Paragraph 2(b) hereof, by a supplemental ordinance respecting applicable Additional Bonds.

“**Debt Service Reserve Requirement**” means with respect to applicable Additional Bonds an amount that may be described in a supplemental ordinance respecting such bonds, which amount shall not exceed, as of any date of calculation, an amount not less than the least of (a) 10% of the outstanding principal amount of the Bonds, (b) the maximum annual principal of and interest on the Bonds payable in any Sinking Fund Year, or (c) 125% of average annual debt service on the Bonds; provided, however, with respect to Bonds that are variable rate bonds it shall be assumed that such Bonds bear interest through maturity at that rate which the original purchaser of such Bonds certifies as of the date of issuance thereof would have borne had such Bonds borne a fixed, constant rate of interest; notwithstanding anything else herein to the contrary, no Debt Service Reserve Requirement is applicable to the Series 2020 Bonds.

“**Fiscal Year**” shall mean the period commencing on the 1st day of July in each year and extending through the 30th day of June of the next succeeding year, or such other period as shall hereafter be adopted by the City as herein provided.

“**Interest Payment Date**” shall mean January 1 and July 1 of each year, except that with respect to any series of Additional Bonds that bear interest at a variable rate, the City may provide in a supplemental ordinance for any other interest payment dates as it deems appropriate.

“**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 shall be dissolved or liquidated or shall no longer issue ratings on obligations of a type similar to the Bonds, “**Moody’s**” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P) designated by the City.

“**Net Revenues**” means all revenues arising from the City’s ownership and operation of the System and properties in connection therewith as it now exists and as it may hereafter be added to, extended or improved remaining in the Revenue Fund after the payment in each month of all reasonable and necessary costs of operating, maintaining and repairing the System, including, without limitation, salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of the System, the cost of materials and supplies, the cost of purchased gas, purchased power and purchased water, including hedging costs associated with such purchases, rentals of leased property, real or personal, insurance premiums, audit fees and such other charges as may properly be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practices, but before making provision for depreciation coming due in such month (the “**Operating Expenses**”).

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“**Optional Redemption Account**” means the account of such name created within the Sinking Fund.

“**Ordinance**” means this bond ordinance, and as the same may be supplemented from time to time.

“**Paying Agent**” means initially U.S. Bank National Association, Atlanta, Georgia, and its successors, or such other commercial bank or banks or trust company, its successors and assigns, appointed by the City to serve as paying agent, in accordance with the terms of this Ordinance and any supplemental ordinance, for any series of Bonds secured by this Ordinance.

“**Permitted Investments**” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the City funds:

(a) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated, as amended;

(b) bonds or obligations of the State of Georgia, or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

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

(d) obligations of agencies of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives;

(e) 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;

(f) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any of the proceeds of the Certificates. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of

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Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations referred to in paragraph (c) above, obligations of the agencies of the United States government referred to in paragraph (d) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities referred to in paragraph (e) above;

(g) 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:

- (i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referred to in paragraph (c) above and repurchase agreements fully collateralized by any such obligations;
 - (ii) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;
 - (iii) 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
 - (iv) 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 of Georgia; and
- (h) repurchase agreements with respect to the foregoing investments consented to by any applicable Insurer; and
- (i) any other investments authorized by the laws of the State of Georgia.

“Person” means natural persons, firms, associations, corporations and public bodies.

“Principal and Interest Requirements” shall mean the amounts required in each Sinking Fund Year to pay the principal (whether at maturity or by scheduled mandatory redemption) of and interest on the Series 2020 Bonds and any Additional Bonds hereafter issued as the same become due and payable.

“Record Date” means (a) with respect to any Interest Payment Date, the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date, and (b) with respect to any date of redemption, the fifteenth (15th) day (whether or not a business day) next preceding such date of redemption; provided, that with respect to any Additional Bonds bearing interest at a variable rate, the Issuer may designate any other or additional record dates as it may deem appropriate.

“Renewal and Extension Fund” shall mean the City of Buford Renewal and Extension Fund created in Section 502, Paragraph 3 of this Ordinance.

“Renewal and Extension Fund Custodian” means initially the commercial bank appointed by the City for such role in the City’s supplemental ordinance for the Series 2020 Bonds, or any successor custodian for the Renewal and Extension Fund thereafter appointed by the City; provided, however, the Renewal and Extension Fund Custodian shall at all times be a commercial bank.

“Revenue Bond Law” means the Revenue Bond Law (O.C.G.A. Sections 36-82-60 through 36-82-85), as same may hereafter be amended from time to time.

“Revenue Fund” shall mean the City of Buford Revenue Fund created in Section 502 of this Ordinance.

“Revenue Fund Custodian” means initially the commercial bank appointed by the City for such role in the City’s supplemental ordinance for the Series 2020 Bonds, or any successor custodian for the Revenue Fund thereafter appointed by the City; provided, however, the Revenue Fund Custodian shall at all times be a commercial bank.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer issue ratings on obligations of a type similar to the Bonds, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody’s) designated by the City.

“Securities Depository” shall mean any Securities Depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17(a) of the Securities Exchange Act of 1934, operating and maintaining with its Participants or otherwise, a Book-Entry System to record ownership of Beneficial Interests in applicable Additional Bonds issued in Book-Entry Form and to effect transfers of Additional Bonds in Book-Entry Form, and means, initially, The Depository Trust Company, New York, New York.

“Series 2020 Bonds” means the combined utility system revenue bonds authorized to be issued pursuant to Article II of this Ordinance.

“Sinking Fund” shall mean the City of Buford Sinking Fund created in Section 502, Paragraph 2 of this Ordinance.

“Sinking Fund Custodian” means initially U.S. Bank National Association, Atlanta, Georgia, its successors and assigns, or any successor custodian for the Sinking Fund hereafter appointed by the City; provided, however, the Sinking Fund Custodian shall at all times be a commercial bank or trust company.

“Sinking Fund Year” shall mean the period commencing on the 2nd day of July in each year and extending through the 1st day of July in the next year, except that the first Sinking Fund Year will begin on the date of issuance of the Series 2020 Bonds and end on July 1, 2021.

“System” shall have the definition set forth in the Recitals above.

Whenever used in this Ordinance, the singular shall include the plural and the plural shall include the singular, unless the context otherwise indicates.

ARTICLE II

AUTHORIZATION FOR AND REGISTRATION OF BONDS

Section 201. Authorization. Under the authority of the Revenue Bond Law, there be and there is hereby authorized to be issued not to exceed \$20,000,000 in aggregate principal amount of City of Buford Combined Utility System Revenue Bonds, Series 2020 (the “Series 2020 Bonds”) for the purpose of providing funds to be applied to (i) the financing of the cost of the acquisition, construction and installation of certain additions, extensions and improvements to the System, including, without limitation, the construction and development of a new water plant and improvements to one or more existing sewer main service lines; (ii) the purchase of a municipal bond insurance policy and a debt service reserve insurance policy for the Series 2020 Bonds; and (iii) the payment of the costs of issuing the Series 2020 Bonds. The Series 2020 Bonds shall be payable solely from the Sinking Fund hereinafter created and all of the covenants, agreements and provisions of this Ordinance shall be for the equal and proportionate benefit and security of all owners of the Series 2020 Bonds issued hereunder, and any Additional Bonds hereafter issued.

Section 202. Terms of Series 2020 Bonds. The Series 2020 Bonds shall be dated the date of authentication thereof, shall be in the form of fully registered bonds without coupons, shall be in the denomination of \$5,000 or any integral multiple thereof, shall be transferable to subsequent owners as hereinafter provided, shall be numbered R-1 upward, and shall bear interest from their date of issuance at a rate not to exceed 5.00% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on January 1, 2021, and semiannually thereafter on the first days of July and January in each year and maturing as to principal no later than July 1, 2040 subject to prior redemption as herein provided.

Section 203. Medium and Places of Payment. The principal amount of the Series 2020 Bonds shall be payable at maturity, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent, and payments of interest on the Series 2020 Bonds shall be made by check or draft payable to the registered owner as shown on the bond registration book kept by the Bond Registrar on the Record Date and such payments of interest shall be mailed to the registered owner at the address shown on the bond registration book. Both the principal of and interest on the Series 2020 Bonds shall be payable in lawful money of the United States of America.

Section 204. Execution; Form of Series 2020 Bonds; Book-Entry Provisions. The Series 2020 Bonds shall be executed by use of the manual or facsimile signature of the Chairman of the City Commission and attested by the manual or facsimile signature of the Clerk of the City and a manual or facsimile of the official seal of the City shall be impressed or imprinted thereon, and the Series 2020 Bonds shall be impressed or authenticated by the manual signature of a duly authorized signatory of the Bond Registrar. The validation certificate to be printed on the Series 2020 Bonds shall be executed by use of the manual or facsimile signature of the Clerk of the Superior Court of Gwinnett County and a manual impression or facsimile of the official seal of said court shall be impressed or imprinted thereon. In case any officer whose signature shall appear on the Series 2020 Bonds shall cease to be such officer before delivery of the Series 2020 Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. Each of the Series 2020 Bonds shall

be registered on the books of registration relating thereto kept by the Paying Agent and Bond Registrar for the Series 2020 Bonds. The Series 2020 Bonds, the certificate of authentication and registration, form of assignment and the certificate of validation to be endorsed upon the Series 2020 Bonds, shall be in substantially the forms provided in this Section, with such variations, omissions and insertions as are required or permitted by this Ordinance.

Bonds may be issued in the form of a single bond for the entire principal of each maturity and registered in the name of the Securities Depository or the Securities Depository nominee, and ownership of any such Bonds ("Book-Entry Bonds") shall be maintained in Book-Entry Form by the Securities Depository for the account of the Beneficial Owners thereof. Book-Entry Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company. Except as otherwise provided, Book-Entry Bonds may be transferred, in whole but not in part, only to the Securities Depository or the Securities Depository nominee, or to a successor Securities Depository or Securities Depository nominee selected or approved by the City. The Person in whose name any Book-Entry Bond shall be registered shall be the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium, if any, and interest on any such Book-Entry Bond shall be made only to or upon the order of the registered owner thereof or the registered owner's legal representative.

So long as any Book-Entry Bonds are registered in Book-Entry Form, the City and the Paying Agent may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such Book-Entry Bonds for all purposes whatsoever, including without limitation:

- (i) the payment of principal, premium, if any, and interest on such Book-Entry Bonds;
- (ii) giving notices of redemption and other matters with respect to such Book-Entry Bonds;
- (iii) registering transfers with respect to such series of Book-Entry Bonds;
- (iv) the selection of Book-Entry Bonds for redemption; and
- (v) for purposes of obtaining consents under this Bond Ordinance respecting such Book-Entry Bonds.

If at any time the Securities Depository notifies the City that it is unwilling or unable to continue as Securities Depository with respect to the Book-Entry Bonds, or if any time the Securities Depository shall not longer be registered or in good standing under the Securities Exchange Act of 1934 or other applicable statute or regulation and a successor Securities Depository is not appointed by the City within 90 days after the City receives notice of such condition, then this Section 204 shall no longer be applicable and the City shall execute and the Authenticating Agent shall authenticate and deliver certificates representing the Book-Entry Bonds to the Beneficial Owners. Any certificate representing Book-Entry Bonds issued pursuant to this Section 204 shall be registered in such names and in denominations of \$5,000 or any integral multiple thereof as the Securities Depository shall request.

The City and the Paying Agent shall not have any responsibility or obligation to any Securities Depository or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records

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Unless this Bond is presented by an authorized representative of DTC to the Bond Registrar for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, CEDE & Co., has an interest herein. Each Bond certificate will remain in the Paying Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and DTC - FAST Agreement.

No. R-

UNITED STATES OF AMERICA
STATE OF GEORGIA
CITY OF BUFORD
COMBINED UTILITY SYSTEM REVENUE BOND
SERIES 2020

INTEREST RATE: % MATURITY DATE:

CUSIP: BOND DATE:

Registered Owner:

Principal Amount: \$

FOR VALUE RECEIVED, the City of Buford (the "City"), a municipal corporation of the State of Georgia, hereby promises to pay solely from the special fund provided therefor, as hereinafter set forth, to the registered owner hereof, or registered assigns, the principal sum shown above in lawful money of the United States of America on the date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association, Atlanta, Georgia, Paying Agent and Bond Registrar, and to pay to the registered owner hereof solely from said special fund interest on the principal amount from date hereof or from the most recent Interest Payment Date to which interest has been paid, at the rate per annum specified above, on January 1, 2021, and semiannually thereafter on the first days of July and January in each year (each an "Interest Payment Date"), until payment of the principal amount hereof. Payments of interest on this Bond shall be made by check or draft payable to the registered owner as shown on the bond registration book kept by the Bond Registrar at the close of business on the fifteenth day of the calendar month next preceding each Interest Payment Date and such interest payments shall be mailed to the registered owner at the address shown on the bond registration book.

This Bond is one of a duly authorized issue of City of Buford Combined Utility System Revenue Bonds, Series 2020, in the aggregate principal amount of \$ _____, of like tenor, except as to numbers,

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maintained by the Securities Depository or any Securities Depository participant; (iii) the payment by the Securities Depository or any Securities Depository participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Book-Entry Bonds; (iv) the delivery or timeliness of delivery by the Securities Depository or any Securities Depository participant of any notice due to any Beneficial Owner which is required or permitted under the terms of this Ordinance to given to Beneficial Owners; (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Book-Entry Bonds; or (vi) any consent given or other action taken by the Securities Depository, or its nominee, as owner.

So long as the Book-Entry System of evidence of transfer of ownership of all Book-Entry Bonds is maintained in accordance herewith, the provisions of this Ordinance relating to the delivery of physical bond certificates shall be deemed to give full effect to such Book-Entry System.

Payment of principal, premium, if any, and interest on Bonds not existing in Book-Entry Form shall be made as provided in such Bonds.

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denominations, interest rates, dates of maturity and redemption provisions (hereinafter sometimes referred to collectively as the "Bonds") issued for the purpose of providing funds to be applied to (i) finance the cost of the acquisition, construction and installation of certain additions, extensions and improvements to the water and sewerage portions of the System; and (ii) the payment of the costs of issuing the Series 2020 Bonds, and is issued under authority of the Revenue Bond Law of Georgia (O.C.G.A. Sections 36-82-60 through 36-82-85, as amended), and was duly authorized by a bond ordinance of the City adopted on _____, 2020 as supplemented and amended by a supplemental bond ordinance of the City adopted on _____, 2020 (collectively, the "Ordinance"). In addition to the Bonds, the City may issue, under certain terms and conditions as provided in the Ordinance, additional revenue bonds or obligations, and if issued such additional bonds or obligations will rank on a parity with the Bonds as to lien on the net revenues of the System. Reference to the Ordinance is hereby made for a complete description of the fund charged with, and pledged to, the payment of the principal of and the interest on the Bonds, the nature and extent of the security, a statement of rights, duties and obligations of the City, the rights of the owners of the Bonds, and the terms and conditions under which additional bonds may be issued, to all the provisions of which the owner hereof, by the acceptance of this Bond, assents.

The Bonds maturing July 1, 2021 through July 1, 2030 shall not be subject to redemption prior to maturity. The Bonds maturing July 1, 2031 and thereafter may be redeemed at the option of the City in whole or in part at any time, in any year not earlier than July 1, 2030, from any moneys which may be available for such purpose and deposited in the Optional Redemption Account of the Sinking Fund to be made available to the Paying Agent on or before the date fixed for redemption for payment of the redemption price. The optional redemption of the Bonds will be made by the payment of the principal amount of the Bonds to be redeemed and accrued interest thereon to date of redemption, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date.

Bonds which are subject to optional redemption may be called in such order as may be designated by the City. Unless waived by any holder of Bonds, not less than 30 days before any date upon which any such optional redemption or mandatory redemption is to be made, a notice of such redemption signed by a duly authorized signatory of the Bond Registrar designating the Bonds to be redeemed (in whole or in part) will be mailed, postage prepaid, to all registered owners of Bonds to be redeemed (in whole or in part) at addresses which appear upon the bond registration book. The failure to mail any such notice of the optional redemption or mandatory redemption of Bonds will not affect the validity of the proceedings for such redemption or cause the interest to continue to accrue on the principal amount of such Bonds so designated for redemption after the redemption date.

The Bonds are subject to scheduled mandatory redemption prior to or at maturity on _____^{1st} of each of the years and in the principal amounts set forth below, by payment of the principal amount thereof plus accrued interest thereon to the date of redemption:

Year	Amount
(_____)	_____

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This Bond is issued with the intent that the laws of the State of Georgia shall govern its construction.

In case of default, the owner of this Bond shall be entitled to the remedies provided in the Ordinance authorizing its issuance and in said Revenue Bond Law and any amendments thereto.

It is hereby recited and certified that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done, have happened and have been performed in due and legal form as required by law, and that provision has been made for the allocation from the anticipated revenues of the System, as now existent and as hereafter added to, extended, improved and equipped, of amounts sufficient to pay the principal of and the interest on the Bonds as the same mature, or are acquired by mandatory redemption, and to create and maintain a reserve for that purpose, and that said revenues are irrevocably allocated and pledged to the payment of the Bonds and the interest thereon.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until this Bond shall have been authenticated and registered upon the bond registration book kept by the Bond Registrar for that purpose, which authentication and registration shall be evidenced by the execution by the manual signature of a duly authorized signatory of the Bond Registrar of the certificate hereon.

This Bond is transferable only upon the bond registration book kept for that purpose at the principal corporate trust office of the Bond Registrar by the registered owner hereof in person, or by an attorney duly authorized in writing, upon the surrender and presentation to the Bond Registrar of this Bond duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or attorney duly authorized in writing, and thereupon a new registered bond, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor.

The Bonds are issuable in the form of registered bonds in the denomination of \$5,000 or any integral multiple thereof and are exchangeable at the principal corporate trust office of the Bond Registrar in the manner, subject to the conditions and upon payment of charges, if any, provided in the Ordinance.

The Ordinance provides, among other things, for prescribing and revising rates and collecting fees and charges for the services, facilities and commodities furnished by the System, as it now exists and as it may hereafter be added to, extended, improved and equipped to the extent necessary to produce revenues sufficient to pay the reasonable and necessary costs of operating and maintaining the System, including contractual obligations incurred pertaining to the operation of the System, to pay into a special fund designated "City of Buford Sinking Fund" the amounts required to pay the principal of and the interest on the Bonds and any other bonds hereafter issued on a parity therewith as the same become due and payable, either at maturity or by proceedings for mandatory redemption, and to create and maintain a reserve therein for that purpose, as well as to create and maintain a reserve for extensions and improvements to the System.

This Bond shall not be deemed to constitute a debt of the State of Georgia or the City of Buford nor a pledge of the faith and credit of said State or City, nor shall the State or City be subject to any pecuniary liability hereon. This Bond shall not be payable from, nor a charge upon, any funds other than the revenues pledged to the payment hereof, and is payable solely from the special fund provided therefor from the revenues of the System, including all future additions thereto and any other moneys deposited therein. No owner of this Bond shall ever have the right to compel the exercise of the taxing power of the State or City to pay the same, or the interest hereon, or to enforce payment hereof against any other property of the City, nor shall this Bond constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the City other than the revenues pledged to the payment hereof.

To the extent and in the manner permitted by the Ordinance, modifications, alterations, amendments, additions and rescissions of the provisions of the Ordinance, or of any ordinance supplemental thereto or of the Bonds, may be made by the City with the consent of the owners of at least a majority in aggregate principal amount of the Bonds then outstanding, including any parity obligations therewith then outstanding, and without the necessity for notation hereon of reference thereto.

IN WITNESS WHEREOF, the City of Buford has caused this Bond to be executed by use of the manual or facsimile signature of the Chairman of the City Commission and a manual or facsimile of its official seal to be impressed or imprinted hereon and attested by use of the manual or facsimile signature of its Clerk.

CITY OF BUFORD

(S E A L)

By: _____
Chairman, City Commission

Attest:

Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds described in the within mentioned Bond Ordinance, and is hereby authenticated as of the date of authentication set forth below.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar and Authenticating Agent

By: _____
Authorized Signatory

Date of Authentication and Registration: _____, 2020

VALIDATION CERTIFICATE

ASSIGNMENT

STATE OF GEORGIA
COUNTY OF GWINNETT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto
[please print or type name and address]

The undersigned Clerk of the Superior Court of Gwinnett, State of Georgia, HEREBY CERTIFIES that this bond was validated and confirmed by judgment of the Superior Court of Gwinnett County, Georgia, on the ___ day of _____, 2020 as civil action file number _____, and that no intervention or objection was filed in the proceedings validating same and that no appeal from said judgment of validation has been taken.

[Please insert Social Security or Tax Identification Number]
_____ the within Bond and all including postal
[zip code of assignee]

WITNESS my facsimile signature and seal of the Superior Court of Gwinnett County, Georgia.

rights thereunder, hereby constituting and appointing _____ attorney to transfer this Bond on the bond registration book kept for such purpose by the Bond Registrar, with full power of substitution in the premises.

(S E A L)

Clerk, Superior Court,
Gwinnett County, Georgia

DATED _____
Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed

[END OF BOND FORM]

Section 205. Required Authentication: Proof of Ownership. Only those Series 2020 Bonds which shall have endorsed thereon a certificate of authentication and registration substantially in the form hereinbefore set forth, duly executed by the manual signature of an authorized signatory of the Bond Registrar, shall be entitled to any benefit or security under this Ordinance, and such certificate upon any of the Series 2020 Bonds when duly executed shall be conclusive evidence that such Series 2020 Bond has been duly authenticated, registered and delivered. It shall not be necessary that the same signatory of the Bond Registrar sign the certificate of authentication and registration on all the Series 2020 Bonds that may be issued hereunder at any one time. The person in whose name any Series 2020 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and the payment of the principal amount, interest and premium, if any, shall be made only to or upon the order of the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2020 Bond, including redemption premium, if any, and the interest thereon to the extent of the sums so paid.

cease to be in Book-Entry Form as provided in Section 204 hereof, the City shall deliver or cause to be delivered to the Bond Registrar a sufficient quantity of blank Series 2020 Bonds duly executed on behalf of the City, together with the certificate of validation pertaining thereto duly executed by the Clerk of the Superior Court of Gwinnett County, as herein provided, in order that the Bond Registrar shall at all times be able to register and authenticate the Series 2020 Bonds at the earliest practicable time in accordance with the provisions of this Ordinance. All Series 2020 Bonds surrendered in any such exchange or registration of transfer shall be forthwith cancelled by the Bond Registrar and a record thereof duly entered in the permanent records pertaining to the Series 2020 Bonds maintained by the Bond Registrar.

Section 206. Bond Registrar; Transfer and Exchange. The Bond Registrar shall keep the bond registration book for the registration of the Series 2020 Bonds and for the registration of transfers of the Series 2020 Bonds as herein provided. The transfer of any Series 2020 Bond shall be registered upon the bond registration book upon the surrender and presentation of the Series 2020 Bond to the Bond Registrar duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or attorney authorized in writing in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall authenticate and deliver in exchange for such Series 2020 Bond or Series 2020 Bonds so surrendered, a new Series 2020 Bond or Series 2020 Bonds registered in the name of the transferee, of any denomination or denominations authorized by this Ordinance, and in an aggregate principal amount equal to the aggregate principal amount of the Series 2020 Bonds so surrendered and of the same maturity. Any Series 2020 Bond, upon presentation and surrender thereof to the Bond Registrar, together with an assignment duly executed by the registered owner or duly authorized attorney, in such form as may be satisfactory to the Bond Registrar, may be exchanged, at the option of the registered owner, for an aggregate principal amount of Series 2020 Bonds of the same maturity equal to the principal amount of the Series 2020 Bond so surrendered and of any authorized denomination or denominations. The Bond Registrar may make a charge for every exchange or registration of transfer of the Series 2020 Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to the owner for the privilege of transferring or exchanging the Series 2020 Bonds under this Ordinance.

Section 207. Lost, Destroyed, Mutilated Bonds. If any Series 2020 Bond shall become mutilated, the Bond Registrar in its discretion and at the expense of the owner of such Series 2020 Bond shall authenticate and deliver a new Series 2020 Bond of like tenor registered in the name of the owner in exchange and substitution for such mutilated Series 2020 Bond. If any Series 2020 Bond shall become lost, destroyed or wrongfully taken, evidence of such loss, destruction or wrongful taking within a reasonable time thereafter may be submitted to the City and if such evidence shall be satisfactory and indemnity of a character and in an amount satisfactory shall be given, then the City at the expense of the owner shall cause a new Series 2020 Bond of like tenor registered in the name of the owner to be authenticated by the Bond Registrar and delivered to the registered owner.

Section 208. Blank Bonds. The City shall make all necessary and proper provisions for the transfer and exchange of the Series 2020 Bonds by the Bond Registrar and, if the Bonds shall at any time

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 301. Optional Redemption of Series 2020 Bonds. The Bonds maturing July 1, 2021 through July 1, 2030 shall not be subject to redemption prior to maturity. The Bonds maturing July 1, 2031 and thereafter may be redeemed at the option of the City in whole or in part at any time, in any year not earlier than July 1, 2030, from any moneys which may be available for such purpose and deposited in the Optional Redemption Account of the Sinking Fund to be made available to the Paying Agent on or before the date fixed for redemption for payment of the redemption price. The optional redemption of the Bonds will be made by the payment of the principal amount of the Bonds to be redeemed and accrued interest thereon to date of redemption, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date.

If the Series 2020 Bonds are called for optional redemption in part, then any Series 2020 Bonds so called for redemption shall be called in such order of maturity as the City shall select and specify and if less than a full maturity by lot in such manner as may be designated by the Bond Registrar. The Bonds are subject to redemption only in principal amounts of \$5,000 or any integral multiple thereof.

Section 302. Mandatory Redemption of the Series 2020 Bonds. The Series 2020 Bonds are subject to scheduled mandatory redemption to the extent set forth in the City's supplemental resolution for the Series 2020 Bonds.

At the option of the City to be exercised on or before the 45th day next preceding any mandatory redemption date, the City may (a) deliver to the Bond Registrar for cancellation such Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Bonds which prior to said date have been redeemed (otherwise then through mandatory redemption) and canceled by the Bond Registrar and not theretofore applied as a credit against any mandatory redemption. Each such Bond so delivered or previously redeemed must have a maturity date corresponding to the maturity date of the Bonds then being mandatorily redeemed and shall be credited by the Bond Registrar and Paying Agent as 100% of the principal amount thereof on the obligation of the City on such mandatory redemption date.

Section 303. Notice of Redemption. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official 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 registered owner of the Bond or Bonds being redeemed (in whole or in part) at the address shown on the bond register on the Record Date for such payment or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all outstanding Bonds are to be redeemed, the identification and CUSIP number (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date and (v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent. The failure of the Bond Registrar to give any

such notice to a particular owner of a Bond (or any defect in such notice) or the failure of the owner of any Bond to receive any such notice as so given shall not affect the validity of the proceedings for the redemption of any other Bond as to which proper notice is given.

Prior to giving any such notice of redemption, the City shall give the Bond Registrar 45 days' notice of its intent to redeem, unless waived by the Bond Registrar, and shall deposit with the Paying Agent on or before the date of redemption an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest, and the owner of said Bonds shall not be entitled to any rights under the Ordinance except the right to receive payment, and said Bond or portion thereof shall not be considered to be outstanding. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be redeemed by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new fully registered Bond or Bonds of the same series, interest rate and maturity in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount equal to the unpaid or unredeemed portion of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

ARTICLE IV

CUSTODY AND APPLICATION OF PROCEEDS; CONSTRUCTION FUND

The City covenants and agrees:

Section 401. Application of Series 2020 Bond Proceeds. The proceeds of the Series 2020 Bonds shall be applied as set forth in Schedule 1 to this Ordinance and hereby incorporated herein by reference.

Section 402. Construction Fund.

(a) A special fund is hereby created and designated "City of Buford Combined Utility System Construction Fund" (hereinafter sometimes referred to as the "Construction Fund"). There is hereby created and established within the Construction Fund one initial subaccount, designated "City of Buford Combined Utility System 2020 Project Costs of Issuance Subaccount" (the "Cost of Issuance Account") into which there shall be deposited the funds specified in Section 401 hereof. Subaccounts of the Construction Fund shall be established for future projects of the City to be financed from the proceeds of Additional Bonds.

(b) Withdrawals from the Cost of Issuance Account may be made for the purpose of paying the cost of the undertaking herein contemplated, including the costs of issuance of the Series 2020 Bonds.

(c) All payments from the Construction Fund will be made upon checks signed by the officers of the City properly authorized to sign in its behalf, but before they sign any such checks there must be filed with the Construction Fund Depository: (i) a requisition for such payment (the above mentioned checks may be deemed a requisition for the purpose of this Section), stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due; and (ii) a certificate attached to the requisition and certifying: (1) that an obligation in the stated amount has been incurred, and that the same is a proper charge against the Construction Fund and has not been paid, specifying the purpose and circumstances of such obligation in reasonable detail and to whom such obligation is owed, accompanied by the bill or statement of account for such obligation, or a copy thereof, (2) that they have no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or any security interest, which should be satisfied or discharged before such payment is made; and (3) that such requisition contains no item representing payment on account or any retained percentages which the City is, at the date of such certificates, entitled to retain.

Section 403. Other Project Covenants. The City will do all things, and take all reasonable and prudent measures, necessary to effect the completeness of the construction program and to expend the moneys deposited in the Construction Fund as expeditiously as possible in order to assure the completion of the project, in accordance or substantially in accordance with the engineering report for such project, on the earliest practicable date, and will indemnify itself against the usual hazards incident to the construction of an undertaking of this type, and without in any way limiting the generality of the above, agrees to: (a) require each construction contractor, and each subcontractor to furnish a bond, or bonds, of such type and in amounts adequate to assure the faithful performance of their contracts and the payment of all bills and claims for labor and material arising by virtue of such contract; and (b) require each construction contractor or the subcontractor to maintain at all times until the completion and acceptance

of the undertaking adequate compensation insurance for all of their employees and adequate public liability and property damage insurance for the full and complete protection of the City from any and all claims of every kind and character which may arise by virtue of the operations under their contracts, whether such operations be by themselves or by anyone directly or indirectly for them, or under their control.

Section 404. Availability of Requisitions and Certificates.

(a) All requisitions and certificates required by this Article shall be retained either by the Construction Fund Custodian or by the City, subject at all times to inspection by an officer of the City and the duly authorized Representative of the original purchaser of the Series 2020 Bonds issued hereunder.

(b) When the additions and improvements to the System have been completed, such fact will be evidenced by a certificate from the City stating the date of completion. If there is any balance in the Construction Fund upon delivery of such certificate (other than amounts for liabilities incurred but not yet paid), and in any event on the third anniversary of the date of issuance of the Series 2020 Bonds, such balance will be transferred into the special account designated as Debt Service Account within the Sinking Fund created in Article V hereof and applied to pay debt service on the Series 2020 Bonds; provided that if the amount of such transfer is greater than the amount of one year's principal and interest on the Series 2020 Bonds, the City will get an opinion of bond counsel as to the application of such amounts so that such application will not adversely impact the tax-exempt status of the Series 2020 Bonds; and provided further than the balance remaining on the third anniversary of the date of issuance of the Series 2020 Bonds may be otherwise applied if, in the opinion of bond counsel, such application will not adversely impact the tax exempt status of the Series 2020 Bonds.

ARTICLE V

REVENUES AND FUNDS

The City covenants and agrees:

Section 501. Fiscal Year. The System is now being and will continue to be operated on a Fiscal Year beginning on July 1st of each calendar year and continuing through June 30th of the next succeeding calendar year; however, should it be deemed advisable at some later date to change the Fiscal Year basis, same may be done by the adoption of proper proceedings to that effect.

Section 502. Revenue Fund. Commencing with the month in which the Series 2020 Bonds are actually issued and delivered, all revenues arising from the ownership or operation of the System and properties in connection therewith as it now exists and as it may hereafter be added to, extended or improved shall be collected by the City or by its agents or employees and deposited promptly with the depository to the credit of a special fund which is hereby created and designated as "City of Buford Combined Utility System Revenue Fund" (the "Revenue Fund"), and the City shall continue to maintain the Revenue Fund separate and apart from its other funds so long as the Series 2020 Bonds and any future issue or issues of Additional Bonds therewith hereafter issued are outstanding and unpaid or until provision shall have been duly made for the payment thereof. Said revenues shall be disbursed from the Revenue Fund to the extent and in the following manner and order:

1. Costs of System. There shall first be paid from the Revenue Fund in each month all reasonable and necessary costs of operating, maintaining and repairing the System, including, without limitation, salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of the System, the cost of materials and supplies, rentals of leased property, real or personal, insurance premiums, audit fees and such other charges as may properly be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practice, but before making provision for depreciation (the "Operating Expenses") which shall come due in such month.

The Net Revenues of the System remaining in the Revenue Fund after the payment of the sums required or permitted to be paid or retained under the provisions of this paragraph (1) are hereby pledged to the payment of the principal of and the interest on, and the redemption premium, if any, on all the Bonds issued hereunder, including any Additional Bonds. Said Net Revenues so pledged shall immediately be subject to a lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding against the City and against all parties having claims of any kinds against the City, whether such claims shall have arisen in contract, tort or otherwise and irrespective of whether or not such parties have notice hereof.

2. Sinking Fund. There shall next be paid the amounts listed below in this subsection (2) from the Revenue Fund into the special fund which is hereby created and designated as "City of Buford Combined Utility System Sinking Fund" and the Sinking Fund shall initially consist of one account, which is to be held therein, which is hereby created and designated as the "Debt Service Account." The City may with respect to applicable Additional Bonds create a "Debt Service

Reserve Account" within the Sinking Fund pursuant to a supplemental ordinance respecting applicable Additional Bonds.

(a) After there have been paid from the Revenue Fund the sums required or permitted to be paid pursuant to the provisions of paragraph 1 above, there shall be paid into the Debt Service Account for the purpose of paying the principal of and interest on the Series 2020 Bonds coming due in the then current Sinking Fund Year, whether by maturity, mandatory redemption, or otherwise, and taking into consideration moneys deposited therein simultaneously with the issuance and delivery of the Series 2020 Bonds and any interest earned on amounts on deposit in the Debt Service Account of the Sinking Fund, amounts which will equal the following amounts: (i) commencing with the month of July, 2020, and from month to month thereafter, an amount equal to one-sixth (1/6) of the interest on the Series 2020 Bonds coming due on the next succeeding January 1 or July 1, as the case may be, and one-twelfth (1/12) of the principal on the Series 2020 Bonds coming due on the next succeeding July 1, such monthly payments to continue from month to month until sufficient funds are on hand in the Sinking Fund to pay all of the outstanding Series 2020 Bonds as same mature or are acquired by mandatory redemption and the interest which will become due and payable thereon.

(b) To the extent provided in any supplemental ordinance, after making the payments required to comply with subparagraph (a) above, there shall next be paid into said Debt Service Reserve Account such amounts as may be required to maintain such account in an amount equal to the Debt Service Reserve Requirement. The Debt Service Reserve Account shall be maintained for the purpose of paying the principal of and interest on the Bonds coming due in any year as to which there would otherwise be a default, and if money is taken from the Debt Service Reserve Account for the payment of such principal and interest, the money so taken shall be replaced in the Debt Service Reserve Account from the first moneys in the Revenue Fund thereafter available and not required to be used for maintenance and operation charges and not required to be paid into the Debt Service Account as hereinabove provided in subparagraph (a).

(c) If Bonds are to be optionally redeemed as provided in Section 301 of Article III of this Ordinance or the equivalent provisions of any proceedings in connection with the issuance of Additional Debt, after making the payments required to comply with subparagraphs (a) and (b) above, there will be paid into the Optional Redemption Account an amount equal to the principal of, premium, if any, and interest on the Bonds to be redeemed.

(d) All sums required to be deposited to comply with the provisions of subparagraphs (a), (b) and (c) above shall be paid on or before the 25th day of the month in which the payment is due, and if, in any month, for any reason, the full amount herein required to be paid in such month shall not be paid into the Sinking Fund, any deficiency shall be added to and shall become a part of the amount required to be paid into the Sinking Fund in the next succeeding month; provided, however, the City covenants and agrees that in the event it hereafter elects to issue Additional Bonds, pursuant to the provisions of this Ordinance, the above stated payments into the Sinking Fund will be increased to the extent

necessary to pay the principal of and interest on the Series 2020 Bonds and on any Additional Bonds therewith then outstanding and on the Bonds proposed to be issued coming due, either at maturity or by proceedings for mandatory redemption, in the then current Sinking Fund Year and to create within five (5) years from the date of the Bonds to be issued and thereafter maintain a reserve for that purpose in an amount at least equal to the highest combined principal and interest requirements coming due in any succeeding Sinking Fund Year on the then outstanding Series 2020 Bonds, any outstanding Additional Bonds and on the Bonds proposed to be issued.

It is expressly provided, however, that if on the 2nd day of July in any year there are on deposit in the Debt Service Reserve Account, if applicable, moneys and securities (such securities to be valued at the lower of their market value or face amount, plus accrued interest thereon to July) the aggregate amount of which is in excess of the Debt Service Reserve Requirement such excess shall be withdrawn from the Debt Service Reserve Account and immediately deposited into the Revenue Fund. Any moneys in the Debt Service Account on such date shall be immediately withdrawn therefrom and deposited into said Revenue Fund. The calculation and determination of such excess amounts in accordance with this provision shall be the responsibility of an Authorized Officer of the City and Authorized Officer shall notify the Sinking Fund Custodian and make or cause to be made any transfer of funds required pursuant to the provisions of this subparagraph. The Sinking Fund Custodian shall be entitled to rely on such calculation and determination by the City.

3. Renewal and Extension Fund. After there have been paid from the Revenue Fund in each month the sums required or permitted to be paid under the provisions of Paragraphs 1 and 2 of this Section, there shall next be paid from the Revenue Fund into a special fund which is hereby created and designated as "City of Buford Combined Utility System Renewal and Extension Fund" (hereinafter sometimes referred to as "Renewal and Extension Fund"), all of the moneys then remaining in the Revenue Fund. Expenditures shall be made from the Renewal and Extension Fund only for the purpose of: (a) in case of an emergency having a major effect upon the System caused by some extraordinary occurrence which makes it necessary to use the funds of the System for the alleviation or removal of such effects and an insufficiency of money exists in the Revenue Fund to meet such emergency; (b) making replacements, additions, extensions and improvements and acquiring equipment and paying the cost of any engineering studies, surveys or plans and specifications pertaining to the future development or expansion of the System deemed to be reasonable and to the best interest of the City and the Bondholders; (c) payment of the charges of the "Renewal and Extension Fund Custodian" for investment services; (d) funding any reserve fund established in connection with the issuance of Additional Bonds or paying the premium on any surety bond issued to fund any reserve fund established in connection with the issuance of Additional Bonds; or (e) paying principal of and interest on any revenue bonds then outstanding and falling due at any time for the payment of which money is not available in the sinking fund securing the payment of same and the interest thereon; or (f) after any uses set forth in (a) through (e) above, before making transfers to the City's General Fund in accordance with its customary procedures.

It is expressly provided, however, that should Bonds be hereafter issued ranking as to lien on the revenues of the System junior and subordinate to the lien securing the payment of the Series 2020 Bonds authorized to be issued hereunder, including any issue or issues of Additional Bonds hereafter issued, then such payments into the Renewal and Extension Fund as provided in Paragraph 3 of this Section may be suspended and such moneys shall be available to the extent necessary to pay the principal of and interest on such junior lien Bonds and to create and maintain a reasonable reserve therefor and such moneys may be allocated and pledged for that purpose.

The City may at any time fulfill any portion of its obligation to fund the Debt Service Reserve Account, if applicable, by depositing in the Debt Service Reserve Account an irrevocable surety bond payable on any interest or principal payment date in an amount equal to any portion of the reserve requirement then required to be maintained within the Debt Service Reserve Account. Before any such surety bond is substituted for cash or deposited in lieu of cash within the Debt Service Reserve Account, there shall be filed with the City and the Sinking Fund Custodian (i) an opinion of nationally recognized bond counsel to the effect that such substitution will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; (ii) a certificate of Moody's or S&P, whichever rating agency maintains a rating on the outstanding Bonds, to the effect that (a) if the issuer(s) of the surety bond were insuring payment of principal and interest on the Bonds to which the Debt Service Reserve Account relates, such Bonds would receive either of the two highest long-term debt rating categories of the applicable rating agency or agencies and (b) that the substitution of such surety bond for cash within the Debt Service Reserve Account will not, in and of itself, result in a reduction of the ratings issued for the Series 2020 Bonds or any Additional Bonds outstanding, and (iii) a copy of the surety bond issued to fulfill the City's obligation to fund the Debt Service Reserve Account together with an opinion of counsel satisfactory to the Sinking Fund Custodian to the effect that the surety bond is valid and enforceable in accordance with its terms. Each such surety bond shall be unconditional and irrevocable and shall provide liquidity for the life of the Bonds with respect to which the surety bond is purchased and, if the surety bond is purchased with respect to more than one issue of Bonds hereunder, then for the term of the Bonds for which it was purchased. So long as the balance of the Debt Service Reserve Account equals the highest combined principal and interest requirements coming due in any succeeding Sinking Fund Year on the Series 2020 Bonds and any Additional Bonds, any reimbursement agreement entered into between the City and the issuer of any such surety bond may provide that the City will be obligated to repay the issuer of such surety bond an amount equal to any drawdown on the surety bond plus a market rate of interest over a specified period of time not to exceed three years but such obligation shall be junior and subordinate in right of payment to all outstanding Bonds.

Section 503. Schedule of Rates, Fees and Charges. The City has placed into effect a schedule of rates, fees and charges for the services, facilities and commodities furnished by the System and as often as it shall appear necessary the City shall revise and adjust such schedule of rates, fees and charges for any of its water, sewerage, gas distribution or electric distribution services and facilities, or all of them, to the extent necessary to produce funds sufficient to:

- (a) operate, maintain and repair the System on a sound businesslike basis;
- (b) produce an amount equal to 110% of the amount required to discharge the payment of the principal of and the interest on the Series 2020 Bonds and any Additional Bonds as they same become due and payable in the then current Sinking Fund Year;

(c) create and maintain a reserve in the Debt Service Reserve Account in the amount as required herein or such larger amount as may be required in any proceedings authorizing any such issue or issues of Additional Bonds; and

(d) create and maintain a reserve for extensions and improvements to the System.

The rates, fees and charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that as nearly as practicable such rates, fees and charges shall be uniform in application to all users falling within any reasonable class. No free services shall at any time be furnished from the System and it will undertake within its health powers or such other applicable powers now or hereafter provided by law to require the owners of all improved property abutting any sewerage line to connect with the System. No customer shall be connected to the System or served by the City without a proper meter having been first installed. All services shall be furnished in accordance with rates now or hereafter established, including services furnished to any county, municipal corporation or other public board or body. Notwithstanding the above limitation in this paragraph, the City in the exercise of its reasonable discretion shall have the right to furnish free unmetered water to nonprofit bodies or public bodies.

In the event the City shall fail to adopt a schedule or schedules of rates, fees and charges, or to revise its schedule or schedules of rates, fees and charges, in accordance with the provisions of this Section, any bondholder without regard to whether any default, as defined in Article VIII of this Ordinance, shall have occurred, may institute and prosecute in any court of competent jurisdiction, an appropriate action to compel the City to adopt a schedule or schedule of rates, fees and charges, or to revise its schedule or schedules of rates, fees and charges in accordance with the requirements of this Section.

Section 504. Transfer from Revenue Fund. All transfers from the Revenue Fund and all payments from said Revenue Fund shall be made by checks or wire transfers authorized by the proper officers of the City duly authorized for such purpose.

Section 505. Sinking Fund Custodian. The Sinking Fund herein provided shall be kept as a trust account separate from other deposits of the City, and a bank to be designated as "Sinking Fund Custodian" is hereinafter named in Article VI hereof and it shall comply with all of the applicable provisions of this Ordinance.

Section 506. Sinking Fund Disbursements. Subject to the terms and conditions set forth in this Ordinance, moneys in the Sinking Fund shall be disbursed for (a) the payment of the interest on the Series 2020 Bonds secured hereby as such interest becomes due and payable; (b) the payment of the principal of the Series 2020 Bonds secured hereby as same becomes due and payable, either at maturity or by proceedings for mandatory redemption; (c) the optional redemption of Series 2020 Bonds secured hereby before maturity at the price and under the conditions provided therefor in Article III hereof; (d) upon notice by the City, the purchase of Series 2020 Bonds in the open market; provided, however, the price paid shall not exceed the authorized call price; (e) the transfer of excess moneys, if any, in the Sinking Fund (as described in the second paragraph of subparagraph (d) of Section 502) to the Revenue Fund; (f) the payment of fees and charges of the Paying Agent for paying the Series 2020 Bonds and interest thereon

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(a) The payments covenanted to be made into the Sinking Fund, as the same may have been enlarged and extended in any proceedings authorizing the issuance of any Additional Bonds, must be currently being made in the full amount required and said "Debt Service Account" and "Debt Service Reserve Account" held within said Sinking Fund must be at their proper respective balances.

(b) The Net Earnings of the System for a period of twelve (12) consecutive months out of the twenty four (24) consecutive months preceding the month of adoption of the proceedings authorizing the issuance of such Additional Bonds must have been equal to at least 1.25 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Series 2020 Bonds and any other issue or issues of Additional Bonds then outstanding and on the Bonds proposed to be issued, or in lieu of the foregoing formula, if a new schedule of rates and charges for the services, facilities and commodities furnished by the System shall have been adopted and shall be in effect and an independent and recognized firm of certified public accountants or a municipal advisor or advisory firm registered with the Securities and Exchange Commission shall certify that had this new rate schedule been in effect during the period described above, the Net Revenues would have been equal to at least 1.25 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Series 2020 Bonds and any Additional Bonds then outstanding and on the Bonds proposed to be issued.

(c) An independent and recognized firm of certified public accountants or a municipal advisor or advisory firm registered with the Securities and Exchange Commission shall certify in triplicate to the City that the requirements of subparagraph (a) above are being complied with and that the requirements of subparagraph (b) above have been met.

(d) Except when Bonds are being issued solely for the purpose of refunding outstanding revenue bonds, the Consulting Engineers for the City shall provide the City with a written report recommending the additions, extensions and improvements to be made to the System and stating that same are feasible, designating in reasonable detail the work and installation proposed to be done and the estimated cost of accomplishing the undertaking. The Consulting Engineers shall set forth in said report the Projected Net Revenues (hereinafter defined) to be derived from the System which will be available for debt service payments over the life of the Series 2020 Bonds and any Additional Bonds therewith then outstanding and the Bonds proposed to be issued and shall indicate the projected coverage of such debt service payments in each succeeding Sinking Fund Year. "Projected Net Revenues" in each year for the purpose of this subparagraph (d) shall be estimated gross revenues of the System in each Sinking Fund Year remaining after payment of the estimated costs required or permitted to be paid pursuant to the provisions of Paragraph 1 of Section 502 for said period.

(e) The City shall pass proper proceedings reciting that all of the above requirements have been met, shall authorize the issuance of the Additional Bonds and shall provide in such proceedings, among other things, the date such Additional Bonds shall bear, the rate or rates of interest and maturity dates, as well as the registration and redemption provisions. The interest on the Additional Bonds of any such issue shall fall due on January 1 and July 1 of each year, and the Additional Bonds shall mature in installments on July 1, but, as to principal, not necessarily in each year or in equal installments; provided that if such Additional Bonds shall bear interest at a

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and the charges for the registration of the Series 2020 Bonds secured hereby and their transfer or exchange in accordance with the terms thereof; and (g) the payment of any charges for investment services.

Moneys in the Debt Service Account of the Sinking Fund not immediately required to pay the principal and interest falling due on July 1, and not immediately required to pay the interest falling due on January 1 in any year shall be invested and reinvested by the Sinking Fund Custodian in such Permitted Investments as directed by the City, or if the City shall fail to so direct, shall remain uninvested. Any such Permitted Investments shall mature no later than the date or dates on which moneys held for the credit of the Debt Service Account of the Sinking Fund shall be required for the purposes intended. Moneys in the Debt Service Reserve Account of the Sinking Fund shall be invested and reinvested in those Permitted Investments set forth in subparagraphs (a), (b), (c) and (d) of the definition of Permitted Investments in this Ordinance maturing no later than the date or dates on which moneys held for the credit of the Debt Service Reserve Account of the Sinking Fund shall be required for the purposes intended; provided, however, moneys in the Debt Service Reserve Account of the Sinking Fund may be invested in Permitted Investments maturing the earlier of (i) the final maturity of the Bonds or (ii) seven years from the date such investment is made; provided, further, that any such Permitted Investments in the Debt Service Reserve Account may have a final maturity not later than the final maturity of the Series 2020 Bonds if the City has an irrevocable contractual right to sell such security to a third party at the par value thereof at any time principal and interest on the Bonds shall come due as to which there would otherwise be a deficiency in the Debt Service Account of the Sinking Fund. Any such Permitted Investments shall be held by the Sinking Fund Custodian in trust until paid at maturity or sold, and all income or increments therefrom shall be immediately deposited to the credit of the Sinking Fund. The moneys in the Sinking Fund and all securities held in and for said Sinking Fund, and all income and increments therefrom are hereby pledged to and charged with the payments mentioned in this Section.

Section 507. Investment of Moneys in the Renewal and Extension Fund. Moneys in the Renewal and Extension Fund, not immediately needed for the purposes set forth in Paragraph 3 of Section 502 may be invested in Permitted Investments as directed by the City. Any such securities so purchased shall be held by the Renewal and Extension Fund Custodian in trust until paid at maturity or sold, and all income or increments therefrom shall be immediately deposited to the credit of the Renewal and Extension Fund. The moneys in the Renewal and Extension Fund and all securities held in and for the Renewal and Extension Fund, and all income and increments therefrom are hereby pledged to and charged with the payments set forth in Section 502.

Section 508. Additional Bonds. The City covenants that no other bonds or obligations of any kind or nature will hereafter be issued which are payable from or enjoy a lien on the Net Revenues of the System prior to the lien created for the payment of the Series 2020 Bonds and any future issue or issues of Additional Bonds herein authorized to be issued. Nothing contained herein, however, restricts the issuance of Additional Bonds or obligations from time to time payable from the Net Revenues of the System and secured by a lien on the Net Revenues junior and subordinate to the lien herein created.

It is expressly provided, however, that Additional Bonds or obligations may be issued, from time to time, ranking as to lien on the Net Revenues of the System on a parity with the Series 2020 Bonds herein authorized to be issued, provided the following conditions are met:

variable rate, the Issuer may, by supplemental ordinance, designate such other interest payment dates or record dates with respect to such Additional Bonds as may be appropriate. Any such proceeding or proceedings shall require the City to increase the monthly payments then being made into the Sinking Fund to the extent necessary to pay the principal of and the interest on the Series 2020 Bonds and on all such Additional Bonds therewith then outstanding and on the Bonds proposed to be issued as same become due and payable, either at maturity or by proceedings for mandatory redemption, in the then current Sinking Fund Year, and to deposit into the Debt Service Reserve Account, as a condition to the issuance of such Additional Bonds, either a surety bond or letter of credit which complies with the terms of this Ordinance or cash in an amount equal to the Debt Service Reserve Requirement (taking into account the Bonds being issued), and to maintain the Debt Service Reserve Account in such amount. Any such proceeding or proceedings shall restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of this Ordinance.

(f) Such Additional Bonds or obligations and all proceedings relative thereto, and the security therefor, shall be validated as prescribed by law.

(g) In the event that any such Additional Bonds bear interest at a rate other than a fixed rate of interest per annum, the proceedings under which such Additional Bonds are issued shall provide a "cap" or a maximum rate of interest per annum which such Additional Bonds may bear, and in the event that the City enters into a contract with a bank or other financial institution (a "Liquidity Provider") to provide liquidity for such Additional Bonds, (i) the interest rate payable to the Liquidity Provider must be specified at the time of issuance of such Additional Bonds, (ii) any acceleration of principal payments due to the Liquidity Provider or any interest due in excess of the interest payable on such Additional Bonds must be subordinate to the payment of debt service on the Bonds outstanding under this Ordinance, and (iii) the Liquidity Provider must be rated in either of the two highest short-term debt rating categories of the applicable rating agency or agencies.

Section 509. Cancellation and Destruction. All Bonds paid, purchased or redeemed, either at or before maturity, shall be cancelled and destroyed and such Bonds shall not be reissued. A record of such destruction shall be made and preserved in the permanent records of the Bond Registrar pertaining to such Bonds and in the permanent records of the City.

Section 510. Discharge of Lien and Security Interests. If the City shall pay or cause to be paid the principal of, and the interest on the Bonds at the times and in the manner stipulated therein and herein, and if the City shall keep, perform and observe all and singular the agreements in the Bonds and herein expressed as to be kept, performed and observed by it or on its part, then the lien hereof, these presents shall cease, determine and be discharged, and thereupon the Paying Agent, upon receipt by the Paying Agent of an opinion of bond counsel stating that in the opinion of the signer all conditions precedent to the satisfaction and discharge of this Ordinance have been complied with (the "Bond Counsel Opinion"), shall cancel and discharge this Ordinance, and shall execute and deliver to the City such instruments in writing as shall be required to cancel and discharge this Ordinance; provided, however, such cancellation and discharge of the Ordinance shall not terminate the powers and rights granted to the Paying Agent with respect to the payment, registration of transfer and exchange of the Bonds.

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Section 511. Provision for Payment of Bonds.

Bonds shall be deemed to have been paid within the meaning of Section 510 hereof if:

(a) there shall have been irrevocably deposited in a special escrow account noncallable, nonprepayable Permitted Investments as defined in subparagraph (c) of the definition of Permitted Investments herein having such maturities and Interest Payment Dates and bearing such interest as will, in the opinion of an independent certified public accounting firm of national reputation (the "CPA Opinion"), without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings to be held in trust also), be sufficient, together with any moneys of the City deposited in such special escrow account and lawfully available for such purpose, for the payment of their respective maturities, sinking fund redemption dates or optional redemption dates (if such Bonds are to be redeemed prior to maturity) of the principal thereof, premium, if any, and the interest to accrue thereon to such maturity or redemption dates, as the case may be;

(b) there shall have been paid to the Paying Agent, or provisions made therefor to the satisfaction of the Paying Agent, all Paying Agent's fees and expenses due or to become due in connection with the payment or redemption of the Bonds or there shall be sufficient moneys in said special account to make said payments; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Paying Agent in form satisfactory to the Paying Agent irrevocable instructions to redeem such Bonds on such date and either evidence satisfactory to the Paying Agent that all redemption notices required by this Ordinance have been given or irrevocable power authorizing the Paying Agent to give such redemption notices.

DEPOSITORIES OF MONEYS AND SECURITIES FOR DEPOSIT**Section 601. Depository; Sinking Fund Custodian; Security for Deposits.**

The City covenants and agrees:

(a) Except as otherwise provided in this Ordinance, all moneys received by the City under the terms hereof shall, subject to the giving of security as hereinafter provided, be deposited with the proper Custodian or with the Sinking Fund Custodian in the name of the City. All moneys deposited under the provisions hereof shall be deposited in banks insured by the Federal Deposit Insurance Corporation and such moneys shall be applied in accordance with the terms and for the purposes set forth in this Ordinance and shall not be subject to lien or attachment or any type of security interest by any creditor of the City.

(b) No moneys belonging to any of the funds created hereunder shall be deposited or remain on deposit with the Custodian and/or Sinking Fund Custodian in an amount in excess of the amount guaranteed by the Federal Deposit Insurance Corporation, unless such institution shall have pledged for the benefit of the City and the owners of the Bonds as collateral security for the moneys deposited direct obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Board of Governors of the Federal Reserve System and having a market value (exclusive of accrued interest) at least equal to the amount of such deposits.

Section 602. Appointment of Depositories. [Peoples Bank & Trust], Buford, Georgia is hereby designated as the Construction Fund Custodian, the Revenue Fund Custodian and the Renewal and Extension Fund Custodian; and U.S. Bank, N.A., Atlanta, Georgia, is hereby designated as the Sinking Fund Custodian; and U.S. Bank National Association, Atlanta, Georgia is hereby designated as Paying Agent and Bond Registrar for the Series 2020 Bonds.

The City may, from time to time, designate a successor Sinking Fund Custodian; provided said Custodian complies with all of the provisions of this Article and the applicable provisions of this Ordinance, and the City may, from time to time, designate a successor Custodian or Depositories of any or all of said funds, provided said successor Depository or Depositories complies or comply with all of the provisions of this Article and the applicable provisions of this Ordinance.

In the event the Sinking Fund Custodian and the Paying Agent for all issues of Additional Bonds then outstanding is the same bank acting in both capacities, then the Sinking Fund Custodian shall, without any further direction on the part of or any further authorization from the City, use and disburse the moneys in the Sinking Fund as provided in this Ordinance; except that, if, as provided under Article III of this Ordinance, it redeems or buys any Series 2020 Bonds issued hereunder with moneys in the Sinking Fund, then proper authorization and direction from the governing body of the City shall be furnished for such use and disbursement of said moneys.

ARTICLE VII**PARTICULAR COVENANTS**

The City covenants:

Section 701. Payment. That it will promptly pay the principal of, and interest on, every Series 2020 Bond issued hereunder and secured hereby at the place, on the dates and in the manner herein and in the Series 2020 Bonds specified, and any premium required for the redemption of the Series 2020 Bonds, according to the true intent and meaning thereof. The principal, interest and premiums, if any, and the charges of the Paying Agent and Bond Registrar are payable solely out of the revenues of the System, which revenues and payments are hereby pledged to the payment thereof in the manner and to the extent hereinbefore particularly specified, and nothing herein or in the Series 2020 Bonds shall be construed as an obligation of the City to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment, except from the revenues of the System and no Bondholder shall ever have any recourse to the power of taxation.

Section 702. Rules and Regulations. That it has and will continue to enforce reasonable rules and regulations governing the System and the operation thereof, and that all compensation, salaries, fees and wages paid by it in connection with the operation, repair and maintenance of the System will be reasonable, and that no more persons will be employed by it than are necessary, and that it will operate same in an efficient and economical manner, and will at all times maintain the same in good repair and in sound operating condition, and will make all necessary repairs, renewals and replacements, and that it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to such undertaking and enterprise. The City will also cause to be bonded its officials, employees or agents handling funds of the System, same to be in such amount or amounts as may be considered adequate for its protection.

Section 703. Ten Percent (10%) Retention. That, subject to the provisions of Code Section 13-10-80 of the Official Code of Georgia Annotated, as amended, any contract relating to the installation, extension, improvement, maintenance or repair of the System shall provide for the retention of ten percent (10%) of the gross value of the completed work; provided, however, that no amounts shall be retained on estimates or progress payments submitted after fifty percent (50%) of the work has been completed, if, in the opinion of the City, such work is satisfactory and has been completed on schedule. If, after discontinuing the retention, the City determines that the work is unsatisfactory or has fallen behind schedule, the ten percent (10%) retention may be resumed. Nothing herein contained shall affect the retained amounts on the first fifty percent (50%) of the work which shall continue to be held to ensure satisfactory completion of the work. Final payment shall be made after certification by the Consulting Engineers that the work has been satisfactorily completed and is accepted in accordance with the contract and plans and specifications pertaining thereto.

Section 704. Liens. That it will not create or suffer to be created, in the operation and maintenance of the System, any lien, security interest or charge thereon, or any part thereof, or upon the revenues derived therefrom, ranking equally with or prior to the lien and charge herein authorized upon such revenues, and that it will pay, or cause to be discharged, or will make adequate provisions to satisfy and discharge, within sixty (60) days after the same shall occur, all lawful claims and demands for labor,

materials, supplies or other objects, which, if unpaid, might by law become a lien upon such System, or any part thereof, or upon the revenues derived therefrom; provided, however, that nothing contained in this Section shall require the City to pay, or cause to be discharged, or make provision for, any such lien, security interest or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 705. Insurance. That it will procure and maintain or cause to be procured and maintained so long as the Series 2020 Bonds and any Additional Bonds therewith are outstanding: (a) fire and extended coverage insurance on the insurable portions of the System in a responsible insurance company or companies authorized and qualified to do business under the laws of the State of Georgia. Coverage by such insurance shall be maintained in amounts not less than eighty percent (80%) of the full insurable value; (b) public liability insurance relating to the operation of the System within the limits of not less than \$100,000 for injury to or death of one individual, \$500,000 for injury or death growing out of any one accident and \$50,000 property damage insurance for any one accident; (c) vehicular public liability insurance on any vehicle owned by the City and used in the operation of the System within the limits of not less than \$100,000 for injury to or death of one individual, \$500,000 for injury or death growing out of any one accident and \$50,000 property damage insurance for any one accident. The proceeds of such fire and extended coverage policies are pledged as security for the Series 2020 Bonds, but shall be available for and shall, to the extent necessary and desirable, be applied to the repair and replacement of the damaged or destroyed property. In the event the proceeds of such policies are not used for that purpose, then same shall be deposited in the Renewal and Extension Fund. All insurance policies shall be open to the inspection of the Bondholders or their duly authorized Representatives at all reasonable times.

Section 706. Records and Accounts. That it will keep the funds and accounts of the System separate from all other funds and accounts of the City, or any of its departments, and no payment will be made from the revenues derived from the System which is not properly payable from such revenues, and that it will keep accurate records and accounts of all items of cost and all expenditures relating to the System, and of the revenues collected and the application thereof, and of the number of customers, and that it will keep said records and accounts with respect to the physical properties in such manner that it will be possible at all times to identify both the amounts and the items of all additions and retirements. Such records and accounts shall be open to the inspection of all interested persons.

Section 707. Annual Audit. That in the month immediately following the end of each Fiscal Year, or as soon thereafter as practicable, the City shall cause an annual audit to be made of the books and accounts pertaining to the System by an independent and recognized firm of certified public accountants of suitable experience and responsibility, to be chosen by the governing body of the City. The annual audit shall include, among others, a statement of the income and expenses and a balance sheet, both in reasonable detail, a list of insurance policies paid for and in force respecting the System and its operation, comments by the auditor respecting compliance by the City with the provisions of this Ordinance and that it is complying therewith or point out where, if any, the City is not in compliance therewith.

Such annual audit shall be open to the inspection of all interested persons and a copy of the same shall be sent annually to the Designated Representative of the original purchaser of the Series 2020 Bonds. It will also cause any additional reports or audits relating to the System to be made, as required by law, and that from time to time, as often as may be requested, it will furnish to the Designated Representative

of the original purchaser of the Series 2020 Bonds issued hereunder such other information concerning the System, or the operation thereof, as may be reasonably requested.

Section 708. Sale of Assets. That so long as any of the Series 2020 Bonds shall be outstanding, the City shall not encumber the System or any part thereof, and it will not sell or otherwise dispose of the System or any integral part thereof, except it may sell such System as a whole, or substantially as a whole, if the proceeds of such sale be at least sufficient to provide for the payment of the Series 2020 Bonds authorized under and secured by this Ordinance and any interest accrued or to accrue thereon, and that the proceeds of any such sale shall be deposited with the Sinking Fund Custodian in trust and applied by it to the extent necessary to purchase or redeem the Series 2020 Bonds. Nothing contained herein, however, shall preclude sale of a part of the System where the sale would not, in any way, adversely affect the revenues of the System, and provided further that the proceeds from such sale are used for extensions and improvements to the System, or deposited with the Sinking Fund Custodian in trust and applied toward the purchase or redemption of the Series 2020 Bonds.

The City shall not create, or permit to be created, any charge, lien or encumbrance or any security interest in or on the revenues of the System, as it now exists and as it will hereafter be extended and improved, ranking prior to the lien on said revenues created to secure payment of the Series 2020 Bonds, or ranking equally with said charge or lien of the Series 2020 Bonds, except that it may issue Additional Bonds standing on a parity therewith in accordance with the provisions of this Ordinance.

Section 709. Certificate as to Use of Proceeds. The Chairman of the City Commission and the Clerk of the City Commission are hereby authorized and directed to execute, for and on behalf of the City, a certification, based upon facts, estimates and circumstances, as to the reasonable expectations regarding the amount, expenditure and use of the proceeds derived from the sale of the Series 2020 Bonds, as well as such other documents as may be necessary or desirable in connection with the issuance and delivery of the Series 2020 Bonds.

Section 710. Tax Covenants. The City covenants that the Bonds are being issued by the City in compliance with the conditions necessary for the interest on the Bonds to be excluded from gross income for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code relating to obligations of the State or political subdivisions thereof. It is the intention of the City that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes, and, to that end, the City hereby covenants with the holders of any Bonds as follows:

(a) that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the tax-exempt status of the interest on the Bonds under Section 103 of the Code.

(b) that it will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City or take or omit to take any action in a way that would cause the Bonds to be (i) "private activity bonds" within the meaning of Section 141 of the Code, or (ii) obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code. The City will not allow 5% or more of the proceeds of the Bonds to be used for any private business use and will not loan 5% or more of the proceeds of the Bonds to persons other than governmental units.

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ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 801. Events of Default. Each of the following events is hereby defined as and declared to be an "Event of Default" under this Ordinance:

(a) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, at its maturity or by proceedings for mandatory redemption or optional redemption; or

(b) Payment of any installment of interest shall not be made when the same becomes due and payable, or within thirty (30) days thereafter; or

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

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

(e) The City shall make a default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in this Ordinance, on the part of the City to be performed, and such default shall continue for thirty (30) days after written notice, specifying such default and requiring same to be remedied, shall have been given to the City by any Bondholder.

Section 802. Acceleration. Upon the happening and continuance of any Event of Default specified in Section 801, then and in every such case the owners of not less than fifty-five percent (55%) in the principal amount of the Bonds then outstanding may, by a notice in writing to the City, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Bonds or herein contained to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, all arrears of interest, if any, upon the Bonds then outstanding, and all other indebtedness secured hereby, except the principal of any Bonds not then due by their terms, and the interest accrued on such Bonds since the last Interest Payment Date, shall have been paid, or shall have been provided for any deposit with the Paying Agent for such Bonds of a sum sufficient to pay the same, and every other default in the observance or performance of any covenant, condition or agreement in the Bonds, or herein contained, shall be made

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(c) that it will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the City will comply with all requirements of Section 148 of the Code, including but not limited to provisions requiring payment of rebate to the United States of America, to the extent applicable to the Bonds. In the event that at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held under this Ordinance, the City shall take such action as may be necessary.

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good, or, provisions thereof satisfactory to such Bondholders shall have been made, then and in every such case the owners of not less than fifty-five percent (55%) in principal amount of the Bonds then outstanding may, by written notice to the City, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to, or affect, any subsequent default or impair any right consequent thereto.

Section 803. Remedies. Upon the happening and continuance of any Event of Default, as provided in Section 801, then and in every such case any Bondholder may proceed, subject to the provisions of Section 805, to protect and enforce the rights of the Bondholders hereunder by a suit, action or special proceedings in equity, or at law, either for the appointment of a Receiver of the System as authorized by the Revenue Bond Law, or for the special performance of any covenant or agreement contained herein or in aid or execution of any power herein granted, or for the enforcement of any proper legal or equitable remedy as such Bondholder shall deem most effectual to protect and enforce the rights aforesaid, insofar as such may be authorized by law.

Section 804. Restoration. In case any proceeding taken by any Bondholder on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such Bondholder, then and in every such case the City and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Bondholders shall continue as though no such proceedings had been taken.

Section 805. Equal Benefit. No one, or more, owners of the Bonds secured hereby shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of such outstanding Bonds.

Section 806. Nonexclusivity of Remedies. No remedy herein conferred upon the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity, or by statute.

Section 807. No Waiver. No delay or omission of any Bondholder to exercise any right or power accruing upon any default occurring and continuing as aforesaid, shall impair any such default or be construed as an acquiescence therein and every power and remedy given by this Article to the owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

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ARTICLE IX

SUPPLEMENTAL PROCEEDINGS

Section 901. Adoption of Supplemental Proceedings. The City may, from time to time and at any time, adopt such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Ordinance or in any supplemental ordinance or in the Bonds; provided, however, that nothing herein contained shall permit, or be construed as permitting: (a) the extension of the maturity of any Bond issued hereunder; (b) the reduction in the principal amount of any Bond or the alteration of the rate or rates of interest thereon or any other modification of the terms of payment of such principal or interest; and (c) the reduction of the percentage of the principal amount of Bonds required for consent to such supplemental ordinance. A modification or amendment of the provisions with respect to the Sinking Fund is not to be deemed a change in the terms of payment.

The City may, without the consent of or notice to any of the Bondholders, enter into any ordinance or ordinances supplemental to this Ordinance for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Ordinance;
- (b) To grant to or confer upon the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders;
- (c) To subject the lien of this Ordinance additional revenues, properties or collateral;
- (d) To modify, amend or supplement this Ordinance or any ordinance supplemental hereto in such manner as to permit the qualification hereof the Trust Indenture Act of 1939 or any similar federal statute hereafter any fact or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or if any of the states of the United States of America, and to add to this Ordinance or a Ordinance supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statutes;
- (e) To secure or maintain ratings from Moody's and/or S&P, in either of the two highest long-term debt rating categories of the applicable rating agency or agencies, which changes will not restrict, limit or reduce the obligation of the City to pay the principal of, premium, if any, and interest on the Bonds as provided in this Ordinance or otherwise materially adversely affect the owners of the Bonds of this Ordinance;
- (f) To provide for separate accounts within the Funds established pursuant to Article V hereof;
- (g) To provide for the final terms of the issuance of the Series 2020 Bonds, including the interest rates, redemption provisions, principal maturity schedule, specification of fund custodians and depositories, and application of proceeds of the Series 2020 Bonds. Any supplemental ordinance adopted for the purpose set forth in the foregoing sentence may be adopted or finalized in the form of a supplement or amendment and restatement of this Ordinance; or

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Whenever referred to herein as "supplemental ordinance" same shall be construed to mean such action as shall be taken by the City, as may be required to comply with the law then in force and effect.

Section 906. Effect on Additional Bonds. In the event of the issuance of any Bonds ranking *pari passu* with the Series 2020 Bonds, then the provisions of this Article shall likewise be applicable in all respects to any such proceedings so authorizing such Additional Bonds and in any supplemental ordinance amending such proceedings and the notice of such supplemental ordinance shall be given such parity Bondholders and any such modification and amendment shall apply to any such Additional Bonds and the owners of such Additional Bonds.

Section 907. Proof of Ownership. Any request, waiver, direction, consent or other instrument required by this Ordinance to be signed or executed by Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument, or of the written appointment of such agent, and of the ownership of Bonds, if made in the following manner, shall be sufficient for any purpose of this Ordinance and shall be conclusive in favor of the City with regard to any action taken under such instrument:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction, who by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the ownership of the Bonds or any issue of Additional Bonds therewith shall be determined and proved by reference to the bond registration book kept by the Bond Registrar for such issue or issues of Bonds and the City may conclusively assume that such ownership continues until written notice to the contrary is served upon it.

Any request or consent of the owner of any Bond shall bind every future owner of the same Bond in respect of anything done by the City in pursuant of such request or consent.

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(h) To permit the issuance of Additional Bonds pursuant to the provisions of Section 508 hereof, including without limitation making any amendments to this Ordinance that the City determines are necessary to accommodate Additional Bonds bearing interest at variable rates or interest rate swap transactions related thereto, the payments under which, except for termination payments, may be on a parity with the Bonds.

Section 902. Notice. After any supplemental ordinance requiring the consent of the Bondholders shall have been adopted, the City shall cause a notice of the adoption of such ordinance to be mailed, postage prepaid, to all registered owners of Bonds appearing on the bond registration book kept by the Bond Registrar and a copy of such supplemental ordinance shall be mailed, postage prepaid, to the Designated Representatives of the original purchaser of any Bonds.

Section 903. Required Approval. No such supplemental ordinance requiring the consent of the Bondholders shall become effective unless the owners of at least sixty-five percent (65%) in aggregate principal amount of the Bonds issued hereunder then outstanding shall have filed with the Clerk within three (3) months after the date of adoption of such ordinance properly executed instruments approving the adoption of such supplemental ordinance, each such instrument to be accompanied by proof of ownership of the Bonds to which such instrument refers, which proof shall be such as is permitted by the provisions of Section 907.

Section 904. Legal Action.

(a) Any action or proceeding in any court objecting to such supplemental ordinance or to any of the terms and provisions therein contained or the operation thereof, or in any manner questioning the propriety of the adoption thereof, or the execution by any Bondholder of any instrument purporting to approve the adoption of such ordinance, or to enjoin or restrain the City from taking any action pursuant to the provisions thereof, must be commenced within thirty (30) days after the City shall have determined that the owners of at least fifty-five percent (55%) in aggregate principal amount of the Bonds then outstanding, including any Additional Bonds, have approved the adoption of such supplemental ordinance.

(b) Upon the expiration of such thirty (30) day period, or, if any such action or proceedings shall be commenced, upon any judgment or decree sustaining such supplemental ordinance becoming final, this Ordinance and any ordinance authorizing the issuance of Additional Bonds with the Bonds shall be, and be deemed to be, modified and amended in accordance with such supplemental ordinance, and the respective rights, duties and obligations under this Ordinance and any ordinance authorizing the issuance of Additional Bonds with the Bonds of this issue and all owners of outstanding Bonds shall thereafter be determined, exercised and enforced hereunder; subject, in all respects, to such modifications and amendments.

Section 905. Incorporation. Any supplemental ordinance adopted and becoming effective in accordance with the provisions of this Article shall thereafter form a part of this Ordinance and all conditions of this Ordinance for any and all purposes, and shall be effective as to all owners of Bonds then outstanding and no notation or legend of such modifications and amendments shall be required to be made thereon.

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ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1001. Severability. In case any one or more of the provisions of this Ordinance, or the Bonds issued hereunder, shall for any reason be held illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Ordinance or the Bonds, but this Ordinance and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

Section 1002. Contract.

(a) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the Series 2020 Bonds authorized to be issued hereunder and the owners of any Additional Bonds subsequently issued by the City, and after the issuance of the Series 2020 Bonds this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interest of the owners of the Bonds, nor shall the City pass any proceedings in any way adversely affecting the rights of such owners or Authorities, so long as any of the Bonds authorized by this Ordinance, or the interest thereon, shall remain unpaid; provided, however, that this covenant shall not be construed as prohibiting modifications hereof or amendments hereto to the extent and in the manner as provided in Article X hereof.

(b) The provisions of this Ordinance and every appropriate sentence hereof shall be construed as including and as being applicable to any Additional Bonds issued by the City, as well as to the Series 2020 Bonds, and any Additional Bonds issued by the City shall be treated for all intents and purposes, unless otherwise specifically stated, just as if they had been issued together with the Series 2020 Bonds and pursuant to the terms of this Ordinance.

(c) Any subsequent proceedings authorizing the issuance of Additional Bonds issued by the City as provided in this Ordinance shall in no wise conflict with the terms and conditions of this Ordinance, but shall, for all legal purposes, reaffirm all of the applicable covenants, agreements and provisions of this Ordinance for the equal protection and benefit of all Bondholders.

Section 1003. Validation. The Series 2020 Bonds herein authorized shall be validated in the manner provided by law, and to that end, notice of the adoption of this Ordinance and a copy thereof shall be served upon the District Attorney of the Gwinnett Judicial Circuit of the Superior Court Ninth District, in order that proceedings for the above purpose be instituted in the Superior Court of Gwinnett County.

Section 1004. Repealer. Any and all ordinances or parts of ordinances in conflict with this Ordinance this day adopted be and the same are hereby repealed, and this Ordinance shall be in full force and effect from and after its adoption.

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Section 1005. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of payment of the principal of or interest on the Bonds or the date fixed for redemption of any Bonds shall be in the City of payment a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of such principal or interest need not be made on such date but may be made on the next succeeding business date with the same force and effect as if made on the date of stated maturity or the date fixed for redemption, and no interest shall accrue for the period after such date; provided, however, that the City may, in connection with the issuance of any Additional Bonds bearing interest at a variable rate, provide that interest shall accrue for any such period.

Section 1006. Authorization of Purchase Agreement, Offering Documents, and Continuing Disclosure Certificate. The Purchase Agreement is hereby authorized and approved. The Chairman of the City Commission is hereby authorized and directed to execute the Purchase Agreement for and on behalf of the City, and the Clerk is hereby authorized and directed to attest the same and impress thereon the seal of the City. The Purchase Agreement shall be in substantially the form set forth in Exhibit A hereto, subject to such changes, insertions and omissions as may be approved by the Chairman of the City Commission, and the execution of the Purchase Agreement by the Chairman of the City Commission as herein authorized shall be conclusive evidence of any such approval.

Further, the following are hereby authorized: (i) the distribution of a Preliminary Official Statement and a final Official Statement with respect to the Series 2020 Bonds, and an officer of the City is authorized to execute such final Official Statement on behalf of the City; (ii) the execution of a certificate by the Chairman of the City Commission that the Preliminary Official Statement was "deemed final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission; and (iii) the execution of a continuing disclosure certificate by the Chairman of the City Commission in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 1007. Applicable Provisions of Law. This Ordinance shall be governed by and construed and enforced in accordance with the laws of the State of Georgia.

Section 1008. No Individual Responsibility. No stipulations, obligations or agreements of the Chairman or any member of the City Commission or of any officer of the City shall be deemed to be stipulations, obligations or agreements of any such member or officer in his individual capacity.

Section 1009. Execution by Chairman of the City Commission . Notwithstanding anything in this Ordinance to the contrary, in the absence or incapacity of the Chairman of the City Commission, the Vice Chairman of the City Commission is hereby authorized to execute and deliver on behalf of the City any document or certificate requiring execution by the Chairman of the City Commission.

Section 1010. Ratification and General Authority. All acts heretofore or taken by any officer of the City in connection with the issuance of the Bonds are hereby ratified and approved. Any officer of the City is hereby authorized to do any and all things, including, but not limited to, making covenants on behalf of the City and to execute any and all certificates and documents necessary to issue the Bonds and to carry out the transactions contemplated by this Ordinance and the Purchase Agreement, including but not limited to a tax and non-arbitrage certificate.

This Ordinance shall take effect immediately upon its adoption.

CITY OF BUFORD

By: _____
Chairman, City Commission

**SCHEDULE 1
TO THE BOND ORDINANCE**

Application of Series 2020 Bond Proceeds

From the proceeds derived from the sale of the Series 2020 Bonds, the following payments shall be made, simultaneously with the issuance and delivery of the Series 2020 Bonds, to the extent and in the manner herein set forth:

(a) such amount as determined by the City in a supplemental resolution shall be deposited into the Costs of Issuance subaccount of the Construction Fund created in Section 402(a) hereof and shall be used to pay the costs of issuing the Series 2020 Bonds; and

(c) The balance of the proceeds derived from the sale of the Series 2020 Bonds shall be deposited into the Construction Fund created in Section 402(a) hereof.

EXHIBIT A TO BOND ORDINANCE

Purchase Agreement

[Attached]

CLERK'S CERTIFICATE

I, the undersigned Clerk of the City of Buford (the "City"), Georgia, DO HEREBY CERTIFY the foregoing pages constitute a true and correct copy of the Bond Ordinance adopted by the Chairman of the City Commission and Commissioners of the City of Buford at an open public meeting duly and lawfully assembled in accordance with Official Code of Georgia Annotated Section 50-14-1, at which a quorum was present and acting throughout, in connection with the issuance of not to exceed \$20,000,000 in aggregate principal amount of the City of Buford Combined Utility System Revenue Bonds, Series 2020. The original of this Ordinance has been duly recorded in the minute book of the City, which is in my custody and control and is in full force and effect.

WITNESS MY HAND this day ____ of June, 2020.

Kim Wolfe, City Clerk

(SEAL)

SUPPLEMENTAL BOND ORDINANCE

A SUPPLEMENTAL ORDINANCE TO SPECIFY THE AGGREGATE PRINCIPAL AMOUNT, INTEREST RATES AND DEBT SERVICE SCHEDULE AND THE OPTIONAL REDEMPTION PROVISIONS OF THE SERIES 2020 BONDS; TO AUTHORIZE AND APPROVE THE SALE OF THE SERIES 2020 BONDS TO THE UNDERWRITER; TO AUTHORIZE THE EXECUTION OF THE BOND PURCHASE AGREEMENT; TO PROVIDE FOR THE DELIVERY OF THE SERIES 2020 BONDS; TO RATIFY, AUTHORIZE AND APPROVE THE PREPARATION, USE AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT IN CONNECTION WITH THE OFFER AND SALE OF THE SERIES 2020 BONDS; TO PROVIDE FOR THE APPLICATION OF THE PROCEEDS OF THE SERIES 2020 BONDS; TO AUTHORIZE THE PURCHASE OF MUNICIPAL BOND INSURANCE AND DEBT SERVICE RESERVE INSURANCE FOR THE SERIES 2020 BONDS; AND FOR OTHER PURPOSES.

WHEREAS, pursuant to the Bond Ordinance adopted by the Board of Commissioners of the City of Buford, Georgia (the "Board of Commissioners") dated June 18, 2020 (the "Ordinance"), the City of Buford, Georgia (the "City") authorized not to exceed \$20,000,000 aggregate principal amount of its Combined Utility System Revenue Bonds, Series 2020 (the "Series 2020 Bonds"); and

WHEREAS, the Ordinance provided that prior to the issuance of the Series 2020 Bonds, the City would adopt a supplemental ordinance specifying the interest rate or rates per annum, and the optional and mandatory sinking fund provisions applicable to the Series 2020 Bonds; and

WHEREAS, the City has offered the Series 2020 Bonds pursuant to a Preliminary Statement dated June 19, 2020 (the "Preliminary Official Statement") and desires to approve the sale of the Series 2020 Bonds to Stephens Inc. (the "Underwriter"), as set forth in Exhibit A attached hereto; and

WHEREAS, the City desires to authorize the execution, use and distribution of an Official Statement relating to the Series 2020 Bonds;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF BUFORD, and it is HEREBY ORDAINED by authority of the same as follows:

Section 1 Definitions. Capitalized terms used in this Supplemental Ordinance and not otherwise defined herein are used with the meanings assigned to such terms by the Ordinance.

Section 2 Approval of Final Aggregate Principal Amount, Interest Rates and Debt Service Schedule for the Series 2020 Bonds. The final aggregate principal amount of the Series 2020 Bonds and the interest rates and debt service schedule applicable thereto are set forth on Exhibit A attached hereto and are hereby approved.

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Section 7 Fund Custodians. Each of the Construction Fund Custodian, the Renewal and Extension Fund Custodian, and the Revenue Fund Custodian shall at all times be a commercial bank and shall be appointed by the City Manager with the consent of the Chairman.

Section 8 Provisions Relating to Insurance. The City hereby accepts and approves the Municipal Bond Insurance Commitment, dated June 9, 2020 from Assured Guaranty Municipal Corp., in the form attached hereto as Exhibit C, to provide a municipal bond insurance policy ("Bond Insurance Policy") for the Series 2020 Bonds and the Municipal Bond Debt Service Reserve Commitment, dated June 9, 2020, from Assured Guaranty Municipal Corp., in the form attached hereto as Exhibit D, to provide a debt service reserve insurance policy (the "Reserve Policy") in satisfaction of the debt service reserve requirement for the Series 2020 Bonds. Notwithstanding anything to the contrary in the Ordinance, the provisions set forth in Exhibit E regarding the Bond Insurance Policy and in Exhibit F regarding the Reserve Policy shall govern so long as the Series 2020 Bonds remain outstanding.

Section 9 Confirmation of Ordinance. Except as provided in this Supplemental Ordinance, the Ordinance has not been repealed, revoked, rescinded or amended and is in full force and effect as of the date hereof. The City hereby ratifies and confirms all of the provisions of the Ordinance as supplemented and amended hereby.

Adopted June 25, 2020

CITY OF BUFORD, GEORGIA
By: _____
Chairman, City Commission

ATTEST:
By: _____
City Clerk

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The purchase price for the Series 2020 Bonds is \$20,269,263.65, which is equal to the par amount of \$17,435,000.00 plus net original issue premium of \$2,942,558.95 less Underwriter's discount of \$108,295.30.

Section 3 Approval of Optional Redemption of the Series 2020 Bonds. The Bonds maturing July 1, 2021 through July 1, 2029 shall not be subject to redemption prior to maturity. The Bonds maturing July 1, 2030 and thereafter may be redeemed at the option of the City in whole or in part at any time, in any year not earlier than July 1, 2029, from any moneys which may be available for such purpose and deposited in the Optional Redemption Account of the Sinking Fund to be made available to the Paying Agent on or before the date fixed for redemption for payment of the redemption price. The optional redemption of the Bonds will be made by the payment of the principal amount of the Bonds to be redeemed and accrued interest thereon to date of redemption, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date.

Section 4 Authorization of the Bond Purchase Agreement. The execution, delivery and performance of the Bond Purchase Agreement providing for the sale of the Series 2020 Bonds by and between the City and the Underwriter is hereby authorized. The form of the Bond Purchase Agreement is attached hereto as Exhibit B, subject to minor changes, insertions or omissions as may be approved by the Chairman of the Commission (the "Chairman") and the execution of the Bond Purchase Agreement by the Chairman as hereby authorized shall be conclusive evidence of any such approval.

Section 5 Application of Proceeds of Series 2020 Bonds. From the proceeds derived from the sale of the Series 2020 Bonds, the following payments shall be made, simultaneously with the issuance and delivery of the Series 2020 Bonds, to the extent and in the manner herein set forth:

(a) \$185,000 shall be deposited into the Costs of Issuance subaccount of the Construction Fund created in Section 402(a) hereof and shall be used to pay the costs of issuing the Series 2020 Bonds; and

(b) \$83,344.63 shall be used to pay the costs of purchasing the municipal bond insurance policy and debt service reserve insurance policy (collectively, the "Insurance") for the Series 2020 Bonds; and

(c) The balance of the proceeds derived from the sale of the Series 2020 Bonds shall be deposited into the Construction Fund created in Section 402(a) hereof.

Section 6 Offering Materials. The preparation and distribution of a final Official Statement with respect to the Series 2020 Bonds in substantially the form as the Preliminary Official Statement but containing the information with respect to the Series 2020 Bonds set forth in this Supplemental Ordinance is hereby authorized and approved. The Chairman of the Commission is authorized to execute such final Official Statement on behalf of the City.

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CLERK'S CERTIFICATE

I, the undersigned Clerk of the City of Buford (the "City"), Georgia, DO HEREBY CERTIFY the foregoing pages constitute a true and correct copy of the Supplemental Bond Ordinance adopted by the Chairman of the City Commission and Commissioners of the City of Buford at an open public meeting duly and lawfully assembled in accordance with Official Code of Georgia Annotated Section 50-14-1, at which a quorum was present and acting throughout, in connection with the issuance of not to exceed \$17,435,000.00 in aggregate principal amount of the City of Buford Combined Utility System Revenue Bonds, Series 2020. The original of this Ordinance has been duly recorded in the minute book of the City, which is in my custody and control and is in full force and effect.

WITNESS MY HAND this 25th day of June, 2020.

(SEAL) _____
Kim Wolfe, City Clerk

WITNESS my hand and the official seal of the City of Buford, Georgia this June 25, 2020.

Clerk

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EXHIBIT A
PRICING INFORMATION

Year	Principal	Coupon	Interest	Debt Service
2021	\$ 510,000	4.000%	\$645,716.67	\$1,155,716.67
2022	620,000	4.000	663,300.00	1,283,300.00
2023	645,000	4.000	638,500.00	1,283,500.00
2024	675,000	3.000	612,700.00	1,287,700.00
2025	695,000	3.000	592,450.00	1,287,450.00
2026	715,000	4.000	571,600.00	1,286,600.00
2027	740,000	4.000	543,000.00	1,283,000.00
2028	770,000	4.000	513,400.00	1,283,400.00
2029	805,000	4.000	482,600.00	1,287,600.00
2030	835,000	4.000	450,400.00	1,285,400.00
2031	870,000	4.000	417,000.00	1,287,000.00
2032	905,000	4.000	382,200.00	1,287,200.00
2033	940,000	4.000	346,000.00	1,286,000.00
2034	975,000	4.000	308,400.00	1,283,400.00
2035	1,015,000	4.000	269,400.00	1,284,400.00
2036	1,055,000	4.000	228,800.00	1,283,800.00
2037	1,100,000	4.000	186,600.00	1,286,600.00
2038	1,140,000	4.000	142,600.00	1,282,600.00
2039	1,190,000	4.000	97,000.00	1,287,000.00
2040	1,235,000	4.000	-49,400.00	1,283,400.00
Total	\$20,000,000	-	\$8,141,066.67	\$25,576,066.67

EXHIBIT B
FORM OF BOND PURCHASE AGREEMENT

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BOND PURCHASE AGREEMENT

relating to

\$17,435,000

CITY OF BUFORD

COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2020

June 25, 2020

City of Buford, Georgia
Buford, Georgia

To the Addressee:

The undersigned Stephens Inc. (the “**Underwriter**”) offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the City of Buford, Georgia (the “**City**”) which, upon your acceptance of this offer, will be binding upon the City and upon the Underwriter. Terms not otherwise defined herein shall have the same meanings as set forth in the Bond Ordinance described below.

This offer is made subject to your mutual acceptance of this Purchase Agreement on or before 7:00 p.m. on June 25, 2020.

1. **Agreement to Purchase and Sell.** Upon the terms and conditions and in reliance upon the respective representations, warranties, and covenants herein, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter all (but not less than all) of \$17,435,000 in aggregate principal amount of the City’s COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2020 (the “**Series 2020 Bonds**”), at the purchase price of \$20,269,263.65 (equal to the par amount of the Series 2020 Bonds, \$17,435,000, less underwriter’s discount of \$108,295.30, plus premium of \$2,942,558.95).

2. **Background and Description of the Series 2020 Bonds.**

(a) **Purpose of the Series 2020 Bonds.** The Series 2020 Bonds are being issued for the purpose of providing funds to be applied to (i) the financing of the cost of the acquisition, construction and installation of certain additions, extensions and improvements to the Combined System (defined herein), including, without limitation, the construction and development of a new water plant and improvements to one or more existing sewer main service lines; and (ii) the payment of the costs of issuing the Series 2020 Bonds.

(b) **Authority for issuance of the Series 2020 Bonds.** The Series 2020 Bonds are being issued in accordance with the provisions of a bond ordinance adopted by the Board of Commissioners of the City on June 18, 2020, as supplemented and amended on June 25, 2020 (together, the “**Bond Ordinance**”). The City owns and operates a water supply, treatment, and distribution system, a sanitary sewer treatment and collection system, an electric system, and a

natural gas distribution system, which are operated as a combined system (the “**Combined System**”). The Series 2020 Bonds are special limited obligations of the City payable solely from and secured by a pledge of and lien on revenues derived by the City from the ownership and operation of the Combined System, remaining after the payment of expenses of operating, maintaining, and repairing the Combined System (the “**Net Revenues**”).

(c) **Public Offering Document.** With the consent of the City, the Underwriter, in connection with the marketing of the Series 2020 Bonds, has distributed a Preliminary Official Statement, dated June 19, 2020 (the “**Preliminary Official Statement**”), relating to the Series 2020 Bonds. The Series 2020 Bonds will be offered for sale by the Underwriter pursuant to a definitive Official Statement, dated the date hereof (the “**Final Official Statement**”), relating to the Series 2020 Bonds. The City hereby authorizes and approves the Preliminary Official Statement and Final Official Statement (the Final Official Statement, the Preliminary Official Statement, and any amendments or supplements that may be authorized for use with respect to the Series 2020 Bonds are herein referred to collectively as the “**Official Statement**”), consents to their distribution and use by the Underwriter, and authorizes the execution and approval of the Official Statement by a duly authorized officer of the City. The representative of the Underwriter shall give notice to the City on the date after which no participating underwriter, as such term is defined in Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “**Rule**”), remains obligated to deliver official statements pursuant to paragraph (b)(4) of the Rule.

(d) **Continuing Disclosure.** Pursuant to a Disclosure Dissemination Agent Agreement to be executed the date of issuance and delivery of the Series 2020 Bonds (the “**Disclosure Dissemination Agent Agreement**”), the City will undertake to provide or cause to be provided, in accordance with the requirements of the Rule, (i) certain annual financial information and operating data and (ii) timely notice of the occurrence of certain material events with respect to the Series 2020 Bonds. A copy of the Disclosure Dissemination Agent Agreement is set forth in Appendix C to the Preliminary Official Statement and will also be set forth in the Official Statement.

3. **Offering of the Series 2020 Bonds.** The Underwriter agrees to make a *bona fide* public offering of all of the Series 2020 Bonds at the offering prices set forth in Exhibit A attached hereto.

4. **Representations, Warranties and Covenants of the City.** The City represents and warrants to the Underwriter that:

(a) The City is a municipal corporation duly organized and existing under the Constitution and laws of the State of Georgia (the “**State**”). The City is authorized among other things, to (i) acquire, construct, and equip certain capital facilities of the Combined System, (ii) issue revenue bonds, such as the Series 2020 Bonds, and (iii) secure the Series 2020 Bonds in the manner contemplated in the Bond Ordinance.

(b) The City has the full legal right, power, and authority pursuant to the Constitution and laws of the State of Georgia, including specifically the Revenue Bond Law of the State of Georgia (O.C.G.A. Sections 36-82-60, *et seq.*, as amended) (the “**Revenue Bond**”) to issue the Series 2020 Bonds.

Bond Purchase Agreement

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Law”), and the Bond Ordinance (i) to adopt the Bond Ordinance authorizing the issuance of and sale of the Series 2020 Bonds, (ii) to enter into this Purchase Agreement, (iii) to issue, sell, and deliver the Series 2020 Bonds to the Underwriter as provided herein, (iv) to execute and deliver the Official Statement, (v) to enter into and execute, deliver and perform the Disclosure Dissemination Agent Agreement, and (vi) to carry out and consummate all other transactions contemplated by each of the aforesaid documents, and the City has complied with all provisions of applicable law in all matters relating to such transactions.

(c) On or before the date of Closing referred to in Section 6 hereof, the City will have duly authorized (i) the execution and delivery of the Series 2020 Bonds and the execution, delivery, and due performance of this Purchase Agreement, the Bond Ordinance, and the Disclosure Dissemination Agent Agreement, (ii) the distribution and use of the Preliminary Official Statement and execution, delivery, and distribution of the Final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the City to carry out, give effect to, and consummate the transactions contemplated by such instruments. All consents or approvals necessary to be obtained by the City in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The Bond Ordinance has been duly adopted by the City, is in full force and effect and constitutes the legal, valid, and binding act of the City; and this Purchase Agreement, when executed and delivered, will constitute the legal, valid, and binding obligation of the City, and the Bond Ordinance is enforceable against the City in accordance with its respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights generally.

(e) When delivered to the Underwriter, the Series 2020 Bonds will have been duly authorized, executed, authenticated, issued, and delivered and will constitute legal, valid, and binding obligations of the City in conformity with the laws of the State of Georgia, and will be entitled to the benefit and security of the Bond Ordinance.

(f) The information contained in the Preliminary Official Statement is true and correct, and the information in the Final Official Statement as of the Closing Date will be true and correct in all material respects, and the Preliminary Official Statement does not and the Final Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading; provided, however, the City makes no representation with respect to information in the Preliminary Official Statement or the Final Official Statement supplied by the Underwriter other than that it has no knowledge or notice that such information is inaccurate or misleading.

(g) If, at any time prior to the earlier of (i) receipt of notice from the Underwriter that Official Statements are no longer required to be delivered under the Rule, or (ii) 90 days after the Closing, any event occurs as a result of which the Official Statement might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter thereof in writing; provided, however, that the City shall have such obligations with respect to information in the Official Statement

(n) The audited financial report of the City for the year ended June 30, 2019, included in the Official Statement, presents fairly the financial position of the City as of the dates indicated and the results of the City’s operations for the periods specified, and such financial report and statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved, except as otherwise stated in the notes thereto. There has been no material change in the general affairs, management, properties, financial position, capitalization, or results of operation of the City since the date of such financial statements except as set forth in the Official Statement.

(o) The City will cooperate with the Underwriter in qualifying the Series 2020 Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City shall not be required to consent to suit or to service of process in any jurisdiction. The City consents to the use by the Underwriter in the course of their compliance with the securities or Blue Sky laws of the various jurisdictions of the documents relating to the Series 2020 Bonds, subject to the right of the City to withdraw such consent for cause by written notice to the Underwriter.

5. Closing. Payment of the purchase price for the Series 2020 Bonds shall be made by wire or check in immediately available funds payable to the order of the City at the offices of the City, at 10:00 a.m., local time, on July 21, 2020, or such other place, time, or date as shall be mutually agreed upon by the City and the Underwriter, against delivery of the Series 2020 Bonds to the Underwriter or the persons designated by the Underwriter. The date of such delivery and payment for the Series 2020 Bonds is herein called the “**Closing Date**,” and the hour and date of such delivery and payment is herein called the “**Closing**.” The Series 2020 Bonds shall be delivered by means of a book-entry system administered by The Depository Trust Company (“**DTC**”), New York, New York, bearing CUSIP numbers (provided neither the printing of the wrong CUSIP number on any Bond nor the failure to print a CUSIP number thereon shall constitute cause to refuse delivery of any Bond) and duly executed and authenticated, and registered in the name of Cede & Co., as nominee and registered owner for DTC. The Series 2020 Bonds shall be available for examination by the Underwriter or its representative (at closing/at least 24 hours prior to the Closing). The Series 2020 Bonds shall remain in the Paying Agent’s custody subject to the provisions of the Fast Automated Securities Transfer (FAST) Balance Certificate Agreement currently in effect between the Paying Agent and DTC.

6. Underwriter’s right to Cancel. The Underwriter shall have the right to cancel its obligations hereunder (and such cancellation shall not constitute a default of the Underwriter for purposes of this Purchase Agreement) by notifying the City in writing or by teletype of its election to do so between the date hereof and the Closing, if at any time hereafter and prior to the Closing any of the following events occur:

(a) A committee of the House of Representatives or the Senate of the Congress of the United States of America (the “**United States**”) shall have pending before it legislation, or a tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in, or be passed by, the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted by the

concerning and supplied by the Underwriter only to the extent the City has actual knowledge or notice of any such event. Upon the request of the Underwriter therefor, the City shall prepare and deliver to the Underwriter at the City’s expense as many copies of an amendment or supplement which will correct any untrue statement or omission as the Underwriter may reasonably request.

(h) Neither the adoption of the Bond Ordinance and the execution and delivery of this Purchase Agreement nor the consummation of the transactions contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with, or constitute on the part of the City a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, commitment, note, or other agreement or instrument to which the City is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order, or decree to which the City (or the members of the City Commission or any of its officers in their respective capacities as such) is subject.

(i) To its knowledge, the City has never been in default at any time, as to principal of or interest on any obligation which it has issued, except as specifically disclosed in the Official Statement; and other than as provided in the proceedings for the issuance of the Series 2020 Bonds, the City has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Combined System or the revenues derived therefrom.

(j) Except as is specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, pending or, to the knowledge of the City, threatened, which in any way questions the powers of the City referred to in paragraph (b) above, or the validity of any proceeding taken by the City in connection with the issuance of the Series 2020 Bonds, or wherein an unfavorable decision, ruling, or finding could materially adversely affect the transactions contemplated by this Purchase Agreement, or of any other document or instrument required or contemplated by this financing, or which, in any way, could adversely affect the validity or enforceability of the Bond Ordinance, the Series 2020 Bonds, or this Purchase Agreement or, to the knowledge of the City, which in any way questions the tax-exempt status of the City or the exclusion from gross income of the recipients of the interest on the Series 2020 Bonds for federal income tax purposes or in any other way questions the status of the Series 2020 Bonds under federal or State tax laws or regulations.

(k) Any certificate signed by any official of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the truth of the statements therein contained.

(l) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuing authority whose arbitrage certifications may not be relied upon.

(m) The City will not knowingly take or omit to take any action which act or omission will in any way cause the proceeds from the sale of the Series 2020 Bonds to be applied in a manner other than as provided in the Bond Ordinance or which would cause the interest on the Series 2020 Bonds to be includable in gross income for federal income tax purposes.

Congress of the United States, or an announcement or a proposal for any such legislation shall be made by a member of the House of Representatives or the Senate of the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation, or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in or proposes the imposition of federal income taxation, upon revenues or other income of the general character to be derived by state and local governmental units or by any similar body or upon interest received on obligations of the general character of the Series 2020 Bonds, which, in the Underwriter’s opinion, materially and adversely affects the market price of the Series 2020 Bonds.

(b) Any legislation, resolution, ordinance, rule, or regulation shall be introduced in or be enacted or imposed by any governmental body, department, or agency of the United States or of any state, or a decision by any court of competent jurisdiction within the United States or any state shall be rendered which, in the Underwriter’s sole opinion, materially and adversely affects the market price of the Series 2020 Bonds.

(c) A stop order, ruling, regulation, or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Series 2020 Bonds, or the issuance, offering, or sale of the Series 2020 Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provisions of the federal securities laws, including without limitation the registration provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect.

(d) Legislation shall be introduced by amendment or otherwise in, or to be enacted by, the Congress of the United States, or a decision by a court of the United States shall be rendered to the effect that obligations of the general character of the Series 2020 Bonds, or the Series 2020 Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and then in effect, or that the Bond Ordinance is not exempt from qualification under or from other requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of obligations of the general character of the Series 2020 Bonds, or the Series 2020 Bonds, as contemplated hereby or by the Official Statement.

(e) Any event shall have occurred, or information becomes known, which, in the Underwriter’s sole opinion, makes untrue in any material respect any statement or information furnished to the Underwriter by the City for use in connection with the marketing of the Series 2020 Bonds or any material statement or information contained in the Preliminary Official Statement or the Official Statement as originally circulated contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements

therein made, in light of the circumstances under which they were made, not misleading; provided, however, that the City shall be granted a reasonable amount of time in which to cure any such untrue or misleading statement or information.

(f) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.

(g) The New York Stock Exchange or any other national securities exchange, or any governmental authority, shall impose, as to the Series 2020 Bonds or obligations of the general character of the Series 2020 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the net capital requirements of, the Underwriter.

(h) A general banking moratorium shall have been established by federal, New York, or Georgia authorities.

(i) Any proceeding shall be pending, or to the knowledge of the Underwriter, threatened, to restrain, enjoin, or otherwise prohibit the issuance, sale, or delivery of the Series 2020 Bonds by the City or the purchase, offering, sale, or distribution of the Series 2020 Bonds by the Underwriter, or for any investigatory or other proceedings under any federal or state securities laws or the rules and regulations of the Financial Industry Regulatory Authority (FINRA) relating to the issuance, sale, or delivery of the Series 2020 Bonds by the City or the purchase, offering, sale, or distribution of the Series 2020 Bonds by the Underwriter.

(j) There shall have occurred (whether or not foreseeable) any (1) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (2) new material other national or international calamity or crisis, or any material adverse change in the financial or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereof, the effect of which on financial markets is such as to make it, in the sole judgment of the Underwriter, impractical or inadvisable to proceed with the offering or delivery of the Series 2020 Bonds as contemplated by the Official Statement (exclusive of any amendment or supplement thereto).

(k) Standard and Poor's Rating Services shall withdraw or lower its ratings on the Series 2020 Bonds prior to the Closing.

(l) The City shall fail to deliver the Disclosure Dissemination Agent Agreement.

7. Failure to Satisfy Conditions; Waiver of Conditions. If the City shall be unable to satisfy the conditions to the obligations of the Underwriter contained in Section 8 of this Purchase Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Series 2020 Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 12 hereof, shall continue in full force and effect and the indemnification provisions of Section 11 hereof shall continue in full force and effect. The Underwriter may, in its discretion,

Bond Purchase Agreement
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(5) The Official Statement executed on behalf of the City by a duly authorized officer of the City.

(6) The Disclosure Dissemination Agent Agreement of the City, in substantially the form attached to the Preliminary Official Statement, evidencing that the City has made the continuing disclosure undertaking set forth therein.

(7) Certified copies of all resolutions of the City relating to the Series 2020 Bonds and this Purchase Agreement.

(8) A Specimen Bond.

(9) Letter from Standard and Poor's Rating Services LLC ("Standard & Poor's") confirming the rating of "AA," which rating shall be in effect on the Closing Date. Standard & Poor's assigned the Series 2020 Bonds the rating of "AA" based upon the issuance of an insurance policy (the "Policy") to be issued concurrently with the delivery of the Series 2020 Bonds by Assured Guaranty Municipal Corp. ("AGM"). Standard & Poor's has assigned the rating of "A+" to the Series 2020 Bonds without regard to the issuance of the Policy by AGM.

(10) A certificate, in form and substance satisfactory to the Underwriter and its counsel, of the City or any duly authorized officer or official of the City satisfactory to the Underwriter and its counsel, dated as of the Closing Date, to the effect that (i) each of the City's representations, warranties, and covenants contained herein are true and correct as of the Closing Date; (ii) the City has authorized, by all action necessary under the laws and Constitution of the State, the adoption of the Bond Ordinance and the execution, delivery, and due performance of the Series 2020 Bonds; (iii) no litigation is pending, or to the knowledge of the officer or official of the City signing the certificate threatened, to restrain or enjoin the issuance or sale of the Series 2020 Bonds or in any way affecting any authority for or the validity of the Bond Ordinance, the Series 2020 Bonds, or this Purchase Agreement; (iv) the Series 2020 Bonds, as executed by the City, are in the form or in substantially the form approved for such execution by appropriate proceedings of the City; (v) since June 30, 2019, there has not been any material adverse change in the properties, financial position, or results of operations of the City, whether or not arising from transactions in the ordinary course of business, other than as set forth in the Official Statement; and since such date the City has not entered into any transaction or incurred any debt or other liability material as to the City, except as set forth in the Official Statement; (vi) there are not pending or, to the knowledge of the officer or official of the City signing the certificate threatened, legal, or administrative proceedings to which the City is a party or to which property of the City is the subject, which are material as to the City and which are not disclosed in the Official Statement or which if decided adversely to the City could specifically, materially, and adversely affect the transactions contemplated hereby or by the Official Statement or which could materially and adversely affect the validity or enforceability of the Series 2020 Bonds, the Bond Ordinance, or this Purchase Agreement or which could materially and adversely affect the properties, operations, or financial condition of the City; (vii) the information contained in the Official Statement relating to the City, its organization, activities, properties, and financial condition and to the Combined System is true and correct in all material respects and does not contain any untrue or incorrect statement of a material fact and

Bond Purchase Agreement
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waive any one or more of the conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

8. Conditions to the Underwriter's Obligation to Purchase the Series 2020 Bonds. The obligations of the Underwriter to purchase the Series 2020 Bonds shall be subject to:

(a) the performance by the City of its obligations to be performed hereunder at and prior to the Closing;

(b) the accuracy of the representations and warranties of the City herein as of the date hereof and as of the time of the Closing; and

(c) the following conditions, including the delivery by the City of such documents as are enumerated herein in form and substance satisfactory to counsel to the Underwriter:

(i) At the time of Closing, (1) the Bond Ordinance, the Official Statement, the Disclosure Dissemination Agent Agreement and this Purchase Agreement, shall be in full force and effect and shall not have been amended, modified, or supplemented from the date hereof except as may have been agreed to in writing by the Underwriter, (2) the proceeds of the sale of the Series 2020 Bonds shall be deposited and applied as described in the Bond Ordinance, and (3) the City shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Alston & Bird LLP, as bond counsel ("**Bond Counsel**"), shall be necessary in connection with the transactions contemplated hereby.

(ii) Receipt of the Series 2020 Bonds at or prior to the Closing. The terms of the Series 2020 Bonds, as delivered, shall in all instances be as described in the Official Statement.

(iii) At or prior to the Closing, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriter and the City:

(1) An unqualified, approving opinion of Bond Counsel dated the date of Closing, in substantially the form attached to the Preliminary Official Statement.

(2) A Letter of Bond Counsel addressed to the Underwriter and dated the date of Closing, to the effect that Bond Counsel's final approving opinion referred to in Section 8(c)(iii)(1) hereof may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter.

(3) An opinion of Counsel for the City dated the date of Closing, addressed to the City, Bond Counsel, and the Underwriter, in substantially the form set forth in Exhibit B hereto.

(4) An opinion of Counsel to the Underwriter, dated the date of Closing, addressed to the Underwriter in substantially the form set forth in Exhibit C hereto.

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does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; (viii) the City has duly authorized, by all necessary action, the execution, delivery, and due performance of the Bond Ordinance, the Disclosure Dissemination Agent Agreement and this Purchase Agreement and all other documents necessary in connection therewith; and (ix) since the date of the Preliminary Official Statement and the statistical information contained therein, there has been no material adverse change in the utilization of the Combined System and no change in the governmental rules or regulations under which the City operates.

(12) A copy of the certified validation proceedings and order of the Gwinnett County Superior Court validating the Series 2020 Bonds.

(13) Evidence that Federal Form 8038-G has been executed by the City and will be filed with the Internal Revenue Service.

(14) Evidence that, except as disclosed in the Official Statement, all necessary approvals, whether legal or administrative, have been obtained from applicable federal, state, and local entities and agencies for the acquisition, construction, equipping, and operation of the Project.

(15) Such additional legal opinions, certificates, proceedings, instruments, and other documents as Counsel to the Underwriter, Bond Counsel, or Counsel to the City may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the City herein contained and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by it.

9. Conditions of the City's Obligations. The City's obligations hereunder are subject to:

(a) the receipt by the City and the Underwriter of the opinions and certificates being delivered at the Closing Date by persons and entities other than the City; and

(b) the Underwriter's performance of its obligations hereunder.

The Underwriter represents that it is duly authorized to execute and deliver this Purchase Agreement and that upon execution and delivery of this Purchase Agreement this Purchase Agreement shall constitute a legal, valid, and binding agreement of the Underwriter enforceable in accordance with its terms. The City covenants to use its reasonable efforts to accomplish, or cause to be accomplished, the conditions set forth herein to the Underwriter's obligations.

10. Representations, Warranties and Covenants to Survive Delivery. All representations, warranties, and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the City and shall survive the Closing. The obligations of the City under Section 11 or 12 hereof shall survive any termination of this Purchase Agreement by the Underwriter pursuant to the terms hereof.

Bond Purchase Agreement
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11. Indemnification.

(a) The City, to the extent permitted by law, agrees to indemnify and hold harmless the Underwriter, each member, officer, director, partner, or employee of the Underwriter and each person who controls the Underwriter within the meaning of § 15 of the Securities Act of 1933, as amended, or § 20 of the Securities Exchange Act of 1934, as amended (collectively called the "Indemnified Parties"), against any and all losses, claims, damages, liabilities, or expenses (including any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions) whatsoever caused by any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Official Statement or caused by any omission or alleged omission from the Official Statement of any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading insofar as such losses, claims, damages, liabilities, or expenses are caused by any such untrue or misleading statement or omission or alleged untrue or misleading statement or omission in the information contained in the Official Statement; provided, however, that the City shall not be liable to an Indemnified Party in any such case to the extent that any such loss, claim, damage, liability, or action arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in any of such documents in reliance upon and in conformity with written information furnished to the City by the Underwriter specifically for use therein. No Indemnified Parties shall be indemnified hereunder for any losses, claims, damages, or liabilities resulting from the negligence or misconduct of such Indemnified Parties.

(b) In case any action shall be brought against any Indemnified Party and in respect of which the City is required to indemnify such Indemnified Party pursuant to the provisions of paragraph (a) above, such Indemnified Party shall promptly notify the City in writing and the City shall assume the defense thereof, including the employment of counsel and the payment of all expenses. Any such Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party, unless the employment of such counsel has been specifically authorized by the City. The City shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the City, or if there be a final judgment for the plaintiff in any such action, the City agrees to indemnify and hold harmless any such Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

12. Payment of Expenses. The City will pay or cause to be paid out of the proceeds of the Series 2020 Bonds all reasonable expenses incident to the performance of its obligations and the obligations of the City under this Purchase Agreement, including, but not limited to, mailing or delivery of the Series 2020 Bonds, costs of printing the Series 2020 Bonds, the Official Statement, any amendment or supplement to the Official Statement and this Purchase Agreement, fees and disbursements of Bond Counsel, Underwriter's Counsel and City's counsel, fees and expenses of the City's accountants, any fees charged by investment rating agencies for the rating of the Series 2020 Bonds, and fees of the Paying Agent and Bond Registrar. The Underwriter shall pay all advertising expenses in connection with the public offering of the

following: (1) the close of the 5th business day after the sale date; or (2) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2020 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the City promptly after the close of the 5th business day after the sale date whether it has sold 10% of that maturity of the Series 2020 Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Series 2020 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Series 2020 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2020 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2020 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Series 2020 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2020 Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Series 2020 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2020 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2020 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2020 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Series 2020 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

Series 2020 Bonds, and all other expenses incurred by them in connection with their public offering and distribution of the Series 2020 Bonds.

13. Notice. Any notice or other communication to be given to the City under this Purchase Agreement may be given by mailing or delivering the same in writing to the City at 2300 Buford Highway, Buford, Georgia 30518, telephone (770) 945-6761. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by mailing or delivering the same in writing to Stephens Inc., 3344 Peachtree Road, N.E., Suite 1650, Atlanta, Georgia 30326, Attention: William A. Johnston.

14. Establishment of Issue Price.

(a) The Underwriter agrees to assist the City in establishing the issue price of the Series 2020 Bonds and shall execute and deliver to the City at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit D, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2020 Bonds.

(b) Except as otherwise set forth in Exhibit E attached hereto, the City will treat the first price at which 10% of each maturity of the Series 2020 Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the City the price or process at which it has sold to the public each maturity of the Series 2020 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2020 Bonds, the Underwriter agrees to promptly report to the City the prices at which it sells the unsold Series 2020 Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Series 2020 Bonds of that maturity or (ii) the 10% test has been satisfied as to the Series 2020 Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or Bond Counsel. For purposes of this Section, if Series 2020 Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2020 Bonds.

(c) The Underwriter confirms that it has offered the Series 2020 Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule A attached to Exhibit D hereto, except as otherwise set forth therein. Exhibit E sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Series 2020 Bonds for which the 10% test has not been satisfied and for which the City and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2020 Bonds, the Underwriter will neither offer nor sell unsold Series 2020 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the

(e) The City acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2020 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2020 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020 Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Series 2020 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2020 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020 Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2020 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020 Bonds.

(f) The Underwriter acknowledges that sales of any Series 2020 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2020 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2020 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2020 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2020 Bonds to the public); and

(iii) a purchaser of any of the Series 2020 Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Purchase Agreement by all parties.

15. Successors and Assigns. This Purchase Agreement shall inure to the benefit of and be binding upon the City and the Underwriter and their respective successors. Nothing in this Purchase Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and assigns, and the persons entitled to indemnity under Section 11 hereof, and their respective successors and assigns and legal representatives, any legal or equitable right, remedy or claim under or in respect to this Purchase Agreement or any provision herein contained. This Purchase Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and the persons entitled to indemnity under Section 11 hereof and their respective successors and assigns and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of the Series 2020 Bonds from the Underwriter or other persons or entity shall be deemed to be a successor merely by reason of such purchase.

16. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

17. Effective Date. This Purchase Agreement shall become effective upon your mutual acceptance hereof.

Very truly yours,

STEPHENS INC.

By: _____
William A. Johnston
Senior Vice President

Accepted and agreed to as of the date first above written:

CITY OF BUFORD, GEORGIA

By: _____
Chairman, City Commission

(Signatures on Following Page)

(Signature Page to Bond Purchase Agreement)

Bond Purchase Agreement
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Bond Purchase Agreement
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Exhibit A

MATURITY SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/21/2020	-	-	303,866.67	303,866.67	-
01/01/2021	-	-	-	-	-
06/30/2021	-	-	-	-	303,866.67
07/01/2021	510,000.00	4.000%	341,850.00	851,850.00	-
01/01/2022	-	-	331,650.00	331,650.00	-
06/30/2022	-	-	-	-	1,183,500.00
07/01/2022	620,000.00	4.000%	331,650.00	951,650.00	-
01/01/2023	-	-	319,250.00	319,250.00	-
06/30/2023	-	-	-	-	1,270,900.00
07/01/2023	645,000.00	4.000%	319,250.00	964,250.00	-
01/01/2024	-	-	306,350.00	306,350.00	-
06/30/2024	-	-	-	-	1,270,600.00
07/01/2024	675,000.00	3.000%	306,350.00	981,350.00	-
01/01/2025	-	-	296,225.00	296,225.00	-
06/30/2025	-	-	-	-	1,277,575.00
07/01/2025	695,000.00	3.000%	296,225.00	991,225.00	-
01/01/2026	-	-	285,800.00	285,800.00	-
06/30/2026	-	-	-	-	1,277,025.00
07/01/2026	715,000.00	4.000%	285,800.00	1,000,800.00	-
01/01/2027	-	-	271,500.00	271,500.00	-
06/30/2027	-	-	-	-	1,272,300.00
07/01/2027	740,000.00	4.000%	271,500.00	1,011,500.00	-
01/01/2028	-	-	256,700.00	256,700.00	-
06/30/2028	-	-	-	-	1,268,200.00
07/01/2028	770,000.00	4.000%	256,700.00	1,026,700.00	-
01/01/2029	-	-	241,300.00	241,300.00	-
06/30/2029	-	-	-	-	1,268,000.00
07/01/2029	805,000.00	4.000%	241,300.00	1,046,300.00	-
01/01/2030	-	-	225,200.00	225,200.00	-
06/30/2030	-	-	-	-	1,271,500.00
07/01/2030	835,000.00	4.000%	225,200.00	1,060,200.00	-
01/01/2031	-	-	208,600.00	208,600.00	-
06/30/2031	-	-	-	-	1,268,700.00
07/01/2031	870,000.00	4.000%	208,600.00	1,078,500.00	-
01/01/2032	-	-	191,100.00	191,100.00	-
06/30/2032	-	-	-	-	1,269,600.00
07/01/2032	905,000.00	4.000%	191,100.00	1,096,100.00	-
01/01/2033	-	-	173,000.00	173,000.00	-
06/30/2033	-	-	-	-	1,269,100.00
07/01/2033	940,000.00	4.000%	173,000.00	1,113,000.00	-
01/01/2034	-	-	154,200.00	154,200.00	-
06/30/2034	-	-	-	-	1,267,200.00
07/01/2034	975,000.00	4.000%	154,200.00	1,129,200.00	-
01/01/2035	-	-	134,700.00	134,700.00	-
06/30/2035	-	-	-	-	1,263,900.00
07/01/2035	1,015,000.00	4.000%	134,700.00	1,149,700.00	-
01/01/2036	-	-	114,400.00	114,400.00	-
06/30/2036	-	-	-	-	1,264,100.00
07/01/2036	1,055,000.00	4.000%	114,400.00	1,169,400.00	-
01/01/2037	-	-	93,300.00	93,300.00	-
06/30/2037	-	-	-	-	1,262,700.00
07/01/2037	1,100,000.00	4.000%	93,300.00	1,193,300.00	-
01/01/2038	-	-	71,300.00	71,300.00	-
06/30/2038	-	-	-	-	1,264,600.00
07/01/2038	1,140,000.00	4.000%	71,300.00	1,211,300.00	-
01/01/2039	-	-	48,500.00	48,500.00	-
06/30/2039	-	-	-	-	1,259,800.00
07/01/2039	1,190,000.00	4.000%	48,500.00	1,238,500.00	-
01/01/2040	-	-	24,700.00	24,700.00	-
06/30/2040	-	-	-	-	1,263,200.00
07/01/2040	1,235,000.00	4.000%	24,700.00	1,259,700.00	-
06/30/2041	-	-	-	-	1,259,700.00
Total	\$17,435,000.00	-	\$8,141,066.67	\$25,576,066.67	-

Bond Purchase Agreement
Exhibit A-1

Exhibit B

OPINION OF COUNSEL TO THE CITY

[Date of Closing]

City of Buford, Georgia
Buford, Georgia

Stephens, Inc.
Atlanta, Georgia

Alston & Bird LLP
Atlanta, Georgia

Gray Pannell & Woodward LLP
Savannah, Georgia

RE: \$17,435,000 CITY OF BUFORD COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2020

To the Addressees:

I have acted as counsel to the City of Buford, Georgia (the "City") in connection with the authorization, issuance, and sale of the above referenced bonds (the "Series 2020 Bonds"). This opinion letter is being delivered pursuant to Section 8(c)(iii)(3) of the Bond Purchase Agreement for the Series 2020 Bonds, dated June 25, 2020 (the "Bond Purchase Agreement") between the City and Stephens Inc., as underwriter (in such capacity, the "Underwriter"). Capitalized terms used herein that are not defined herein shall have the meanings given to them in the Bond Purchase Agreement.

In connection with this opinion, I have examined fully-executed originals, or copies certified to my satisfaction, of the following documents:

- a bond ordinance adopted by the City on June 18, 2020, as supplemented and amended on June 25, 2020 authorizing the issuance of the Series 2020 Bonds (together, the "Bond Ordinance");
- The Bond Purchase Agreement;
- The Preliminary Official Statement, dated June 19, 2020 (the "Preliminary Official Statement") and the Official Statement, dated June 25, 2020 (the "Official Statement"), relating to the Series 2020 Bonds;
- The fully executed Series 2020 Bonds;

Bond Purchase Agreement
Exhibit B-1

- e. A certified transcript of the validation proceedings in the Superior Court of Gwinnett County, Georgia, with respect to the Series 2020 Bonds; and
- f. The Disclosure Dissemination Agent Agreement, dated as of the date hereof.

The Bond Purchase Agreement, the Bond Ordinance, and the Disclosure Dissemination Agent Agreement are referred to hereinafter collectively as the "City Documents."

In connection with this opinion, I also have examined originals, or copies identified to my satisfaction, of such other documents, instruments, certificates, and records as I have considered appropriate in order to render my opinions contained herein. Where I have considered it appropriate, as to certain facts I have relied, without investigation or analysis of any underlying data contained therein, upon certificates or other comparable documents of public officials or other appropriate representatives of the City.

In rendering the opinions set forth herein, I have assumed, among other things, the legal capacity of all natural persons, the genuineness of all signatures not signed in my presence, the authenticity of all documents submitted to me as originals, that all documents submitted to me as copies conform with the originals thereof, that the City Documents fully state the agreement between the City and the other parties thereto, and that the City Documents constitute the legal, valid, and binding obligation of the parties thereto other than the City, enforceable in accordance with their respective terms.

Based upon and subject to the foregoing and the further limitations and qualifications hereinafter expressed, it is my opinion that:

1. The City is a municipal corporation organized and existing under the laws of the State of Georgia, and has all requisite power and authority (i) to offer, issue, sell and deliver the Series 2020 Bonds, (ii) to enter into the City Documents, and (iii) to carry out the transactions contemplated by the City Documents, the Preliminary Official Statement, and the Official Statement.
2. The Bond Ordinance has been duly adopted by the City and has not been repealed, revoked, rescinded, or amended and no further action of the City is required for its continued validity.
3. Under the Constitution and laws of the State of Georgia, the execution, delivery, and performance of the City Documents have been authorized by all necessary action on the part of the City, and, assuming that they are legal, valid, and binding obligations of the other parties thereto enforceable in accordance with their respective terms, the City Documents constitute legal, valid, and binding obligations of the City enforceable in accordance with their respective terms.

Bond Purchase Agreement
Exhibit B-2

may be rendered unenforceable by applicable law or public policy, including applicable securities law.

I advise you that the information contained in the Official Statement under the headings "THE CITY OF BUFORD," "LEGAL MATTERS - Litigation," and "LEGAL MATTERS - Legal Proceedings, -Validation of the Series 2020 Bonds," does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Except with respect to the items set forth in the preceding sentence, I did not participate in the preparation of the Official Statement and have not undertaken to verify the accuracy of the information contained therein; therefore, I express no opinion as to the accuracy or completeness thereof; however, nothing has come to my attention which would lead me to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that I express no view about the information concerning the validity or tax-exempt status of the Series 2020 Bonds, The Depository Trust Company and the book-entry system for the Series 2020 Bonds, or concerning the financial and statistical data contained in the Official Statement).

In addition, I advise you that, to my knowledge, there is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board, or body pending or threatened against or affecting the City (i) that seeks to prohibit, restrain, or enjoin the collection of revenues arising from the ownership or operation of the Combined System by the City or (ii) wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated by, or the validity or enforceability of, the Series 2020 Bonds, the City Documents, or the Official Statement.

No opinion is given as to the tax exempt status of the Series 2020 Bonds or the interest thereon. No opinion is given concerning the requirement for registration of the Series 2020 Bonds under the securities laws of any state or the Securities Act of 1933, as amended, nor is an opinion given concerning qualification of any document under the Trust Indenture Act of 1939, as amended.

Very truly yours,

Gregory D. Jay, Esq.

Bond Purchase Agreement
Exhibit B-4

4. The Series 2020 Bonds (a) have been authorized and executed by the City, (b) are legal, valid, and binding limited obligations of the City, enforceable in accordance with their terms, and (c) are entitled to the benefits and security of the Bond Ordinance.

5. The City has duly approved the Preliminary Official Statement and the Official Statement and has authorized the distribution of the Preliminary Official Statement and the use thereof by the Underwriter in connection with the offering and sale of the Series 2020 Bonds on behalf of the City. The City has duly executed the Official Statement.

6. The execution and delivery by the City of the City Documents and the performance by the City of its obligations thereunder (i) do not violate applicable provisions of the constitution, statutory laws, or regulations of the State of Georgia, (ii) do not violate its organizational documents, (iii) to our knowledge, do not breach or result in a default under any other agreement to which it is a party, and (iv) to our knowledge, do not violate the terms of any judicial or administrative judgment, order, decree, or arbitral decision that names the City and is specifically directed to it or its properties.

7. All consents, approvals, permits, orders, or authorizations, if any, of any governmental authority required on the part of the City in connection with the ownership and operation of the Combined System or any part thereof, as described in the Official Statement, the offer, issuance, sale, and delivery of the Series 2020 Bonds, the adoption of the Bond Ordinance, the execution and delivery of the City Documents, the Preliminary Official Statement and the Official Statement, and the consummation of the transactions contemplated thereby have been obtained, and the City has complied with all applicable provisions of law requiring any designation, declaration, filing, registration, and/or qualification with any governmental authority in connection with the foregoing.

8. The Series 2020 Bonds have been validated by the Superior Court of Gwinnett County in accordance with Georgia law.

9. To the best of my knowledge and belief, after making inquiry with respect thereto, the City has never issued, assumed, guaranteed, or otherwise become liable in respect of any bonds, notes, or other obligations which are presently outstanding and which are secured in any manner by the Combined System or by the revenues to be received from the ownership and operation thereof, other than as set forth in the Bond Ordinance or the Official Statement, and the City has not entered into or issued any instrument, resolution, ordinance, agreement, mortgage, security agreement, indenture, contract, or arrangement of any kind which might, on or after the date hereof, give rise to any lien or encumbrance on the Combined System or the revenues derived from the ownership and operation thereof, other than the Bond Ordinance.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2020 Bonds and the City Documents may be subject to judicial discretion regarding usual equity principles. In addition, the indemnification provisions in the City Documents are subject to and

Bond Purchase Agreement
Exhibit B-3

Exhibit C

OPINION OF UNDERWRITER'S COUNSEL

[Date of Closing]

Stephens Inc.
Atlanta, Georgia

Re: \$17,435,000 CITY OF BUFORD COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2020

To the Addressee:

We have acted as your counsel in connection with your purchase of the above-referenced Series 2020 Bonds pursuant to a Bond Purchase Agreement, dated June 25, 2020 (the "Purchase Agreement"), between you and the City of Buford, Georgia (the "City"). Capitalized terms used and not otherwise defined herein shall have the meanings specified in the Purchase Agreement.

We have participated with you in the preparation and review of the Official Statement for the Bonds (the "Official Statement"). In the course of such preparation and review, without having undertaken to determine independently the accuracy, completeness, or fairness of the statements contained in the Official Statement, we have no reason to believe, as of the date hereof, that the Official Statement (except for the financial and statistical data included therein and the audit reports and financial statements attached thereto as Appendix A, and information concerning The Depository Trust Company and the book-entry system for the Series 2020 Bonds, as to which we express no view) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading. The statements in the Official Statement under the headings "THE SERIES 2020 BONDS," "LEGAL MATTERS," and "FORM OF THE DISCLOSURE DISSEMINATION AGENT AGREEMENT" (attached as Appendix C to the Official Statement), insofar as such statements constitute a summary of the matters or documents referred to therein, fairly present the information purported to be shown.

We have also examined and relied upon certificates of representatives of the various parties described in the Official Statement, containing representations and warranties as to the factual matters contained in the Official Statement, and originals or copies certified to our satisfaction of such records, documents, certificates, legal opinions, or other instruments as in our judgment are necessary or appropriate to enable us to render the opinions expressed below. We have assumed the accuracy of certain legal conclusions contained in the Official Statement as to which you are receiving the opinions of various parties' counsel.

In rendering this opinion, we have assumed the genuineness and authenticity of all signatures on original documents; the authenticity of all documents submitted to us as originals; the conformity to originals of all documents submitted to us as copies; the accuracy, completeness and authenticity of certificates of public officials and other parties involved in the

Bond Purchase Agreement
Exhibit C - 1

referenced transaction; and the due authorization, execution and delivery of all documents where authorization, execution and delivery are prerequisites to the effectiveness of such documents. We have also assumed that all individuals executing and delivering documents have the legal capacity to so execute and deliver.

On the basis of the foregoing examination and assumptions and of our consideration of such questions of law as we have deemed relevant to the circumstances, we are of the opinion that:

1. Under existing law, registration of the Series 2020 Bonds with the Securities and Exchange Commission is not required under the Securities Act of 1933, as amended, in connection with the offering and sale of the Series 2020 Bonds and the Bond Ordinance is not required to be qualified under the Trust Indenture Act of 1939.
2. The Series 2020 Bonds are exempt from the registration provisions of the Georgia Uniform Securities Act of 2008 by virtue of § 10-5-10(1) thereof.
3. Based upon our review of the Disclosure Dissemination Agent Agreement, dated the date hereof, delivered by the City and our review of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), and Securities Exchange Act Release No. 34-34961, said Disclosure Dissemination Agent Agreement will permit you to comply with clause (b)(5) of the Rule in connection with the primary offering of the Series 2020 Bonds.

We have reviewed the opinion of Gregory D. Jay, Esq., counsel for the City, dated the date hereof. Such opinion appears on its face to be in proper form and appropriately responsive to the requirements of the Bond Purchase Agreement, and it appears from our review that the City has complied or is complying with its obligations under the Purchase Agreement.

This letter is furnished solely for your benefit. No other person or entity shall be entitled to rely upon the opinions expressed herein without our written consent. We disclaim the obligation to supplement this letter to reflect any facts or circumstances that may come to our attention or any changes in the law that may occur hereafter.

Yours very truly,
GRAY PANNELL & WOODWARD LLP
By: _____
A Partner

Bond Purchase Agreement
Exhibit C - 2

Bonds, and by Alston & Bird LLP in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Underwriter is not engaged in the practice of law. Accordingly, the Underwriter makes no representation as to the legal sufficiency of the factual matters set forth herein.

STEPHENS, INC.
By: _____

Dated: _____, 2020

Bond Purchase Agreement
Exhibit D - 2

Exhibit D

FORM OF ISSUE PRICE CERTIFICATE

[at least 10% of each maturity actually sold at single price]

\$17,435,000
CITY OF BUFORD COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2020

The undersigned, on behalf of Stephens, Inc., Atlanta, Georgia ("Stephens"), on behalf of itself, hereby certifies as set forth below, based upon the information available to it, with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. Sale of the Bonds. As of the date of this Certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. Defined Terms.

- (a) Issuer means the City of Buford, Georgia.
- (b) Maturity means Bonds with the same credit and payment terms, Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (d) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stephens' interpretation of any laws, including specifically §§ 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage and Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the

Bond Purchase Agreement
Exhibit D - 1

FORM OF ISSUE PRICE CERTIFICATE

[combination of 10% general rule and hold the offering price maturities]

\$17,435,000
CITY OF BUFORD COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2020

The undersigned, on behalf of Stephens, Inc., Atlanta, Georgia ("Stephens"), on behalf of itself, hereby certifies as set forth below, based upon the information available to it, with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. Sale of the General Rule Maturities. As of the date of this Certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the 10% Maturities was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

- (a) Stephens offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.
- (b) As set forth in the Bond Purchase Agreement, Stephens has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. Defined Terms.

- (a) General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."
- (b) Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto "Hold-the-Offering-Price Maturities."
- (c) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Stephens has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices

Bond Purchase Agreement
Exhibit D - 3

that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

Schedule A

SALE PRICES

(d) *Issuer* means the City of Buford, Georgia.

[Attached.]

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally mean any two or more persons who have greater than 50% common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stephens' interpretation of any laws, including specifically §§ 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage and Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Alston & Bird LLP in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Underwriter is not engaged in the practice of law. Accordingly, the Underwriter makes no representation as to the legal sufficiency of the factual matters set forth herein.

STEPHENS, INC.

By: _____

Dated: _____, 2020

Bond Purchase Agreement
Exhibit D - 4

Bond Purchase Agreement
Exhibit D - 5

Schedule B

PRICING WIRE

Exhibit E

HOLD THE PRICE MATURITIES
[IF ANY]

Bond Purchase Agreement
Exhibit D - 6

Bond Purchase Agreement
Exhibit E - 1

EXHIBIT C
MUNICIPAL BOND INSURANCE COMMITMENT



June 9, 2020

VIA E-MAIL
Mr. Bryan Kerlin, City Manager
City of Buford
2300 Buford Highway
Buford, Georgia 30518

Re: Not to Exceed \$15,990,000 aggregate principal amount of City of Buford (Georgia) Combined Utility System Revenue Bonds, Series 2020

Dear Mr. Kerlin:

Attached please find one copy of each of Assured Guaranty Municipal Corp.'s ("AGM") municipal bond insurance commitment letter and municipal bond debt service reserve insurance commitment letter, both in respect of the above-referenced issue. Please return one fully executed copy of each to Mrs. Audrey Udit-Adler, of our office, prior to any reference to AGM as insurer of the issue being made in marketing efforts in respect of the issue.

Please note that a blacklined copy of each draft of the financing documents, opinions, preliminary and final official statements and bond proof should be delivered to AGM for review and comment.

Attached as a link to this e-mail is AGM's website, where the logo, statement of insurance, disclosure language, specimen policy and procedures for premium payment may be accessed and downloaded as needed. AGM will require, prior to closing, two hard copies of the final official statement.

Upon acceptance and satisfaction of the conditions of the Commitment, the following must occur in order for AGM to complete its review of applicable disclosure and financing documents in advance of the closing date, request the assignment of an insured rating for the Bonds, and timely issue its insurance policy:

- The financing schedule should be forwarded to the attention of the Closing Coordinator listed below.
- A copy of (i) the preliminary official statement and the final official statement, each of which shall include the disclosure provided by AGM and the specimen policy and any other references to AGM, and (ii) the Bonds, together with the legend to be affixed to such Bonds, must be delivered to the Closing Coordinator by fax or e-mail in order that AGM may confirm its accuracy.
- Once determined, the underwriters' final pricing numbers, including the final debt service schedule for the Bonds, should be delivered to the credit analyst and Closing Coordinator responsible for the transaction by fax and/or e-mail in order that AGM may confirm the premium to be paid for the insurance policy and request the assignment of an insured rating for the Bonds.
- A copy of either (i) the final pricing wire with CUSIP numbers shown or CUSIP wire evidencing the CUSIP numbers assigned to the Bonds; or (ii) the letter from the CUSIP Service Bureau listing the CUSIP numbers assigned to the Bonds should be delivered to the Closing Coordinator listed below by fax and/or email in order that AGM may request the assignment of an insured rating for the Bonds.

AGM will deliver to Bond Counsel at the pre-closing, assuming the requirements of the Commitment have been met, an opinion of counsel as to the validity of the insurance policy, a disclosure, no default and tax certificate and the executed original insurance policy. Prior to the closing, AGM will obtain rating letters from the rating agencies indicated in the official statement. Note that any questions with regard to rating agency fees should be directed to the respective rating agency.

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Assured Guaranty Municipal Corp.

1633 Broadway New York, NY 10019	main 1 212 674 0100 fax 1 212 688 3101	info@assuredguaranty.com	www.assuredguaranty.com
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MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Bonds"), subject to the terms and conditions set forth in this Commitment or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The transaction documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any underwriter or purchaser of the Bonds, otherwise required, not to be required to underwrite or purchase the Bonds on the date scheduled for the issuance and delivery thereof ("Closing Date").
3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer or the Bonds (including, without limitation, the security for the Bonds or the proposed debt service schedule of the Bonds), any disclosure document relating to the Bonds (the "Official Statement"), the financing documents to be executed and delivered with respect to the Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Bonds, from that previously delivered or otherwise communicated to AGM.
4. The Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. **BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING.** The Bonds shall bear a Statement of Insurance in the form provided by AGM.
5. AGM shall be provided with:
 - (a) Executed copies of all financing documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure, shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.
 - (b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Bonds.
 - (c) S&P Global and Moody's Investors Service Inc. will separately present bills for their respective fees relating to the Bonds. Payment of such bills by the Issuer should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by AGM.
6. Promptly after the closing of the Bonds, AGM shall receive two CD-ROM copies of the completed sets of executed documents.
7. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve. **AGM SHALL BE PROVIDED WITH TWO PRINTED COPIES OF THE OFFICIAL STATEMENT.**

Mr. Bryan Kerlin, City Manager
City of Buford
June 9, 2020
Page 2

Please include the following people on the Distribution List for this transaction:

Eric Torkelson, Counsel Telephone: (212) 408-6057
E-Mail: ETorkelson@agltd.com
Michael Curcio, Associate Telephone: 212-893-2769
E-Mail: MCurcio@agltd.com
Audrey Udit-Adler, Closing Coordinator Telephone: (212) 339-3548
E-Mail: AUdit-Adler@agltd.com

As a post-closing condition, AGM shall receive two CD-ROM copies of the final closing transcript of proceedings.

AGM looks forward to working with you on this transaction.

Very truly yours,

Eric Torkelson
Counsel

cc: Peter Floyd, Esq.; Alston & Bird, LLP
Bill Johnston; Stephens Inc.
James Pannell, Esq.; Gray Pannell & Woodward LLP

**MUNICIPAL BOND INSURANCE COMMITMENT
TERM SHEET**

Issuer: City of Buford (Georgia)
Name of Bonds Insured: Combined Utility System Revenue Bonds, Series 2020
Principal Amount of Bonds Insured: Not to Exceed \$15,990,000
Date of Commitment: June 9, 2020 Expiration Date: Friday, August 14, 2020*
Premium: .20% of total debt service on the Bonds Insured

CITY OF BUFORD, GEORGIA

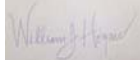
Authorized Officer

Additional Conditions:

- 1. The amortization schedule for, and final maturity date of, the Bonds shall be acceptable to AGM.
- 2. See attached Exhibits B-C.

Capitalized terms used in this Commitment and not otherwise defined shall have the meanings assigned to them in the transaction document authorizing the issuance of, and setting forth the terms for, the Bonds described above (the "Ordinance").

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

*To maintain the Commitment in effect until the Expiration Date, AGM must receive a duplicate of this Exhibit A executed by an authorized officer of the Issuer by the earlier of the date on which the Official Statement containing disclosure language regarding AGM is circulated and ten days from the date of this Commitment.

The undersigned, an authorized officer of the Issuer, agrees that (i) if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to insure the payment when due of the principal of and interest on the Bonds and whether the Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer insure the Bonds or obtain the Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to insure the Bonds or obtain the Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including without limitation being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility

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to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Bonds; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (i) through (viii) above shall survive the expiration or termination of this Commitment.

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OPINION/CLOSING CERTIFICATE REQUIREMENTS

ORDINANCE REQUIREMENTS

- 1. Each of the Ordinance, the Bonds and other transaction documents (collectively, the "Related Documents") is a legal, valid and binding obligation of the parties thereto, has been duly authorized, executed and delivered and is enforceable in accordance with its terms.
- 2. There is no litigation or other proceeding pending or, to the best of such counsel's knowledge, threatened in any court, agency or other administrative body (either State or Federal) which could have a material adverse effect on (a) the financial condition of the Issuer, (b) the ability of the Issuer to perform its obligations under the Related Documents, (c) the security for the Bonds, (d) the transactions contemplated by the Related Documents or (e) the ability of the Issuer to maintain and operate the Combined System.
- 3. Nothing has come to the attention of disclosure counsel which would cause them to believe that, as of the closing date, the final Official Statement (excluding information provided by AGM) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- 4. The Bonds are payable from and secured by a valid lien on and pledge of the Net Revenues in the manner and to the extent provided in the Ordinance. The Issuer is duly authorized to pledge such Net Revenues, and no further action on the part of the Issuer or any other party is required to perfect the same or the interest of the owners of the Bonds therein.

The Ordinance shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Bond Insurance" (or the like), the provisions of which section or article shall be stated in the Ordinance to govern, notwithstanding anything to the contrary set forth in the Ordinance, or individually in the appropriate sections:

- (a) The Ordinance shall include the following defined terms:
"Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2020 Bonds when due.
"Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.
"Reserve Policy" mean the municipal bond debt service reserve insurance policy issued by the Insurer and deposited to the credit of the Debt Service Reserve Account for the Series 2020 Bonds.
- (b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument (other than the Reserve Policy) provided in lieu of a cash deposit into the Debt Service Reserve Account for the Series 2020 Bonds. Notwithstanding anything to the contrary set forth in the Ordinance, amounts on deposit in the Debt Service Reserve Account for the Series 2020 Bonds shall be applied solely to the payment of debt service due on the Series 2020 Bonds.
- (c) The Insurer shall be deemed to be the sole owner of the Series 2020 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the owners of the Series 2020 Bonds are entitled to take pursuant to the section or article of the Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent. In furtherance thereof and as a term of the Ordinance and each Series 2020 Bond, each owner of the Series 2020 Bonds appoints the Insurer as its agent and attorney-in-fact with respect to the Series 2020 Bonds and agrees that the Insurer may at any time during the continuation of any proceeding by or against the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each owner of the Series 2020 Bonds delegates and assigns to the Insurer, to the fullest extent permitted by law, the rights of each owner of the Series 2020 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Paying Agent acknowledges such appointment, delegation and assignment by each owner of the Series 2020 Bonds for the Insurer's benefit, and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the owners of the Series 2020 Bonds shall expressly include mandamus.
- (d) The maturity of Series 2020 Bonds shall not be accelerated without the consent of the Insurer and in the event the maturity of the Series 2020 Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal, and interest accrued on such principal, to the date of acceleration (to the extent unpaid by the City) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Series 2020 Bonds shall be fully discharged.
- (e) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.
- (f) The Insurer is a third party beneficiary of the Ordinance.

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- (g) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the provision of Series 2020 Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any selection of the Ordinance which permits the purchase of Series 2020 Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Series 2020 Bond so purchased is not cancelled upon purchase.
- (h) Any amendment, supplement, modification to, or waiver of, the Ordinance or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of owners of the Series 2020 Bonds or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.
- (i) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Series 2020 Bonds.
- (j) The rights granted to the Insurer under the Ordinance or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the owners of the Series 2020 Bonds and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the owners of the Series 2020 Bonds or any other person is required in addition to the consent of the Insurer.
- (k) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Series 2020 Bonds unless the Insurer otherwise approves.

To accomplish defeasance of the Series 2020 Bonds, the City shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2020 Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2020 Bonds are no longer "Outstanding" under the Ordinance and (iv) a certificate of discharge of the Paying Agent with respect to the Series 2020 Bonds, each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City, the Paying Agent and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Series 2020 Bonds shall be deemed "Outstanding" under the Ordinance unless and until they are in fact paid and retired or the above criteria are met.

- (l) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Ordinance and the Series 2020 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the Ordinance. The Ordinance shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.
- (m) The City covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Net Revenues under applicable law.

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- (n) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Ordinance, moneys sufficient to pay the principal of and interest on the Series 2020 Bonds due on such Payment Date, the Paying Agent shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2020 Bonds due on such Payment Date, the Paying Agent shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2020 Bonds and the amount required to pay principal of the Series 2020 Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filing in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Paying Agent shall designate any portion of payment of principal on Series 2020 Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2020 Bonds registered to the then current owner of the Series 2020 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2020 Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations), provided that the Paying Agent's failure to so designate any payment or issue any replacement Series 2020 Bond shall have no effect on the amount of principal or interest payable by the City on any Series 2020 Bond or the subrogation rights of the Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2020 Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of owners of the Series 2020 Bonds referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of owners of the Series 2020 Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to owners of the Series 2020 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2020 Bonds under the sections hereof regarding payment of Series 2020 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the City agrees to pay to the Insurer from the Net Revenues (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2020 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The City hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Net Revenues and payable from such Net Revenues on a parity with debt service due on the Series 2020 Bonds.

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Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Insurer.

- (o) The Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2020 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the City to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.
- (p) The City shall pay or reimburse the Insurer from the Net Revenues any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document, (ii) the pursuit of any remedies under the Ordinance or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Ordinance or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Ordinance or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Ordinance or any other Related Document.
- (q) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the City or rebate only after the payment of past due and current debt service on the Series 2020 Bonds and amounts required to restore the Debt Service Reserve Account for the Series 2020 Bonds to the Reserve Requirement for the Series 2020 Bonds.
- (r) The Insurer shall be entitled to pay principal or interest on the Series 2020 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Insurer (as such terms are defined in the Insurance Policy) and any amounts due on the Series 2020 Bonds as a result of acceleration of the maturity thereof, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.
- (s) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. _____, Telephone: (212) 974-0100; Teletypewriter: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."
- (t) The Insurer shall be provided with the following information by the City or the Paying Agent, as the case may be:
 - (i) To the extent not otherwise filed with the MSRB's EMMA system, annual audited financial statements within 180 days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Ordinance), and, upon request, the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;
 - (ii) Notice of any draw upon the Debt Service Reserve Account for the Series 2020 Bonds within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement for the Series 2020 Bonds and (ii) withdrawals in connection with a refunding of Series 2020 Bonds;
 - (iii) Notice of any default known to the Paying Agent or City within five Business Days after knowledge thereof;

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- (iv) Prior notice of the advance refunding or redemption of any of the Series 2020 Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (v) Notice of the resignation or removal of the Paying Agent and Series 2020 Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (vi) Notice of the commencement of any Insolvency Proceeding;
- (vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2020 Bonds;
- (viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (ix) All reports, notices and correspondence to be delivered to owners of the Series 2020 Bonds under the terms of the Related Documents.

In addition, to the extent that the City has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Series 2020 Bonds, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

- (u) The Insurer shall have the right to receive such additional information as it may reasonably request.
- (v) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Series 2020 Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice.
- (w) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Ordinance, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Account for the Series 2020 Bonds is fully funded at the Reserve Requirement for the Series 2020 Bonds (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.
- (x) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Ordinance would adversely affect the security for the Series 2020 Bonds or the rights of the owners of the Series 2020 Bonds, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no Insurance Policy.
- (y) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2020 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

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**PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")**

**EXHIBIT D
MUNICIPAL BOND DEBT SERVICE RESERVE COMMITMENT**

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount.

Confirmation of Amount to be Paid: **Upon determination of the final debt service schedule, fax such schedule to AGM**
 Attention: Michael Curcio, Associate
 Phone No.: 212-893-2769
 Fax No.:

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.
 Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank: The Bank of New York
 ABA#: 021 000 018
 Acct. Name: Assured Guaranty Municipal Corp.
 Account No.: [Intentionally Omitted]
 Transaction No.: 161300_G

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey Uditi-Adler, Closing Coordinator, (212) 339-3548.



**MUNICIPAL BOND DEBT SERVICE RESERVE
INSURANCE COMMITMENT**

Issuer: City of Buford (Georgia)
 Related Bonds: Combined Utility System Revenue Bonds, Series 2020
 Premium: 2.50% of Policy Limit
 Date of Commitment: June 9, 2020 Expiration Date: Friday, August 14, 2020
 Policy Limit: A dollar amount equal to the Reserve Requirement for the Related Bonds, as specified under the Authorizing Document (defined below)

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), a stock insurance company, hereby commits to issue its Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy"), in the form attached hereto as Exhibit B, relating to the above-described debt obligations (the "Bonds"), subject to the terms and conditions contained herein or added hereto. All terms used herein and not otherwise defined shall have the meanings ascribed to them in the document setting forth the security for and authorizing the issuance of the Bonds (the "Authorizing Document").

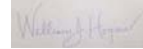
To keep this Commitment in effect after the Expiration Date set forth above, a request for renewal must be submitted to AGM prior to such expiration date. AGM reserves the right to refuse wholly or in part to grant a renewal. To keep the Commitment in effect to the Expiration Date set forth above, AGM must receive a duplicate of this Commitment executed by an authorized officer of the Issuer by the date which is ten days from the date of this Commitment.

THE RESERVE POLICY SHALL BE ISSUED UPON SATISFACTION OF THE FOLLOWING CONDITIONS:

- The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
- No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.
- There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the Official Statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by AGM.
- Any Official Statement (or similar disclosure document) relating to the Bonds shall contain only such references to the Reserve Policy and AGM as AGM shall supply or approve.
- The Reserve Policy shall expire on the earlier of the date the Bonds insured by AGM (the "Insured Bonds") are no longer outstanding and the final maturity date of the Insured Bonds.
- AGM shall insure at least 50% of the Bonds, including the final maturity thereof, pursuant to its Commitment Letter dated June 9, 2020.

- The Authorizing Document shall incorporate the terms and provisions set forth in Exhibit A – Authorizing Document Requirements.
- Prior to closing of the Bonds, AGM shall be provided with:
 - A letter from Alston & Bird LLP ("Bond Counsel") addressed to AGM to the effect that AGM may rely on the approving opinion(s) of Bond Counsel as if such opinion(s) were addressed to AGM;
 - An opinion(s) of Bond Counsel, addressed to and in form and substance satisfactory to AGM, as to (i) the due authorization, validity and enforceability of the Authorizing Document, (ii) the Reserve Policy constituting a permitted debt service reserve instrument under the applicable provisions of the Authorizing Document, (iii) the repayment obligations owed to AGM in connection with the Reserve Policy being secured by a valid lien on all revenues and other collateral securing the Bonds (subject only to the priority of payment provisions set forth under the Authorizing Document), and (iv) such other matters AGM shall reasonably request; and
 - Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Reserve Policy.
- Promptly after the issuance of the Reserve Policy, AGM shall receive a complete set of executed documents implementing the requirements of this Commitment.

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

*To keep this commitment in effect to the Expiration Date set forth on the first page, AGM must receive by the date which is ten days from the date of this Commitment a duplicate of this Commitment executed by an appropriate officer of the Issuer.

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The undersigned, an authorized officer of the Issuer, agrees that (i) if the debt service reserve fund requirement for the Bonds is satisfied by a credit instrument, such credit instrument shall be the Reserve Policy provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to obtain the Reserve Policy and whether the Reserve Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer deposit a credit instrument into the debt service reserve fund for the Bonds or obtain the Reserve Policy, it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Reserve Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to obtain the Reserve Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including, without limitation, being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Bonds or on the Reserve Policy constituting a permitted debt service reserve instrument under the Authorizing Document; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (i) through (viii) above shall survive the expiration or termination of this Commitment.

CITY OF BUFORD (GEORGIA)

By: _____
Title: _____
Date: _____

AUTHORIZING DOCUMENT REQUIREMENTS

The Authorizing Document shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Reserve Policy" (or the like), the provisions of which section or article shall be stated in the Authorizing Document to govern, notwithstanding anything to the contrary set forth in the Authorizing Document or individually in the appropriate sections. The Authorizing Document otherwise shall be in form and substance acceptable to AGM:

(a) The City shall repay from the Net Revenues any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2020 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the City had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on the Net Revenues (subject only to the priority of payment provisions set forth under the Ordinance).

All cash and investments in the Debt Service Reserve Account established for the Series 2020 Bonds (herein, the "Reserve Fund") shall be transferred to the Sinking Fund for payment of debt service on Series 2020 Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash (herein, a "Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

EXHIBIT A
Page 2 of 2

(b) If the City shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Ordinance other than (i) acceleration of the maturity of the Series 2020 Bonds or (ii) remedies which would adversely affect owners of the Series 2020 Bonds.

(c) The Ordinance shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of the Series 2020 Bonds.

(d) The City shall include any Policy Costs then due and owing the Insurer in the calculation of the Additional Bonds test and the rate covenant in the Ordinance.

(e) The Paying Agent shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2020 Bonds. Where deposits are required to be made by the City with the Paying Agent to the Sinking Fund for the Series 2020 Bonds more often than semi-annually, the Paying Agent shall give notice to the Insurer of any failure of the City to make timely payment in full of such deposits within two business days of the date due.

EXHIBIT B



**MUNICIPAL BOND
DEBT SERVICE RESERVE
INSURANCE POLICY**

ISSUER: _____ Policy No.: _____
BONDS: _____ Effective Date: _____
Premium: \$ _____
Termination Date: _____

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agree to pay to the Trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Insurer.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Bond Document.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the

**PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")**

stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

(212) 974-0100

Form 501 NY (6/90)

AGM's issuance of its municipal bond debt service reserve insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid: **Upon determination of the final debt service schedule, fax such schedule to AGM**
Attention: Michael Curcio, Associate
Phone No.: 212-893-2769
Fax No.:

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank: The Bank of New York
ABA#: 021 000 018
Acct. Name: Assured Guaranty Municipal Corp.
Account No.: [Intentionally Omitted]
Transaction No.: 161301_D

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey Uditi-Adler, Closing Coordinator, (212) 339-3548.

EXHIBIT E

PROVISIONS REGARDING THE BOND INSURANCE POLICY

- (a) The City's Supplemental Bond Ordinance ("Ordinance") shall include the following defined terms:

"Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2020 Bonds when due.

"Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"Reserve Policy" mean the municipal bond debt service reserve insurance policy issued by the Insurer and deposited to the credit of the Debt Service Reserve Account for the Series 2020 Bonds.

- (b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument (other than the Reserve Policy) provided in lieu of a cash deposit into the Debt Service Reserve Account for the Series 2020 Bonds. Notwithstanding anything to the contrary set forth in the Ordinance, amounts on deposit in the Debt Service Reserve Account for the Series 2020 Bonds shall be applied solely to the payment of debt service due on the Series 2020 Bonds.

- (c) The Insurer shall be deemed to be the sole owner of the Series 2020 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the owners of the Series 2020 Bonds are entitled to take pursuant to the section or article of the Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent. In furtherance thereof and as a term of the Ordinance and each Series 2020 Bond, each owner of the Series 2020 Bonds appoints the Insurer as its agent and attorney-in-fact with respect to the Series 2020 Bonds and agrees that the Insurer may at any time during the continuation of any proceeding by or against the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each owner of the Series 2020 Bonds delegates and assigns to the Insurer, to the fullest extent permitted by law, the rights of each owner of the Series 2020 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Paying Agent

acknowledges such appointment, delegation and assignment by each owner of the Series 2020 Bonds for the Insurer's benefit, and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the owners of the Series 2020 Bonds shall expressly include mandamus.

- (d) The maturity of Series 2020 Bonds shall not be accelerated without the consent of the Insurer and in the event the maturity of the Series 2020 Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal, and interest accrued on such principal, to the date of acceleration (to the extent unpaid by the City) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Series 2020 Bonds shall be fully discharged.
- (e) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.
- (f) The Insurer is a third party beneficiary of the Ordinance.
- (g) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2020 Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Ordinance which permits the purchase of Series 2020 Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Series 2020 Bond so purchased is not cancelled upon purchase.
- (h) Any amendment, supplement, modification to, or waiver of, the Ordinance or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of owners of the Series 2020 Bonds or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.
- (i) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Series 2020 Bonds.
- (j) The rights granted to the Insurer under the Ordinance or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the owners of the Series 2020 Bonds and such action does not evidence any

position of the Insurer, affirmative or negative, as to whether the consent of the owners of the Series 2020 Bonds or any other person is required in addition to the consent of the Insurer.

- (k) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasures"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasures held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasures are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Series 2020 Bonds unless the Insurer otherwise approves.

To accomplish defeasance of the Series 2020 Bonds, the City shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2020 Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2020 Bonds are no longer "Outstanding" under the Ordinance and (iv) a certificate of discharge of the Paying Agent with respect to the Series 2020 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City, the Paying Agent and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Series 2020 Bonds shall be deemed "Outstanding" under the Ordinance unless and until they are in fact paid and retired or the above criteria are met.

- (l) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Ordinance and the Series 2020 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the Ordinance. The Ordinance shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.
- (m) The City covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Net Revenues under applicable law.

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any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to owners of the Series 2020 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2020 Bonds under the sections hereof regarding payment of Series 2020 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the City agrees to pay to the Insurer from the Net Revenues (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2020 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The City hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Net Revenues and payable from such Net Revenues on a parity with debt service due on the Series 2020 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Insurer.

- (o) The Insurer shall, to the extent it makes any payment of principal or of interest on the Series 2020 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the City to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.
- (p) The City shall pay or reimburse the Insurer from the Net Revenues any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Ordinance or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Ordinance or any other Related Document whether or not

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- (n) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Ordinance, moneys sufficient to pay the principal of and interest on the Series 2020 Bonds due on such Payment Date, the Paying Agent shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2020 Bonds due on such Payment Date, the Paying Agent shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2020 Bonds and the amount required to pay principal of the Series 2020 Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filing in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Paying Agent shall designate any portion of payment of principal on Series 2020 Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2020 Bonds registered to the then current owner of the Series 2020 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2020 Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Series 2020 Bond shall have no effect on the amount of principal or interest payable by the City on any Series 2020 Bond or the subrogation rights of the Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2020 Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of owners of the Series 2020 Bonds referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of owners of the Series 2020 Bonds and shall deposit

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executed or completed, or (iv) any litigation or other dispute in connection with the Ordinance or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Ordinance or any other Related Document.

- (q) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the City or rebate only after the payment of past due and current debt service on the Series 2020 Bonds and amounts required to restore the Debt Service Reserve Account for the Series 2020 Bonds to the Reserve Requirement for the Series 2020 Bonds.
- (r) The Insurer shall be entitled to pay principal or interest on the Series 2020 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Series 2020 Bonds as a result of acceleration of the maturity thereof, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.
- (s) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 220350-N, Telephone: (212) 974-0100; Teletypewriter: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."
- (t) The Insurer shall be provided with the following information by the City or the Paying Agent, as the case may be:
 - (i) To the extent not otherwise filed with the MSRB's EMMA system, annual audited financial statements within 180 days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Ordinance) (or if not available by such date, unaudited financial statements with the audited financial statements being provided on EMMA once available), and, upon request, the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

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- (ii) Notice of any draw upon the Debt Service Reserve Account for the Series 2020 Bonds within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement for the Series 2020 Bonds and (ii) withdrawals in connection with a refunding of Series 2020 Bonds;
- (iii) Notice of any default known to the Paying Agent or City within five Business Days after knowledge thereof;
- (iv) Prior notice of the advance refunding or redemption of any of the Series 2020 Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (v) Notice of the resignation or removal of the Paying Agent and Series 2020 Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (vi) Notice of the commencement of any Insolvency Proceeding;
- (vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2020 Bonds;
- (viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (ix) All reports, notices and correspondence to be delivered to owners of the Series 2020 Bonds under the terms of the Related Documents.

In addition, to the extent that the City has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Series 2020 Bonds, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

- (u) The Insurer shall have the right to receive such additional information as it may reasonably request.
- (v) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Series 2020 Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to have access to the

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EXHIBIT F

PROVISIONS REGARDING THE RESERVE POLICY

(a) The City shall repay from the Net Revenues any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2020 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the City had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on the Net Revenues (subject only to the priority of payment provisions set forth under the Ordinance).

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facilities, books and records of the City on any business day upon reasonable prior notice.

- (w) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Ordinance, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Account for the Series 2020 Bonds is fully funded at the Reserve Requirement for the Series 2020 Bonds (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.
- (x) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Ordinance would adversely affect the security for the Series 2020 Bonds or the rights of the owners of the Series 2020 Bonds, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no Insurance Policy.
- (y) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2020 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

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All cash and investments in the Debt Service Reserve Account established for the Series 2020 Bonds (herein, the "Reserve Fund") shall be transferred to the Sinking Fund for payment of debt service on Series 2020 Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash (herein, a "Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the City shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Ordinance other than (i) acceleration of the maturity of the Series 2020 Bonds or (ii) remedies which would adversely affect owners of the Series 2020 Bonds.

(c) The Ordinance shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of the Series 2020 Bonds.

(d) The City shall include any Policy Costs then due and owing the Insurer in the calculation of the Additional Bonds test and the rate covenant in the Ordinance.

(e) The Paying Agent shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2020 Bonds. Where deposits are required to be made by the City with the Paying Agent to the Sinking Fund for the Series 2020 Bonds more often than semi-annually, the Paying Agent shall give notice to the Insurer of any failure of the City to make timely payment in full of such deposits within two business days of the date due.

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Appendix C

FORM OF THE DISCLOSURE DISSEMINATION AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of _____, 2020, is executed and delivered by City of Buford, Georgia (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Representative” means [the City Clerk] or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

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

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed in Exhibit A.

“Trustee” means the institution, if any, identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the 1st day of the ninth calendar month following the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2020. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. “Principal and interest payment delinquencies;”
 - 2. “Non-Payment related defaults, if material;”
 - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
 - 4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
 - 5. “Substitution of credit or liquidity providers, or their failure to perform;”
 - 6. Adverse tax opinions, 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 Bonds, or other material events affecting the tax status of the Bonds;
 - 7. “Modifications to rights of securities holders, if material;”
 - 8. Bond calls, if material, and tender offers;
 - 9. “Defeasances;”
 - 10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
 - 11. “Rating changes;”
 - 12. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
 - 13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. “Appointment of a successor or additional trustee, or the change of 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 security holders, if material;” and
 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.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service;” other than those communications included in the Rule;
 5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”
 7. “capital or other financing plan;”
 8. “litigation/enforcement action;”
 9. “change of tender agent, remarketing agent, or other on-going party;” and
 10. “other event-based disclosures.”
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. “quarterly/monthly financial information;”

2. “change in fiscal year/timing of annual disclosure;”
3. “change in accounting standard;”
4. “interim/additional financial information/operating data;”
5. “budget;”
6. “investment/debt/financial policy;”
7. “information provided to rating agency, credit/liquidity provider or other third party;”
8. “consultant reports;” and
9. “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the financial and statistical information provided in the Official Statement under the headings:

1. THE COMBINED SYSTEM - Historical Demand Data; - Historical Customer Data; - Rates, Fees and Charges.
2. THE COMBINED SYSTEM FINANCIAL INFORMATION – Five Year Operating History.

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, if available, prepared in accordance with **Generally Accepted Accounting Principles** as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in

possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure

Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements,

Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer, if pre-approved in writing by the City.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Georgia (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

CITY OF BUFORD, GEORGIA
as Issuer

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer City of Buford, Georgia
Obligated Person(s) City of Buford, Georgia
Name of Bond Issue: City of Buford Combined Utility System Revenue Bonds, Series 2020
Date of Issuance: _____
Date of Official Statement _____

CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
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CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: City of Buford, Georgia

Obligated Person: City of Buford, Georgia

Name(s) of Bond Issue(s): City of Buford Combined Utility System Revenue Bonds, Series 2020

Date(s) of Issuance: _____

Date(s) of Disclosure Agreement: _____

CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Issuer

cc:

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: City of Buford, Georgia

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;" Tender offers;
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. _____ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. _____ "Appointment of a successor or additional trustee, or the change of 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 security holders, if material;" and
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."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: [_____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: City of Buford, Georgia

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party; and"
10. _____ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: City of Buford, Georgia

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

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Appendix D

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

The form of legal opinion included in this Appendix D has been prepared by Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2020 Bonds.

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ALSTON & BIRD

One Atlantic Center
1201 West Peachtree Street
Atlanta, GA 30309-3424
404-881-7000 | Fax: 404-881-7777

July __, 2020

City of Buford, Georgia
2300 Buford Hwy NE
Buford, Georgia 30518

\$17,435,000
City of Buford, Georgia
Combined Utility System Revenue Bonds
Series 2020

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the above-referenced bonds (the “Bonds”). We have examined the law, including the Revenue Bond Law of the State of Georgia, O.C.G.A. Section 36-82-60 *et seq.*, as amended, and such certified proceedings, including a certified copy of the transcript of the validation proceedings concluded in the Superior Court of Gwinnett County, Georgia and other documents as we have deemed necessary to render this opinion.

The Bonds are being issued pursuant to a bond ordinance adopted by the City of Buford, Georgia (the “City”) on June 18, 2020, as amended and supplemented by a supplemental bond ordinance adopted by the City on June 25, 2020 (collectively, the “Ordinance”). The Ordinance states that the Bonds are being issued for the purpose of providing funds to be applied to (i) finance the costs of the acquisition, construction and installation of certain additions, extensions and improvements to the System (as defined in the Ordinance), including, without limitation, the construction and development of a new water plant and improvements to one or more existing sewer main service lines; (ii) the purchase of a municipal bond insurance policy and a debt service reserve insurance policy for the Bonds; and (iii) the payment of the costs of issuing the Bonds. 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 specified in the Ordinance.

In rendering the opinions expressed herein, we have examined and are familiar with originals or copies, certified or otherwise identified to our satisfaction, of various documents, certificates and opinions of counsel, including the Ordinance, and have examined such other documents, certificates, opinions of counsel, instruments, and records, and have made such investigations of law, as we have deemed necessary and appropriate as a basis for the opinions hereafter expressed. In our examination, we have assumed the genuineness of all signatures, the

legal capacity and authority of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all document submitted to us as certified or photostatic copies, and the authenticity of originals of such copies. As to any facts material to this opinion letter, we have not independently verified or investigated the factual accuracy or completeness of such factual statements and we have relied upon statements and representations, without independent verification, of officers and other representatives of the City and others. The only opinions rendered consist of matters set forth in the paragraphs numbered 1 through 5 below, and no opinion is implied or inferred beyond such matters.

Based upon the examinations, opinions, and certificates referred to above, we are of the opinion that as of this date:

1. The City is a municipal corporation duly created and validly existing under the laws of the State of Georgia with all requisite power and authority to (a) issue, sell and deliver the Bonds, (b) adopt the Ordinance, and (c) carry out the transactions contemplated by the Ordinance.

2. The Ordinance has been adopted by the City and constitutes a legal, valid, binding, and enforceable obligation of the City, 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 authorized and executed by the City and are valid and binding limited obligations of the City, payable solely from and secured by a lien on and pledge of the Net Revenues of the System (as such terms are defined in the Ordinance), 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 creditors' rights generally and principles of equity applicable to the availability of specific performance or other equitable relief.

4. Under existing laws, regulations, rulings, and judicial decisions, interest on the Bonds (a) is excludable from the gross income of recipients thereof for federal income tax purposes and (b) will not be treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on taxpayers other than corporations.

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

The opinions set forth in the paragraphs above assume, and are given in reliance upon, full and continuing compliance by the City with the covenants regarding federal tax law in the Ordinance and the tax and regulatory documents executed by the City at the time of issuance of the Bonds. Failure to continuously comply with such covenants could cause interest on the Bonds to be included in gross income of the recipients retroactively to the date of issue of the Bonds.

Although interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Purchasers of the Bonds,

particularly purchasers that are corporations (including S corporation and foreign corporation operating branches in the United States), property or casualty insurance companies, banks, thrifts, or other financial institutions or certain recipients of Social Security or Railroad Retirement benefits are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds. We express no opinion regarding such consequences.

In rendering the opinions set forth above, we have relied on the opinion of Gregory Jay, Esq., counsel to the City, with respect to the matters contained in his opinion. We undertake no responsibility for the accuracy, adequacy, or completeness of the Official Statement or other offering materials relating to the Bonds and express no opinion relating thereto.

This opinion letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations, or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any change in laws or interpretations thereof that may hereafter occur, for any reason whatsoever.

Very truly yours,

Alston & Bird LLP

By: _____
A Partner

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Appendix E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

