

**NEW ISSUE  
BOOK-ENTRY ONLY**

**RATINGS: Moody's "Aa3"  
See "MISCELLANEOUS -Ratings" herein**

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, and assuming, among other matters, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax. INTEREST EARNED ON THE SERIES 2021B TAXABLE BONDS IS NOT EXCLUDABLE FROM GROSS INCOME OF THE HOLDERS OF THE SERIES 2021B TAXABLE BONDS FOR FEDERAL INCOME TAX PURPOSES. In the opinion of Bond Counsel, interest on the Series 2021A Bonds and the Series 2021B Taxable Bonds is exempt from present State of Georgia income taxation. See Appendix C herein for the form of the opinions Bond Counsel proposes to deliver in connection with the issuance of the Series 2021 Bonds. For a more complete discussion of the tax status of the Series 2021 Bonds and certain other tax consequences relating to the Series 2021 Bonds, see "TAX STATUS" herein.*

**CARROLL COUNTY WATER AUTHORITY (GEORGIA)**

**\$13,315,000**

**\$6,165,000**

**Water and Sewerage Refunding and Improvement  
Revenue Bonds, Series 2021A**

**Water and Sewerage Taxable Refunding  
Revenue Bonds, Series 2021B**

**Dated: Date of Issuance**

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

The CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, Series 2021A (the "**Series 2021A Bonds**") and the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B (the "**Series 2021B Taxable Bonds**") will be issued in registered form in the name of Cede and Co., as the nominee for The Depository Trust Company ("B"), New York, New York. Individual purchases of the Series 2021A Bonds and the Series 2021B Taxable Bonds (together, the "**Series 2021 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 2021 Bonds will not receive physical delivery of the Series 2021 Bonds. Transfers of the Series 2021 Bonds will be effected through a book-entry system as described herein.

Interest on the Series 2021 Bonds will be payable on January 1 and July 1 of each year, beginning January 1, 2022. So long as DTC or its nominee is the registered owner of the Series 2021 Bonds, disbursements of payments of principal of and premium, if any, and interest on the Series 2021 Bonds to DTC is the responsibility of U.S. Bank National Association, in the City of Atlanta, Georgia, as Paying Agent; disbursements of such payments to DTC Participants (defined herein) 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 2021 BONDS -Book-Entry Only System of Delivery of the Series 2021 Bonds" herein.

Certain of the Series 2021 Bonds are subject to optional and scheduled mandatory redemption prior to maturity.

The Carroll County Water Authority (the "**Authority**") is issuing the Series 2021A Bonds for the purposes of financing (i) the costs of acquiring, constructing, and equipping certain improvements to the water and sewer system of the Authority, (ii) refunding certain outstanding Georgia Environmental Finance Authority loans of the Authority, (iii) purchasing a debt service reserve insurance policy for the Series 2021A Bonds; and (iv) paying the costs of issuance for the Series 2021A Bonds. The Authority is issuing the Series 2021B Taxable Bonds for the purpose of (a) refunding all of the outstanding CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2012, (b) purchasing a debt service reserve insurance policy for the Series 2021B Taxable Bonds; and (c) paying the costs of issuance for the Series 2021B Taxable Bonds. See "THE SERIES 2021 BONDS" herein.

The Series 2021 Bonds will be issued on a parity basis with the Authority's outstanding Series 2015 Bonds (defined herein), the payment of the principal of and interest on which is secured by a first and prior pledge of and lien on the revenues of the Authority's water and sewerage system (the "**System**"), after payment of the reasonable and necessary expenses of operating and maintaining the System, but before making provision for any depreciation charges (the "**Net Revenues**"). See "THE SERIES 2021 BONDS -Security and Sources of Payment for the Series 2021 Bonds" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE SERIES 2021 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 2021 BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY THE NET REVENUES OF THE SYSTEM (DEFINED HEREIN). THE SERIES 2021 BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OF GEORGIA (THE "STATE") OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR AGENCY. THE AUTHORITY HAS NO TAXING POWER.

The Series 2021 Bonds are offered when, as and if issued by the Authority, and accepted by the Underwriter, subject to the approval of legality by Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel, and certain other conditions, including validation of the Series 2021 Bonds and the security therefor by the Superior Court of Carroll County. Certain legal matters will be passed upon for the Authority by its counsel, Sam D. Price, Attorney, LLC, Carrollton, Georgia, Gray Pannell & Woodward LLP is acting as Disclosure Counsel. Delivery of the Series 2021 Bonds in definitive form is expected to be made through DTC in New York, New York, on or about June 10, 2021.

**STEPHENS INC.**

## MATURITY SCHEDULES

### Series 2021A Bonds

(July 1) Maturity	Principal Amount	Interest Rate	Yield	CUSIP <sup>1</sup>
2022	\$610,000	4.000%	0.200%	14478EFK4
2023	635,000	4.000	0.250	14478EFL2
2024	665,000	4.000	0.400	14478EFM0
2025	680,000	4.000	0.550	14478EFN8
2026	715,000	4.000	0.670	14478EFP3
2027	745,000	4.000	0.800	14478EFQ1
2028	770,000	4.000	1.000	14478EFR9
2029	810,000	4.000	1.080	14478EFS7
2030	835,000	4.000	1.210	14478EFT5
2031	845,000	4.000	1.270	14478EFU2
2032	660,000	4.000	1.410 <sup>C</sup>	14478EFV0
2033	660,000	3.000	1.530 <sup>C</sup>	14478EFW8
2034	470,000	3.000	1.590 <sup>C</sup>	14478EFX6

\$965,000 3.000% Term Bonds due July 1, 2036; Yield of 1.660%<sup>C</sup>; CUSIP<sup>1</sup> 14478EFY4  
\$1,025,000 3.000% Term Bonds due July 1, 2038; Yield of 1.740%<sup>C</sup>; CUSIP<sup>1</sup> 14478EFZ1  
\$1,085,000 3.000% Term Bonds due July 1, 2040; Yield of 1.820%<sup>C</sup>; CUSIP<sup>1</sup> 14478EGA5  
\$1,140,000 2.000% Term Bonds due July 1, 2042; Yield of 2.070%<sup>C</sup>; CUSIP<sup>1</sup> 14478EGB3

### Series 2021B Taxable Bonds

(July 1) Maturity	Principal Amount	Interest Rate	Yield	CUSIP <sup>1</sup>
2022	\$75,000	0.450%	0.450%	14478EGC1
2023	545,000	0.500	0.500	14478EGD9
2024	550,000	0.730	0.730	14478EGE7
2025	550,000	1.080	1.080	14478EGF4
2026	560,000	1.230	1.230	14478EGG2
2027	570,000	1.510	1.510	14478EGH0
2028	575,000	1.700	1.700	14478EGJ6
2029	590,000	1.960	1.960	14478EGK3
2030	595,000	2.060	2.060	14478EGL1
2031	770,000	2.160	2.160	14478EGM9
2032	785,000	2.260	2.260	14478EGN7

<sup>1</sup> CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data herein are provided by CUSIP Global Services (CGS), operated on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers shown above have been assigned by an independent company not affiliated with the Authority and are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds, and the Authority does not any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions that are applicable to all or a portion of certain maturities of the Bonds.

<sup>C</sup> Priced to the first call date of July 1, 2031 at 100%.

**CARROLL COUNTY WATER AUTHORITY**

Trey Wylie, *Chairman*  
Joe Neal, *Vice Chairman*  
Teresa B. Adams, *Secretary*  
Bobby Holcombe  
Barry Huff  
Aaron McWhorter  
Donald Newman  
Tony Richardson  
Amanda Smith  
John Tanner, III  
Howard Walden  
Peter Zorbanos

**Appointed Officials**

Matt Windom, *Executive Director*  
Greg Akins, *Chief Financial Officer*

**INDEPENDENT AUDITORS**

Will Robinson, CPA, LLC  
Carrollton, Georgia

**COUNSEL TO THE AUTHORITY**

Sam D. Price, Attorney, LLC  
Carrollton, Georgia

**BOND COUNSEL & DISCLOSURE 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 2021 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 2021 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 set forth herein has been furnished by the Authority and by other sources which are believed to be reliable. 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 Authority 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 Authority. 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 (including the Appendices attached hereto) contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement (including the Appendices attached hereto), the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. These forward looking statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to

reflect any change in the Authority's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

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 a contract between the Authority and any one or more owners of the Series 2021 Bonds, nor does this Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2021 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 Authority 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 Authority or any other person.

The prices and other terms respecting the offering and sale of the Series 2021 Bonds may be changed from time to time by the Underwriter after the Series 2021 Bonds are released for sale, and the Series 2021 Bonds may be offered and sold at prices other than the initial offering prices, including sales to the Underwriter who may sell the Series 2021 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 2021 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 2021 Bonds have not been registered under the Securities Act of 1933, and the Resolution (as defined herein) has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

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## OFFICIAL STATEMENT

Relating to

**\$13,315,000**

**CARROLL COUNTY WATER AUTHORITY (GEORGIA)**

**WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A**

AND

**\$6,165,000**

**CARROLL COUNTY WATER AUTHORITY (GEORGIA)**

**WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B**

### INTRODUCTION

This Official Statement, including the cover page and the Appendices hereto, of the Carroll County Water Authority (the “**Authority**”) sets forth information concerning the Authority and the proposed CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A (the “**Series 2021A Bonds**”), and CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B (the “**Series 2021B Taxable Bonds**,” and together with the Series 2021A Bonds, where applicable, the “**Series 2021 Bonds**”).

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Investors should fully review the entire Official Statement. The offering of the Series 2021 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. All undefined, capitalized terms used herein shall have the meaning ascribed to such terms in the Bond Resolution (hereinafter defined) unless the context requires otherwise. For more detailed information on the terms used herein, see “Appendix B: FORM OF THE BOND RESOLUTION.”

#### **The Authority**

The Authority is a body corporate and politic, deemed to be a political subdivision of the State of Georgia and a public corporation created under the provisions of Georgia Laws 1967, p. 2861 *et seq.*, as amended by Georgia Laws 1968, p. 2368 *et seq.*, Georgia Laws 1972, p. 2555 *et seq.*, Georgia Laws 1995, p. 3606 *et seq.*, Georgia Laws 2001, p. 4380 *et seq.* and Ga. Laws 2020, p. 3890 *et seq.* (collectively, the “**Act**”). The Authority was formed in 1967 to furnish potable water to the various municipalities, individuals, businesses, residences, and other water users located in Carroll County and its environs, including adjoining counties, other counties, states, and municipalities therein, to the extent such can be feasibly and economically served. In 1968, the scope of the Authority was expanded to include the provision of sewerage services. For more detailed information, see “THE SYSTEM” and “THE AUTHORITY” herein.

#### **Carroll County**

Carroll County, Georgia (the “**County**”), a political subdivision of the State of Georgia (the “**State**”), is located approximately 34 miles west of Atlanta on the Alabama border. There are eight municipalities in the County: Carrollton, Bowdon, Bremen, Mr. Zion, Roopville, Temple, Villa Rica and Whitesburg. Carrollton is the county seat. The County has a land area of approximately 503.9 square miles and is the 29<sup>th</sup> largest of Georgia’s 159 counties. For more detailed information, see “CARROLL COUNTY.”

#### **Purpose of the Series 2021 Bonds**

The Series 2021A Bonds are being issued for the purposes of financing (i) the costs of acquiring, constructing, and equipping certain improvements to the water and sewer system of the Authority (the “**Projects**”), (ii) refunding certain outstanding Georgia Environmental Finance Authority loans of the Authority, (iii) purchasing a debt service reserve insurance policy for the Series 2021A Bonds; and (iv) paying the costs of issuance for the Series 2021A Bonds. See “THE SERIES 2021 BONDS” herein.

The Series 2021B Taxable Bonds are being issued for the purpose of (i) refunding all of the outstanding CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2012 (the “**Series 2012 Bonds**”) (ii) purchasing a debt service reserve insurance policy for the Series 2021B Taxable Bonds; and (iii) paying the costs of issuance for the Series 2021B Taxable Bonds. See “THE SERIES 2021 BONDS” herein.

### **Terms of the Offering**

*Authority for Issuance.* The Series 2021 Bonds are to be issued under the authority of the Constitution and general laws of the State, in particular the Act and the Revenue Bond Law of the State, codified at Official Code of Georgia Annotated (“**O.C.G.A.**”) § 36-82-60 through § 36-82-85 (the “**Revenue Bond Law**”), as amended. The Series 2021 Bonds were duly authorized by a resolution of the Authority adopted on May 20, 2021 (the “**Series 2021 Resolution**”), which resolution is amendatory to a resolution adopted by the Authority on April 16, 2015 authorizing the issuance of the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING REVENUE BONDS, SERIES 2015 (the “**Series 2015 Bonds**”) (the “**Series 2015 Resolution**”). The Series 2015 Resolution and the Series 2021 Resolution are referred to herein together as, the “**Bond Resolution**”. See also “INTRODUCTION –Prior Bond Resolutions.”

*Offering.* The Series 2021 Bonds are offered when, as, and if issued by the Authority, subject to prior sale and to withdrawal or modification of the offer without notice, to approval of legality by Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel, and to validation by the Superior Court of Carroll County, Georgia.

*Delivery.* The Series 2021 Bonds in definitive form are expected to be delivered through DTC in New York, New York on or about June 10, 2021.

### **Security and Sources of Payment for the Series 2021 Bonds**

*Lien on Net Revenues of the System.* Payment of the principal of and interest on the Series 2021 Bonds will be payable from and secured by a first priority pledge of and lien on the revenues derived by the Authority from the ownership and operation of the water and sewerage system of the Authority (the “**System**”) remaining in the Revenue Fund (defined in the Bond Resolution) after payment of the reasonable and necessary expenses of operating and maintaining the System, but before provision for depreciation or interest charges (the “**Net Revenues**”).

Payment of the principal of and interest on the Series 2021 Bonds will be equally and ratably secured on a parity basis with the Series 2015 Bonds and any additional revenue bonds of the Authority (“**Additional Bonds**”) issued hereafter on a parity basis with the Series 2015 Bonds and the Series 2021 Bonds.

The Series 2015 Bonds, the Series 2021 Bonds, and any Additional Bonds hereinafter issued are referred to collectively herein as the “**Bonds**.”

*Debt Service Reserve.* Payment of principal of and interest on the Series 2021 Bonds will also be secured by a debt service reserve account within the Sinking Fund for the Series 2021 Bonds. Said reserve will be fully funded upon the issuance of the Series 2021 Bonds through a debt service reserve insurance policy issued by Assured Guaranty Municipal Corp., and such account may be extended or separate debt service reserve accounts may be established upon the issuance of additional bonds on a parity basis with the Series 2021 Bonds. For more detailed information, see “SERIES 2021 BONDS -Security and Sources of Payment for the Series 2021 Bonds” and “Appendix B: FORM OF THE BOND RESOLUTION.”

### **Bond Registrar and Paying Agent**

U.S. Bank National Association, Atlanta, Georgia, will act as Bond Registrar and Paying Agent for the Series 2021 Bonds.

## **Description of the Series 2021 Bonds**

*Redemption.* Certain of the Series 2021A Bonds are subject to optional and scheduled mandatory redemption prior to maturity. Certain of the Series 2021B Taxable Bonds are subject to optional redemption prior to maturity.

*Denominations.* Individual purchases of the Series 2021 Bonds may be made in book-entry form only in denominations of \$5,000 or any higher integral multiple thereof.

*Registration and Transfer.* The Series 2021 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 serve as securities depository for the Series 2021 Bonds and the Series 2021 Bonds may be registered, transferred, or exchanged in accordance with the rules of DTC.

*Manner of Making Payment.* Interest on the Series 2021 Bonds is payable on January 1 and July 1 (each an “**Interest Payment Date**”) in each year, commencing January 1, 2022. The Series 2021 Bonds bear interest at the rates per annum, and mature on July 1 in the years and principal amounts, as set forth on the inside of the front cover page hereof. The interest so payable on any such Interest Payment Date will be paid to the person in whose name the Series 2021 Bonds are registered at the close of business on the 15th day of the calendar month preceding each Interest Payment Date (the “**Record Date**”); provided, however, that if and to the extent a default shall occur in the payment of interest due on said Interest Payment Date, such past due interest shall be paid to the persons in whose names outstanding Bonds are registered on a subsequent date of record established by notice given by mail by the Paying Agent to the holders of the Series 2021 Bonds not less than 30 days preceding such subsequent date of record. The Series 2021 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 2021 Bonds, the payments of principal of and interest on the Series 2021 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 2021 Bonds, see “THE SERIES 2021 BONDS.”

## **Additional Bonds**

Subject to certain conditions as set forth in the Bond Resolution, the Authority may issue Additional Bonds on a parity with the first and prior lien of the Series 2021 Bonds and the Series 2015 Bonds on the Net Revenues of the System. See “THE SERIES 2021 BONDS -Additional Bonds.” In addition, from time to time the Authority may issue additional bonds or obligations payable from the Net Revenues of the System and secured by a lien on said Net Revenues that is junior and subordinate to the lien of the Series 2021 Bonds and the Series 2015 Bonds on the Net Revenues.

## **Tax Status**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”), and is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 2021B Taxable Bonds is not excludable from gross income of the holders of the Series 2021B Taxable Bonds for federal income tax purposes. In the opinion of Bond Counsel, interest on the Series 2021A Bonds and the Series 2021B Taxable Bonds is exempt from present State of Georgia income taxation. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2021 Bonds. See Appendix C herein for the form of opinions Bond Counsel proposes to deliver in connection with the issuance of the Series 2021 Bonds. For a more complete discussion of the tax status of the Series 2021 Bonds and certain other tax consequences relating to the Series 2021 Bonds, see “TAX STATUS” herein.

## Professionals Involved in the Offering

Certain legal matters pertaining to the Authority and its authorization and issuance of the Series 2021 Bonds are subject to the approving opinion of Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Series 2021 Bonds, and copies of the proposed form of such opinions are attached hereto as Appendix C. Certain other legal matters will be passed on for the Authority by its counsel, Sam D. Price, Attorney, LLC, Carrollton, Georgia. Gray Pannell & Woodward LLP, Savannah, Georgia, is acting as Disclosure Counsel.

The financial statements of the Authority for the fiscal year ended June 30, 2020, attached hereto as Appendix A, have been audited by Will Robinson, CPA, LLC, Carrollton, Georgia, to the extent and for the period indicated in their report thereon. Will Robinson, CPA, LLC, has consented to the references and use within this Official Statement of its report.

The Engineering Report dated May 19, 2021, attached hereto as Appendix E (the “**Engineering Report**”) was prepared by Krebs Engineering, Inc., Consulting Engineers for the Authority.

## Continuing Disclosure

Pursuant to Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “**Rule**”), the Authority will sign, as of the date of the issuance and delivery of the Series 2021 Bonds, a Disclosure Dissemination Agent Agreement (“**Disclosure Dissemination Agreement**”) with Digital Assurance Certification, L.L.C. (“**DAC**”), under which the Authority has designated DAC as Disclosure Dissemination Agent. The Disclosure Dissemination Agreement will allow the Underwriter of the Series 2021 Bonds to comply with the Rule. See “Appendix D: FORM OF DISCLOSURE DISSEMINATION AGREEMENT.”

## Prior Bonds and Resolutions

In accordance with a resolution adopted by the Authority on February 4, 1999 (as amended, the “**Original Resolution**”), the Authority issued and delivered \$19,250,000 in aggregate principal amount of its WATER AND SEWERAGE REVENUE BONDS, SERIES 1999 (the “**Series 1999 Bonds**”). All outstanding Series 1999 Bonds were refunded and defeased pursuant to the hereinafter defined Series 2005 Supplemental Resolution and are therefore no longer outstanding. In accordance with the terms of the Original Resolution, the Authority, by resolution adopted on December 10, 2001, as amended and restated on June 28, 2002 (as amended and restated, the “**Series 2002 Supplemental Resolution**”), issued and delivered its WATER AND SEWERAGE REVENUE BONDS, SERIES 2002, in the aggregate principal amount of \$4,635,000 (the “**Series 2002 Bonds**”), which Series 2002 Bonds were refunded and defeased pursuant to the hereinafter defined Series 2012 Supplemental Resolution and are therefore no longer outstanding. In accordance with the terms of the Original Resolution, the Authority, by resolution adopted on November 17, 2005, as amended and restated on December 22, 2005 (as amended and restated, the “**Series 2005 Supplemental Resolution**”), issued and delivered its WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2005, in the aggregate principal amount of \$17,550,000 (the “**Series 2005 Bonds**”), for the purpose of refunding all of the outstanding Series 1999 Bonds, and for other purposes. In accordance with the terms of the Original Resolution, the Authority, by resolution adopted on August 2, 2012, (the “**Series 2012 Supplemental Resolution**”), issued and delivered its WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2012, in the aggregate principal amount of \$9,580,000 (the “**Series 2012 Bonds**”), for the purpose, in part, of currently refunding all of the outstanding Series 2002 Bonds and advance refunding a portion of the outstanding Series 2005 Bonds, and for other purposes. The Series 2012 Bonds are currently outstanding in the aggregate principal amount of \$6,685,000. In accordance with the terms of the Original Resolution, the Authority, by resolution adopted on April 16, 2015 (the “**Series 2015 Resolution**”) issued and delivered its Water and Sewerage Refunding Revenue Bonds, Series 2015 ( the “**Series 2015 Bonds**”) for the purpose of refunding all then remaining Series 2005 Bonds.

Payment of the currently outstanding Series 2012 Bonds and the Series 2015 Bonds is secured by a first lien on the Net Revenues of the System.

The final maturity of the Series 2012 Bonds is July 1, 2032. Series 2012 Bonds maturing on or after July 1, 2023 may be redeemed prior to their respective maturities, either in whole or in part, at the option of the Authority, on any date in any year not earlier than July 1, 2022, from any money that may be made available for such purpose at a redemption price equal to 100% of the principal amount of the Series 2012 Bonds being redeemed, plus accrued interest thereon to the date of redemption. The final maturity of the Series 2015 Bonds is July 1, 2029. Series 2015 Bonds maturing on July 1, 2029, may be redeemed at the option of the Authority in whole or in part at any time beginning July 1, 2025, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption. After conferring with its fiscal advisors, the Authority has determined that it is in the best interest of the citizens of Carroll County and the customers of the System to refund all of its Series 2012 Bonds maturing on or after July 1, 2023, and to redeem the same on July 1, 2022. The Authority has been advised that under current law it cannot advance refund the Series 2012 Bonds with the proceeds of a tax exempt borrowing; however it may do so with proceeds from a taxable borrowing which will result in substantial interest cost savings to the Authority. At the present time the Authority does not desire to refund or redeem its Series 2015 Bonds.

In accordance with the Series 2015 Resolution, upon the payment of the Series 2012 Bonds or upon provision for payment of such bonds in accordance with the provisions of Section 510 and 511 of the Original Resolution, the Series 2015 Resolution as the same may be supplemented and amended hereafter shall be considered as and is defined as the Bond Resolution for so long as any Series 2015 Bonds remain outstanding, without the need for reference to the Original Resolution or other supplemental resolutions of the Authority. Therefore, upon the defeasance or payment of the Series 2012 Bonds, the Original Resolution shall be repealed and the Series 2015 Resolution, this Series 2021 Resolution shall be the “**Bond Resolution**”.

#### **Additional Information**

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain descriptions of, among other matters, the Series 2021 Bonds, the Authority, the Bond Resolution and the security and sources of payment for the Series 2021 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to, or summaries of, the Bond Resolution or any other document or 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 the Series 2021 Bonds are qualified in their entirety to the form thereof and the provisions with respect thereto included in the Bond Resolution. Copies of the Bond Resolution and other documents and information are available upon request, prior to the delivery of the Series 2021 Bonds from Stephens Inc., 3344 Peachtree Road, Suite 1650, Atlanta, Georgia 30326, and after delivery of the Series 2021 Bonds, upon payment to the Authority of a charge for copying, mailing and handling, from the Carroll County Water Authority, 556 Old Bremen Road, P.O. Box 739 (30112), Carrollton, Georgia 30117.

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## THE SERIES 2021 BONDS

### General Description

The Series 2021 Bonds, dated as of the date of issuance and delivery thereof, 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, 2022.

### Redemption

*Optional Redemption of the Series 2021 Bonds.* The Series 2021A Bonds maturing on July 1, 2032 and thereafter may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part (maturities to be designated by the Authority) at any time, beginning July 1, 2031, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. If less than all of the Series 2021A Bonds of a maturity are to be redeemed, the actual Series 2021A Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Bond Registrar may determine.

The Series 2021B Taxable Bond maturing on July 1, 2032 and thereafter may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part (maturities to be designated by the Authority) at any time, beginning July 1, 2031, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. If less than all of the Series 2021B Taxable Bonds of a maturity are to be redeemed, the actual Series 2021B Taxable Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Bond Registrar may determine.

*Scheduled Mandatory Redemption.* The Series 2021A Bonds maturing on July 1, 2036, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, on July 1 in the years, and in the principal amounts set forth below (the July 1, 2036 amount to be paid at maturity rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2035	\$475,000
2036	\$490,000

The Series 2021A Bonds maturing on July 1, 2038, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, on July 1 in the years, and in the principal amounts set forth below (the July 1, 2038 amount to be paid at maturity rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2037	\$505,000
2038	\$520,000

The Series 2021A Bonds maturing on July 1, 2040, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, on July 1 in the years, and in the principal amounts set forth below (the July 1, 2040 amount to be paid at maturity rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2039	\$535,000
2040	\$550,000

The Series 2021A Bonds maturing on July 1, 2042, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, on July 1 in the years, and in the principal amounts set forth below (the July 1, 2042 amount to be paid at maturity rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2041	\$565,000
2042	\$575,000

*Notice of Redemption.* The Bond Registrar shall give notice of redemption pursuant to Article III of the Series 2021 Resolution one time not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Holders of each of the Series 2021 Bonds being called for redemption by first class mail (electronically while the Series 2021 Bonds are held as book-entry bonds) at the address shown on the register of the Bond Registrar. Said notice may be a conditional notice under such terms as specified in the notice and shall contain the complete official name of the Series 2021 Bonds being redeemed, CUSIP number, certificate numbers, amounts called of each certificate (for partial calls), redemption date, redemption price, the Paying Agent's name and address (with contact person and phone number), date of issue of the Series 2021 Bonds, interest rate, and maturity date. Said notice shall also be given not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Electronic Municipal Market Access system ("EMMA") operated by the Municipal Securities Rulemaking Board or such other securities depository registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which disseminate redemption notices. No transfer or exchange of any Bond so called for redemption shall be allowed. If any Holder of any Bond being redeemed pursuant to the provisions of Article III of the Series 2021 Resolution shall fail to present for redemption any such Bond within 60 days after the date fixed for redemption, a second notice of the redemption of such Bond shall be given to said Owner at the address of said Owner as shown on the bond register of the Bond Registrar within 90 days after the date fixed for redemption. The failure of the Bond Registrar to give such notice shall not affect the validity of the proceedings for the redemption of any Bond as to which no such failure occurred. Any notice mailed or delivered as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

*Manner of Redemption.* Series 2021 Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In the case of the Series 2021 Bonds of denominations greater than \$5,000, if less than all of such Series 2021 Bonds of a single maturity then outstanding are to be called for redemption then for all purposes in connection with redemption, each \$5,000 of face value shall be treated as though it were a separate Bond in the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by any Bond are to be called for redemption, then upon notice of the intention to redeem such \$5,000 unit or units, the Owner of such Bond shall forthwith surrender such Bond to the Paying Agent for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption and there shall be issued to the Holder thereof, without charge therefor, fully registered Series 2021 Bonds for the unredeemed balance of the principal amount thereof, in any of the authorized denominations. If the Owner of any such Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Paying Agent for payment in exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of face value on and after the date fixed for redemption and (funds sufficient for the payment of the

redemption price having been deposited with the Paying Agent and being available for the redemption) such Bond shall not be entitled to the benefit and security of the Series 2021 Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such \$5,000 unit or units

*Effect of Redemption Call.* Notice having been given in the manner and under the conditions prescribed herein, and money for the payment of the redemption price being held by the Paying Agent, all as provided in the Series 2021 Resolution, the Series 2021 Bonds or the portion thereof so called for redemption shall become and be due and payable on the redemption date designated in such notice at the redemption price provided for redemption of such Series 2021 Bonds on such date. Interest on the Series 2021 Bonds or the portion thereof so called for redemption shall cease to accrue from and after the date fixed for redemption unless default shall be made in payment of the redemption price thereof upon presentation and surrender thereof. Such Series 2021 Bonds shall cease to be entitled to any lien, benefit or security under the Series 2021 Resolution and the Owners of such Series 2021 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bond or the portion thereof so called shall not be considered to be outstanding. Upon surrender of such Bond paid or redeemed in part only, the Authority shall execute and the Bond Registrar shall deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same type, of authorized denominations in the aggregate principal amount equal to the unpaid or unredeemed portion of the Bond.

### **Book-Entry Only System of Delivery of Series 2021 Bonds**

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 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 2021 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](http://www.dtcc.com).

Purchases of the Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 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 2021

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 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 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 2021 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 2021 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 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, defaults, and proposed amendments to the documents pertaining to the Series 2021 Bonds. For example, Beneficial Owners of bonds may wish to ascertain that the nominee holding the Series 2021 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 2021 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 2021 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 Series 2021 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2021 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 Authority 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 Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2021 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 Authority, 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 2021 Bonds at any time by giving reasonable notice to the Authority 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 Authority 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 Authority 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 AUTHORITY AND THE BOND REGISTRAR WILL TREAT CEDE & CO. OR SUCH OTHER NOMINEE AS THE ONLY OWNER OF THE SERIES 2021 BONDS FOR ALL PURPOSES UNDER THE ORDINANCE, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2021 BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE AUTHORITY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE ORDINANCE. THE AUTHORITY 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 SERIES 2021 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 2021 Bonds may experience some delay in their receipt of distributions of principal and interest on the Series 2021 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 Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Payment of principal, premium, if any, and interest on Series 2021 Bonds not existing in Book-Entry Form shall be made as provided in such Series 2021 Bonds.

#### **Authority for Issuance of the Series 2021 Bonds**

The Series 2021 Bonds will be issued pursuant to (i) the Act of the General Assembly of the State creating the Authority, as amended, (ii) the authority of the Constitution of the State, (iii) the general laws of the State, including, in particular, the Revenue Bond Law, and (iv) the terms of the Bond Resolution adopted by the Authority. The Authority is authorized to operate and maintain the System for its own use and for the use of public and private consumers both within and without the territorial limits of the Authority, and to prescribe and revise rates and collect fees and charges for the services furnished by the System as the same now exists and as it hereafter may be added to, extended, improved and equipped.

#### **Validation of the Series 2021 Bonds**

As required by the Revenue Bond Law, the Authority will cause proceedings to be initiated in the Superior Court of Carroll County, Georgia to validate the Series 2021 Bonds and the security therefor. Final judgment confirming and validating the Series 2021 Bonds and the security therefor will be entered prior to the issuance of the Series 2021 Bonds.

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## Sources and Uses of Funds

### Series 2021A Bonds

#### Sources of Funds:

Proceeds from the sale of the Series 2021A Bonds.....	\$13,315,000.00
Premium/Discount .....	<u>\$1,907,422.60</u>
Total Sources of Funds.....	<u>\$15,222,422.60</u>

#### Uses of Funds:

Current Refunding of Refunding GEFA Loans <sup>1</sup> .....	\$4,920,071.18
Deposit to Construction Fund <sup>2</sup> .....	\$10,000,000.00
Costs of Issuance <sup>4</sup> .....	<u>\$302,351.42</u>
Total Uses of Funds: .....	<u>\$15,222,422.60</u>

### Series 2021B Taxable Bonds

#### Sources of Funds:

Proceeds from the sale of the Series 2021B Taxable Bonds .....	\$6,165,000.00
Total Sources of Funds.....	<u>\$6,165,000.00</u>

#### Uses of Funds:

Deposit to Escrow Fund for Refunding of Series 2012 Bonds <sup>3</sup> .....	\$6,046,362.36
Costs of Issuance <sup>4</sup> .....	<u>\$118,637.64</u>
Total Uses of Funds: .....	<u>\$6,165,000.00</u>

1 See "THE SERIES 2021 BONDS – The Refunding of the Refunded GEFA Loans."

2 See "THE SERIES 2021 BONDS – The Projects."

3 See "THE SERIES 2021 BONDS – The Taxable Refunding of the Series 2012 Bonds."

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

## The Projects

A portion of the proceeds from the sale of the Series 2021A Bonds will be used by the Authority to finance the acquisition, construction, and equipping of certain additions and improvements to the System in accordance with engineering plans and specifications prepared by Krebs Engineering, Inc., Consulting Engineers for the Authority, dated May 19, 2021, as the same may be amended.

As more particularly described in the Engineering Report attached hereto as Appendix E, Proceeds from the sale of the Series 2021A Bonds will be used to finance a portion of costs of: (a) developing a new pressure gradient to serve the Bremen and Waco areas south of Interstate 20, which will include construction of an elevated storage tank, pump station, transmission mains and distribution system improvements; (b) designing and constructing environmental mitigation improvements to the entire Indian Creek Reservoir project; and (c) making improvements to the Snake Creek Raw Water Pump Station including constructing a new electrical building with backup generator and improving maintenance capabilities including access to the valve pit and pumps. The estimated aggregate cost for the projects is approximately \$10,000,000.

## The Refunding of the Refunded GEFA Loans

The Authority has debt in the form of direct borrowings from the Georgia Environmental Finance Authority ("GEFA") for construction of improvements to the System. On the date of the issuance and delivery of the Series 2021A Bonds, a portion of the sale proceeds from the sale of the Series 2021A Bonds will be used to refund the following GEFA loans of the Authority: (a) GEFA Loan No. DWSRF 09-013 which is evidenced by a promissory note in the amount of \$3,625,000,000, bearing interest at the rate of 3.00% per annum, which loan is anticipated to be outstanding and unpaid in the principal amount of approximately \$1,338,066.85 as of the date of issuance and delivery of the Series 2021A Bonds, and which loan may be

prepaid in whole or in part by the Authority at any time without premium or penalty; (b) GEFA Loan No. DWSRF 09-014 which is evidenced by a promissory note in the amount of \$4,675,000, bearing interest at the rate of 3.00% per annum, which the Authority estimates will be outstanding and unpaid in the principal amount of approximately \$1,150,790.52, as of the date of issuance and delivery of the Series 2021A Bonds, and which loan may be prepaid in whole or in part by the Authority at any time without premium or penalty; and (c) GEFA Loan No. DWSRF 10-010 which is evidenced by a promissory note in the amount of \$4,825,000, bearing interest at the rate of 3.00% per annum, which the Authority estimates will be outstanding and unpaid in the principal amount of approximately \$2,430,803.52 as of the date of issuance and delivery of the Series 2021A Bonds, and which loan may be prepaid in whole or in part by the Authority at any time without premium or penalty. GEFA Loan No. DWSRF 09-013, GEFA Loan No. DWSRF 09-014, and GEFA Loan No. DWSRF 10-010 are hereinafter collectively referred to herein as the “**Refunded GEFA Loans.**”

### **The Taxable Refunding of the Series 2012 Bonds**

In August 2012, the Authority issued its Series 2012 Bonds in the principal amount of \$9,580,000 to provide funds to redeem certain outstanding revenue bonds of the Authority and to finance certain project improvements for the System. The Series 2012 Bonds maturing on July 1, 2023, and thereafter may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part (maturities to be designated by the Authority) at any time, beginning July 1, 2022, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

The proceeds from the sale of the Series 2021B Taxable Bonds, together with other money available to the Authority, will be used for the purpose of paying, defeasing and refunding all of the outstanding Series 2012 Bonds and paying the costs of issuance of the Series 2021B Taxable Bonds.

In order to provide for the payment from proceeds of the Series 2021B Taxable Bonds, together with other money available to the Authority, of the amounts required to refund and redeem the Series 2012 Bonds on July 1, 2022 (the “**Redemption Date**”) and to pay principal and interest coming due on the Series 2012 Bonds prior to the Redemption Date the Authority has caused to be prepared an Escrow Deposit Agreement, to be dated as of the date of the issuance of the Series 2021 Bonds (the “**Escrow Deposit Agreement**”), between the Authority and U.S. Bank National Association, Atlanta, Georgia, as escrow agent (the “**Escrow Agent**”), providing for the irrevocable deposit into the escrow fund created under the Escrow Deposit Agreement of money or certain Permitted Investments (described in subparagraph (A) of the term “Permitted Investments” defined in Section 101 of the Original Resolution and the Series 2012 Supplemental Resolution) (such investments are defined as “Government Obligations in the Bond Resolution) having such maturities and bearing such interest as will, in the opinion of an independent certified public accounting firm of national reputation, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (such earnings to be held in trust also), be sufficient for the payment or redemption of the Series 2012 Bonds in full on the Redemption Date and the payment of the principal of and interest coming due on the Series 2012 Bonds prior to the Redemption Date, together with all of the fees and expenses of the paying agent for the Series 2012 Bonds due or which become due.

Upon the deposit into the escrow fund of such money or Governmental Obligations (defined in the Bond Resolution) to be purchased from a portion of the proceeds of the Series 2021B Taxable Bonds and other money available to the Authority, and the receipt by the Authority of a CPA Opinion and Bond Counsel Opinion (as defined in Section 510 and Section 511 of the Original Resolution), the Series 2012 Bonds shall be deemed to have been paid, with the effect that the lien of the Series 2012 Bonds on the Net Revenues of the System shall cease, determine and be discharged, provided that such cancellation and discharge shall not terminate the powers and rights granted to the paying agent for the Series 2012 Bonds with respect to the payment, registration of transfer and exchange of the Series 2012 Bonds.

### **Investment of Money**

For a description of the provisions governing the investment of the amounts held to pay debt service on the Series 2021 Bonds and in the Construction Fund for the Series 2021A Bonds, see “Appendix B: FORM OF THE BOND RESOLUTION” attached hereto.

## Security and Sources of Payment for the Series 2021 Bonds

*Pledge of Net Revenues of the System.* The Act authorizes the Authority to pledge to the payment of its revenue bonds, and the interest thereon, all or any part of the Net Revenues of the System. In accordance with the Act, the Series 2021 Bonds will be payable from and secured by a pledge of and lien on Net Revenues of the 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 Authority and against all parties having claims of any kind against the Authority 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 System by the Bond Resolution to secure payment of the Series 2021 Bonds and the Series 2015 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 System.

The Authority is in compliance with all covenants and undertakings in connection with its Series 2015 Bonds payable from the Net Revenues of the System, including the 2015 Resolution, which is in full force and effect and has not been repealed, altered, or amended in any respect which will adversely affect the rights or interests of the owners of any of said series of bonds.

After giving effect to the refunding and defeasance of the Series 2012 Bonds, the outstanding revenue bonds of the Authority secured by a first and prior pledge or lien on the Net Revenues of the System shall consist of the Series 2015 Bonds and the Series 2021 Bonds.

See “THE SERIES 2021 BONDS, -Rate Covenant” and “Appendix B: FORM OF THE BOND RESOLUTION.”

*Debt Service Reserve.* Payment of principal of and interest on the Series 2021 Bonds will also be secured by the Debt Service Reserve Requirement (as defined in the Bond Resolution) held in the Debt Service Reserve Account within the Sinking Fund, which is held in trust for the owners of the Series 2021 Bonds under the terms of the Bond Resolution. The Debt Service Reserve Requirement for the Series 2021 Bonds will be secured by a debt service reserve insurance policy to be issued by Assured Guaranty Municipal Corp. concurrently with the issuance and delivery of the Series 2021 Bonds. The surety bond will be issued in the amount equal to the Debt Service Reserve Requirement for the Series 2021 Bonds.

*Limited Obligations.* The Series 2021 Bonds are limited obligations of the Authority. The principal of and redemption premium, if any, and interest on the Series 2021 Bonds are not payable from, and are not a charge upon, any funds of the Authority other than the Net Revenues of the System. The Series 2021 Bonds do not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Authority, other than the Net Revenues of the System.

## Revenues and Funds

Under the terms of the Bond Resolution, the Authority has established the following funds: (i) the “**Revenue Fund**”, the (ii) “**Sinking Fund**” consisting of three accounts which are to be held therein, the “**Capitalized Interest Account**,” the “**Debt Service Account**” and the “**Debt Service Reserve Account**” and (iii) the “**Renewal and Extension Fund**.” For more detailed information on the flow of funds see “Appendix B: FORM OF THE BOND RESOLUTION” attached hereto.

*Revenue Fund Disbursements.* 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 and improved will be collected by the Authority and deposited promptly with the depository to the credit of the Revenue Fund, and the Authority will continue to maintain the Revenue Fund separate and apart from its other funds so long as the Series 2021 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 will be disbursed from the Revenue Fund to the extent and in the following manner and order:

(1) Costs of System. There will first be paid from the Revenue Fund in each month the reasonable and necessary costs of operating, maintaining and repairing the System, including 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 Net Revenues of the System remaining in the Revenue Fund after the payment of the sums required or permitted to be paid under the provisions of this paragraph (1) are pledged to the payment of the principal of and the interest on, and the redemption premium, if any, on all the Bonds issued under the Bond Resolution, including any Additional Bonds. The Net Revenues so pledged will immediately be subject to lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge will be valid and binding against the Authority and against all parties having claims of any kinds against the Authority, whether such claims have arisen in contract, tort or otherwise and irrespective of whether or not such parties have notice hereof.

(2) Sinking Fund. There will next be paid the amounts listed below from the Revenue Fund into the Sinking Fund pursuant to the terms of Section 502 of the Bond Resolution, and the Sinking Fund will initially consist of two accounts, the Debt Service Account and the Debt Service Reserve Account. The Authority is authorized to establish separate subaccounts for each series of Bonds as may be necessary and proper. The Capitalized Interest Account does not currently have any money deposited therein and no deposits therein will be made from proceeds of the Series 2021 Bonds.

(a) *Debt Service Account.* After there have been paid from the Revenue Fund the costs required or permitted to be paid pursuant to the provisions of paragraph 1 above, there will be paid into the Debt Service Account for the purpose of paying the principal of and interest on the Bonds coming due in the then current Sinking Fund Year, whether by maturity, mandatory redemption, or otherwise, and taking into consideration money deposited therein simultaneously with the issuance and delivery of a series of 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: commencing with the month of issuance and delivery and continuing through June, 2022, and in addition to the amounts deposited then for payment of the Series 2015 Bonds, the *pro rata* amount necessary to pay the interest coming due on the Series 2021 Bonds on January 1, 2022 and July 1, 2022, and from month to month thereafter an amount equal to one-sixth (1/6) of the interest on the Bonds coming due on the next succeeding July 1 or January 1, as the case may be, and one-twelfth (1/12) of the principal on the 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 Bonds as same mature or are acquired by mandatory redemption and the interest which will become due and payable thereon.

(b) *Debt Service Reserve Account.* After making the payments required to comply with subparagraph (a) above, there will 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 (as defined in the Bond Resolution). Concurrently with the issuance of the Series 2021 Bonds, a debt service reserve insurance policy issued by Assured Guaranty Municipal Corp. will be purchased to fund the Debt Service Reserve Account for the Series 2021 Bonds.

The Authority covenants in the Bond Resolution that in the event it hereafter elects to issue Additional Bonds, pursuant to the provisions of the Bond Resolution, the above stated payments into the Sinking Fund will be increased to the extent necessary to pay the principal of and interest on the Bonds 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 and maintain a reserve for that purpose in an amount at least equal to the Debt Service Reserve Requirement on the then outstanding Bonds, and on the Bonds proposed to be issued.

It is expressly provided in the Bond Resolution, however, that if on the 2nd day of July in any year there are on deposit in the Debt Service Reserve Account money and securities (such securities to be valued at the lower of their market value or face amount, plus accrued interest thereon to July 2) 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.

(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 above, there will next be paid from the Revenue Fund into the “Renewal and Extension Fund” all of the money then remaining in the Revenue Fund (except for a working capital reserve in an amount not to exceed thirty (30) days estimated operating and maintenance costs) as determined by the Authority. Expenditures may 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 Authority and the Bondholders; (c) payment of the charges of the “Renewal and Extension Fund Depository” 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.

It is expressly provided in the Bond Resolution, however, that should the Authority hereafter issue revenue bonds ranking as to lien on the revenues of the System junior and subordinate to the lien securing the payment of the Bonds authorized to be issued under the Bond Resolution, including any issue or issues of Additional Bonds hereafter issued, then such payments into the Renewal and Extension Fund as provided in Paragraph 3 above may be suspended and such money will be available to the extent necessary to pay the principal of and interest on such junior lien revenue bonds and to create and maintain a reasonable reserve therefor and such money may be allocated and pledged for that purpose.

### **Rate Covenant**

The Authority 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 Authority shall revise and adjust such schedule of rates, fees and charges for either water or sewerage services and facilities, or both, to the extent necessary to produce funds sufficient to operate and maintain the System on a sound businesslike basis and to create and maintain the Sinking Fund as provided in amounts sufficient to discharge the payment of the principal of and the interest on the Series 2015 Bonds, the Series 2021 Bonds and any future parity issues as the same become due and payable in the then current Sinking Fund Year, either at maturity or by proceedings for mandatory redemption, and to create and maintain a reserve therefor in the amount as required or such larger amounts as may be required in any proceedings authorizing any such issue or issues of Additional Bonds, as well as to 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 near as practicable such rates, fees and charges shall be uniform in application to all users falling within any reasonable class. No free service shall at any time be furnished from the System and the Authority 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 water line or sewerage line to connect with the System. No customer shall be connected to the System or served by the Authority 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.

In the event the Authority 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 the Bond Resolution, any Bondholder, without regard to whether any Event of Default, as defined in the Bond Resolution, shall have occurred, may institute and prosecute in any court of competent jurisdiction, an appropriate action to compel the Authority 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 requirements of the Bond Resolution.

### **Remedies**

The Revenue Bond Law provides that the provisions of the Revenue Bond Law and the Bond Resolutions constitute a contract between the Authority and the owners of the Series 2021 Bonds. For a description of the remedies available to owners of the Series 2021 Bonds under the terms of the Bond Resolution upon the occurrence of an Event of Default thereunder, see “Appendix B: FORM OF THE BOND RESOLUTION”. In addition to the remedies set forth in the Bond Resolution, the Revenue Bond Law provides that the duties of Authority, and the officers of the Authority under the Revenue Bond Law and the Bond Resolution are enforceable by any owner of the Series 2021 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 Authority defaults in the payment of the principal or interest on any of the Series 2021 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 Authority or the officers, agents, or employees of the Authority fail or refuse to comply with the essential provisions of the Revenue Bond Law or default in any material respect in the Bond Resolution, any holders of the Series 2021 Bonds shall have the right to apply in an appropriate judicial proceeding to the Superior Court of Carroll County or to any court of competent jurisdiction for the appointment of a receiver of the System, whether or not all Series 2021 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 2021 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 percent in principal amount of the Series 2021 Bonds then outstanding, shall appoint a receiver of the 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 System. If the court so directs, the receiver may exclude the Authority and the Authority’s officers, agents, and employees, and all persons claiming under them, wholly from the System. Under the Revenue Bond Law, the receiver will have, hold, use, operate, manage, and control the System, in the name of the Authority or otherwise, as the receiver may deem best. Under the Revenue Bond Law, the receiver will exercise all the rights and powers of the Authority with respect to the System as the Authority itself might do. The receiver will maintain, restore, insure, and keep insured the System and from time to time will make all such necessary or proper repairs as the receiver may deem expedient. Under the Revenue Bond Law, the receiver will establish, levy, maintain, and collect such fees, tolls, rentals, and other charges in connection with the System as he deems necessary or proper and reasonable. Under the Revenue Bond Law, 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 Authority and useful for the System. The authority of any such receiver is limited to the operation and maintenance of the 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 Series 2021 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 System and under any of the terms of the Bond Resolution have 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 System to the Authority. The same right of the holders of the Series 2021 Bonds to secure the appointment of a receiver exists upon any subsequent default as is provided in the Revenue Bond Law.

If the Authority were to default on the Series 2021 Bonds, the realization of value from the pledge of the Net Revenues to secure the payment of the Series 2021 Bonds would depend upon the exercise of various remedies specified by the Bond Resolution 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 2021 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.

### **Additional Bonds**

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 2015 Bonds, the Series 2021 Bonds and any future issue or issues of Additional Bonds. Nothing, 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 in the Bond Resolution, 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 2015 Bonds and the Series 2021 Bonds herein authorized to be issued, provided the following conditions are met:

(a) The payments covenanted to be made to 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 Revenues of the System for a period of twelve (12) consecutive months out of the eighteen (18) consecutive months preceding the month of adoption of the proceedings authorizing the issuance of such Additional Bonds must have been equal to at least 1.20 times the maximum debt service requirement for any succeeding Sinking Fund Year on the 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 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 1.20 times the maximum debt service requirement for any succeeding Sinking Fund Year on the 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 shall certify in triplicate to the Authority 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 Authority shall provide the Authority 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 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 of the Bond Resolution for said period.

(e) The Authority 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. Any such proceeding or proceedings shall require the Authority 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 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 Bond Resolution 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 the Bond Resolution.

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

For more detailed information on the conditions which must be met for parity obligations to be issued see "Appendix B: FORM OF THE BOND RESOLUTION" attached hereto.

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## THE SYSTEM

### General

The System is composed of a water storage, treatment, and distribution system and a wastewater collection, treatment and disposal system. The Authority has ultimate authority and control over the policy and rate setting of the System. The Authority was created with the charge of providing water and wastewater service to the unincorporated areas of Carroll County and the surrounding areas. The Authority currently provides potable water to both retail and wholesale customers within and around Carroll County and wastewater services to Fairfield Plantation. The Authority provides water at retail rates directly to those residing within unincorporated portions of the County, as well as providing water at wholesale rates to the Cities of Mt. Zion, Temple, Villa Rica, and Whitesburg, Georgia, and Cleburne County, Alabama. The System now has approximately 750 miles of water lines with over 7.5 million gallons of potable water storage in 4 ground storage tanks and 6 elevated tanks. The System contains interconnections with other water suppliers for emergency purposes but the Authority does not currently purchase water from a wholesale provider. There are currently over 18,458 retail water customers in the System and over 1,968 wastewater customers.

In addition to the Authority's water and wastewater systems, the Cities of Bowdon, Carrollton and Villa Rica maintain both water production and sewer treatment facilities. The Cities of Roopville and Whitesburg maintain water production facilities, and the City of Temple has sewer treatment facilities.

### Water System

*Raw Water Supply.* The Authority owns and operates a 4 billion gallon, 660-acre, reservoir located on Snake Creek approximately 4.5 miles south of the Snake Creek Water Treatment Plant (“**Snake Creek WTP**”). Construction on the Snake Creek reservoir was completed in June 2002, and the reservoir was at full pool by December 2002. Upgrades to the facilities were constructed in 2014. The Snake Creek reservoir was constructed to supply 13.5 MGD of raw water to be treated for potable use; however, the Authority is currently only withdrawing a maximum of 8.0 MGD. The Snake Creek drainage basin is entirely within the southeastern portion of the County and empties into the Chattahoochee River. The drainage area for the dam is 32.5 square miles.

The intake pump station located on the Snake Creek reservoir includes two 6-MGD vertical turbine pumps and a third raw water pump with a capacity of 7.5-MGD. The ultimate pumping capacity of the intake pump station is 19.5 MGD. Raw water is conveyed from the raw water pumping station to the Snake Creek WTP through approximately 2,700 linear feet of 30-inch ductile iron pipeline and approximately 27,200 linear feet of 24-inch ductile iron pipeline.

In addition to the development of surface water supplies, the Authority has developed groundwater as an alternate water supply source. The Authority has three functioning and permitted groundwater wells. The Abilene Well was completed in September 2000, and began full production in May 2001 has a pump capacity of 300 GPM (Standby Operation Status). The Lake Paradise Well was completed in September 2000, and began full production in May 2001 and has a pump capacity of 150 GPM. Lastly, the Bethesda Church Road Well was completed in February 2002, and has a pump capacity of 45 GPM.

In 2007, the Authority began the initial work to identify future potable water supplies within Carroll County capable of meeting the County's long-term water supply needs. This initial work included engineering and environmental studies and several public meetings and concluded in September 2008 when the Authority's Board of Directors selected the Indian Creek Reservoir site as the preferred alternative. A section 404 permit application was submitted to the U.S. Army Corp of Engineers in December 2008 seeking their approval to construct the reservoir. As submitted, the proposed Indian Creek Reservoir, located in northwest Carroll County, will cover approximately 400 acres and will have a storage capacity of over 5.1 billion gallons of water. The reservoir will be supplemented with water diverted from Indian Creek and the Little Tallapoosa River. As part of the review process, the U.S. Army Corp of Engineers required a need certification from the Georgia Environmental Protection Division stating a specific need and yield for the project. The Georgia Environmental Protection Division issued the need certification in February 2016. Based on the need certification, the permit application was required to be modified. The Authority withdrew the current

application in March 2016 and has resubmitted the modified application. On August 8, 2020 the Georgia Environmental Protection Department issued a section 401 Water Quality Certification which is a prerequisite for the U.S. Army Corp of Engineers to issue a section 404 permit. Fiscal year 2020 expenditures on the project totaled \$731,945 and total expenditures to date on the project total \$8,980,862. These expenditures are recorded as construction in progress and land.

The Authority has over 30 interconnections with neighboring water utilities that allow the Authority to sell water produced or purchase water during outages or emergency situations.

*Water Production Facilities.* The Authority commissioned the Snake Creek WTP in June of 2001. Water is taken from the Snake Creek Reservoir to the Snake Creek WTP where through the addition of chemicals and filtration, the raw water is turned into drinking water. The Snake Creek WTP was initially built with a capacity of 4.0 MGD, but was expanded to 8 MGD in August of 2004 to help in meeting peak demand consumption of its customers. The water treatment plant consists of a 25 million gallon raw water reservoir, four 2 MGD Trident up-flow clarifier and filter package treatment units, a 1.5 million gallon clearwell, two 4 MGD and one 6 MGD high service pumps to deliver water to the distribution system. The treatment plant also has two 0.6 million gallon settling solids lagoons for the clarifier and filter spent wash water clarification. The treatment plant is designed to be easily expanded to meet the 13.5 MGD design yield of the Snake Creek Reservoir. The water plant is currently permitted for daily production of 8 MGD. Average daily water demands are approximately 5.2 MGD, and peak day demands are approximately 7.2 MGD.

The Authority is undergoing an expansion of the Snake Creek WTP that will improve reliability and increase the plant's treatment capacity from 8 MGD to 12 MGD. Construction began in March 2020 and is expected to be completed in 2022. This expansion will have more robust processes allowing treatment of a wider range of raw water qualities and considerably more critical infrastructure redundancy. The facility will include raw water storage, mechanical rapid mixing, mechanical flocculation, sedimentation with plate settlers, conventional multimedia filtration, finished water storage, high service pumping, and process residuals storage. This project is one of the largest in the Authority's history, estimated at \$32,000,000, and the first major upgrade of this facility in 15 years. Construction of the expanded facility is on schedule. This expansion is partially funded with the proceeds from GEFA loan DW2019024 in the amount of \$25,000,000. In May of 2020, GEFA's Board of Directors approved GEFA loan DW2019024 for \$750,000 in debt forgiveness, upon completion of the project. As of June 30, 2020, \$1,531,707 has been drawn on the above GEFA loan. Fiscal year 2020 expenditures on the project totaled \$2,183,941 and total expenditures to date on the project total \$3,220,035. These expenditures are recorded as construction in progress.

In addition to the surface water treatment plant, the Authority has a current permitted groundwater production capacity in the system of 750,000 gallons per day. The Bethesda Church Road Well can produce up to 80,000 gallons per day. The Abilene Well can produce up to 530,000 gallons per day and the Lake Paradise Well can produce up to 120,000 gallons per day.

*Storage Facilities.* The water system storage consists of both ground storage and elevated tanks placed strategically throughout the water system. The water distribution system has ten storage tanks. The Snake Creek WTP has a clearwell capacity of 1.5 million gallons (1.3 million gallons for storage and 0.2 million gallons for disinfection). The Hickory Level and the Hulett ground storage tanks, each 2 million gallons, are located within the more densely populated areas within the System. Seven smaller tanks (0.5 million gallons and less) are spread throughout the System and some are utilized in conjunction with a booster pump station. The current storage capacity of the water system is 7.8 million gallons of finished water.

*Transmission Mains/ Distribution System.* The majority of the transmission and distribution lines were installed during the SPOST project (1987 to 1992), the Southern Area Water Mains project (2002 to 2003), the GEFA 09-013 project (2010 to 2011) and the GEFA 10-010 project (2011 to 2012). The northeast portion of the County, which has the largest growth and population, contains approximately 50.4 miles of transmission mains consisting of 24-inch, 16-inch, 12-inch and 10-inch pipelines. An additional 18.8 miles of 16-inch, 12-inch and 10-inch transmission mains were installed to upgrade flow and pressure in the southern area of the county. Throughout the entire water distribution system, there are over 800 miles of distribution piping with sizes ranging from two inches to 24 inches and materials of ductile iron, cast iron, and PVC.

*Booster Stations.* The water system includes several booster stations that assist in moving water from one storage and distribution area to another. The Authority has eight booster pump stations (“BPS”). The System includes a main service gradient (1330’) and two smaller service area gradients designated as Rainey Road (1448’) and Highpoint (1607’). Four BPSs provide service to the two smaller gradients; Temple BPS and North Van Wert BPS provide service to the Rainey Road service area, and the Smithfield BPS and Highway 100 BPS provide service to the High Point service area. There are three intermediate BPSs which provide gradient support in areas further away from the Snake Creek WTP. These BPSs include Mote Road, Lovell Road, and Farmers High BPSs. The Flat Rock BPS is used for emergency service only and is operated to purchase wholesale water from Douglassville-Douglas County Water and Sewer Authority.

The majority of the water system is contained within one pressure zone (elevation 1330); however, there are three small pressure zones at higher elevations. The Highway 27 North pressure zone (elevation 1342) is located in the north central part of the County and is fed by the Lovell Road pump station. The Rainey Road pressure zone (elevation 1440) is located in the northeastern section of the County and is fed by the Temple and Van Wert pump stations. The High Point pressure zone (elevation 1607) is located in the northwestern portion of the County and is supplied by the Smithfield Road pump station. Each of these pressure zones contains an elevated tank for pressure regulation and storage.

The water distribution uses pressure-reducing valves to control pressure in areas where high pressure could be experienced due to lower elevations. There are eight pressure-reducing valves in the water distribution system. The distribution system also consists of approximately 2,000 fire hydrants. The current fire department rating is ISO5 for areas served by fire hydrants.

In 2010, the Authority began work on a project to replace 100% of water meters within its service area with Automated Meter Reading meters to increase water and energy efficiency, improve meter reading accuracy, and reduce vehicle emissions. The project was funded with the proceeds of GEFA loan DSWRF 09-014 (\$1,870,000) and an indirect federal capital grant through the American Recovery and Reinvestment Act of 2009 (\$2,805,000). The project was completed during fiscal year 2012.

## **Wastewater System**

The Authority’s existing wastewater plant is in the Fairfield Plantation subdivision in the eastern portion of the Carroll County. The Authority has 55 miles of sewer line with 10 lift stations within the subdivision. The wastewater is treated by a stabilization pond with a design capacity of approximately 1.0 MGD and is then pumped to a storage pond for land application. The permitted capacity for the wastewater treatment facility is currently 0.45 MGD. During 2020, the Authority continued to proactively make repairs and improvements to our wastewater system, including the repair of manholes around a lake that were contributing to infiltration into the wastewater 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 groundwater and water from rivers, lakes, and streams in Georgia. EPD has issued the Authority a permit for withdrawal of raw water from the Snake Creek Reservoir in the amount of 8.0 MGD in a 24 hour period and a monthly average of 8.0 MGD. The Authority is in compliance with all state regulations governing its water system, and is continually upgrading and modifying the water system to maintain compliance.

EPD also regulates wastewater treatment systems in Georgia pursuant to the Georgia Water Quality Control Act. The EPD has issued to the Authority an operating permit for discharge of up to 0.45 MGD at the Fairfield Plantation Wastewater Treatment facility

*Federal Requirements.* The Authority’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 Authority’s wastewater treatment facilities, the disposal of sludge generated by the wastewater

treatment plants, the discharge of pollutants into the groundwater and surface water, and the nature of waste material (particularly industrial waste) discharged into the collection system. To comply with federally mandated effluent quality and disposal criteria, the Authority must operate its wastewater treatment facilities according to discharge limitations and reporting requirements set forth in National Pollutant Discharge Elimination System (“NPDES”) discharge permits.

The Authority has all required permits that are issued by the EPD to continue operations of its System. A summary of these permits is provided below:

<u>Permit</u>	<u>Permit No.</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Permitted Flow Limits</u>
Permit to Operate a Public Water System	CS0450001	12-05-2016	12-05-2026	8.0 MGD
Surface Water Withdrawal	022-1217-01	06-29-2018	06-29-2028	Max Day: 13.0 MGD Avg. Month: 11.0 MGD Annual Avg: 8.0 MGD
Ground Water Withdrawal	022-0001	10-26-2010	6-28-2022	0.75 MGD
NPDES	GAG640000	12-15-2020	12-31-2025	N/A
WWTP Land Application System	GAJ020071	03-01-2018	02-28-2023	0.45 MGD

Renewal of permits will be sought prior to expiration dates as provided for in each individual permit. The Authority does not anticipate any problems receiving permit renewals.

The Authority is currently expanding its water treatment plant from 8.0 MGD capacity to 12.0 MGD with prior approval granted by EPD. This construction project is approximately 50 percent complete with final completion anticipated during calendar year 2022. At that time, the Authority will apply for a modified Permit to Operate a Public Water System at an increased capacity of 12.0 MGD. The modified permit is expected to be granted by EPD without issue.

The Authority has an excellent record of regulatory compliance. The Snake Creek WTP is able to consistently meet or exceed drinking water standards. The Authority’s treatment facilities have received numerous awards which are outlined in the Engineering Report attached to this Official Statement as Exhibit E.

### **Capital Improvements to Water and Sewerage System from Current Funds**

The Authority has a long-term capital improvement plan consisting of both water and wastewater projects that expand and improve water supply, treatment, and the distribution system in order to maintain exceptional water quality and customer service, allow the Authority to continue to meet increasing system demands and regulatory compliance, and increase the customer base by expanding the System to provide potable water to areas of Carroll County not currently served by a municipal water system. The capital improvement plan is financed with proceeds from the sale of the Authority’s water and sewerage revenue bonds and investment earnings thereon, internally generated funds, proceeds of loans obtained from Georgia Environmental Finance Authority, other State sources, and federal and local sources.

The following table shows the amounts spent on capital improvements to the System during the last five fiscal years.

<u>Fiscal Year Ended June 30</u>	<u>Capital Improvements</u>
2016	\$ 2,231,736.00
2017	2,566,374.00
2018	2,065,963.98
2019	3,146,289.00
2020	<u>2,972,667.00</u>
Total:	<u>\$12,983,029.98</u>

### Rates, Fees, and Charges

Fees charged for water and sewerage service to residential and non-residential customers are based on metered water or computed wastewater usage, in addition to a fixed monthly charge per unit served. No users are provided with free service other than the Carroll County Fire Department. The Authority establishes rates for water and wastewater services and adjusts the rates from time to time to assure that sufficient revenues are generated to cover costs of operation, maintenance, and debt service, in compliance with the rate covenant set forth in the Bond Resolution. See “THE SERIES 2021 BONDS -Rate Covenant.”

In 2020, the Authority adopted a new rate structure increasing the monthly base fees on both residential water and sewer service by \$1.50 each. The water and sewer consumption rates remained unchanged. The new minimum monthly bills on residential water and sewer are \$19.50 and \$20.36, respectively. The rate changes were implemented on bills received after December 1, 2020. This billing cycle was reflective of water and sewer consumption for the service period from late October through late November. Water and sewer rates are reviewed on a yearly basis. Prior to the 2020 rate adjustment, the Authority’s last rate adjustment was in December of 2019.

All water is metered and sold at a rate per unit (748 gallons) on a monthly basis. A \$19.50 monthly base charge is applied to all residential accounts and includes an allowance for the first two units of water consumption. Tiered usage allowances are based on water meter sizes with larger meters having larger consumption allowances in each rate tier. All sewer charges are based on the metered water consumption with a \$20.36 monthly base charge applied to all residential accounts and includes an allowance for the first two units of water consumption.

Current water and sewer rates are shown below. Tier consumption allowances shown are based on 3/4” and 1” meter sizes. Larger meter sizes have increased allowances.

<u>Rate</u>	<u>Monthly Base Charge</u>	<u>Tier 1 3-8 units</u>	<u>Tier 2 9-14 units</u>	<u>Tier 3 15-20 units</u>	<u>Tier 4 21 units &amp; up</u>
Agricultural	\$19.50	\$3.75	\$3.75	\$3.75	\$3.75
Industrial	19.50	3.75	3.75	3.75	3.75
Residential & Commercial	19.50	3.75	5.63	6.56	7.50
Irrigation	19.50	5.63	7.50	9.38	9.38
Sewer	20.36	4.18	4.18	4.18	4.18

The Authority’s current wholesale rate is \$1.79 per unit to \$2.81 per unit and is reserved for municipal accounts with long-term purchase agreements.

Water and sewer connections fees are based on the size of the meter servicing the facility. Current water and sewer connection fees are shown below.

<u>Meter Size</u>	<u>Water Connection</u>	<u>Min. Monthly</u>	<u>Sewer Connection</u>	<u>Min. Monthly</u>
¾"	\$1,600.00	\$19.50	\$4,000.00	\$20.36
1"	3,000.00	19.50	7,500.00	20.36
1 ½"	6,000.00	19.50	15,000.00	20.36
2"	9,600.00	19.50	24,000.00	20.36
3"	18,000.00	200.00	45,000.00	200.00
4"	30,000.00	200.00	75,000.00	200.00
6"	60,000.00	350.00	150,000.00	350.00
8"	96,000.00	500.00	240,000.00	500.00

Charges for all other connection sizes are based on an Equivalent Residential Unit (ERU). Each ERU will be assessed a charge equal to that of a ¾" connection charge. Meters shall be sized per the AWWA standard.

The Authority assesses fire line connection fees and minimum charges which are as follows:

<u>Type</u>	<u>Connection</u>	<u>Min. Monthly Charge</u>
Single Family Residential	\$2,500	\$15
Commercial, Industrial, Office & Multi-Family	\$6,000	\$100

The Authority assesses account activation charges which include refundable customer deposits and a non-refundable \$50.00 setup and activation charge.

Residential Account Activation Charges

<u>Account Type</u>	<u>Effective August 1, 2013</u>
Owner	\$125 (\$50 account activation, \$75 deposit)
Renter, Tenant, Other	\$200 (\$50 account activation, \$150 deposit)

Other miscellaneous charges and fees assessed by the Authority include the following:

<u>Miscellaneous Fees &amp; Charges</u>	
Delinquent Account Charge	10% of the account balance
Service Call Charge	\$50
Return Check Charge	\$30
Service Reconnection (Turn-On)	\$50
Tampering Charge (1 <sup>st</sup> Occurrence)	\$100
Tampering Charge (2 <sup>nd</sup> Occurrence)	\$300
Tampering Charge (3 <sup>rd</sup> Occurrence)	\$850
Line Extension Recovery Charge	\$800 (if applicable)

**Billing**

Customers are billed on a monthly basis with bills sent on the 20<sup>th</sup> day of the month and due by the 10<sup>th</sup> day of the following month. After the due date, a 10% late charge fee is applied to all delinquent accounts. If a bill remains unpaid by the 1<sup>st</sup> day of the following month, service is subject to termination. A fee is required to restore service to customers who become delinquent in paying water and sewer bills and have their water service cut off. Bad check fees and inactive meter fees are also charged. An automated phone payment system and electronic and bank draft billing are available to customers. Customers can also pay their bills online at any time with a credit or debit card.

### Annual Customer Growth

The following table sets forth the new water and sewerage connections brought onto the System during the past five fiscal years:

#### Carroll County Water Authority Annual Connections

<u>Year</u>	<u>New Water Connections</u>	<u>New Sewer Connections</u>
2016	134	10
2017	194	15
2018	239	21
2019	268	14
2020	256	24

### Historical Numbers of Water and Sewerage Customers

The following table shows historical data of water and sewerage users for the last five fiscal years.

<u>Fiscal Year Ended June 30</u>	<u>Number of Water Customers</u>	<u>Number of Sewer Customers</u>	<u>Water Sold (Gallons)</u>	<u>Sewer Treated (Gallons)</u>
2016	17,213	1,877	1,562,782,936	194,612,000
2017	17,679	1,901	1,624,284,992	169,731,000
2018	17,950	1,926	1,341,970,344	198,831,000
2019	18,214	1,943	1,353,179,124	200,344,000
2020	18,458	1,968	1,510,414,708	202,620,000

### Historical Water and Sewerage Usage

<u>Fiscal Year Ended June 30</u>	<u>Daily Water Production</u>		<u>Daily Sewer Production<sup>1</sup></u>
	<u>Peak MGD</u>	<u>Average MGD</u>	<u>Average MGD</u>
2016	6.89	5.13	0.53
2017	7.37	5.06	0.47
2018	6.36	4.62	0.54
2019	6.57	4.67	0.55
2020	7.13	4.97	0.55

<sup>1</sup> Peak sewer flow data is unavailable; therefore, only average daily sewer production is shown in the table.

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## Ten Largest Water Customers

The following table shows the ten largest customers of the water system for the fiscal year ended June 30, 2020.

<u>Customer</u>	<u>Business</u>	<u>Annual Water Revenue</u>	<u>Percent of Annual Revenue<sup>1</sup></u>
City of Villa Rica	City	\$535,307	4.687%
City of Temple	City	457,783	4.008
City of Mt. Zion	City	118,375	1.036
Carroll County Board of Education	School System	91,659	0.803
Carrollton Nursing Home	Nursing Home	45,850	0.401
Archer Construction, LLC	Construction	34,316	0.300
Carrollton Manor, Inc.	Nursing Home	30,674	0.269
Roane & Roane Properties	MHP	23,762	0.208
Oakwood MHP	MHP	21,091	0.185
Orlando Farms LLC	Poultry	16,569	0.145

The Authority has water purchase contracts in place with its municipal customers, which includes the Authority's three largest users. The contracts with City of Temple and City of Mt. Zion allow for the consumption rate to change with 90 days' notice by the Authority. City of Villa Rica's rate is set by contract with consumption rate adjustments based on CPI (Consumer Price Index). Below is a description of the terms of the contracts.

<u>Customer</u>	<u>Contract Dated</u>	<u>Initial Term</u>	<u>Next Renewal Date</u>
City of Villa Rica	3/7/2005	20 Years	3/7/2025
City of Temple	7/25/2017	30 Years	7/28/2047
City of Mt Zion	7/12/2016	20 Years	7/12/2036

The Authority has renegotiated most of its long-term purchase agreements with municipalities and plans to continue pursuing the renegotiation of the remaining agreements.

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## DEBT STRUCTURE OF THE SYSTEM

### Debt Administration

As an Authority created by an act of the General Assembly of the State of Georgia, long-term borrowing by the Authority is provided through Revenue Bonds issued by the Authority and debt incurred to GEFA. The Authority continues to pay down its existing debt through the collection of connection charges and user fees.

During fiscal year 2015, the Authority completed the issuance of the Series 2015 Bonds in the amount of \$8,015,000. The proceeds from the Series 2015 Bonds were used to completely refinance the remaining outstanding balance of the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2005.

The Authority has debt in the form of direct borrowings from GEFA for construction of various water projects. Debt service on the GEFA loans does not hold a lien on the revenues of the System, but is paid from revenues of the System after payment of debt service for the Authority's revenue bonds and any other senior lien obligations of the System. The Authority is required to maintain a fixed charges coverage ratio greater than 1.05% for each fiscal year until the maturity of the GEFA loans. The Authority and the County entered into an environmental facilities agreement to make the Authority's environmental facilities and services available to residents of the County. The County agrees to make payments to the Authority in amounts sufficient to enable the Authority to pay when due the principal of and interest on the GEFA loans, to the extent the Authority has insufficient funds for such purposes and to levy an annual *ad valorem* tax sufficient to fulfill the County's obligation under these agreements. The total outstanding GEFA notes payable balances as of June 30, 2020 are set forth in Note E of the audited financial statements for the Authority attached as Appendix A to this Official Statement. See "Appendix A – Financial Statements of the Authority" herein.

On July 16, 2020, the Authority adopted resolutions which allowed the Authority to execute modifications to the promissory notes on GEFA loans, DW2019024, DW09013, DW09014, and DW10010 which modified the terms of the notes so the: (1) unpaid principal balance of the above notes would not bear any interest during the period commencing on June 1, 2020 and ending on November 30, 2020 and (2) no principal, interest, or fees would be due or payable during the period commencing on July 1, 2020 and ending on December 31, 2020 and (3) the maturity dates of the above loans were extended by 6 months. Monthly payments resumed commencing on January 1, 2021.

During fiscal year 2016, the Authority executed a loan agreement with GEFA, under the Governor's Water Supply Program, for \$9,070,000, for developing water supply infrastructure related to the Indian Creek Reservoir Project. As of June 30, 2020, \$7,376,997 has been drawn under this loan.

On August 26, 2014, the Authority was awarded a \$10,000,000 loan and on August 22, 2017, the Authority was awarded an additional \$21,000,000, both under the Governor's Water Supply Program. Both loans are contingent of the Authority receiving a 404 permit from the Army Corp of Engineers, prior to executing the loans. As of June 30, 2020, the necessary permits have not been issued and no funds have been drawn under these loans.

On August 20, 2019, the Authority was awarded a \$25,000,000 loan from GEFA's Drinking Water State Revolving Fund to partially fund the Snake Creek Water Plant expansion. The Authority executed the loan agreement with GEFA on January 2, 2020. As of June 30, 2020, \$1,531,706.68 has been drawn under this note.

### Long-Term Debt

A detailed description of the long-term debt and related activities of the Authority is set forth in Note E of the audited financial statements for the Authority attached as Appendix A to this Official Statement. See "Appendix A – Financial Statements of the Authority" herein.

## Conduit Debt

On October 29, 2019 the Authority enter into an intergovernmental contract with City of Temple to facilitate the issuance of the CARROLL COUNTY WATER AUTHORITY REFUNDING REVENUE BONDS (CITY OF TEMPLE PROJECT), SERIES 2019, in the principal amount of \$4,220,000 (the “Series 2019 Bonds”). The Series 2019 Bond proceeds were used to refund and redeem the outstanding Series 2010 Bonds which are now defeased. The intergovernmental agreement creates a conduit debt obligation, where under the terms of the agreement, the Series 2019 Bonds are not a general obligation of Authority or a lien on the Net Revenues of the System, but, rather, are exclusively secured by the City of Temple contract payments contractually obligated to be made by the intergovernmental agreement. Under the terms of the intergovernmental agreement, the City of Temple shall provide for the assessment and collection of an annual *ad valorem* tax sufficient in amount to provide funds annually to the extent necessary to make all contract payments due under the intergovernmental contract.

## Debt Service Schedule

The principal and interest payment requirements of the Authority with respect to the Series 2015 Bonds, the Series 2021A Bonds and the Series 2021B Taxable Bonds are as follows:

<u>July 1 of the Year</u>	<u>Series 2015 Bonds Debt Service</u>	<u>Series 2021A Bonds Debt Service</u>	<u>Series 2021B Taxable Bonds Debt Service</u>	<u>Total Debt Service</u>
07/01/2021	-	-	-	-
07/01/2022	\$1,169,650.00	\$ 1,105,035.41	\$177,109.59	\$ 2,451,795.00
07/01/2023	81,050.00	1,078,350.00	641,144.00	1,800,544.00
07/01/2024	79,668.76	1,082,950.00	643,419.00	1,806,037.76
07/01/2025	83,287.50	1,071,350.00	639,404.00	1,794,041.50
07/01/2026	81,800.00	1,079,150.00	643,464.00	1,804,414.00
07/01/2027	79,000.00	1,080,550.00	646,576.00	1,806,126.00
07/01/2028	86,200.00	1,075,750.00	642,969.00	1,804,919.00
07/01/2029	78,000.00	1,084,950.00	648,194.00	1,811,144.00
07/01/2030	-	1,077,550.00	641,630.00	1,719,180.00
07/01/2031	-	1,054,150.00	804,373.00	1,858,523.00
07/01/2032	-	835,350.00	802,741.00	1,638,091.00
07/01/2033	-	808,950.00	-	808,950.00
07/01/2034	-	599,150.00	-	599,150.00
07/01/2035	-	590,050.00	-	590,050.00
07/01/2036	-	590,800.00	-	590,800.00
07/01/2037	-	591,100.00	-	591,100.00
07/01/2038	-	590,950.00	-	590,950.00
07/01/2039	-	590,350.00	-	590,350.00
07/01/2040	-	589,300.00	-	589,300.00
07/01/2041	-	587,800.00	-	587,800.00
07/01/2042	-	586,500.00	-	586,500.00
<b>Total:</b>	<b>\$1,738,656.26</b>	<b>\$17,750,085.41</b>	<b>\$6,931,023.59</b>	<b>\$26,419,765.26</b>

### Historical Debt Service Coverage Ratios

During fiscal years 2016 through 2020, the Authority had outstanding Series 2012 Bonds and Series 2015 Bonds as well as certain outstanding loans with GEFA the proceeds of which were used to finance improvements to the System. Each of the Authority’s GEFA loans (the “**GEFA Loans**”) is secured by a promissory note payable to GEFA and is based upon a contract which requires that the Authority establish and collect rents, rates, fees, charges, or sources of revenue from taxes or other sources sufficient to pay the principal and interest on the loans as they became due and payable. Debt service on the GEFA Loans does not hold a lien on the revenues of the System, but is paid from revenues of the System after payment of debt service for the Authority’s revenue bonds and any other senior lien obligations of the System.

Set forth below are the System’s historical debt service coverage ratios of Net Revenues Available for Debt Service on the Authority’s water and sewerage revenue bonds and the GEFA Loans for the past five fiscal years.

	<b>Debt Service Coverage</b>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Historical Net Revenues Available for Debt Service <sup>1</sup>	\$4,532,505	\$5,603,788	\$4,840,188	\$5,087,748	\$5,743,015
Historical Debt Service on Series 2012 and 2015 Bonds <sup>2</sup>	<u>834,815</u>	<u>1,840,870</u>	<u>1,857,020</u>	<u>1,824,270</u>	<u>\$1,824,795</u>
Historical Debt Service Coverage Ratio on Bonded Debt	5.43	3.04	2.61	2.79	3.15
Historical Debt Service on Series 2012 Bonds, Series 2015 Bonds & GEFA Loans	<u>1,373,357</u>	<u>2,308,235</u>	<u>2,347,746</u>	<u>2,314,996</u>	<u>\$2,315,521</u>
Historical Debt Service Coverage Ratio (All Debt)	3.30	2.43	2.06	2.20	2.48

<sup>1</sup> Net Operating Income plus Depreciation and Interest Income.

<sup>2</sup> Debt service on the GEFA Loans is not included in this calculation because such debt does not hold a lien on the revenues of the System, but is paid from revenues of the System after payment of debt service for the Authority’s water and sewerage revenue bonds and any other senior lien obligations of the System.

A summary of projected revenues, expenses and debt coverage ratios throughout the life of the Series 2021 Bonds is set forth in the Engineering Report attached hereto as Appendix E to this Official Statement. Assumptions used in development of the projections by Krebs Engineering, Inc. are included below the debt coverage projection table.

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## FINANCIAL INFORMATION CONCERNING THE SYSTEM

### The System's Six Year Operating History

The table below sets forth an historical, comparative summary of revenues and expenses of the System for the past six fiscal years. Information in the table for fiscal years 2016 to 2020 has been extracted from audited financial statements of the Authority for the fiscal years ended June 30, 2016 to June 30, 2020. Information in the table for fiscal year 2021 has been prepared without audit and represents revenues and expenditures for eight months ended February 28, 2021.

Although taken from audited financial statements (in the case of information shown for fiscal years 2016 through 2020 only), no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the System for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the Authority for fiscal year 2020, which are included in this Official Statement as Appendix A, to the audited financial statements of the Authority for fiscal years 2016 to 2019, and to the unaudited financial information for fiscal year 2021, copies of which are available from the Authority upon request.

#### Water and Sewerage Enterprise Fund Statement of Revenues and Expenses

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021<sup>1</sup></u>
<b>Operating Revenue</b>						
Water sales	\$8,446,113	\$9,053,235	\$8,395,512	\$8,828,312	\$9,739,630	\$6,681,213
Sewer sales	642,571	694,834	684,401	725,645	773,890	552,753
Penalty charges	278,919	274,288	275,248	276,463	275,336	289,689
Connection fees	316,520	441,710	529,236	542,393	584,236	25,705
Other fees and charges	<u>42,889</u>	<u>342,687</u>	<u>57,807</u>	<u>4,7388</u>	<u>48,105</u>	<u>434,657</u>
<b>Total Operating Revenue</b>	9,727,013	10,806,755	9,942,205	10,420,203	11,421,197	7,984,016
<b>Operating Expenses</b>						
Depreciation and amortization	1,576,725	1,688,088	1,785,173	1,836,684	1,911,533	1,356,220
Personal services and employee benefits	3,248,269	3,283,595	3,235,792	3,523,627	3,628,273	2,334,944
Purchased/contracted services	1,584,844	1,475,488	1,380,485	1,414,087	1,372,813	597,341
Supplies	<u>509,956</u>	<u>599,789</u>	<u>485,741</u>	<u>595,982</u>	<u>677,097</u>	<u>862,977</u>
<b>Total Operating Expenses</b>	6,919,793	7,046,959	6,887,190	7,370,378	7,589,715	5,151,482
<b>Net Operating Income (Loss)</b>	2,807,220	3,759,796	3,055,015	3,049,825	3,831,482	2,832,534
<b>Non-Operating Revenue (Expenses)</b>						
Interest income	25,465	15,374	58,134	201,239	171,119	21,107
Interest expense and fiscal charges	<u>(600,792)</u>	<u>(566,985)</u>	<u>(529,020)</u>	<u>(470,565)</u>	<u>(421,418)</u>	<u>(214,862)</u>
<b>Total Non-Operating Revenue (Expenses)</b>	(575,327)	(551,611)	(470,885)	(269,325)	(250,299)	(193,755)
<b>Income (Loss) Before Contributions</b>	2,231,894	3,208,185	2,584,130	2,780,499	3,581,183	2,638,799
<b>Capital Contributions</b>	148,560	140,530	-	-	-	-
<b>Net Income (Loss)</b>	\$2,380,453	\$3,348,715	\$2,584,130	\$2,780,499	\$3,581,183	2,638,799

<sup>1</sup> Information in the table for fiscal year 2021 has been prepared without audit and represents revenues and expenditures for 8 months ended February 28, 2021.

## **Management Comments Concerning Material Trends in Revenues and Expenditures**

*Fiscal Year 2020.* The Authority implemented a modest \$1.00 base fee increase in January of 2020. Operating Revenues for Fiscal Year 2020 increased to \$11,421,197 and Operating Expenses increased, during 2020, to \$7,589,715. The City of Villa Rica purchased more water than in the prior year, which contributed to the increase in revenues and an increase in expenses due to marginal cost of water production. The amount of rainfall the County has in a given year, impacts the volumetric consumption of our customer base. The Authority continues to increase the fixed rate base charge to better match with the fixed charges associated with outstanding debt.

*Fiscal Year 2021.* Since the end of Fiscal Year 2020, the Authority has increased its water system customer base by 286 customers and now has 18,458 customers as of March 18, 2021. The Authority implemented a \$1.50 base fee increase in December of 2020. The Authority continues to increase its fixed rate base charge to match with the fixed charges associated with outstanding debt. Operating Revenues as of February 28, 2021 were \$7,984,016 and Operating Expense were \$5,151,482. Both are positive trends from budgeted amounts. GEFA deferred payments on all loans in repayment status from July 2020 to January 2021 and did charge interest on loans in draw status for the same time frame.

The Authority continues to supply water to the City of Temple, City of Villa Rica, City of Mt Zion, City of Whitesburg, and Cleburne County Alabama at municipal rates. The Authority's largest customer is City of Villa Rica. The Authority has been active with capital improvement projects. Capital projects in progress, during the year, include water line extension projects, Rainey Road Tank and start of the construction phase of the Water Treatment Plant Expansion. The Authority continues to progress with the acquisition of property and applying for the regulatory approvals required for the Indian Creek Reservoir project.

### **Impact of COVID-19 on the System**

In response to the COVID-19 pandemic, the Authority increased its inventory of water treatment chemicals and lab testing chemicals to be prepared for potential interruptions in supply of essential materials necessary to provide its service area with potable water. Interruptions in supply did not materialize. The Authority utilized split staff scheduling, temperature testing, hygiene standards, quarantine measures, back to work procedures along with closing the administration lobby to the public to minimize the impacts of COVID-19 exposure on staff.

Due to the COVID-19 pandemic, the Authority suspended service shut-offs for delinquent bills from March 2020 through June 2020. As a result, delinquent bills increased, and reconnection fees were impacted. The Authority actively manages its balance sheet in a manner that provides protection in a downturn and to provide sufficient cash to absorb the reduction in cash flow during the period of delinquent water and sewer bills.

In July of 2020, after a period of customer notifications, the Authority resumed shutoffs for delinquent bills. In July and August of 2020, the Authority experienced higher than normal delinquencies and shutoffs for nonpayment. In September of 2020, both delinquencies and shutoffs returned to normal levels and have remained at that level ever since. The Authority did not experience an increase in cost to collect delinquent bills since collections are preformed internally during our normal operating procedures.

The financial position of the Authority was not materially impacted in either fiscal year 2020 or fiscal year 2021 by COVID-19.

### **Treatment Plant/Westinghouse**

The Authority previously received a contribution of the water and wastewater system constructed by the developers of a golf and country club community known as Fairfield Plantation. The obligation of the Authority in return for this contribution has changed numerous times over the years as conditions have changed, and were set forth in that certain Amendment to Contract dated as of July 1, 1986 (the "**Amendment**"), between the Authority and Westinghouse Communities, Inc. ("**WCI**"), as successor in interest to Treasure Lake of Georgia, Inc., formerly a Delaware corporation and now dissolved, amending that certain agreement, dated March 1, 1981, between the Authority and WCI (the "**Contract**"), as interpreted and

enforced in accordance with the provisions of the Consent Order Settling Action and Final Judgment, CV Number C85-126N, issued in the United States District Court for the Northern District of Georgia, Newnan Division. Originally, the Authority was obligated to construct a 300,000-gallon wastewater treatment facility at Fairfield Plantation and pay to WCI each month 50% of all availability fees. The Authority was also required to escrow each month 50% of tap fees not to exceed \$585 per tap to fund the final 150,000-gallon expansion to the sewage treatment plant. Upon completion of and payment for this final expansion, the entire balance in the escrow account was to be paid to WCI. At that time, 50% of the tap fees not exceeding \$585 per tap were to be remitted to WCI monthly.

WCI agreed, beginning July 1, 1991, to defer its right to tap fees. Instead, these funds were used by the Authority to expand Fairfield Plantation wastewater treatment facilities. These funds have been transferred to the treatment plant account and used for these purposes.

Pursuant to the Contract and Amendment as interpreted and enforced in accordance with the provisions of the Consent Order Settling Action and Final Judgment, CV Number C85-126N, issued in the United States District Court for the Northern District of Georgia, Newnan Division, the tap fee payments and the availability fees paid by the Authority were to applied until the earlier of \$3,700,000 having been paid or until August 1, 2019, at which time no further payments would be required. In August, 2019, payments to WCI totaled less than \$3,700,000, but the Authority had no further obligation to continue the payments as of August 1, 2019.

### **Accounting Policies**

The accounting policies of the Authority conform to generally accepted accounting procedures as applicable to governmental units. The Authority employs an enterprise fund concept to account for its operations which are financed and operated in a manner similar to private business enterprises. An enterprise fund is a proprietary fund. All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when the service is received, and the related liability is incurred. All utility service receivables are recorded at year end. Since the Authority operates solely on its generated revenues, there are no appropriations. Significant Accounting Policies of the Authority are set forth in the notes to the audited financial statements for the Authority attached as Appendix A to this Official Statement. See “Appendix A – Financial Statements of the Authority” herein.

### **Independent Auditors’ Reports**

The auditor reports on the financial statements of the Authority for the fiscal years ended June 30, 2016 through June 30, 2020 state that said financial statements present fairly, in all material respects, the financial position of the Authority as of each respective fiscal year, and the results of its operations and cash flows for each respective fiscal year in conformity with accounting principles generally accepted in the United States.

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## Operating Budget of the System

The staff of the Authority prepares an annual operating budget for the System for management control purposes. The budget, which is developed on a zero-base budget concept, sets out the allocation of anticipated operating revenues. The proposed budget is reviewed, finalized, and approved by the members of the Authority. The Authority anticipates approving a budget for fiscal year 2022 on May 20, 2021.

### Carroll County Water Authority Budget for Fiscal Year Ending June 30, 2021

	<u>2021</u>
Operating Revenue	
Water sales	\$ 8,906,000
Sewer sales	730,000
Connection fees	439,000
Other income	25,000
Other fees and charges	<u>476,000</u>
Total Operating Revenue	\$10,576,000
Operating Expenses	
Depreciation and amortization	\$2,084,000
Personal services and employee benefits	3,901,650
Purchased/contracted services	1,005,000
Supplies	<u>1,391,800</u>
Total Operating Expenses	\$8,382,450
Net Operating Income (Loss)	\$2,193,550
Non-Operating Revenue (Expenses)	
Interest income	\$ 60,000
Interest expense	(368,032)
Total Non-Operating Revenue (Expenses)	\$(308,032)
Excess Income Over (Under) Expenses	<u>\$1,885,518</u>
Ending Fund Balance 6/30	<u>\$61,830,850</u>

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## THE AUTHORITY

### Introduction

The Authority is a body corporate and politic, deemed to be a political subdivision of the State of Georgia and a public corporation created under the provisions of Georgia Laws 1967, p. 2861 *et seq.*, as amended by Georgia Laws 1968, p. 2368 *et seq.*, Georgia Laws 1972, p. 2555 *et seq.*, Georgia Laws 1995, p. 3606 *et seq.*, Georgia Laws 2001, p. 4380 *et seq.*, and Ga. Laws 2020, p. 3890 *et seq.* (the “**Act**”). The Authority was formed in 1967 to furnish potable water to the various municipalities, individuals, businesses, residences, and other water users located in Carroll County and its environs, including adjoining counties, other counties, states, and municipalities therein, to the extent such can be feasibly and economically served. In 1968, the scope of the Authority was expanded to include the provision of sewerage services.

### Governing Body

Members of the Board of the Authority (the “**Board**”) are appointed by one of two methods: (i) by the Carroll County Board of Commissioners (the “**Board of Commissioners**”), or (ii) upon appointment by those municipalities to which water is supplied or purchased. The Chairman of the Board of Commissioners and each County commissioner appoint a representative to the Board to represent his/her district within the County. Members appointed by municipalities are nonvoting members of the Authority and serve at the pleasure of the Mayor and Council of their respective cities. Current members of the Board are as shown below:

<u>Name</u>	<u>Title</u>	<u>Appointing Body</u>	<u>Expiration of Term</u>
Trey Wylie	Chairman	Board of Commissioners	December 31, 2021
Rev. Joe Neal	Vice Chairman	Board of Commissioners	December 31, 2022
Aaron McWhorter	Member	Board of Commissioners	December 31, 2022
Bobby Holcombe	Member	Board of Commissioners	December 31, 2021
Amanda Smith	Member	Board of Commissioners	December 31, 2021
Barry Huff	Member	Board of Commissioners	December 31, 2022
John Tanner, III	Member	Board of Commissioners	December 31, 2022
Tony Richardson	Member	City of Carrollton	*
Donald Newman	Member	City of Mt. Zion	*
Howard Walden	Member	City of Temple	*
Peter Zorbanos	Member	City of Villa Rica	*
Teresa B. Adams	Secretary	CCWA	By Appointment

\* Serve at the pleasure of the Mayor and Council of each City, respectively.

### Management

*Executive Director.* The day-to-day management of the Authority is conducted by the Executive Director, who is appointed by and serves at the pleasure of the Board of Directors of the Authority, and who reports directly to the Board of Directors. This position is responsible for the overall administration, operations, and planning activities of the Authority, including personnel, financial budgets, purchasing, public relations, policies and procedures, and environmental compliance. Matt Windom has served as Executive Director since July 2006. Mr. Windom graduated from the Georgia Institute of Technology with a Bachelor of Science degree in Civil Engineering. Mr. Windom also holds a Georgia professional engineering license and has spent his career in the water resources industry with both private and public companies. Mr. Windom has been a part of many local and regional water planning efforts, including being chairman of the Middle Chattahoochee Water Planning Council. Mr. Windom started his career as a project engineer for a civil engineering consulting firm and later joined the Carroll County Water Authority as a project engineer. In 2006, following three years with the Authority, Mr. Windom was promoted to Executive Director.

*Chief Financial Officer.* The Chief Financial Officer reports to the Executive Director and has primary day-to-day responsibility for planning, implementing, managing, and controlling all financial and customer service related activities of the Authority. This includes direct responsibility of all accounting and finance

operations, including but not limited to collection of meter data, completion of service requests, preparation of utility bills, payroll, budgets, financial reports and statements, financial planning and full compliance with generally accepted accounting principles. Responsibilities also include the managing and controlling of purchasing and inventory activities as well as the Authority's front office operations. This position is responsible for maintaining a positive environment for subordinates and customers of the Authority. Greg Akins currently serves as the Chief Financial Officer. Mr. Akins graduated from the University of West Georgia with a Bachelor of Business Administration in Accounting and has worked in the banking industry for over 31 years. Mr. Akins started his career as a bank examiner for the State of Georgia and then became Chief Financial Officer of Citizens Bank and Trust of West Georgia. In 2005 Mr. Akins became Chief Operating Officer of First Georgia Banking Company in Carrollton. In 2011 Mr. Akins joined Will Robinson, CPA, LLC, specializing in governmental accounting. In 2014, Mr. Akins joined the Authority as Chief Financial Officer.

### **Employees, Employee Relations, and Employee Benefits**

As of March 18, 2021, the Authority had 37 full-time employees and 2 part-time employees. Management believes that it enjoys an excellent relationship with its employees. The Authority has never experienced a major disruption of services due to a strike or employee action. No employees belong to labor unions or other collective bargaining groups and the Authority has no knowledge of any union organizing efforts.

The Authority provides a full range of employee benefits for employees, including health insurance, life insurance, and a personal days off program, covering employee absences for sick leave, vacation and holidays and educational opportunities.

### **Governmental Immunity and Insurance Coverage**

*Governmental Immunity.* Under Georgia law, the defense of sovereign immunity is available to the Authority, as a political subdivision of the State of Georgia, except for actions for the breach of written contracts and actions for the recovery of damages for any claim for which liability insurance protection has been provided, but only to the extent of the liability insurance provided. The Authority, however, 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 Authority in the exercise of its delegated powers.

*Insurance Coverage.* The Authority carries commercial 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. The Authority also carries property and casualty damage insurance on its buildings and other physical assets. See "Appendix B: FORM OF THE BOND RESOLUTION" for a description of the Authority's covenants regarding insurance for the System. The Authority's financial statements, included as Appendix A to this Official Statement, contains a detailed discussion of the Authority's risk management.

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## CARROLL COUNTY - ECONOMIC AND DEMOGRAPHIC INFORMATION

### Introduction

The County is a political subdivision created and existing under the laws of the State of Georgia. The County is located approximately 34 miles west of Atlanta on the Alabama border. There are eight municipalities in the County: Carrollton, Bowdon, Bremen, Mt. Zion, Roopville, Temple, Villa Rica, and Whitesburg. Carrollton is the county seat. The County has a land area of approximately 503.9 square miles and is the 29th largest of Georgia's 159 counties.

The population of the County grew 54.8% during the 20 year period from 1990 to 2010, from 71,422 residents in 1990 to 110,527 residents in 2010. This compares with the State's total population growth of 49.5% percent during the same 20 year period. The County had a population of 119,992 residents according to 2019 U.S. Census Bureau estimates, the latest available.

Set forth below are the percentages of land use for various categories within the territorial limits of the County, computed based upon the acres of land for the various categories set forth in the tax digest for each respective year.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	24.7%	28.4%	31.3%	31.5%	32.1%
Agricultural	23.8	25.6	22.8	24.8	23.4
Preferential	0.3	0.4	0.4	0.3	0.3
Conservation Use	32.3	37.2	37.6	35.7	35.7
Forest Land Conservation	1.1	2.3	2.4	2.4	2.2
Commercial	2.0	2.3	2.3	2.2	2.3
Industrial	0.7	0.8	0.9	0.9	0.9
Utility	0.1	0.1	0.1	0.1	0.1
Timber	15.0	2.9	2.0	2.0	2.6
Other	<u>0.0</u>	<u>0.0</u>	<u>0.2</u>	<u>0.1</u>	<u>0.4</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: State of Georgia Department of Revenue, Local Government Services Division, County Digest Section.

### Population Information

The following table sets forth the population, including percentage of annual increase, in the County, the State of Georgia, and the United States.

<u>Year</u>	<u>Carroll County</u>	<u>Percentage Change</u>	<u>Georgia</u>	<u>Percentage Change</u>	<u>United States</u>	<u>Percentage Change</u>
1960	36,451	--	3,943,116	--	179,323,175	--
1970	45,404	24.6%	4,589,575	16.4%	203,211,926	13.3%
1980	56,346	24.1	5,463,105	19.0	226,545,805	11.5
1990	71,422	26.8	6,478,216	18.6	248,709,873	9.8
2000	87,268	22.2	8,186,453	26.4	281,421,906	13.2
2010	110,527	26.7	9,687,653	18.3	308,745,538	9.7

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 Carroll County, the State of Georgia, and the United States for the years 2016 through 2020. Information for the County is not yet available for year 2020.

<u>Year</u>	<u>Carroll County</u>	<u>Georgia</u>	<u>United States</u>
2016	\$35,803	\$42,896	\$50,015
2017	37,034	44,894	52,118
2018	38,359	46,957	54,606
2019	39,147	48,236	56,490
2020*	-	51,166	59,729

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data (counties last updated November 17, 2020, State and Country last updated March 24, 2021). Data for year 2020 is preliminary.

## Bank Deposits

As of June 30, 2020, nine financial institutions with a total of twenty branch offices provided banking services within the County. The following are the total deposits in the County's financial institutions as of June 30 in each of the years 2016 through 2020.

<u>Year</u>	<u>Amount</u>	<u>Percentage Change</u>
2016	\$1,477,904,000	--
2017	2,199,237,000	48.8%
2018	2,465,171,000	12.1
2019	1,883,295,000	(23.6)
2020	2,302,231,000	22.2

Source: State of Georgia, Department of Banking and Finance.

## Industry and Employment

*Civilian Employment Statistics of Carroll County.* 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Employment	50,247	52,048	52,470	53,325	51,009
Unemployment	<u>3,209</u>	<u>2,734</u>	<u>2,185</u>	<u>1,885</u>	<u>3,466</u>
Total Labor Force	53,456	54,782	54,655	55,210	54,475
County Unemployment Rate	6.0%	5.0%	4.0%	3.4%	6.4%
State Unemployment Rate	5.4%	4.7%	3.9%	3.4%	6.5%
U.S. Unemployment Rate	4.9%	4.7%	3.9%	3.7%	8.1%

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

As of March 2021, the unemployment rate for the United States was 6.0%, the State of Georgia was 4.5%, and Carroll County was 3.8%. The increase in the unemployment rate in 2020 throughout all regions of the United States was primarily attributable the government mandated temporary shut-downs of many private-sector businesses arising from the public health emergency posed by COVID-19 commencing in March 2020.

*Economic Sector Distribution.* The following table shows the average percentage of persons who worked in each major sector of the local economy in Carroll County in the years 2016 through 2020. Data are annual averages for each respective year, with the exception of 2020 which is the quarterly average for the 3<sup>rd</sup> quarter 2020. Figures are based on employees covered under the State unemployment insurance program.

<u>Industry</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020<sup>1</sup></u>
Agriculture, Forestry, Fishing & Hunting	0.3%	0.4%	0.4%	0.3%	0.3
Mining	*	*	*	*	*
Construction	5.6	6.0	6.0	5.9	6.7
Manufacturing	17.5	17.8	18.5	18.5	17.0
Utilities	0.5	*	*	0.4	0.4
Wholesale Trade	3.1	3.0	3.3	3.4	3.7
Retail Trade	13.1	12.8	12.3	12.0	12.8
Transportation and Warehousing	1.8	1.9	1.9	2.2	2.5
Information	1.7	1.6	1.5	2.2	2.0
Finance and Insurance	1.6	1.6	1.5	1.4	1.5
Real Estate and Rental and Leasing	0.8	0.7	0.7	0.8	0.7
Professional Scientific & Technical Svc	1.5	1.6	1.6	1.7	2.0
Management of Companies and Enterprises	*	*	*	*	*
Admin., Support, Waste Mgmt, Remediation	6.0	5.3	4.9	4.5	5.3
Education Services	*	0.4	0.4	*	*
Health Care and Social Assistance	13.7	13.7	13.9	14.2	14.1
Arts, Entertainment, and Recreation	0.5	0.6	0.6	0.7	0.8
Accommodation and Food Services	11.2	11.5	11.6	11.7	10.8
Other Services (except Public Admin.)	1.9	1.7	1.7	1.7	1.6
Unclassified - industry not assigned	0.2	0.1	0.2	0.2	0.2
Federal, State, and Local Government	<u>15.8</u>	<u>16.1</u>	<u>16.0</u>	<u>15.8</u>	<u>15.6</u>
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

<sup>1</sup> As of 3<sup>rd</sup> quarter 2020.

\* 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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*Private Employers.* Set forth below are the ten largest private employers located in the County as of June 30, 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 County 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>
Southwire	Wire & Cable	3,400
Tanner Health System	Health System	2,800
Decostar/Magna	Automotive Parts	830
Greenway Health	Software	730
Pligrim's Pride	Poultry Processing	730
Bremen Bowdon Investment	Apparel	560
Printpack	Flexible Packaging	550
Flowers Baking Co.	Baked Goods	494
Sugar Foods	Sugar Substitutes; Salad Toppings	390
Wal-Mart.com	E-Commerce Fulfillment	386

Source: Carroll County Chamber of Commerce

*Public Employers.* Set forth below are the largest public employers located in Carroll County as of June 30, 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>
Carroll County Schools	School System	1,828
University of West Georgia	University	1,200
Carroll County, Georgia	County Government	650
Carrollton City Schools	School System	744
City of Carrollton	City Government	413

Source: Carroll County.

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## LEGAL MATTERS

### Litigation

The Authority, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of the affairs of the System. The Authority, after reviewing the current status of all pending and threatened litigation relating to the System with its counsel, Sam D. Price, Attorney, LLC, 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 Authority relating to the System 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 System.

There is no litigation now pending or, to the knowledge of the Authority, threatened against the Authority which restrains or enjoins the issuance or delivery of the Series 2021 Bonds, the provision for the security for the payment of the Series 2021 Bonds, the use of the proceeds of the Series 2021 Bonds, or which questions or contests the validity of the Series 2021 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the Authority nor the title of the present members or other officials of the Authority to their respective offices is being contested or questioned.

### Legal Proceedings

*Validation of Series 2021 Bonds.* As required by the Revenue Bond Law, the Authority will cause proceedings to be initiated in the Superior Court of Carroll County, Georgia to validate the Series 2021 Bonds and the security therefor. Final judgment confirming and validating the Series 2021 Bonds and the security therefor will be entered prior to the issuance of the Series 2021 Bonds. Under Georgia law, the judgment of validation is forever conclusive against the Authority with respect to such validation of the Series 2021 Bonds and the security therefor.

*Opinions of Counsel.* All legal matters incidental to authorization and issuance of the Series 2021 Bonds are subject to the approval of Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel. It is anticipated that the approving opinions of Bond Counsel will be in substantially the form included in Appendix C. Certain legal matters will be passed upon for the Authority by its counsel, Sam D. Price, Attorney, LLC, Carrollton, Georgia. Certain legal matters will be passed upon for the Underwriter by its counsel, Gray Pannell & Woodward LLP, Savannah, Georgia.

The various legal opinions to be delivered concurrently with the delivery of the Series 2021 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.

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## TAX STATUS

### The Series 2021A Bonds

*Federal Tax Exemption.* In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 2021B Taxable Bonds is not excludable from gross income of the holders of the Series 2021B Taxable Bonds for federal income tax purposes. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds

*State Tax Exemption.* In the opinion of Bond Counsel, interest on the Series 2021A Bonds is exempt from present State of Georgia income taxation.

*Maintenance of Tax Status.* The Code and the regulations promulgated thereunder contain a number of restrictions, conditions and requirements that must be satisfied subsequent to the issuance of the Series 2021A Bonds in order for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the Series 2021A Bonds in the gross income of the holders thereof for federal income tax purposes retroactively to the date of issuance of the Series 2021A Bonds. The Authority has covenanted to comply with each such requirement of the Code that must be satisfied subsequent to the issuance of the Series 2021A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel is subject to the condition that the Authority complies with all such requirements. Bond Counsel has not been retained to monitor compliance with the described post-issuance tax requirements subsequent to the issuance of the Series 2021A Bonds. Bond Counsel has not undertaken to determine or to inform any person whether any action taken or not taken or any event occurring or not occurring after the date of issuance of the Series 2021A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2021A Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code by the Treasury Department or the Internal Revenue Service, or future court decisions may cause interest on the Series 2021A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent owners of the Series 2021A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for or marketability of the Series 2021A Bonds. Prospective purchasers of the Series 2021A Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, regulatory initiatives or litigation.

The opinions expressed by Bond Counsel are based upon existing law, legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021A Bonds, cover certain matters not directly addressed by such authorities, and represent Bond Counsel’s judgment as to the treatment of the Series 2021A Bonds for federal income tax purposes. Such opinions are not binding on the Internal Revenue Service (the “IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Series 2021A Bonds ends with the issuance of the Series 2021A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners of the Series 2021A Bonds regarding the tax-exempt status of the Series 2021A Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the beneficial owners) other than the Authority and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of Series 2021A Bonds is difficult, obtaining an independent review of IRS positions with which

the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2021A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2021A Bonds, and may cause the Authority or the beneficial owners of the Series 2021A Bonds to incur significant expense.

As to certain questions of fact material to the opinion of Bond Counsel, Bond Counsel has relied upon representations and covenants made on behalf of the Authority and certificates of appropriate officers and public officials (including certifications as to the use of proceeds of the Series 2021A Bonds and of the property financed or refinanced thereby).

Reference is made to the proposed form of opinions of Bond Counsel relating to the Series 2021A Bonds attached hereto in Appendix C for the complete text thereof. See also “LEGAL MATTERS” herein.

*Premium Bonds.* Certain of the Series 2021A Bonds have been sold to the public at an original issue premium. The Series 2021A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the “**Tax-Exempt Premium Bonds**”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Tax-Exempt Premium Bonds, the interest on which is excludable from gross income. However, the purchaser’s basis in a Tax-Exempt Premium Bond will be reduced by the amount of the amortizable bond premium properly allocable to such purchaser during each year. Proceeds received from the sale, exchange, redemption, or payment of a Tax-Exempt Premium Bond in excess of the owner’s adjusted basis (as reduced pursuant to § 1016(a)(5) of the Code) will be treated as a gain from the sale or exchange of such Tax-Exempt Premium Bond and not as interest.

The federal income tax treatment of bond premium under the Code, including the determination of the amount of amortizable bond premium that is allocable to each year, is complicated and holders of Tax-Exempt Premium Bonds should consult an independent tax advisor in order to determine the federal income tax consequences to such holders of purchasing, holding, selling, or surrendering a Tax-Exempt Premium Bond at its maturity.

*Original Issue Discount Bonds.* Certain of the Series 2021A Bonds have been sold to the public at an original issue discount (the “**Tax-Exempt Discount Bonds**”). Generally, original issue discount is the excess of the stated redemption price at maturity of such a Tax-Exempt Discount Bond over the initial offering price to the public (excluding underwriters and other intermediaries) at which price a substantial amount of that maturity of the Tax-Exempt Discount Bonds was sold. Under existing law, an appropriate portion of any original issue discount, depending in part on the period a Tax-Exempt Discount Bond is held by the purchaser thereof, will be treated for federal income tax purposes as interest that is excludable from gross income rather than as taxable gain.

Under § 1288 of the Code, original issue discount on Series 2021A Bonds accrues on a compounded basis. The amount of original issue discount that accrues to an owner of a Tax-Exempt Discount Bond, who acquires the Tax-Exempt Discount Bond in this initial offering, during any accrual period generally equals (i) the issue price of such Tax-Exempt Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Tax-Exempt Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (iii) any interest payable on such Tax-Exempt Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in such Discount Bond. Proceeds received from the sale, exchange, redemption, or payment of a Tax-Exempt Discount Bond in excess of the owner’s adjusted basis (as increased by the amount of original issue discount that has accrued and has been treated as tax-exempt interest in such owner’s hands), will be treated as a gain from the sale or exchange of such Tax-Exempt Discount Bond and not as interest.

The federal income tax consequences from the purchase, ownership and redemption, sale, or other disposition of Tax-Exempt Discount Bonds which are not purchased in the initial offering at the initial offering

price may be determined according to rules which differ from those described above. Owners of Tax-Exempt Discount Bonds should consult their own tax advisors with respect to the consequences of owning Tax-Exempt Discount Bonds, including the effect of such ownership under applicable state and local laws.

*Other Tax Consequences.* Prospective purchasers of the Series 2021A Bonds should be aware that ownership of the Series 2021A Bonds may result in collateral federal income tax consequences to certain taxpayers depending upon their status and income. Prospective purchasers of the Series 2021A Bonds should consult independent advisors as to the consequences of owning the Series 2021A Bonds, including the effect of such ownership under applicable state and local laws and any collateral federal income tax and state tax consequences.

*Information Reporting and Backup Withholding.* Interest paid on the Series 2021A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2021A Bonds from gross income for federal income tax purposes, however, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2021A Bonds, under certain circumstances, to “backup withholding” at the fourth lowest rate applicable to unmarried individuals with respect to payments on the Series 2021A Bonds and proceeds from the sale of the Series 2021A Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2021A Bonds. This backup withholding generally applies if the owner of Series 2021A Bonds (i) fails to furnish the paying agent (or other person who otherwise would be required to withhold tax from such interest payments) such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnishes the paying agent an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances fails to provide the paying agent or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2021A Bonds also may wish to consult with independent tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions from backup withholding.

*Disposition of the Series 2021A Bonds.* Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement, reissuance or other disposition of a Series 2021A Bond may result in a taxable event for federal income tax purposes.

## **The Series 2021B Taxable Bonds**

The following general discussion sets forth certain of the anticipated federal income tax consequences from the purchase, ownership, or disposition of the Series 2021B Taxable Bonds. This summary and the opinions referred to below are based upon the Code, including regulations, rulings, and decisions now in effect, all of which are subject to change. The discussion below does not purport to address all aspects of federal taxation that may be relevant to particular investors in light of their individual circumstances, or to certain types of investors subject to special treatment under the federal income tax laws. Moreover there can be no assurance that contrary positions to those positions expressed below will not be taken by the Internal Revenue Service.

A prospective purchaser of the Series 2021B Taxable Bonds or other taxpayer should seek advice from an independent tax advisor which is based on the taxpayer’s particular circumstances. Prospective purchasers are advised to consult their own tax advisors regarding both the federal income tax consequences from the purchase, ownership, or disposition of the Series 2021B Taxable Bonds and any tax consequences arising under the laws of any state or other taxing jurisdiction.

*Federal Income Taxation.* Interest earned on the Series 2021B Taxable Bonds is not excludable from gross income of the holders of the Series 2021B Taxable Bonds for federal income tax purposes.

*State Income Tax Exemption.* In the opinion of Bond Counsel, interest on the Series 2021B Taxable Bonds is exempt from present State of Georgia income taxation.

Reference is made to the proposed form of opinion of Bond Counsel relating to the Series 2021B Taxable Bonds attached hereto as Appendix C for the complete text thereof.

*Tax Treatment of Foreign Investors.* Under §§ 871 and 881 of the Code, interest income with respect to the Series 2021B Taxable Bonds held by non-resident alien individuals, foreign corporations, or other non-United States persons (“**Non-Residents**”) may be subject to a 30% United States withholding tax unless that tax is reduced or eliminated pursuant to an applicable tax treaty. That withholding tax generally will not be imposed if the paying agent (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement identifying the beneficial owner of the Series 2021B Taxable Bonds and stating, among other things, that the beneficial owner is a Non-Resident. The withholding tax will also not apply if interest on the Series 2021B Taxable Bonds is effectively connected with a United States business conducted by the Non-Resident. Foreign investors should consult an independent tax advisor regarding potential imposition of the 30% withholding tax.

*Backup Withholding.* The Code subjects certain non-corporate owners of Series 2021B Taxable Bonds, under certain circumstances, to “backup withholding” at the fourth lowest rate applicable to unmarried individuals with respect to interest payments on the Series 2021B Taxable Bonds and proceeds from the sale of Series 2021B Taxable Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2021B Taxable Bonds. This withholding generally applies if the owner of Series 2021B Taxable Bonds (i) fails to furnish the paying agent (or other person who would otherwise be required to withhold tax from such payments) such owner’s social security number or other TIN, (ii) furnishes the paying agent an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances fails to provide the paying agent or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2021B Taxable Bonds also may wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions from backup withholding.

*Disposition of the Series 2021B Taxable Bonds.* Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement, reissuance or other disposition of a Series 2021B Taxable Bond may result in a taxable event for federal income tax purposes.

*Defeasance.* Defeasance of any Series 2021B Taxable Bond may result in a deemed reissuance thereof for federal income tax purposes, which may be a taxable event for federal income tax purposes.

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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 2021 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 2021 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 2021 Bonds.*

### General

The Series 2021 Bonds are payable from and secured by a pledge of the Net Revenues of the System. Future revenues and expenses of the System are subject to conditions which may change in the future to an extent that cannot be predicted or determined at this time. No representation can be made, or assurance given, that the System will realize Net Revenues in amounts sufficient to allow the Authority to make payments of principal, interest and premium, if any, on the Series 2021 Bonds. Future revenues and expenses of the System are subject to a variety of economic and other factors and conditions, including without limitation (a) the inability of the Authority's facilities to meet demands on the System, (b) downturns in local, regional, national and international economies or decreases in economic development at the local or state level, (c) unanticipated increases in operating or administrative expenses, (d) potential closure, or restrictions on the use, of the Authority's facilities due to unforeseen events or occurrences, acts of war, terrorism, epidemic or disease in foreign countries or in domestic locations, (e) potential work stoppages due to labor disputes or other causes, (f) the effects of global economic cycles, and (g) other possible general, national or local political or economic conditions, including inflation, deflation, general cost increases, international trade embargoes, international trade deficits or imbalances, deterioration of international trade relations, calls for a global reserve currency as an alternative to the United States dollar, among other factors. The occurrence of any one or more of the foregoing adverse events, and the other events described below, including events not enumerated in other sections of this Official Statement, may materially adversely affect the System's results of operations, cash flow and financial condition.

### Coronavirus (COVID-19)

#### *Background*

In late 2019, a novel strain of coronavirus emerged in Wuhan, Hubei Province, China, which can cause the disease known as COVID-19 ("COVID-19"). COVID-19 is highly infectious, with high rates of morbidity and mortality, and has spread throughout the world, including the United States and the State. The World Health Organization declared COVID-19 to be a global pandemic on March 11, 2020. President Trump declared COVID-19 to be a national emergency on March 13, 2020.

In response to the spread of COVID-19, the United States government, state governments, local governments, school districts, and private industries throughout the country began implementing measures in late March of 2020 to limit social and work interactions in an effort to minimize the spread of the disease. While the spread of COVID-19 and responses from both governmental and private parties continue to change, the disease already has severely curtailed local, State, national and global economic activity, while dramatically increasing both public and private health emergency response costs. This curtailment has reduced State and local government revenues and has resulted in significant volatility in financial and labor markets, both in the United States and other countries throughout the world.

The first confirmed cases of COVID-19 in the State were announced on March 2, 2020. As of May 10, 2021 the State's Department of Public Health reports approximately 886,723 confirmed cases, 62,206 hospitalizations, and 17,702 deaths which are attributed to the disease. Additional public health data and other information related to the State's response to COVID-19 is available on the following website: <https://dph.georgia.gov/covid-19-daily-status-report>. This website is provided for convenience only and is not incorporated by reference into this Official Statement.

### *State Actions in Response to COVID-19*

On February 28, 2020, Governor Kemp established a Coronavirus Task Force to assess Georgia's preparations and procedures for preventing, identifying, and addressing cases of COVID-19. Since its formation, the Task Force has coordinated efforts between multiple State agencies along with federal and local partners to attempt to identify and mitigate spread within the State and private institutions, including nursing homes, to establish alternate or surge medical facility capacity, and to rapidly expand community testing.

On March 14, 2020, Governor Kemp issued Executive Order No. 03.14.20.01, declaring that a "Public Health State of Emergency" existed in the State due to the spread of COVID-19. On March 16, 2020, the State's General Assembly concurred with Governor Kemp's Executive Order by joint resolution of both the State House and State Senate. After issuing his initial Executive Order establishing the Public Health State of Emergency, Governor Kemp signed additional Executive Orders relating to COVID-19 which, among other effects: (i) limited large gatherings statewide, ordered "shelter in place" for specific populations, and closed bars and nightclubs in the State; (ii) closed public elementary, secondary, and post-secondary schools throughout the State for the remainder of the 2019-2020 school year; (iii) authorized the State Board of Education to waive certain state rules, regulations, policies, procedures, and provisions to assist in the State's response to COVID-19; (iv) reduced regulations to facilitate the State's response to limit and reduce the spread of COVID-19; and (v) authorized the appropriation of \$100 million from the State's Revenue Shortfall Reserve to the Governor's Emergency Fund to cover unplanned costs and expenditures associated with the State's response to COVID-19. Beginning in the summer of 2020, Governor Kemp issued Executive Orders for providing guidelines for reopening the State's economy, allowing certain "non-essential" businesses to resume operations and allowing restaurants to resume dine-in service, so long as these businesses implemented measures designed to mitigate exposure to COVID-19 and limit its spread to previously non-infected persons. More recently, Governor Kemp issued Executive Order 04.23.21.01 which extends the State's Public Health State of Emergency through May 30, 2021. Governor Kemp also issued Executive Order 03.31.21.03 regarding COVID-19 guidelines which became effective on April 8, 2021 and was in effect until April 30, 2021. Executive Order 03.31.21.03 eliminated bans on large gatherings, eliminated "shelter-in-place" requirements, encouraged people to wear a face mask when outside of their homes (except for when eating, drinking, or exercising outdoors), and required the practice sanitation in accordance with the guidelines published by the Centers for Disease Control. On April 30, 2021, Governor Kemp issued Executive Order 04.30.21.01, regarding COVID-19 guidelines which is in effect until May 30, 2021. Executive Order 04.30.21.01 further lifted government restriction by reducing or eliminating the restrictions and requirements for the operation of bars and restaurants, conventions and gyms and fitness centers, among others.

Mass vaccination efforts are underway in the State through the State of Georgia's Mass Vaccination Distribution and Administration Plan. This statewide Mass Vaccination Distribution and Administration Plan is being used as a state protocol for distributing COVID-19 vaccines to public health districts and other enrolled COVID-19 pandemic vaccine providers, and overseeing their administration of the vaccines to intended recipients. Initially, critical segments of the population were prioritized for vaccination using a phased approach based on assessed level of risk for exposure to or complications from the virus. On March 23, 2021, Governor Kemp announces that starting March 25, 2021 all Georgians 16 years of age and older would be eligible to receive vaccines.

### *Federal Actions in Response to COVID-19*

Congress passed a \$2.2 trillion stimulus bill, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which President Trump signed into law on March 27, 2020, which, among other things, was designed to help offset the financial impact of COVID-19 and to provide economic support to the health care sector, the business sector, employees, individuals and families.

To date, the State has received a total of approximately \$3.5 billion in direct aid under Title V of the CARES Act, which established the Coronavirus Relief Fund ("CRF"). Per guidance provided by the U.S. Treasury, approximately \$1.23 billion may be allocated to local governments in the State that did not receive direct disbursements of funds under the CARES Act. Of the approximately \$2.27 billion balance of CRF funds directly received by the State, the State currently has budgeted for approximately \$535 million in direct

response expenses incurred to date. This \$535 million figure does not yet include payroll costs for “substantially dedicated” State employees; however, those costs could account for more than \$200 million in FY 2020 and more than \$300 million in FY 2021 as staff remain heavily engaged in mitigating the spread of COVID-19. In addition, approximately \$457.2 million was received from the Elementary and Secondary School Emergency Relief Fund, and approximately \$406 million was received from the Higher Education Emergency Relief Fund. The State also expects a positive budget impact in the amount of approximately \$305 million for Medicaid expenses during the second half of FY 2020 as a result of an increase to the Federal Medical Assistance Percentage (“FMAP”) rate by 6.2% to 73.5%, effective January 1, 2020. The State currently is assuming, for planning purposes, that the enhanced FMAP rate will continue through the first quarter of FY 2021.

In December 2020, Congress passed an approximately \$900 billion stimulus bill, which President Trump signed into law on December 27, 2020, to provide additional economic support for K-12 and higher education, the health care sector, the business sector, employees, individuals and families.

The American Rescue Plan Act of 2021 was signed into law by President Joe Biden on March 11, 2021, to provide aid to the United States’ recovery from the economic and health effects of the COVID-19 pandemic. The American Rescue Plan Act of 2021 was the third stimulus package passed by Congress since March 2020, and the package builds upon many of the measures in the CARES Act from March 2020 and in the Consolidated Appropriations Act 2021 from December 2020.

#### *Impact of COVID-19 on the Authority and System*

Developments relating to COVID-19 continue to occur rapidly. The duration and severity of COVID-19, and its ongoing impact on the State and Authority is unknown and will continue to evolve. The State and the Authority’s finances are likely to be adversely affected by the continued spread of COVID-19. The Authority 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 System. Epidemiology experts predict possible multiple “waves” of infections from COVID-19, which may result in disruptions in local labor markets, private businesses, and school and local government operations.

The economic consequences and the risk of declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments could have a material impact on the investments in employee pension plans. The continued spread of COVID-19 and its related impact on the Authority could include, but are not limited to, disruption of the regional and local economy with corresponding decreases in State revenues, tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales and real estate development. If there is a negative impact on the revenues of the System the Authority’s ability to pay debt service on the Series 2021 Bonds may be adversely impacted.

#### **Climate Change**

Planning for climate change in the State and its impact on the Authority’s operation of the System 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. The financial impact of the climate change is not yet known and therefore its future impact on the System cannot be quantified reliably at this time.

The Authority has not experienced any climate change events in the last five years that impacted System costs or required remediation efforts. The Authority does take into consideration the potential impact of climate change, on reservoir safe yields and stream flow impacts, in its long-range water supply resource planning activities.

#### **Cyber-Security**

Computer networks and data transmission and collection are vital to the efficient operations of the Authority and the 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 Authority, 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 Authority.

The Authority has not experienced any cybersecurity related incidents within the last 5 years. The Authority has upgraded its firewall appliances and software recently at its administrative offices and has implemented an upgraded firewall solution at the Water Treatment Plant to better shield the SCADA system from potential instructions. The Authority performs nightly backups of its systems and data both on site and in the cloud each night. Cybersecurity issues and procedures are regular discussed with Authority employees.

Krebs Engineering, Inc. assisted the Authority in developing A Risk and Resilience Assessment and Emergency Response Plan during fiscal year 2020.

### **Risk of Loss, Damage or Destruction**

The Authority has covenanted in the Resolution that it will, to the extent economically feasible, carry adequate fire and extended coverage insurance on the components of the System that are subject to loss, adequate public liability insurance, and other insurance of the kinds and amounts normally carried in the operation of similar facilities and properties in Georgia. The Authority 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 Authority for purposes of replacing, repairing, rebuilding, or restoring all or any portion of the System facilities that may be damaged or destroyed will be sufficient for such replacement, repair, rebuilding or restoration.

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## MISCELLANEOUS

### Ratings

Moody's Investor Service ("Moody's") has assigned a rating of "Aa3" to the Series 2021 Bonds. The rating reflect 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 2021 Bonds. The rating agency may be contacted as follows: Moody's Investors Service, Public Finance Department, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, telephone (212) 553-1362.

### Underwriting

Pursuant to a Bond Purchase Agreement executed by and between the Authority and the Underwriter on May 20, 2021, the Underwriter has agreed to purchase the Series 2021A Bonds at a price of \$15,104,838.13, which represents the par amount of the Series 2021 Bonds, \$13,315,000.00, less Underwriter's Discount of \$117,584.47, plus net Original Issue Premium of \$1,907,422.60. The obligation of the Underwriter to accept delivery of the Series 2021A Bonds is subject to numerous conditions set forth in the bond purchase agreement.

The Underwriter has agreed to purchase the Series 2021B Taxable Bonds at a price of \$6,131,947.87, which represents the par amount of the Series 2021B Taxable Bonds, \$6,165,000.00, less Underwriter's Discount of \$33,052.13. The obligation of the Underwriter to accept delivery of the Series 2021B Taxable Bonds is subject to numerous conditions set forth in the bond purchase agreement.

The Underwriter may offer and sell the Series 2021 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 financial statements of the Authority for the fiscal year ended June 30, 2020, and for the year then ended, attached hereto as Appendix A, have been audited by Will Robinson, CPA, LLC, Carrollton, Georgia, to the extent and for the periods indicated in their report thereon which appears in such appendix. Such financial statements have been included herein in reliance upon the report of Will Robinson, CPA, LLC.

### Engineering Report

References to and excerpts herein from the Engineering Report do not purport to be an adequate summary of the Engineering Report or complete in all respects. The Engineering Report is an integral part of this Official Statement and should be read in its entirety for complete information with respect to the subjects discussed therein.

### 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 2021 Bonds in complying with the Rule, the Authority will sign a Disclosure Dissemination Agent Agreement with DAC on the date of issuance and delivery of the Series 2021 Bonds (the "Disclosure Agreement") under which the Authority has designated DAC as Disclosure Dissemination Agent. The Authority will provide for the benefit of the beneficial owners of the Series 2021 Bonds (i) certain financial information and/or operating data relating to the Authority (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 Authority for the prior Fiscal Year. The Authority's current fiscal year began on July 1, 2020, and will end on June 30, 2021. The specific nature of the information to be contained in the Annual Report or in the notices of material events is in "Appendix D: FORM OF DISCLOSURE DISSEMINATION AGREEMENT."

As of the date of this Official Statement, the Authority is current in its continuing disclosure obligations with respect to its prior continuing disclosure undertakings. To ensure in the future that the Authority will remain compliant with its prior continuing disclosure undertakings, including its Annual Reports for the Series 2021 Bonds, the Authority will enter into a Disclosure Dissemination Agreement with DAC, as described above, 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, review of all template filings by professional accountants, as well as a time and date stamp record of each filing along with the unique ID 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**

The references, excerpts, and summaries of all documents, statutes, and information concerning the Authority and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2021 Bonds, the security for the payment of the Series 2021 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of 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 the estimates will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2021 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

This Official Statement contains certain "forward looking statements" concerning the Authority's operations, performance and financial condition, including its future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the Authority. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward looking statements. Actual results may differ materially from those expressed or implied by these forward looking statements.

### **Forward-Looking Statements**

Any statements made in this Official Statement, including in the Appendices, involving estimates or matters of opinion, 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 the estimates or matters of opinion will be realized.

The statements contained in this Official Statement, including in the Appendices, that are not purely historical, are forward-looking statements. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof and the Authority does not assume any obligation to update any such forward-looking statements. It is important to note that the actual results could differ materially from those in such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances

and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the appendices, would prove to be accurate.

**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 Authority.

CARROLL COUNTY WATER AUTHORITY

By: /s/ Trey Wylie

Chairman

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## APPENDIX A

### CARROLL COUNTY WATER AUTHORITY ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020

The financial statements as of and for the year ended June 30, 2020, included as part of this Appendix A, have been audited by Will Robinson, CPA, LLC, Carrollton, Georgia, independent Certified Public Accountants, to the extent and for the period indicated in their report thereon which also appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Will Robinson, CPA, LLC.

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*Financial Statements  
and  
Supplemental Information*

**Carroll County  
Water Authority**

For the Year Ended June 30, 2020

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**WILL M. ROBINSON, CPA, LLC**  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
Carroll County Water Authority  
Carrollton, Georgia**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Carroll County Water Authority, a component unit of Carroll County, Georgia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which comprise Carroll County Water Authority'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 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Carroll County Water Authority as of June 30, 2020, and the respective changes in financial position and cash flows 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 3 – 8 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 comprise Carroll County Water Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020, on our consideration of Carroll County Water Authority'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 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 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 Carroll County Water Authority's internal control over financial reporting and compliance.

*Will Robinson, CPA, LLC*

Carrollton, Georgia  
October 5, 2020

**Carroll County Water Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2020**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Carroll County Water Authority ("Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements.

**Financial Highlights**

The Authority's assets exceed its liabilities by \$62,023,365 (net position) for the fiscal year presented.

Total net position is comprised of the following:

- (1) Net investment in capital assets of \$45,446,925 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
- (2) Net position of \$1,705,366 is restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
- (3) Unrestricted net position of \$14,871,074 represents the portion available to maintain the Authority's continuing obligations to citizens and creditors.

Overall, the Authority continues to improve their financial position, in a modestly growing economy.

**Proprietary Fund Accounting and Reporting**

The Authority operates as a single fund in a business-like manner. Thus, the Authority uses the accrual approach to account for and report financial transactions. This means that revenues are recognized as soon as they are earned and expenses are recognized as soon as the liability is incurred, regardless of the timing of related cash inflows and outflows. All assets and liabilities that are measurable and probable are included in the financial statements. The full acquisition costs of all capital assets are included in the Statement of Net Assets and are depreciated over their respective estimated useful lives. Consequently, the Authority's accounting practices generally resemble a commercial entity's approach.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Statement of Net Assets presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets report presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported on an accrual basis.

**Carroll County Water Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2020**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Financial Statements**

**Net Position**

The following table reflects the overall financial condition of the Authority as of the last two fiscal years.

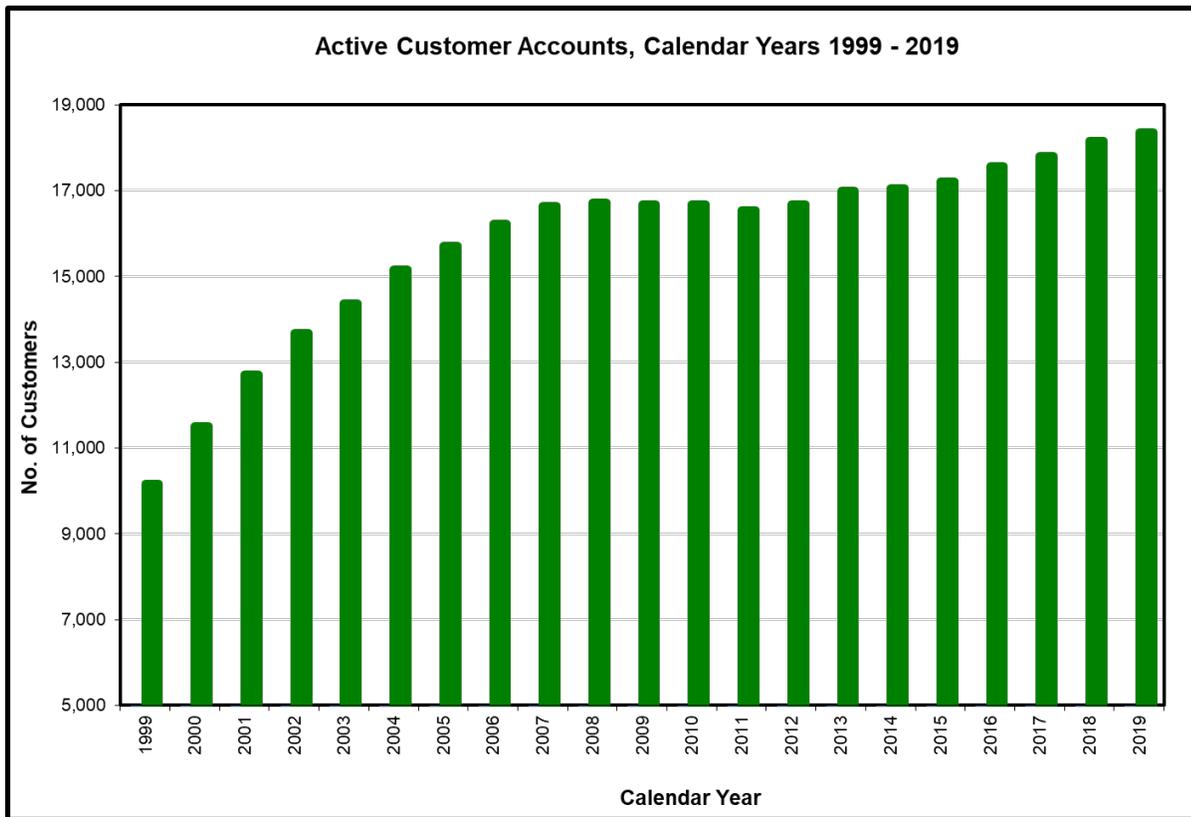
	<u>2020</u>	<u>2019</u>
Current assets	\$ 17,057,888	\$ 16,405,488
Restricted assets	2,571,742	2,652,051
Capital assets	70,738,887	68,027,385
Other long-term assets	<u>821,924</u>	<u>798,365</u>
Total assets	<u>91,190,441</u>	<u>87,883,289</u>
Deferred outflow of resources	<u>724,106</u>	<u>754,659</u>
Total assets and deferred outflow of resources	<u>91,914,547</u>	<u>88,637,948</u>
Current liabilities	3,665,100	3,560,724
Long-term liabilities	<u>24,741,078</u>	<u>25,134,872</u>
Total liabilities	<u>28,406,178</u>	<u>28,695,596</u>
Deferred inflow of resources	<u>1,485,005</u>	<u>1,500,169</u>
Total liabilities and deferred inflow of resources	<u>29,891,183</u>	<u>30,195,765</u>
Invested in capital assets, net of related debt	45,446,925	42,416,985
Restricted for debt service	1,705,366	1,675,030
Restricted for capital projects	-	-
Other restricted	-	-
Unrestricted	<u>14,871,074</u>	<u>14,350,167</u>
Total net position	<u>\$ 62,023,365</u>	<u>\$ 58,442,182</u>

The assets of the Authority grew primarily due to various construction projects, GEFA loan proceeds and cash from operating activities.

**Carroll County Water Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

As of December 2019, the Authority's customer base was 18,368 customers an increase of 210 customers from the prior year. Growth of active customer accounts has been steady over the last 12-months. This increase is largely due to the expansion of the Authority's water service area and continued moderate growth of the local housing market. The graph below shows the number of Authority active water customers for calendar years 1999 through 2019.



**Carroll County Water Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2020**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

***Revenues, Expenses and Changes in Net Position:*** The following table illustrates the history of revenues, expenses, and changes in net assets for the last two fiscal years.

	<u>2020</u>	<u>2019</u>
<b>Operating revenues:</b>		
Water revenues	\$ 9,739,630	\$ 8,828,312
Sewerage revenues	773,890	725,645
Penalty charges	275,336	276,463
Connection fees	584,236	542,393
Other fees and charges	48,105	47,388
Total operating revenues	<u>11,421,197</u>	<u>10,420,203</u>
<b>Operating expenses:</b>		
Personal services and employee benefits	3,628,273	3,523,627
Purchased/contracted services	1,372,813	1,414,087
Supplies	677,097	595,982
Depreciation and amortization	1,911,533	1,836,684
Total operating expenses	<u>7,589,715</u>	<u>7,370,378</u>
Operating Income	3,831,482	3,049,825
<b>Nonoperating revenues (expenses):</b>		
Interest income	171,119	201,239
Interest expense and fiscal charges	(421,418)	(470,565)
Total nonoperating revenues, net	<u>(250,299)</u>	<u>(269,325)</u>
Income before contributions	3,581,183	2,780,499
Capital contributions	-	-
Change in net assets	3,581,183	2,780,499
Total position assets, beginning	<u>58,442,182</u>	<u>55,661,683</u>
Total net position, ending	<u>\$ 62,023,365</u>	<u>\$ 58,442,182</u>

The Authority continues to improve the risk profile of the Authority's revenue sources by adjusting the customer's base rate over adjusting their volumetric rate. See table below. This strategy decreases volatility of the Authority's revenue sources, as volumetric sources are dependent on environmental factors, and better balances fixed revenue sources with fixed charges, associated with debt service requirements.

**Carroll County Water Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Water and Sewer Rates:** All water is metered and sold at a rate per unit (748 gallons) on a monthly basis. A \$18.00 monthly base charge is applied to all residential accounts and includes an allowance for the first two units of water consumption. Tiered usage allowances are based on water meter sizes with larger meters having larger consumption allowances in each rate tier.

Current water and sewer rates are shown in the table below. Tier consumption allowances shown are based on ¾" and 1" meter sizes. Larger meter sizes have increased allowances.

Rate	Monthly Base charge	Tier 1 3-8 units	Tier 2 9-14 units	Tier 3 15-20 units	Tier 4 21 units & up
Agricultural	\$18.00	\$3.75	\$3.75	\$3.75	\$3.75
Industrial	\$18.00	\$3.75	\$3.75	\$3.75	\$3.75
Residential & Commercial	\$18.00	\$3.75	\$5.63	\$6.56	\$7.50
Irrigation	\$18.00	\$5.63	\$7.50	\$9.38	\$9.38
Sewer	\$18.86	\$4.18	\$4.18	\$4.18	\$4.18

As of June 30, 2020, the Authority maintains municipal wholesale rates for municipal customers with long-term purchase agreements. Municipal rates range from \$1.77 to \$2.54 per unit. The Authority has renegotiated most of its long-term purchase agreements and plans to continue pursuing the renegotiation of the remaining agreement.

**Penalty charges:** Penalty charges account for the assessment of a 10% penalty charged on accounts not paid in full by the due date.

**Connection fees:** A connection fee, approximating the cost of the water meter equipment and associated water system capacity, is required for all new connections onto the system. The current charge for a standard ¾ inch meter is \$1,600 (the charge is more for larger meters).

**Other fees and charges:** A fee is required to restore service to customers who become delinquent in paying water and sewer bills and have their water service cut off. Bad check fees and inactive meter fees are also charged to this line item.

**Water treatment & water purchase:** This is the cost to operate the Authority's water treatment plant, having a permitted capacity of an annual average of 8 million gallons per day (mgd), plus six elevated water storage tanks and three ground storage tanks. In fiscal year 2020, the Authority produced 100% of its total water requirements.

**Customer service and connection:** The water system provides treated water to both retail and wholesale customers within and around Carroll County. The Authority provides water at retail rates directly to those residing within unincorporated portions of the county, as well as on a wholesale basis to the Cities of Mt Zion, Temple, Villa Rica, Whitesburg and Cleburne County, Alabama. The Authority provides the cities of Mt Zion and Temple with all their water needs and provides the City of Villa Rica, City of Whitesburg, and Cleburne County water to supplement their own systems.

**Carroll County Water Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Wastewater treatment:** During the year, the Authority continued to proactively make repairs and improvements to our wastewater system, including the repair of manholes around a lake that were contributing to infiltration into the wastewater system.

**Capital Asset and Debt Administration**

**Capital assets:** The Authority's investment in capital assets as of June 30, 2020 amounts to \$70,738,887 (net of accumulated depreciation). This investment in capital assets includes land and easements, 1 reservoir, 3 wells, buildings, a water treatment plant, a wastewater treatment plant, 10 water tanks, 9 pump stations, system improvements, construction in progress, vehicles, and equipment. During Fiscal Year 2020 the authority completed its SCADA project, Highway 100 pump station and the design and planning phase of the Snake Creek Water Plant expansion. In addition, during the last year, the Authority has partially funded the construction of the Snake Creek Water Plant expansion, an additional water tank at the Raney Road site and completed various water main repairs and extensions throughout the county including the installation of water mains in rural areas to expand its water service area and improve system hydraulics.

**Debt administration:** As an Authority created by an act of the General Assembly of the State of Georgia, long-term borrowing by the Authority is provided through Revenue Bonds issued by the Authority and debt incurred to the Georgia Environmental Facilities Authority (GEFA). The Authority continues to pay down the existing debt through the collection of connection charges and user fees.

During fiscal year 2015, the Authority completed the issuance of Carroll County Water Authority, Water and Sewerage Refunding Revenue Bonds, Series 2015, bonds in the amount of \$8,015,000. The proceeds from the above issuance were used to completely refinance the remaining outstanding balance of the Carroll County Water Authority, Water and Sewerage Refunding and Improvement Revenue Bonds, Series 2005.

During fiscal year 2016, Carroll County Water Authority executed a loan agreement with GEFA, under the Governor's Water Supply Program, for \$9,070,000, for developing water supply infrastructure related to the Indian Creek Reservoir Project. As of June 30, 2020, \$7,376,997 has been drawn under this loan.

On August 26, 2014, the Authority was awarded a \$10,000,000 loan and on August 22, 2017, the Authority was awarded an additional \$21,000,000, both under the Governor's Water Supply Program. Both loans are contingent of the Authority receiving a 404 permit from the Army Corp of Engineers, prior to executing the loans. As of June 30, 2020, the necessary permits have not been issued and no funds have been drawn under these loans.

On August 20, 2019, the Authority was awarded a \$25,000,000 loan from GEFA's Drinking Water State Revolving Fund to partially fund the Snake Creek Water Plant expansion. The Authority executed the loan agreement with GEFA on January 2, 2020. As of June 30, 2020, \$1,531,706.68 has been drawn under this note.

On November 6, 2013, Carroll County Water Authority's Indian Creek Reservoir Project was selected for state direct investment funds under the Governor's Water Supply Program.

**Carroll County Water Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020**

On February 15, 2019, Moody's Investors Service upgraded Carroll County Water Authority outstanding revenue bonds to Aa3 from A1. The upgrade to Aa3 reflects the Authority's trend of healthy debt service coverage and improving liquidity position. The rating also incorporates the stable service area, sufficient water supply and treatment capacity and manageable debt position and capital needs. On April 24, 2020 Moody's Investors Service reaffirmed the above rating as a part of Carroll County Water Authority's annual review.

**Further Information**

This financial overview is designed to provide readers with a general overview of the Authority's finances, and to show accountability. If you have questions or would like further information about this financial report, you may contact officials at the Carroll County Water Authority located at 556 Old Bremen Road, Carrollton, Georgia, 30117.

## **BASIC FINANCIAL STATEMENTS**

# Carroll County Water Authority

## Statement of Net Position

June 30, 2020

### ASSETS

Current assets:	
Cash and cash equivalents	\$ 14,363,804
Restricted Cash and cash equivalents	2,571,742
Restricted Investments	-
Receivables, net of allowances	1,436,862
Inventory	837,708
Prepaid expenses	419,514
Total current assets	<u>19,629,631</u>
Noncurrent assets:	
Receivables, net of allowances	821,924
Capital assets:	
Non-depreciable assets	19,273,158
Depreciable assets, net of accumulated depreciation	51,465,729
Total noncurrent assets	<u>71,560,811</u>
Total assets	<u>91,190,442</u>

### DEFERRED OUTFLOW OF RESOURCES

Deferred outflows related to pension	668,480
Loss on refunding of bond	55,626
Total deferred outflows of resources	<u>724,106</u>
Total assets and deferred outflows of resources	<u>91,914,547</u>

### LIABILITIES

Current liabilities:	
Payable from current assets:	
Accounts payable and accrued liabilities	325,266
Accrued interest payable, notes	12,715
Notes payable - due within one year	342,832
Payable from restricted assets:	
Customer meter deposits	1,296,902
Accrued interest payable, bonds	162,385
Revenue bonds payable - due within one year	1,525,000
Total current liabilities	<u>3,665,100</u>
Noncurrent liabilities:	
Revenue bonds payable	9,772,152
Notes payable	13,651,978
Net pension liability	1,316,949
Total noncurrent liabilities	<u>24,741,078</u>
Total liabilities	<u>28,406,178</u>

### DEFERRED INFLOW OF RESOURCES

Deferred inflows related to pension	191,730
Gain on refunding of bond	185,237
Unavailable revenue	1,108,038
Total deferred inflows of resources	<u>1,485,005</u>
Total liabilities and deferred inflows of resources	<u>29,891,182</u>

### NET POSITION

Invested in capital assets, net of related debt	45,446,925
Restricted for debt service	1,705,366
Restricted for capital projects	-
Other restricted	-
Unrestricted	14,871,074
Total net position	<u>\$ 62,023,365</u>

**Carroll County Water Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2020**

**Operating revenues**

Charges for sales and services:

Water sales	\$	9,739,630
Sewer sales		773,890
Penalty charges		275,336
Connection fees		584,236
Other fees and charges		48,105
Total operating revenues		11,421,197

**Operating expenses**

Public works:

Personal services and employee benefits		3,628,273
Purchased/contracted services		1,372,813
Supplies		677,097
Depreciation and amortization		1,911,533
Total operating expenses		7,589,715

Operating income		3,831,482
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**Nonoperating revenues (expenses)**

Interest income		171,119
Interest expense and fiscal charges		(421,418)
Total nonoperating revenues (expenses)		(250,299)

Income before contributions		3,581,183
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Capital contributions		-
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<b>Change in net position</b>		3,581,183
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<b>Total net position - beginning</b>		58,442,182
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<b>Total net position - ending</b>	\$	62,023,365
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**Carroll County Water Authority  
Statement of Cash Flows  
For the Year Ended June 30, 2020**

**Cash flows from operating activities**

Receipts from customers and users	\$	11,413,290
Other operating payments		(58,161)
Payments to suppliers		(2,261,557)
Payments to employees		(3,628,273)
Other operating receipts		<u>4,137</u>
 Net cash provided by (used in) operating activities		 <u>5,469,436</u>

**Cash flows from capital and related financing activities**

Proceeds from capital debt		1,531,707
Capital contributions		-
Purchase of capital assets		(4,623,035)
Principal paid on capital debt		(1,812,712)
Interest paid on capital debt		<u>(503,560)</u>
 Net cash provided by (used in) capital and related financing activities		 <u>(5,407,600)</u>

**Cash flows from investing activities**

Interest received		<u>171,119</u>
Net cash provided by (used by) investing activities		<u>171,119</u>

**Net increase (decrease) in cash and cash equivalents** 232,955

**Cash and cash equivalents - beginning** 16,702,591

**Cash and cash equivalents - ending  
(including \$2,571,742 in restricted cash)** \$ 16,935,546

**Carroll County Water Authority  
Statement of Cash Flows  
For the Year Ended June 30, 2020**

**Cash flows from operating activities**

Operating income (loss)	\$ 3,831,482
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,911,533
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(41,161)
(Increase) decrease in inventory	(49,469)
(Increase) decrease in prepaid expenses	(248,508)
(Increase) decrease in other receivables	(23,559)
(Increase) decrease in deferred outflows	24,373
Increase (decrease) in accounts payable	36,860
Increase (decrease) in meter deposits	33,254
Increase (decrease) in deferred inflows	14,867
Increase (decrease) in net pension liability	<u>(20,236)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 5,469,436</u></b>

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Carroll County Water Authority (the “Authority”) was created by the Carroll County Water Authority Act of the State of Georgia in 1967 for the acquisition of sources of water supply and the distribution of that supply in Carroll County, Georgia, and for the acquisition and maintenance of waste gathering and treatment facilities within the same area.

The Authority’s financial information is included within Carroll County, Georgia’s financial statements as a discretely presented component unit. The Authority has no potential component units.

**Fund Accounting**

The Carroll County Water Authority prepares its financial statements in accordance with generally accepted governmental accounting standards. The Authority, a discretely presented component unit of Carroll County, is accounted for under the principles used to account for Proprietary Fund Types of governmental entities, and more specifically an enterprise fund.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the statement of net position. Net assets are segregated into capital assets, net of related debt; restricted and unrestricted net position components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total position. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Operating revenues and expenses generally result from providing goods and services in connection with the Authority’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. In accounting and reporting for its proprietary operations, the Authority applies all Governmental Accounting Standards Board (GASB) pronouncements, and applies all Financial Accounting Standards Board (FASB) pronouncements and interpretations issued on or before November 30, 1989. Such FASB pronouncements are applied unless they conflict or contradict GASB pronouncements.

**Revenues – Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the calendar year in which the resources are measurable and become available. Available means that the resources will be collected within the current calendar year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current calendar year. For the Authority, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

**Revenues - Non-exchange Transactions** - Non-exchange transactions occur when the Authority receives value without directly giving equal value in return, service availability fees, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue is recognized in the fiscal year for which the services are rendered. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: charges for services, service availability fees and federal and state grants.

**Budgets and Budgetary Accounting**

The executive director prepares an annual budget for review by the Carroll County Water Authority Board of Directors. An encumbrance system is not used by the Authority.

**Management Estimates**

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

**Cash and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority.

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with an original maturity date of three months or less, and customer deposits to be cash equivalents.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

The inventory of the Authority consists of pipe, supplies, and other materials used in system operations and maintenance, and are stated at cost, which approximates market, on a first-in, first-out basis.

**Accounts Receivable**

Customer accounts receivable include billed but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions. Amounts not expected to be collected within twelve months are classified as noncurrent assets.

**Debt Premiums, Discounts, Issuance Costs and Debt Refunding Gains and Losses**

On the statement of net position, debt premiums and discounts are netted against the debt payable.

Debt refunding gains and losses are reported as deferred inflows or outflows on resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt (new debt) or the refunded debt (old debt).

Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

**Restricted Assets**

The amounts shown on the balance sheet as “restricted” assets include net proceeds from revenue bonds which are set aside in debt service accounts. It is the Authority’s policy to apply restricted resources first when an expense is incurred for which both restricted and unrestricted net assets are available.

**Interest Capitalization**

Interest costs incurred during the construction period of assets constructed by the Authority, net of interest income from the proceeds of related debt, are capitalized as part of the costs of the related assets.

**Capital Contributions**

Capital contributions consist of capital grants or contributions from developers, customers and governmental agencies.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Accrued Compensated Absences**

The Authority accrues a liability for annual leave accumulated, having determined that payment of such compensation is probable and having developed a reasonable estimate based upon current salary costs. Currently, the Authority provides up to 15 days of annual leave. No accrual has been made for sick leave; employees are not paid for accumulated sick leave upon separation.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are carried at cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings	10-60
Improvements other than buildings	10-50
Machinery and equipment	5-10
Vehicles	4

**NOTE B. DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk – Deposits**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held. As of June 30, 2020, the Authority's deposits were covered by either federal depository insurance or by collateral held by a third party agent not in the Authority's name or by surety bond.

**Credit Risk**

State statutes authorize the City to invest only in 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 instrumentalities, or 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 State of Georgia.

**Interest Rate Risk**

The Authority does not have a formal investment policy that limits investment maturities as a means for managing its exposure to fair value losses arising from increasing interest rates.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE C. RECEIVABLES**

Customer receivables, including the applicable allowances for uncollectible accounts, consisted of the following as of June 30, 2020:

Customer receivables		
Accounts, current	\$	1,497,163
Less allowance for uncollectibles		<u>(60,301)</u>
Current receivables, net of allowances		1,436,862
Accounts, noncurrent		<u>821,923</u>
Net total customer receivables	\$	<u><u>2,258,785</u></u>

The noncurrent accounts receivable consist of service availability fees at Fairfield. These service availability fees are considered non-exchange transactions. These availability fees do not meet the revenue availability requirement, collected within 60 days, to be an available financial resource. Therefore they are reported as a deferred inflow for financial statement purposes.

**NOTE D. CAPITAL ASSETS**

**Indian Creek Reservoir**

In 2007, the Authority began the initial work to identify future potable water supplies within Carroll County capable of meeting the County's long-term water supply needs. This initial work included engineering and environmental studies and several public meetings and concluded in September 2008 when the Authority's Board of Directors selected the Indian Creek Reservoir site as the preferred alternative. A section 404 permit application was submitted to the U.S. Army Corp of Engineers in December 2008 seeking their approval to construct the reservoir. As submitted, the proposed Indian Creek Reservoir, located in northwest Carroll County, will cover approximately 400 acres and will have a storage capacity of over 5.1 billion gallons of water. The reservoir will be supplemented with water diverted from Indian Creek and the Little Tallapoosa River. As part of the review process, the U.S. Army Corp of Engineers required a need certification from the Georgia Environmental Protection Division stating a specific need and yield for the project. The Georgia Environmental Protection Division issued the need certification in February 2016. Based on the need certification, the permit application was required to be modified. The Authority withdrew the current application in March 2016 and has resubmitted the modified application. On August 8, 2020 the Georgia Environmental Protection Department issued a section 401 Water Quality Certification which is a prerequisite for the U.S. Army Corp of Engineers to issue a section 404 permit. Fiscal year 2020 expenditures on the project totaled \$731,945 and total expenditures to date on the project total \$8,980,862. These expenditures are recorded as construction in progress and land.

**Rural Waterline Extensions**

In 2010, the Authority began work on a project to install approximately 125,000 linear feet of water main to rural areas in order to provide water service to drought-stricken citizens. The project is expected to cost \$3,625,000 to complete and is being funded with the proceeds of GEFA loan DWSRF 09-013 (\$2,175,000) and an indirect federal capital grant through the American Recovery and Reinvestment Act of 2009 (\$1,450,000). This project was completed during fiscal year 2012.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**Note D. Capital Assets (continued)**

**Automated Meter Reading Project**

In 2010, the Authority began work on a project to replace 100% of water meters within its service area with Automated Meter Reading meters to increase water and energy efficiency, improve meter reading accuracy, and reduce vehicle emissions. The project is expected to cost \$4,675,000 to complete and is being funded with the proceeds of GEFA loan DSWRF 09-014 (\$1,870,000) and an indirect federal capital grant through the American Recovery and Reinvestment Act of 2009 (\$2,805,000). The project was completed during fiscal year 2012.

**Transmission Main Project**

In 2011, the Authority began work on a project to construct a large diameter transmission main. The project is expected to cost \$4,825,000 to complete and is being funded with the proceeds of GEFA loan DSWRF 10-010 (\$3,377,500) and an indirect federal capital grant through the Georgia Environmental Finance Authority, Capitalization Grant for Drinking Water for (\$1,447,500). This project was completed in fiscal year ended June 30, 2015.

**Spillway Repair Project**

In September of 2009 the West Georgia area was hit by flooding resulting in the erosion of the Snake Creek dam spillway, endangering the integrity of the dam and the impoundment. A presidential declared disaster enabled the Authority to receive a grant to repair the spillway. An indirect federal grant from the Georgia Department of Homeland Security will fund 75% of the cost of the repairs with the Authority responsible for the remaining 25%. This project was completed in fiscal year ended June 30, 2013.

**Crawfish Creek Stabilization Project**

In September of 2009 the West Georgia area was hit by flooding resulting in the erosion adjacent to the Fairfield Dam, endangering the integrity of the dam and the impoundment. The Authority received a grant to repair the damage and clean up the debris left behind by the flood. An indirect federal grant from the Emergency Watershed Protection Program will fund 75% of the project with 10% coming from the Georgia Emergency Management Program and the remaining 15% funded by the Authority. This project was completed during fiscal year 2012.

**Snake Creek Water Treatment Plant Expansion**

In March of 2020, the Authority began work to expand the Snake Creek Water Treatment Plant. This expansion will have more robust processes allowing treatment of a wider range of raw water qualities and considerably more critical infrastructure redundancy. This project is one of the largest in CCWA's history, estimated at \$32,000,000, and the first major upgrade of this facility in 15 years. Once completed it will increase the treatment capacity of the plant from 8 to 12 million gallons per day. Construction of the expanded facility is on schedule and expected to be completed in mid-2022. This expansion is partially funded with the proceeds from GEFA loan DW2019024 in the amount of \$25,000,000. In May of 2020, GEFA's Board of Directors approved GEFA loan DW2019024 for \$750,000 in debt forgiveness, upon completion of the project. As of June 30, 2020, \$1,531,707 has been drawn on the above GEFA loan. Fiscal year 2020 expenditures on the project totaled \$2,183,941 and total expenditures to date on the project total \$3,220,035. These expenditures are recorded as construction in progress.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE D. CAPITAL ASSETS (CONTINUED)**

Capital assets activity for the year ended June 30, 2020 is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 11,011,601	\$ 118,661	\$ -	\$ 11,130,262
Construction in progress	5,657,119	2,485,777	-	8,142,896
Total	<u>16,668,720</u>	<u>2,604,438</u>	<u>-</u>	<u>19,273,158</u>
Capital assets, being depreciated:				
Buildings	832,819	-	-	832,819
Improvements other than buildings	76,698,192	2,018,597	-	78,716,789
Machinery and equipment	445,477	-	-	445,477
Vehicles	658,388	-	-	658,388
Total	<u>78,634,876</u>	<u>2,018,597</u>	<u>-</u>	<u>80,653,473</u>
Less accumulated depreciation for:				
Buildings	(390,761)	(36,037)	-	(426,797)
Improvements other than buildings	(26,239,939)	(1,724,306)	-	(27,964,245)
Machinery and equipment	(230,182)	(68,564)	-	(298,746)
Vehicles	(415,330)	(82,626)	-	(497,956)
Total	<u>(27,276,212)</u>	<u>(1,911,533)</u>	<u>-</u>	<u>(29,187,745)</u>
Total capital assets, being depreciated, net	<u>51,358,665</u>	<u>107,064</u>	<u>-</u>	<u>51,465,729</u>
Total capital assets, net	<u>\$ 68,027,385</u>	<u>\$ 2,711,502</u>	<u>\$ -</u>	<u>\$ 70,738,887</u>

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE E. LONG-TERM DEBT**

**Activity**

Long-term debt activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2012 Bonds	\$ 7,560,000	\$ -	\$ (435,000)	\$ 7,125,000	\$ 440,000
Series 2015 Bonds	4,860,000	-	(1,045,000)	3,815,000	1,085,000
Plus unamortized premiums	394,584	-	(37,433)	357,151	-
Revenue bonds, net	<u>\$ 12,814,584</u>	<u>\$ -</u>	<u>\$ (1,517,433)</u>	<u>\$ 11,297,151</u>	<u>\$ 1,525,000</u>
Notes payable	<u>\$ 12,795,815</u>	<u>\$ 1,531,707</u>	<u>\$ (332,712)</u>	<u>\$ 13,994,810</u>	<u>\$ 342,832</u>

**Revenue Bonds**

The Authority issues bonds where the Authority pledges Authority revenues derived from the acquired or constructed assets to pay debt service.

**Series 2005**

In December 2005, the Authority issued \$17,550,000 in Series 2005 Water and Sewerage Refunding and Improvement Revenue Bonds to provide funds to advance refund the Authority's Series 1999 Water and Sewerage Revenue Bonds and finance project improvements. The Authority placed \$16,988,459 in an escrow account to be used for satisfying scheduled deferred payments of interest, principal, and redemption premiums on the 1999 bond(s) maturing 2007 through 2009.

**Series 2012**

In July 2012, the Authority issued \$9,580,000 in Water and Sewerage Refunding and Improvement Revenue Bonds, Series 2012, to provide funds to redeem all of the Authority's Series 2002 Water and Sewerage Revenue Bonds and to advance refund and defease \$1,350,000 of the Authority's Series 2005, Water and Sewerage Refunding and Improvement Revenue bonds and to finance project improvements.

**Series 2015**

During 2015, the Authority issued \$8,015,000 in Water and Sewerage Refunding and Improvement Revenue Bonds, Series 2015, to provide funds to refund and defease all of the Authority's remaining outstanding Series 2005 Water and Sewerage Revenue Bonds and to pay the insurance premiums and necessary costs of issuing the Series 2015 Bonds.

**Advance Refunding of Debt**

The Authority placed \$3,195,630 in an irrevocable trust with an escrow agent to redeem all of the 2002 bonds maturing 2013 through 2024. The Authority placed \$1,592,690 in an irrevocable trust with an escrow agent to be used for the all future debt service payments on the 2005 bonds maturing 2013 and 2015. As a result, the above bonds are considered to be defeased and the liability for these bonds has been removed from the statement of net position.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE E. LONG-TERM DEBT (CONTINUED)**

The Authority placed \$8,373,588 into a debt service reserve account within the Series 2005 Sinking Fund escrow account with US Bank to refund and defease all of the remaining outstanding Water and Sewerage Refunding and Improvement Revenue Bonds, Series 2005, which are either maturing or being called as of July 1, 2015. As a result, the above bonds are considered to be defeased and the liability for these bonds has been removed from the statement of net position.

In accordance with GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities, the difference between the amount placed in escrow to repay the refunded bonds and the carrying amount of the refunded bonds is being deferred and amortized as a component of interest expense over the remaining life of the refunded bonds.

Revenue bonds debt service requirements to maturity are as follows.

**2012 Revenue Bonds:**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30,			
2021	\$ 440,000	\$ 204,720	\$ 644,720
2022	450,000	195,258	645,258
2023	455,000	184,507	639,507
2024	475,000	171,695	646,695
2025	490,000	157,220	647,220
2025-2030	3,260,000	553,255	3,813,255
2031-2033	1,555,000	109,280	1,664,280
Total	<u>\$ 7,125,000</u>	<u>\$ 1,575,935</u>	<u>\$ 8,700,935</u>

**2015 Revenue Bonds:**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30,			
2021	\$ 1,085,000	\$ 99,375	\$ 1,184,375
2022	1,115,000	66,375	1,181,375
2023	1,120,000	32,850	1,152,850
2024	65,000	15,359	80,359
2025	65,000	13,978	78,978
2026-2030	365,000	36,644	401,644
Total	<u>\$ 3,815,000</u>	<u>\$ 264,581</u>	<u>\$ 4,079,581</u>

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE E. LONG-TERM DEBT (CONTINUED)**

**Notes Payable**

The Authority has debt in the form of direct borrowings from the Georgia Environmental Facilities Authority (GEFA) for construction of various water projects. The Authority has pledged its revenue raising power for payment and performance under each GEFA loan agreement. The Authority is required to maintain a fixed charges coverage ratio greater than 1.05% for each fiscal year until the maturity of the following notes. The Authority and Carroll County, Georgia entered into an environmental facilities agreement to make its environmental facilities and services available to residents of Carroll County, Georgia. Carroll County, Georgia, agrees to make payments to the Authority in amounts sufficient to enable the Authority to pay when due the principal of and interest on the GEFA notes listed below, to the extent the Authority has insufficient funds for such purposes and to levy an annual ad valorem tax sufficient to fulfill the County's obligation under these agreements. The total outstanding GEFA notes payable balances as of June 30, 2020 are as follows:

<u>Direct Borrowings</u>	<u>Origination</u>	<u>Interest</u> <u>Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Balance</u>
GEFA 09-013	2010	3.00%	20 years	2032	1,388,910
GEFA 09-014	2010	3.00%	20 years	2032	1,192,960
GEFA 10-010	2011	3.00%	20 years	2034	2,504,235
GEFA DW2019024	2020	1.86%	20 years	2042	1,531,707
GEFA WS13L02WR	2016	1.00%	years 1 - 7		
		1.40%	remaining 33 years	2051	7,376,997
					<u>\$ 13,994,810</u>

The Authority's GEFA 09-013 notes payable debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30,			
2021	\$ 51,847	\$ 20,511	\$ 72,358
2022	106,053	38,662	144,715
2023	109,279	35,436	144,715
2024	112,602	32,112	144,714
2025	116,027	28,687	144,714
2026-2030	635,270	88,303	723,573
2031-2032	257,832	7,477	265,309
Total	<u>\$ 1,388,910</u>	<u>\$ 251,188</u>	<u>\$ 1,640,098</u>

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE E. LONG-TERM DEBT (CONTINUED)**

The Authority's GEFA 09-014 notes payable debt service requirements to maturity are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Fiscal year ending June 30,					
2021	\$ 43,032	\$	17,626	\$	60,658
2022	88,022		33,294		121,316
2023	90,700		30,617		121,317
2024	93,458		27,858		121,316
2025	96,301		25,015		121,316
2026-2030	527,263		79,318		606,581
2031-2032	254,184		8,668		262,852
Total	<u>\$ 1,192,960</u>	<u>\$</u>	<u>222,396</u>	<u>\$</u>	<u>1,415,356</u>

The Authority's GEFA 10-010 notes payable debt service requirements to maturity are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Fiscal year ending June 30,					
2021	\$ 75,253	\$	37,095	\$	112,348
2022	153,931		70,764		224,695
2023	158,613		66,082		224,695
2024	163,438		61,258		224,696
2025	168,409		56,287		224,696
2026-2030	922,067		201,412		1,123,479
2031-2034	862,524		54,984		917,508
Total	<u>\$ 2,504,235</u>	<u>\$</u>	<u>547,882</u>	<u>\$</u>	<u>3,052,117</u>

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE E. LONG-TERM DEBT (CONTINUED)**

**GEFA WS13L02WR**

On September 9, 2015 the Authority entered into an agreement with Georgia Environmental Finance Authority to borrow \$9,070,000. Loan proceeds are to be used to fund the Authority's Indian Creek Reservoir Project. Upon completion the loan agreement provides for interest only payments of 1% for the first 7 years, then the principal to be amortized over the remaining 33 years at 1.4% interest. During the year ended June 30, 2019 draws taken by the Authority totaled \$7,376,997.

**GEFA WD2019024**

On January 2, 2020 the Authority entered into an agreement with Georgia Environmental Finance Authority to borrow \$25,000,000. Loan proceeds are to be used to fund upgrades and improvements at the Authority's Snake Creek Water Treatment Plant. Upon the earlier of completion of the project, March 1, 2022 or the date the loan is fully disbursed accrued interest of 1.86% will be payable monthly on the first day of each month. During the year ended June 30, 2020 draws taken by the Authority totaled \$1,531,707.

**Conduit Debt**

The Authority signed an intergovernmental agreement with the City of Temple, Georgia dated September 30, 2010. The purpose of this intergovernmental agreement is to provide funds to the City of Temple for the issuance of \$7,900,000 Revenue Refunding Bonds, Series 2010 to refund the remaining outstanding 2003 Revenue Bonds of \$6,710,000 and the City's outstanding GEFA loan debt of \$319,064. Additionally, the City signed a swap termination agreement with Bank of America to terminate the previously existing letter of credit provided by the Authority on the bonds. An amount of \$533,000 was paid from the bond proceeds for the termination.

As a result of the refunding, the 2003 Revenue Bonds are considered defeased.

On October 29, 2019 Carroll County Water Authority enter into an intergovernmental contract with City of Temple to facilitate the issuance of the Carroll County Water Authority Refunding Revenue Bonds (City of Temple Project), Series 2019 bonds, in the principal of \$4,220,000 which were issued concurrently. The bond proceeds were used to refund and redeem the outstanding Refunding Revenue Bond, Series 2010.

As a result of the refunding, the Series 2010 bonds are considered defeased.

The intergovernmental agreement and associated bond create a conduit debt obligation, where under the terms of the agreement, the debt is not a general obligation of Carroll County Water Authority. The bonds are exclusively secured by the City of Temple resources (revenues) contractually obligated by the intergovernmental agreement. Under the terms of the intergovernmental agreement, the City of Temple shall provide for the assessment and collection of an annual tax sufficient in amount to provide funds annually to the extent necessary due to deficiencies in system revenues, to make all payments due. As of June 30, 2020, \$4,220,000 was outstanding.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE F. INTEREST EXPENSE**

Interest expense in fiscal year 2020 totaled \$421,418.

**NOTE G. COMMITMENTS, CONTINGENCIES AND LITIGATION**

**Treatment Plant/Westinghouse**

The Authority has previously received a contribution of the water and wastewater system constructed by the developers of a golf and country club community known as Fairfield Plantation. This contribution was included in property and equipment at its estimated cost to construct of \$4,241,210.

The obligation of the Authority in return for this contribution has changed numerous times as conditions have changed over the years. Originally, the Authority is obligated to construct a 300,000-gallon wastewater treatment facility at Fairfield Plantation and pay to Westinghouse Communities, Inc. (WCI) each month 50% of all availability fees. The Authority is to escrow each month 50% of tap fees not to exceed \$585 per tap to fund the final 150,000-gallon expansion to the sewage treatment plant. Upon completion of and payment for this final expansion, the entire balance in the Escrow account is to be paid to Westinghouse Communities, Inc. At that time, 50% of the tap fees not exceeding \$585 per tap are to be remitted to Westinghouse monthly.

These payments and the availability fees paid are applied until \$3,700,000 has been paid. However, if \$3,700,000 has not been paid by August 1, 2019, no further payments will be required. As of August 1, 2019, payments to WCI have totaled less than \$3,700,000, therefore the Authority has discontinued payments as of the above date.

WCI has agreed, beginning July 1, 1991, to defer its right to tap fees. Instead, these funds are to be used by the Authority to expand Fairfield Plantation wastewater treatment facilities. These funds have been transferred to the treatment plant account and used for the above specified purposes.

The Authority's obligation has been judged not to be subject to estimation. Therefore, this liability has not been recorded, and the value of the contributed facilities is included in amounts invested in capital assets.

**Grant Contingencies**

The Authority has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, the Authorities management believes such disallowances, if any, will not be significant.

**Litigation**

The Authority is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. In the opinion of Authority's management, the outcome of these contingencies will not have a material effect on the financial position of the Authority. The Authority will continue to assert its position in a defense against these claims.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE H. RETIREMENT PLAN**

**Plan Description**

The Authority's single employer defined benefit pension plan (the plan) provides pensions for each employee who is scheduled to complete at least 1,000 hours of service during the plan year immediately upon hire date.

**Benefits Provided**

The plan provides retirement and death benefits. Retirement benefits for eligible employees equal 40% of final average earnings of the last five years before retirement or termination reduced for less than 30 years of credited service. Credited service equals the number of full years of service during which the participant received credit for at least 1,000 hours of service. Normal retirement date of plan participants is the first day of the month following or coinciding with the 65<sup>th</sup> birthday. Participants may elect to retire early after attaining the age of 55 and receive a monthly actuarially reduced accrued benefit. Participants retiring after normal retirement age will receive late retirement benefits equal to the greater of the actuarially increased normal retirement benefit or the accrued benefit at the late retirement date.

If a vested participant dies after becoming eligible for early retirement, but prior to actual retirement, his eligible spouse or other named beneficiary will receive an amount equal to that which would have been received if the participant had retired on the date of death with an immediate 50% Contingent Annuity. If a vested participant dies before becoming eligible for early retirement, his eligible spouse or other named beneficiary will receive an amount equal to that which would have been received if the participant had separated from service on the date of death, survived to the earliest possible retirement age and retired on this date with an immediate 50% Contingent Annuity. This benefit will be payable unless otherwise elected by the participant and his spouse. 100% vesting occurs after 5 or more years of service. At the employer's discretion, a cost-of-living increase of up to 3% per year for post-retirement benefits may be granted at the end of the plan year.

As of July 1, 2018, the date of the most recent actuarial valuation, the plan membership included the following categories of participants.

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	<u>34</u>
Total plan members	71

**Contributions**

The plan recommends employer contributions equal to normal cost plus interest to the end of the plan year using the Aggregate Cost Method.

Schedule of Employer Contributions

Fiscal Year Ending	Recommended Contribution	Actual Employer Contribution
2016	\$168,564	\$0
2017	\$274,968	\$458,905*
2018	\$275,865	\$275,865
2019	\$220,643	\$275,000
2020	\$282,417	\$332,417

\*The 2017 contribution of \$458,905 included a 2016 contribution of \$183,937.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**Net Pension Liability**

The Authority's net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019.

*Actuarial assumptions.* The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement date	June 30, 2020
Long-term expected return on assets	6.00%
Discount rate	6.00%
Preretirement mortality	IRC Sec 430 2018 Static Non-Annuitant Tables
Postretirement mortality	IRC Sec 430 2018 Static Annuitant Tables
Termination	Hartford Life Turnover – Table 1
Incidence of disability	None
Salary scale	3.50% (2.0% inflation and 1.5% merit increase)
Cost-of-living adjustment	1.00%
Assumed retirement age	65

*Discount rate.* The discount rate used to measure the total pension liability was 6.00%.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at July 1, 2019</b>	\$ 5,324,234	\$ 3,987,049	\$ 1,337,185
<b>Changes for the year:</b>			
Service cost	188,964	-	188,964
Interest cost	313,889	-	313,889
Difference between expected and actual e:	(39,572)	-	(39,572)
Benefit changes	-	-	-
Assumption changes	(15,711)	-	(15,711)
Employer contributions	-	332,417	(332,417)
Employee contributions	-	-	-
Net investment income	-	135,640	(135,640)
Benefit payments	(185,489)	(185,489)	-
Administrative expense	-	(250)	250
Other	-	-	-
<b>Net changes</b>	<u>262,081</u>	<u>282,318</u>	<u>(20,237)</u>
<b>Balance at June 30, 2020</b>	<u>\$ 5,586,315</u>	<u>\$ 4,269,366</u>	<u>\$ 1,316,949</u>

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE H. RETIREMENT PLAN (CONTINUED)**

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the Authority, calculated using a discount rate of 6.00 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate.

Net Pension Liability with a 1% Decrease in Discount Rate:	5.00%	\$2,828,520
Net Pension Liability at Current Discount Rate:	6.00%	\$1,316,949
Net Pension Liability with a 1% Increase in Discount Rate:	7.00%	\$ (55,801)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued pension financial report.

Pension Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

For the year ended June 30, 2020 the Authority recognized pension expense of \$359,224. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 36,442	\$ (169,577)
Change of assumptions	530,678	(14,664)
Net difference between projected and actual earnings in pension plan investments	<u>101,360</u>	<u>(7,489)</u>
	<u>\$ 668,480</u>	<u>\$ (191,729)</u>

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

FY 2020	\$ 84,802
FY 2021	\$ 102,713
FY 2022	\$ 75,158
FY 2023	\$ 81,273
FY 2024	\$ 81,960
Thereafter	\$ 245,020

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**Note H. Retirement Plan (continued)**

**Schedules of Required Supplementary Information**

**Schedule of Changes in the Authority's Net Pension Liability and Related Ratios**

(2015 and prior unavailable)

Last 10 Fiscal Years	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total pension liability</b>					
Service cost	\$ 188,964	\$ 178,725	\$ 184,634	\$ 177,345	\$ 174,262
Interest	313,889	292,353	279,297	267,264	250,788
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(39,572)	(51,868)	25,177	23,324	-
Changes of assumptions	(15,711)	23,572	12,419	17,841	830,306
Benefit payments, refunds of employee contribution	<u>(185,489)</u>	<u>(332,764)</u>	<u>(194,861)</u>	<u>(180,112)</u>	<u>(175,242)</u>
<b>Net change in total pension liability</b>	262,081	110,018	306,666	305,662	1,080,114
<b>Total pension liability - beginning</b>	<u>5,324,234</u>	<u>5,214,216</u>	<u>4,907,550</u>	<u>4,601,888</u>	<u>3,521,774</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 5,586,315</u>	<u>\$ 5,324,234</u>	<u>\$ 5,214,216</u>	<u>\$ 4,907,550</u>	<u>\$ 4,601,888</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 332,417	\$ 275,000	\$ 275,865	\$ 458,905	-
Contributions - employee	-	-	-	-	-
net investment income	135,640	191,151	207,192	212,195	38,742
Benefit payments, refunds of employee contribution	(185,489)	(332,764)	(194,861)	(180,112)	(175,242)
Administrative expense	(250)	(250)	(250)	(250)	(250)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	282,318	133,137	287,946	490,738	(136,750)
<b>Plan fiduciary net position - beginning</b>	<u>3,987,049</u>	<u>3,853,912</u>	<u>3,565,966</u>	<u>3,075,228</u>	<u>3,211,978</u>
<b>Plan fiduciary net position - ending (b)</b>	\$ 4,269,367	\$ 3,987,049	\$ 3,853,912	\$ 3,565,966	\$ 3,075,228
<b>Authority's net pension liability - ending (a) - (b)</b>	<u>\$ 1,316,948</u>	<u>\$ 1,337,185</u>	<u>\$ 1,360,304</u>	<u>\$ 1,341,584</u>	<u>\$ 1,526,660</u>
<b>Plan fiduciary net position as a percentage of the total pension liability (b) / (a)</b>					
	76.43%	74.88%	73.91%	72.66%	66.83%
Covered - employee payroll	\$ 2,047,608	\$ 2,180,484	\$ 1,912,284	\$ 1,847,038	\$ 1,830,806
Authority's net pension liability as a percentage of covered employee payroll	64.32%	61.33%	71.14%	72.63%	83.39%

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**Note H. Retirement Plan (continued)**

**Schedule of Authority Contributions**

Fiscal Year ended June 30, 2019	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 282,417	\$ 220,643	\$ 275,865	\$ 274,968	\$ 168,564	\$ 183,937
Contributions in relation to the actuarially determined contribution	<u>332,417</u>	<u>275,000</u>	<u>275,865</u>	<u>458,905</u>	-	<u>183,937</u>
Contribution deficiency (excess)	<u>\$ (50,000)</u>	<u>\$ (54,357)</u>	<u>\$ -</u>	<u>\$ (183,937)</u>	<u>\$ 168,564</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,047,608	\$ 2,180,484	\$ 1,912,284	\$ 1,847,038	\$ 1,830,806	\$ 1,751,967
Contributions as a % of covered employee payroll	16.23%	12.61%	14.43%	24.85%	0.00%	10.50%

\* Contribution of \$183,937 made on 7/13/2016

**Funding Methods & Methodologies**

Asset Valuation Method      For assets held in the General Investment Account, the value is assigned by the Insurance Company. All other assets are valued at market value.

Funding Methods and Methodologies:

Asset Valuation Method      For assets held in the General investment Account, value is assigned by the Insurance Company. All other assets are valued at market value.

Actuarial Cost Method      Entry age normal, percentage of pay

Long-term expected return on assets      The long term expected rate of return assumption was determined by the Plan Sponsor with guidance from the Plan's financial advisor, based on their plan of attaining an asset allocation target of 55% equity and 45% fixed assets.

Employer Recommended Contribution      Normal Cost plus 30 year amortization of the unfunded accrued liability, increased with interest to the end of the plan year using the Entry Age Normal, Percentage of Pay Cost Method.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE I - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources when applicable. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2020, the Authority reports the following as deferred outflow of resources in the Statement of Net Position.

Difference between expected and actual experience	\$	36,442
Actuarial change in assumptions in pension plan		530,678
Difference in pension projected and actual earnings		101,360
Loss on refunding of bond		<u>55,626</u>
Total deferred outflows of resources	\$	<u><u>724,106</u></u>

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources when applicable. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2020 the Authority reports the following deferred inflows of resources in the Statement of Net Position.

Difference in actuarial experience from pension plan	\$	169,577
Difference in pension projected and actual earnings		14,664
Difference in pension projected and actual earnings		7,489
Gain on refunding of bond		185,237
Unavailable revenue - service delivery fees		<u>1,108,038</u>
Total deferred inflows of resources	\$	<u><u>1,485,005</u></u>

**NOTE J. RISK MANAGEMENT**

The Authority 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. The Authority purchases commercial insurance to cover the risks of loss.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Carroll County Water Authority**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE K. SUBSEQUENT EVENTS**

On July 16, 2020 Carroll County Water Authority adopted resolutions which allowed the Authority to execute modifications to the promissory notes on GEFA loans, DW2019024, DW09013, DW09014, and DW10010 which modified the terms of the notes so the: (1) unpaid principal balance of the above notes would not bear any interest during the period commencing on June 1, 2020 and ending on November 30, 2020 and (2) no principal, interest, or fees would be due or payable during the period commencing on July 1, 2020 and ending on December 31, 2020 and (3) the maturity dates of the above loans were extended by 6 months. Monthly payments will resume commencing on January 1, 2021. The repayment schedules of the above loans have been adjusted to reflect the above promissory note modifications.

The Authority has evaluated subsequent events through October 5, 2020.

## **Required Supplemental Information**

**WILL M. ROBINSON, CPA, LLC**  
*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 Board of Directors  
Carroll County Water Authority  
Carrollton, 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 business-type activities of Carroll County Water Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which comprise Carroll County Water Authority's basic financial statements, and have issued our report thereon dated October 5, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Carroll County Water Authority'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 Carroll County Water Authority's internal control. Accordingly, we do not express an opinion on the effectiveness Carroll County Water Authority'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 Carroll County Water Authority'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*.

**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.

*Will Robinson, CPA, LLC*

Carrollton, Georgia  
October 5, 2020

**WILL M. ROBINSON, CPA, LLC**  
*Certified Public Accountants*

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

**To the Board of Directors  
Carroll County Water Authority  
Carrollton, Georgia**

**Report on Compliance for Each Major Federal Program**

We have audited Carroll County Water Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carroll County Water Authority's major federal programs for the year ended June 30, 2020. Carroll County Water Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Carroll County Water Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carroll County Water Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Carroll County Water Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Carroll County Water Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control over Compliance**

Management of Carroll County Water Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carroll County Water Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over

compliance. Accordingly, we do not express an opinion on the effectiveness of Carroll County Water Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities of Carroll County Water Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Carroll County Water Authority's basic financial statements. We issued our report thereon dated October 5, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Will Robinson, CPA, LLC*

Carrollton, Georgia  
October 5, 2020

**Carroll County Water Authority  
Schedule of Expenditures of Federal Awards  
For Year Ended June 30, 2020**

<u>Federal Grantor/Pass-Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
<b>U.S. Department of Environmental Protection Agency (EPA)</b>				
<b>Passed through Georgia Environmental Finance Authority</b>				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2019024	\$ 25,000,000	\$ 1,187,532
<b>Total U.S. Department of Environmental Protection Agency (EPA)</b>			<b>25,000,000</b>	<b>1,187,532</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 25,000,000</b>	<b>\$ 1,187,532</b>

**Notes To Schedule Of Expenditures Of Federal Awards**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Carroll County Water Authority under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. De Minimis Indirect Cost Rate**

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Carroll County Water Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

**SECTION I – SUMMARY OF AUDIT RESULTS**

*A. Financial Statements*

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ Yes      X   No  
 Significant deficiencies identified  
 not considered material weaknesses? \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

*B. Federal Awards*

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes      X   No  
 Significant deficiencies identified  
 not considered material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor’s report issued on compliance  
 for major programs: Unmodified

Any audit findings disclosed that are required to be reported  
 in accordance with the Uniform Guidance? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Programs or Cluster</i>
66.468	U.S. Environmental Protection Agency GEFA Capitalization Grant for Drinking Water

Dollar threshold used to distinguish between  
 Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None Reported

**SECTION III – FEDERAL AWARD FINDINGS and QUESTIONED COSTS**

None Reported

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APPENDIX B

FORM OF THE BOND RESOLUTION

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A RESOLUTION TO PROVIDE FOR (A) THE ISSUANCE OF CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A (THE "SERIES 2021A BONDS") FOR THE PURPOSES OF PREPAYING CERTAIN OUTSTANDING LOANS TO THE AUTHORITY FROM THE GEORGIA ENVIRONMENTAL FINANCE AUTHORITY AND TO PAY THE COSTS OF ACQUIRING, CONSTRUCTING, AND EQUIPPING EXTENSIONS OF AND ADDITONS AND IMPROVEMENTS TO THE WATER AND SEWERAGE SYSTEM OF THE AUTHORITY (THE "SYSTEM") AND (B) THE ISSUANCE OF CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B (THE "SERIES 2021B BONDS") FOR THE PURPOSE OF REFUNDING AND REDEEMING ALL OF THE OUTSTANDING CARROLL COUNTY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2012 (THE "SERIES 2012 BONDS" OR "REFUNDED BONDS") (THE "SERIES 2021A BONDS" AND THE "SERIES 2021B BONDS" BEING COLLECTIVELY DEFINED HEREIN AS THE "SERIES 2021 BONDS"); TO PAY THE COSTS OF ISSUANCE OF THE SERIES 2021 BONDS; AND FOR OTHER PURPOSES.

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PREAMBLE

1. Under the provisions of Ga. Laws 1967, p. 2861 et seq., as amended by Ga. Laws 1968, p. 2368 et seq., Ga. Laws 1972, p. 2655 et seq., Ga. Laws 1995, p. 3606 et seq., Ga. Laws 2001, p. 4380 et seq., and Ga. Laws 2020, p. 3890 et seq. known as the Carroll County Water Authority Act (the "Act"), there was created a body corporate and politic, deemed to be a political subdivision of the State of Georgia and a public corporation, designated as the Carroll County Water Authority (the "Authority"), which Authority has been duly organized, and its members are performing their duties and are serving in the furtherance of the purpose for which the Authority was created.

2. The Authority owns and operates a water and sewerage system, as such system now exists and as it may hereafter be added to, extended, improved or equipped (the "System"); and

3. The Authority, by virtue of said Act and the Revenue Bond Law of the State of Georgia (O.C.G.A. §§ 36-82-60 et seq., as amended) (the "Revenue Bond Law"), is authorized to issue its revenue bonds payable from revenue derived from the System, as the same now exists or as it may be hereafter improved and equipped, and the Authority is authorized to improve the System for its own use and for the use of public and private consumers both within its area of operation. The Authority is further authorized to prescribe and revise rates and collect fees, tolls, and charges for the services and facilities 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 cost of any such improvements, to refund revenue bonds previously issued, to prepay loans obtained by the Authority to provide improvements to the System, and to pay the expenses incident thereto.

4. Pursuant to O.C.G.A. § 50-23-6, the Authority is authorized to borrow funds from the Georgia Environmental Finance Authority ("GEFA") in connection with the System. The Authority heretofore has the following outstanding loans with GEFA, whereby the Authority borrowed funds from GEFA to construct improvements to the System:

(a) Loan/ Project No. DWSRF 09-013 which is evidenced by a promissory note in the amount of \$3,625,000, bearing interest at the rate of 3.00% per annum, which loan is anticipated to be outstanding and unpaid in the principal amount of approximately \$1,338,066.85 as of the date of issuance and delivery of the Series 2021 Bonds, and which loan may be prepaid in whole or in part by the Authority at any time without premium or penalty;

(b) Loan/ Project No. DWSRF 09-014 which is evidenced by a promissory note in the amount of \$4,675,000, bearing interest at the rate of 3.00% per annum, which the Authority estimates will be outstanding and unpaid in the principal amount of approximately \$1,150,790.52, as of the date of issuance and delivery of the Series 2021 Bonds, and which loan may be prepaid in whole or in part by the Authority at any time without premium or penalty;

(c) Loan/ Project No. DWSRF 10-010 which is evidenced by a promissory note in the amount of \$4,825,000, bearing interest at the rate of 3.00% per annum, which the Authority estimates will be outstanding and unpaid in the principal amount of approximately \$2,430,803.52 as of the date of issuance and delivery of the Series 2021 Bonds, and which loan may be prepaid in whole or in part by the Authority at any time without premium or penalty;

(d) Loan/ Project No. DW2019024 which is evidenced by a promissory note in the amount of up to \$25,000,000, bearing interest at the rate of 1.86% per annum, which is currently in the draw phase, and which loan may be prepaid in whole or in part by the Authority at any time without premium or penalty;

(e) Loan/Project No. WS13LO2WR, which is evidenced by a promissory note in the principal amount of up to \$9,070,000 and bearing interest at the rate of 1.40% per annum, which is currently in the draw phase, and which loan may be prepaid in whole or in part by the Authority at any time without premium or penalty;

5. In addition to the loans described in Section 4 above, the Authority has been awarded GEFA Loan WS14L02WR in the principal amount of \$10,000,000, to be repaid over 40 years at the rate of 2.03% after all funds are drawn down, which loan has not been closed.

6. The Authority proposes to issue its CARROLL COUNTY WATER AUTHORITY WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A (the "Series 2021A Bonds") in the aggregate principal amount of \$13,315,000 to finance the acquisition, construction, and equipping of additions and improvements to the System in accordance with engineering plans and specifications prepared by Krebs Engineering, Inc., Consulting Engineers for the Authority, dated April 27, 2021, as the same may be amended (the "Project"), which are on file with the Authority and incorporated herein by this reference, and in order to achieve debt service cost savings to the Authority to finance the refunding and prepayment of the following GEFA loans:

(a) Loan/Project No. DWSRF 09-013,

(b) Loan/Project No. DWSRF 09-014, and

(c) Loan/Project No. DWSRF 10-010.

7. In accordance with a resolution adopted by the Authority on February 4, 1999 (as amended, the "Original Resolution"), the Authority issued and delivered \$19,250,000 in aggregate principal amount of its WATER AND SEWERAGE REVENUE BONDS, SERIES 1999 (the "Series 1999 Bonds"). All outstanding Series 1999 Bonds were refunded and defeased pursuant to the hereinafter defined Series 2005 Supplemental Resolution and are therefore no longer outstanding.

8. In accordance with the terms of the Original Resolution, the Authority, by resolution adopted on December 10, 2001, as amended and restated on June 28, 2002 (as amended and restated, the "Series 2002 Supplemental Resolution"), issued and delivered its WATER AND SEWERAGE REVENUE BONDS, SERIES 2002, in the aggregate principal amount of

\$4,635,000 (the "Series 2002 Bonds"), which Series 2002 Bonds were refunded and defeased pursuant to the hereinafter defined Series 2012 Supplemental Resolution and are therefore no longer outstanding.

9. In accordance with the terms of the Original Resolution, the Authority, by resolution adopted on November 17, 2005, as amended and restated on December 22, 2005 (as amended and restated, the "Series 2005 Supplemental Resolution"), issued and delivered its WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2005, in the aggregate principal amount of \$17,550,000 (the "Series 2005 Bonds"), for the purpose of refunding all of the outstanding Series 1999 Bonds, and for other purposes.

10. In accordance with the terms of the Original Resolution, the Authority, by resolution adopted on August 2, 2012, (the "Series 2012 Supplemental Resolution"), issued and delivered its WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2012, in the aggregate principal amount of \$9,580,000 (the "Series 2012 Bonds"), for the purpose, in part, of currently refunding all of the outstanding Series 2002 Bonds and advance refunding a portion of the outstanding Series 2005 Bonds, and for other purposes. The Series 2012 Bonds are currently outstanding in the aggregate principal amount of \$6,685,000.

11. In accordance with the terms of the Original Resolution, the Authority, by resolution adopted on April 16, 2015 (the "Series 2015 Resolution") issued and delivered its Water and Sewerage Refunding Revenue Bonds, Series 2015 (the "Series 2015 Bonds") for the purpose of refunding all then remaining Series 2005 Bonds. The Series 2015 Bonds are currently outstanding and unpaid in the aggregate principal amount of \$2,730,000 maturing on July 1, in the years and amounts as follows:

2021	1,115,000	3,000
2022	1,120,000	3,000
2025*	200,000	2,125
2029*	295,000	4,000

\* Subject to scheduled mandatory redemption as provided in Section 302 of the Series 2015 Resolution.

12. Payment of the currently outstanding Series 2012 Bonds and the Series 2015 Bonds is secured by a first lien on the Net Revenues (as defined in Section 101 of this Series 2021 Resolution) of the System.

13. The final maturity of the Series 2012 Bonds is July 1, 2032. Series 2012 Bonds maturing on or after July 1, 2023 may be redeemed prior to their respective maturities, either in whole or in part, at the option of the Authority, on any date in any year not earlier than July 1, 2022, from any money that may be made available for such purpose at a redemption price equal to 100% of the principal amount of the Series 2012 Bonds being redeemed, plus accrued interest thereon to the date of redemption.

14. The final maturity of the Series 2015 Bonds is July 1, 2029. Series 2015 Bonds maturing on July 1, 2029, may be redeemed at the option of the Authority in whole or in part at

any time beginning July 1, 2025, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.

15. After conferring with its fiscal advisors, the Authority has determined that it is in the best interest of the citizens of Carroll County (the "County") and the customers of the System to refund all of its Series 2012 Bonds maturing on or after July 1, 2023, and to redeem the same on July 1, 2022. The Authority has been advised that under current law it cannot advance refund the Series 2012 Bonds (the "Refunded Bonds") with the proceeds of a tax exempt borrowing; however it may do so with proceeds from a taxable borrowing which will result in substantial interest cost savings to the Authority.

16. At the present time the Authority does not desire to refund or redeem its Series 2015 Bonds.

17. The Authority proposes to issue \$6,165,000 in aggregate principal amount of its CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B (the "Series 2021B Bonds"), in accordance with this Series 2021 Resolution, for the purpose of paying, defeasing and refunding the Refunded Bonds and paying the costs of issuance of the Series 2021B Bonds.

18. The Series 2021A Bonds and the Series 2021B Bonds (together the "Series 2021 Bonds") shall be issued as Additional Bonds (as defined in Section 101 of the Series 2015 Resolution and Section 101 of this Series 2021 Resolution) payable on a parity with the Series 2015 Bonds of the Authority

19. In accordance with the Series 2015 Resolution, upon the payment of the Series 2012 Bonds or upon provision for payment of such bonds in accordance with the provisions of Section 510 and 511 of the Original Resolution, the Series 2015 Resolution as the same may be supplemented and amended hereafter shall be considered as and is defined as the Bond Resolution for so long as any Series 2015 Bonds remain outstanding, without the need for reference to the Original Resolution or other supplemental resolutions of the Authority.

20. In order to provide for the payment from proceeds of the Series 2021B Bonds of the amounts required to refund and redeem the Refunded Bonds on July 1, 2022 (the "Redemption Date") and to pay principal and interest coming due on the Refunded Bonds prior to the Redemption Date the Authority has caused to be prepared an Escrow Deposit Agreement, to be dated as of the date of the issuance of the Series 2021 Bonds (the "Escrow Deposit Agreement"), between the Authority and U.S. Bank National Association, Atlanta, Georgia, as escrow agent (the "Escrow Agent"), providing for the irrevocable deposit into the escrow fund created under the Escrow Deposit Agreement of money or certain Permitted Investments (described in subparagraph (A) of the term "Permitted Investments" defined in Section 101 of the Original Resolution and the Series 2012 Supplemental Resolution) having such maturities and bearing such interest as will, in the opinion of an independent certified public accounting firm of national reputation, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (such earnings to be held in trust also), be sufficient for the payment or redemption of the Refunded Bonds in full on the Redemption Date and the payment of the principal of and interest coming due on the Refunded Bonds prior to the

Redemption Date, together with all of the fees and expenses of the paying agent for the Series 2012 Bonds due or which become due.

21. Upon the deposit into the escrow fund of such money or Governmental Obligations to be purchased from a portion of the proceeds of the Series 2021B Bonds and other money available to the Authority, and the receipt by the Authority of a CPA Opinion and Bond Counsel Opinion (as defined in Section 510 and Section 511 of the Original Resolution), the Refunded Bonds shall be deemed to have been paid, with the effect that the lien of the Refunded Bonds on the Net Revenues of the System shall cease, determine and be discharged, provided that such cancellation and discharge shall not terminate the powers and rights granted to the paying agent for the Refunded Bonds with respect to the payment, registration of transfer and exchange of the Refunded Bonds.

22. Upon the payment of the Series 2012 Bonds as described hereinabove, the Series 2015 Bonds will be the only Outstanding Bonds of the Authority. It is provided in Section 508 of the 2015 Resolution 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 Outstanding Bonds of the Authority and any future issue or issues of Additional Bonds hereafter issued, under certain conditions, which are as follows:

(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 the "Debt Service Account" and "Debt Service Reserve Account" held within said Sinking Fund must be at their proper respective balances.

(b) The Net Revenues of the System for a period of twelve (12) consecutive months out of the eighteen (18) consecutive months preceding the month of adoption of the proceedings authorizing the issuance of such Additional Bonds must have been equal to at least 1.20 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Series 1999 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 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 1.20 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Series 1999 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 shall certify in triplicate to the Authority 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 Authority shall provide the Authority with a written report recommending the additions, extensions and

25. The Authority has determined that it is in its best interests to purchase a municipal bond debt service reserve insurance policy (the "Reserve Policy").

26. The Authority has determined that in order to accomplish the sale of the Series 2021 Bonds hereinafter authorized, the Authority should enter into a bond purchase agreement (the "Purchase Agreement") with Stephens Inc. (the "Underwriter"), in a form to be approved by the Chairman of the Authority, with the advice of counsel to the Authority, the terms of which Purchase Agreement shall provide for the sale of the Series 2021 Bonds.

27. It is also necessary for the Authority to approve the use, distribution and finalization of a Preliminary Official Statement and the execution, use and delivery of an Official Statement pertaining to the Series 2021 Bonds hereinafter authorized and to authorize the Chairman of the Authority to "deem final" such Preliminary Official Statement within the meaning of Rule 15c2-12 of the Security and Exchange Commission and to authorize certain other documents.

NOW, THEREFORE, BE IT RESOLVED by the CARROLL COUNTY WATER AUTHORITY, and it is HEREBY RESOLVED, as follows:

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 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 the Paragraph 1 of Section 502 of the Series 2015 Resolution for said period.

(e) The Authority 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. Any such proceeding or proceedings shall require the Authority 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 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 Resolution 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 Resolution.

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

23. As required by the terms of the Series 2015 Resolution, set forth in the preceding paragraph, prior to the issuance of the Series 2021 Bonds, an independent and recognized firm of certified public accountants shall certify to the governing body of the Authority that the Authority has complied and is complying with the requirements of Sections 508 (a), (b), and (c) of the Series 2015 Resolution.

24. The Consulting Engineers for the Authority have provided the Authority with a written report dated the date hereof, meeting the requirements of Section 508 (d) of the Series 2015 Resolution.

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 101. **Definitions of Certain Terms.** In addition to the words and phrases elsewhere defined in this Series 2021 Resolution, the following words and phrases used herein shall have the following meanings:

"Act" means Georgia Laws 1967, p. 2861 *et seq.*, as amended by Georgia Laws 1968, p. 2368 *et seq.*, Georgia Laws 1972, p. 2655 *et seq.*, Georgia Laws 1995, p. 3606 *et seq.*, Georgia Laws 2001, p. 4380, *et seq.*, and Ga. Laws 2020, p. 3890 *et seq.*

"Additional Bonds" means any revenue bonds of the Authority ranking on a parity with the outstanding the Series 2015 Bonds and the Series 2021 Bonds.

"Authority" means the Carroll County Water Authority, its successors or assigns.

"Bondholder" and "bondholder" means the registered owner of any of the outstanding Bonds.

"Bond Registrar" means U.S. Bank, National Association, in the City of Atlanta, Georgia, or such other bank or financial institution bank appointed by the Authority to maintain, in accordance with the provisions of the Bond Resolution and any supplemental resolution, the registration books of the Authority for any series of Bonds secured by the Bond Resolution.

"Bond Resolution" or "Resolution" means the Series 2015 Resolution and this Series 2021 Resolution, and any resolution hereafter adopted authorizing the issuance of Additional Bonds.

"Bonds" means any outstanding revenue bonds authorized by and issued pursuant to the Bond Resolution.

"Cede & Co." means Cede & Co., the nominee of DTC or any successor nominee of DTC.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Fund" means the CARROLL COUNTY WATER AUTHORITY CONSTRUCTION FUND 2021, authorized to be created pursuant to Section 404.

"Construction Fund Depository" means U.S. Bank National Association, Atlanta, Georgia, or such other bank or trust company so designated from time to time by resolution of the Governing Body.

"Costs of Issuance" means the reasonable and necessary costs and expenses incurred by the Authority with respect to the issuance of a series of Bonds, the adoption of the Bond Resolution, and any transaction or event contemplated by the Bond Resolution, including fees and expenses of engineers, accountants, attorneys, placement agents, underwriters, and financial

advisors; financial fees and expenses; advertising, recording, validation, and printing expenses; premiums for municipal bond insurance and a surety bond or letter of credit, if any; and all other costs and expenses incurred in connection with the issuance of a series of Bonds.

“**Costs of Issuance Account**” means an account authorized to be created pursuant to Section 402 of this Series 2021 Resolution for the exclusive purpose of paying Costs of Issuance incurred in connection with the issuance of a series of Bonds.

“**County**” means Carroll County, Georgia.

“**Debt Service**” means the principal of and interest due on the Bonds.

“**Debt Service Account**” means the account of such name within the Sinking Fund, as described in Section 502(2).

“**Debt Service Reserve Account**” means the account of such name within the Sinking Fund, as described in Section 502(2).

“**Debt Service Reserve Insurance Commitment**” means the Municipal Bond Debt Service Reserve Insurance Commitment issued by the Insurer and accepted by the Authority on the date hereof.

“**Debt Service Reserve Requirement**” means as of the date of calculation the least of an amount equal to the least of (i) ten percent (10%) of the stated principal amount of the Bonds, (ii) the maximum annual Principal and Interest Requirements, or (iii) 125 percent of the average annual Principal and Interest Requirements.

“**Direct Participant**” means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations and corporations which have access to the DTC system.

“**DTC**” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, or its nominee, or any other person, firm, association or corporation designated in any resolution of the Authority supplemental hereto to serve as securities depository for a series of Bonds.

“**Engineers**” means Krebs Engineering, Inc., Birmingham, Alabama, or such other person or firm selected by the Authority with a Professional Engineer (“P.E.”) design

“**Escrow Agent**” means U.S. Bank National Association, in the City of Atlanta, Georgia.

“**Escrow Deposit Agreement**” means the escrow deposit agreement to be entered into between the Authority and the Escrow Agent as described in paragraph 20 of the preamble and authorized for execution by Section 1009 of this Series 2015 Resolution.

“**Federal Tax Certificate**” means a certificate executed by the appropriate officer of the Authority, dated the date of issuance and delivery of a series of tax-exempt Bonds containing, among other provisions, representations to the effect that on the basis of facts and estimates set forth therein (A) it is not expected that the proceeds of said series will be used in a manner that

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(c) Bonds in lieu of which other Bonds have been executed and delivered under Section 207 of the Bond Resolution.

“**Paying Agent**” means the commercial bank or banks appointed by the Authority to serve as paying agent, in accordance with the terms of the Bond Resolution and any supplemental resolution, for any series of Bonds secured by the Bond Resolution.

“**Permitted Investments**”

- A. (1) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below), or
- (2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.
- B. (1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
  - Export-Import Bank
  - Farm Credit System Financial Assistance Corporation
  - Rural Economic Community Development Administration (formerly the Farmers Home Administration)
  - General Services Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - Government National Mortgage Association (GNMA)
  - U.S. Department of Housing & Urban Development (PHA's)
  - Federal Housing Administration
  - Federal Financing Bank;
- (2) The Local Government Investment Pool of the State of Georgia created pursuant to O.C.G.A. Section 36-83-1, as amended.
- C. (1) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
  - Senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
  - Obligations of the Resolution Funding Corporation (REFCORP)
  - Senior debt obligations of the Federal Home Loan Bank System

would cause said series to be “arbitrage bonds” within the meaning of § 148 of the Code and applicable regulations thereunder, and (B) to the best knowledge and belief of said officer, such expectations are reasonable.

“**Fiscal Year**” means the period commencing on the 1st day of July in each year and extending through the 30th day of June in such year, or such other period as shall hereafter be adopted by the Authority as provided in the Bond Resolution.

“**Government Obligations**” means bonds or other obligations of the United States of America or obligations representing an interest therein which as to principal and interest constitute direct obligations of the United States of America or are fully guaranteed as to payment by the United States of America

“**Insurer**”, “**Assured Guaranty**” or “**AGM**” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

“**Insurance Agreement**” means the Insurance Agreement dated the date of issuance of the Series 2021 Bonds entered into by the Insurer and the Authority with respect to the Reserve Policy.]

“**Interest Payment Date**” means January 1 and July 1 of each year, or with regard to any Additional Bonds, such dates as designated in a supplemental resolution authorizing the issuance of such Additional Bonds.

“**Net Revenues**” means the amount of money or its equivalent actually collected from the operation of the System and remaining in the Revenue Fund after the payment of the reasonable and necessary cost(s) of operating and maintaining the System, but before making provision for any depreciation charges.

“**Original Resolution**” means that certain bond resolution of the Authority adopted on February 4, 1999, authorizing the issuance of the Series 1999 Bonds, as amended by the Series 2002 Supplemental Resolution, the Series 2005 Supplemental Resolution, and the Series 2012 Supplemental Resolution.

“**Outstanding**” or “**Outstanding Bonds**” means all Bonds which have been executed and delivered pursuant to the Bond Resolution except:

- (a) Bonds cancelled because of payment or redemption;
- (b) Bonds for the payment or redemption of which funds or securities in which such funds are invested shall have been deposited theretofore with a duly designated paying agent or escrow agent for the Bonds (whether upon or prior to the maturity or redemption date of any such Bonds) provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or provision satisfactory to such Paying Agent shall have been made therefor, or a waiver of such notice, satisfactory in form to such Paying Agent, shall have been filed with such Paying Agent; and

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- Senior debt obligations of other Government Sponsored Agencies approved by Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company (“Ambac”);
- (2) U.S. Dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks meeting the requirements set forth in O.C.G.A. Section 36-82-7 with respect to collateralization and other matters which have a rating on their short term Bonds of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.);
- (3) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of the State of Georgia which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
  - (A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P and Moody’s or any successors thereto; or
  - (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph a(ii) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the Bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (4) General obligations of States with a rating of at least “A2/A” or higher by both Moody’s and S&P.
- (5) Investment agreements approved in writing by Ambac (supported by appropriate opinions of counsel) with notice to S&P; and
- (6) Other forms of investments permitted at any time for the investment of the funds of the Authority under the laws of the State of Georgia (including repurchase agreements).

D. The value of the above investments shall be determined as follows:

“Value,” which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

- (1) As to investments the bid and asked prices of which are published on a regular basis in the Wall Street Journal (or, if not there, then in the New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;
- (2) As to investments the bid and asked prices of which are not published on a regular basis in the Wall Street Journal or the New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the applicable Fund Custodian in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
- (3) As to Bonds of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (4) As to any investment not specified above: the value thereof established by prior agreement between the Authority, the applicable Fund Custodian and Ambac.

“Principal and Interest Requirements” means 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 Bonds.

“Project” means the project described in paragraph 6 of the preamble.

“Record Date” shall have the meaning given such term in Section 201(e).

“Redemption Date” means July 1, 2022.

“Refunded Bonds” means all currently outstanding Series 2012 Bonds which shall be paid or redeemed on the Redemption Date.

“Refunded GEFA Loans” means the three GEFA loans described in paragraph 6 of the preamble.

“Renewal and Extension Fund” means the “Carroll County Water Authority Renewal and Extension Fund described in Section 502.

“Renewal and Extension Fund Depository” means Community and Southern Bank, Atlanta, Georgia, as successor-in-interest to First National Bank of Georgia, f/k/a West Georgia National Bank of Carrollton, and its successors and assigns, or any successor custodian for the

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Whenever used in the Bond Resolution, the singular shall include the plural and the plural shall include the singular, unless the context otherwise indicates.

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

- (a) “herein,” “hereby,” “hereunder,” “hereof,” “hereinbefore,” “ hereinafter,” and other equivalent words refer to the Bond Resolution and not solely to the particular portion thereof in which any such word is used;
- (b) any pronoun used herein shall be deemed to cover all genders;
- (c) all references herein to particular Articles or Sections are references to Articles or Sections of the Bond Resolution; and
- (d) the titles preceding each Section of the Bond Resolution are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provisions of the Bond Resolution.

[END OF ARTICLE I]

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Renewal and Extension Fund hereafter appointed by the Authority; provided, however, the Renewal and Extension Fund Depository shall at all times be a commercial bank.

“Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy to be issued by the Insurer in accordance with the Debt Service Reserve Insurance Commitment relating to the Series 2021 Bonds.

“Revenue Bond Law” means the Revenue Bond Law of the State of Georgia (O.C.G.A. Sections 32-82-60 *et seq.*), as same may hereafter be amended from time to time.

“Revenue Fund” means the “Carroll County Water Authority Revenue Fund” as described in Section 504 hereof.

“Series 2015 Bonds” means the \$8,015,000 aggregate principal amount of the Authority’s Water and Sewerage Refunding Revenue Bonds, Series 2015, authorized to be issued pursuant to the Series 2015 Resolution.

“Series 2015 Resolution” means the resolution authorizing the Series 2015 Bonds.

“Series 2021 Bonds” means the Series 2021A Bonds and the Series 2021B Bonds.

“Series 2021A Bonds” means the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A.

“Series 2021B Bonds” means the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B.

“Series 2021 Resolution” means this resolution authorizing the issuance of the Series 2021 Bonds.

“Sinking Fund” means the “Carroll County Water Authority Sinking Fund “as described in Section 502.2 hereof.

“Sinking Fund Custodian” means U.S. Bank National Association, Atlanta, Georgia, its successors and assigns, or any successor custodian for the Sinking Fund hereafter appointed by the Authority; provided, however, the Sinking Fund Custodian shall at all times be a commercial bank.

“Sinking Fund Years” means the period commencing on the 1st day of July in each year and extending through the 30<sup>th</sup> day of June in the next year.

“Surety Bond” means an insurance policy or surety bond or letter of credit or a combination thereof deposited in the Debt Service Reserve Account in accordance with the Section 502 of the Bond Resolution in lieu of or in partial substitution for cash on deposit therein and with respect to the Series 2021 Bonds means the Reserve Policy.

“System” means the Authority’s water and sewerage system as it now exists and as it may hereafter be added to, extended and improved.

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## ARTICLE II

### AUTHORIZATION, TERMS AND FORM OF BONDS

#### Section 201. Parity Requirements Met: Authorization of Series 2021 Bonds.

(a) This resolution of the Authority (this “Series 2021 Resolution”) amends and supplements the Series 2015 Resolution as permitted by Sections 508 and 901(g) thereof. All of the terms, provisions and conditions contained in Section 508 of Series 2015 Resolution, as amended, having been met and complied and in accordance with the Act and the Revenue Bond Law, there are hereby authorized to be issued the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A (the “Series 2021A Bonds”) and the CARROLL COUNTY WATER AUTHORITY TAXABLE WATER AND SEWERAGE REFUNDING REVENUE BONDS, SERIES 2021B (the “Series 2021B Bonds”) ( the Series 2021A Bonds and the Series 2021B Bonds being collectively referred to herein as the “Series 2021 Bonds”).

(b) The Series 2021A Bonds shall be issued in the aggregate principal amount of \$13,315,000 for the purpose of (i) paying or redeeming all the Refunded GEFA Loans on the date of the issuance and delivery of the Series 2021A Bonds, (ii) acquiring, constructing and equipping the Project, (iii) purchasing the Reserve Policy; and (iv) paying the costs of issuance of the Series 2021A Bonds.

(c) The Series 2021B Bonds shall be issued in the aggregate principal amount of \$6,165,000 for the purpose of (i) refunding and redeeming the Refunded Bonds in accordance with the Escrow Agreement, (ii) purchasing the Reserve Policy, and (iii) paying the costs of issuance of the Series 2021B Bonds.

(d) All of the covenants, agreements, conditions and provisions of the Bond Resolution hereinafter set forth are hereby authorized to be for the equal and proportionate benefit and security of all holders of the outstanding the Series 2021 Bonds to be issued pursuant to this Series 2021 Resolution, the Series 2015 Bonds so long as the same are outstanding and unpaid and any Additional Bonds hereinafter issued pursuant to Section 508 of hereof (the “Bondholders”).

#### Section 202. Maturities, Interest Rates, Interest Payment Dates, Date, Denominations, and Other Particulars.

(a) The Series 2021 Bonds shall mature and be paid on July 1 (the “Principal Payment Date”) in the years and in the principal amounts set forth below, and shall bear interest at the rates per annum set forth below, calculated on the basis of a 360 day year of twelve 30-day months, payable on January 1 and July 1 (each an “Interest Payment Date”) in each year, beginning January 1, 2022:

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Series 2021A Maturities and Interest Rates

Year	Principal Amount	Interest Rate
2022	\$610,000	4.000%
2023	635,000	4.000
2024	665,000	4.000
2025	680,000	4.000
2026	715,000	4.000
2027	745,000	4.000
2028	770,000	4.000
2029	810,000	4.000
2030	835,000	4.000
2031	845,000	4.000
2032	660,000	4.000
2033	660,000	3.000
2034	470,000	3.000
2036*	965,000	3.000
2038*	1,025,000	3.000
2040*	1,085,000	3.000
2042*	1,140,000	2.000

\* Subject to scheduled mandatory redemption as provided in Section 302.

Series 2021B Maturities and Interest Rates

Year	Principal Amount	Interest Rate
2022	\$75,000	0.450%
2023	545,000	0.500
2024	550,000	0.730
2025	550,000	1.080
2026	560,000	1.230
2027	570,000	1.510
2028	575,000	1.700
2029	590,000	1.960
2030	595,000	2.060
2031	770,000	2.160
2032	785,000	2.260

(b) The Series 2021 Bonds shall be dated as of the date of issuance and delivery thereof (the “**Bond Date**”).

(c) The Series 2021 Bonds as originally issued shall be lettered and numbered from R-1 upward in order of maturity, or in such other manner as may be directed by the Authority, according to the records maintained by the Bond Registrar.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants (which include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations), which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Certificate (a “**Beneficial Owner**”) is in turn to be recorded on the records of the Direct Participants and others such as 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**”). Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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 Bonds representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the 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 the 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 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.

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

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Authority determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the Authority or the Beneficial Owners of the Bonds, the Authority shall discontinue the book-entry system with DTC. If the

(d) Except as provided in this Section, each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest on the Bonds has been paid, unless (i) such date of authentication is an Interest Payment Date to which interest has been paid, in which case from such Interest Payment Date, (ii) such date of authentication of such Bond is after the Record Date with respect to an Interest Payment Date and prior to such Interest Payment Date, in which case from such Interest Payment Date, or (iii) no interest has been paid on the Bonds, in which case from the Bond Date.

(e) The person in whose name any Bond is registered at the close of business on any Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding any registration of transfer or exchange subsequent to such Record Date and prior to such Interest Payment Date. The term “**Record Date**” as used in this Section with respect to any Interest Payment Date means the 15th day of the calendar month next preceding such Interest Payment Date; provided, however, that if and to the extent a default shall occur in the payment of interest due on such Interest Payment Date, such past due interest shall be paid to the persons in whose name Outstanding Bonds are registered on a subsequent date of record established by notice given by mail by the Bond Registrar to the Holders of the Bonds not less than 30 days preceding such subsequent date of record.

(f) The Debt Service on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The principal of the Bonds (and in the case of term Bonds, the final payment of principal) shall be payable upon the presentation and surrender of the Bonds to the Paying Agent. The Debt Service on the Bonds shall be paid by check or draft mailed by the Paying Agent by first class mail to the respective Owners of the Bonds at such Owners’ addresses as they appear on the bond register kept by the Bond Registrar (or by wire transfer to the Owners of Bonds in the minimum aggregate principal amount of \$1,000,000 at a wire transfer address which said Owners have provided to the Paying Agent not less than five business days prior to an Interest Payment Date, which wire instructions shall remain in effect until the Paying Agent is notified to the contrary).

(g) The Series 2021 Bonds shall be subject to redemption prior to their respective maturities upon the terms set forth in Article III of this Series 2021 Resolution.

(h) The Series 2021 Bonds shall be issued as fully registered bonds, without coupons, in the denomination of \$5,000 in principal amount or any integral multiple thereof in excess of \$5,000.

(i) Bonds are authorized hereby to be issued in book-entry only form, with no physical distribution of Bonds made to the public. If a series of Bonds is issued as book-entry bonds, the following procedures shall apply thereto:

The 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 certificate will be issued for each maturity, in the aggregate principal amount of such maturity, and will be deposited with DTC.

Authority fails to identify another qualified securities depository to replace DTC, the Authority will cause the Paying Agent to authenticate and deliver replacement certificates in the form of fully registered Bonds to each Beneficial Owner.

If a book-entry system of evidence and transfer of ownership of the Bonds is discontinued pursuant to the provisions of this Section, the Bonds shall be delivered solely as fully registered Bonds without coupons in such denominations as shall be determined by the Authority, shall be lettered “R” and numbered separately from 1 upward, and shall be payable, executed, authenticated, registered, exchanged and canceled pursuant to the provisions of Article II hereof. In addition, the Authority will pay all costs and fees associated with the printing of the Bonds and issuance of the same in certificated form.

SO LONG AS CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE AUTHORITY AND THE REGISTRAR WILL TREAT CEDE & CO. OR SUCH OTHER NOMINEE AS THE ONLY OWNER OF THE BONDS FOR ALL PURPOSES UNDER THIS SERIES 2021 RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE AUTHORITY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE BOND RESOLUTION. THE AUTHORITY 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 BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF 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 BOND RESOLUTION TO BE GIVEN TO CERTIFICATE HOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS OWNER.

If Bonds are issued as book-entry Bonds, the form of said Bonds shall contain the following text:

*Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Carroll County Water Authority or its agent for registration of transfer, exchange, or payment, and any Bond issued 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.*

*The Authority has established a Book Entry system of registration for this Bond. Except as specifically provided otherwise in the hereinafter defined Resolution, Cede & Co., as nominee of DTC, will be the registered owner and will hold this Bond on behalf of each beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, each beneficial owner of this Bond shall be*

deemed to have agreed to such arrangement. Cede & Co., as registered owner of this Bond, will be treated as the owner of this Bond for all purposes.

**Section 203. Forms of Series 2021 Bonds.** The Series 2021A Bonds, the assignment, the authentication certificate and the certificate of validation to be endorsed upon the Series 2021A Bonds shall be, respectively, in substantially the form attached hereto as **Exhibit A** with such variations, omissions and insertions as are required or permitted by this Series 2021 Resolution. The Series 2021B Bonds, the assignment, the authentication certificate and the certificate of validation to be endorsed upon the Series 2021B Bonds shall be, respectively, in substantially the form attached hereto as **Exhibit B** with such variations, omissions and insertions as are required or permitted by this Series 2021 Resolution.

**Section 204. Required Authentication; Proof of Ownership.** Only those 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 the Bond Resolution, and such certificate upon any of Bonds when duly executed shall be conclusive evidence that such 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 of the Bonds that may be issued hereunder at any one time. The person in whose name any 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 Bond, including redemption premium, if any and the interest thereon to the extent of the sums so paid.

**Section 205. Bond Registrar; Transfer and Exchange.** The Bond Registrar shall keep the bond registration book for the registration of the Bonds and for the registration of transfers of the Bonds as herein provided. The transfer of any Bond shall be registered upon the bond registration book upon the surrender and presentation of the 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 Bond or Bonds so surrendered, a new Bond or Bonds registered in the name of the transferee, of any denomination or denominations authorized by the Bond Resolution, and in an aggregate principal amount equal to the aggregate principal amount of the Bonds so surrendered and of the same maturity. Any 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 Bonds of the same maturity equal to the principal amount of the 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 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 Bonds under the Bond Resolution.

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ARTICLE III

REDEMPTION OF SERIES 2021 BONDS BEFORE MATURITY

**Section 301. Optional Redemption.**

(a) The Series 2021A Bonds maturing on or after July 1, 2032, may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part (maturities to be designated by the Authority) at any time, beginning July 1, 2031, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. If less than all of the Series 2021A Bonds of a maturity are to be redeemed, the actual Series 2021A Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Bond Registrar may determine.

(b) The Series 2021B Bond maturing on July 1, 2032, may be redeemed prior to its maturity at the option of the Authority, in whole or in part (maturities to be designated by the Authority) at any time, beginning July 1, 2031, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. If less than all of the Series 2021A Bonds of a maturity are to be redeemed, the actual Series 2021A Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Bond Registrar may determine.

**Section 302. Mandatory Sinking Fund Redemption.**

(a) The Series 2021A Bonds maturing on July 1, 2036, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, on July 1 in the years, and in the principal amounts set forth below (the July 1, 2036 amount to be paid at maturity rather than redeemed):

Year	Principal Amount
2035	\$475,000
2036	\$490,000

(b) The Series 2021A Bonds maturing on July 1, 2038 are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021 Bonds to be redeemed to be selected by lot in such manner as may be designated by the Bond Registrar) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date in the following principal amounts on July 1 of the years set forth below (the July 1, 2038 amount to be paid rather than redeemed):

Year	Principal Amount
2037	\$505,000
2038	\$520,000

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**Section 206. Lost Destroyed, Mutilated Bonds.** If any Bond shall become mutilated, the Bond Registrar in its discretion and at the expense of the owner of such Bond shall authenticate and deliver a new Bond of like tenor registered in the name of the owner in exchange and substitution for such mutilated Bond. If any 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 Authority and if such evidence shall be satisfactory and indemnity of a character and in an amount satisfactory shall be given, then the Authority at the expense of the owner shall cause a new 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 207. Blank Bonds.** The Authority shall make all necessary and proper provisions for the transfer and exchange of the Bonds by the Bond Registrar and the Authority shall deliver or cause to be delivered to the Bond Registrar a sufficient quantity of blank Bonds duly executed on behalf of the Authority, together with the certificate of validation pertaining thereto duly executed by the Clerk of the Superior Court of Carroll County, as herein provided, in order that the Bond Registrar shall at all times be able to register and authenticate the Bonds at the earliest practicable time in accordance with the provisions of the Bond Resolution. All 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 Bonds maintained by the Bond Registrar.

[END OF ARTICLE II]

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(c) The Series 2021A Bonds maturing on July 1, 2040, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, on July 1 in the years, and in the principal amounts set forth below (the July 1, 2040 amount to be paid at maturity rather than redeemed):

Year	Principal Amount
2039	\$535,000
2040	\$550,000

(d) The Series 2021A Bonds maturing on July 1, 2042 are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021 Bonds to be redeemed to be selected by lot in such manner as may be designated by the Bond Registrar) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date in the following principal amounts on July 1 of the years set forth below (the July 1, 2042 amount to be paid rather than redeemed):

Year	Principal Amount
2041	\$565,000
2042	\$575,000

**Section 303. Notice of Redemption.** The Bond Registrar shall give notice of redemption pursuant to this Article III one time not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Holders of each of the Series 2021 Bonds being called for redemption by first class mail (electronically while the Series 2021 Bonds are held as book-entry bonds) at the address shown on the register of the Bond Registrar. Said notice may be a conditional notice under such terms as specified in the notice and shall contain the complete official name of the Series 2021 Bonds being redeemed, CUSIP number, certificate numbers, amounts called of each certificate (for partial calls), redemption date, redemption price, the Paying Agent's name and address (with contact person and phone number), date of issue of the Series 2021 Bonds, interest rate, and maturity date. Said notice shall also be given not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Electronic Municipal Market Access system ("EMMA") operated by the Municipal Securities Rulemaking Board or such other securities depository registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which disseminate redemption notices. No transfer or exchange of any Bond so called for redemption shall be allowed. If any Holder of any Bond being redeemed pursuant to the provisions of this Article shall fail to present for redemption any such Bond within 60 days after the date fixed for redemption, a second notice of the redemption of such Bond shall be given to said Owner at the address of said Owner as shown on the bond register of the Bond Registrar within 90 days after the date fixed for redemption. The failure of the Bond Registrar to give such notice shall not affect the validity of the proceedings for the redemption of any Bond as to which no such failure occurred. Any notice mailed or

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delivered as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

**Section 304. Manner of Redemption.** Series 2021 Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In the case of the Series 2021 Bonds of denominations greater than \$5,000, if less than all of such Series 2021 Bonds of a single maturity then outstanding are to be called for redemption then for all purposes in connection with redemption, each \$5,000 of face value shall be treated as though it were a separate Bond in the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by any Bond are to be called for redemption, then upon notice of the intention to redeem such \$5,000 unit or units, the Owner of such Bond shall forthwith surrender such Bond to the Paying Agent for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption and there shall be issued to the Holder thereof, without charge therefor, fully registered Series 2021 Bonds for the unredeemed balance of the principal amount thereof, in any of the authorized denominations. If the Owner of any such Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Paying Agent for payment in exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of face value on and after the date fixed for redemption and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent and being available for the redemption) such Bond shall not be entitled to the benefit and security of this Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such \$5,000 unit or units

**Section 305. Effect of Redemption Call.** Notice having been given in the manner and under the conditions prescribed herein, and money for the payment of the redemption price being held by the Paying Agent, all as provided in this Resolution, the Series 2021 Bonds or the portion thereof so called for redemption shall become and be due and payable on the redemption date designated in such notice at the redemption price provided for redemption of such Series 2021 Bonds on such date. Interest on the Series 2021 Bonds or the portion thereof so called for redemption shall cease to accrue from and after the date fixed for redemption unless default shall be made in payment of the redemption price thereof upon presentation and surrender thereof. Such Series 2021 Bonds shall cease to be entitled to any lien, benefit or security under this Resolution and the Owners of such Series 2021 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bond or the portion thereof so called shall not be considered to be outstanding. Upon surrender of such Bond paid or redeemed in part only, the Authority shall execute and the Bond Registrar shall deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same type, of authorized denominations in the aggregate principal amount equal to the unpaid or unredeemed portion of the Bond.

**Section 306. Purchase of Series 2021 Bonds in Market.** Nothing herein contained shall be construed to limit the right of the Authority to purchase Series 2021 Bonds in the open market, at a price not exceeding the then applicable redemption price of the Series 2021 Bonds to

ARTICLE IV

CUSTODY AND APPLICATION OF PROCEEDS;  
PREPAYMENT OF GEFA LOANS; REFUNDING OF REFUNDED BONDS;  
CONSTRUCTION FUND;  
REVENUES AND FUNDS

**Section 401. Application of Proceeds.** The proceeds derived from the sale of the Series 2021 Bonds shall be applied by the Authority, concurrently with the delivery of the Series 2021 Bonds to the Purchaser thereof, as follows:

- (a) **Series 2021A Bonds.**
  - (i) There shall be paid to the Georgia Environmental Finance Authority an amount sufficient to pay the Refunded GEFA Loans in full.
  - (ii) Proceeds sufficient to purchase the Reserve Policy;
  - (iii) Proceeds sufficient to pay the Costs of Issuance of the Series 2021B Bonds shall be deposited in the Costs of Issuance Account to be disbursed in accordance with Section 402
  - (iv) The balance of the proceeds of the Series 2021 Bonds shall be deposited into the Construction Fund.
- (b) **Series 2021B Bonds.**
  - (i) There shall be irrevocably deposited with U.S. Bank, National Association, as Escrow Agent, in an Escrow Fund pursuant to the Escrow Deposit Agreement, which amount shall be sufficient to pay without reinvestment or to purchase (or there will be purchased by the Authority and so deposited) certain Investment Securities (as defined in the Escrow Deposit Agreement), the principal of and interest on which will provide money which, together with the remaining money (if any) deposited with the Escrow Agent, shall be sufficient to pay the principal of and interest on the Refunded Bonds on the redemption date to be set by the Authority;
  - (ii) Proceeds sufficient to purchase the Reserve Policy;
  - (iii) Proceeds sufficient to pay the Costs of Issuance of the Series 2021B Bonds shall be deposited in the Costs of Issuance Account to be disbursed in accordance with Section 402.

**Section 402. Costs of Issuance Account.** A special account is hereby authorized to be created and established, in the discretion of the Authority, with the Bond Registrar and Paying Agent or another a custodian to be designated by the Authority, prior to the issuance and delivery of the Series 2021 Bonds, said account to be designated the CARROLL COUNTY WATER AUTHORITY COSTS OF ISSUANCE ACCOUNT, SERIES 2021 (the "Costs of Issuance Account").

be acquired, or at par and accrued interest for Series 2021 Bonds not then subject to redemption, from funds in the Sinking Fund. Any such Series 2021 Bonds so purchased shall not be reissued and shall be cancelled.

**Section 307. Redemption of Additional Bonds.** Additional Bonds may be made subject to redemption either mandatorily or at the option of the Authority prior to maturity at the times and upon such terms and conditions as may be prescribed in the respective resolutions of the Authority supplemental to this Resolution relating to such Additional Bonds. If Additional Bonds are issued hereafter, such Parity Bonds of any such future issue or issues may be redeemed in whole or in part before the maturity of the Series 2021 Bonds, subject to the Sinking Fund requirements herein prescribed, and subject to the call provisions of such future Additional Bond series; provided, however, the Authority is not restricted hereby from acquiring as a whole, by redemption or otherwise, all Outstanding Bonds of all such issues from any money which may be available for that purpose.

[END OF ARTICLE III]

(a) Said account shall be held separate and apart from all other deposits or funds of the Authority and money deposited into the Costs of Issuance Account shall be disbursed to pay, or reimburse the Authority for, all or a portion of the Costs of Issuance of the Series 2021 Bonds.

(b) Disbursements from the Costs of Issuance Account shall not require a requisition, but shall require an invoice for such payment. The Authority shall keep and maintain adequate records pertaining to the Costs of Issuance Account and all disbursements therefrom.

(c) Money on deposit in a Costs of Issuance Account may be invested, pending disbursement or use, in Permitted Investments.

**Section 403. Refunding the Refunded GEFA Loans and the Refunded Bonds.** The Refunded GEFA Loans shall be prepaid and refunded in accordance with Section 401(a) (i). The Refunded Bonds shall be refunded in accordance with Section 401(b) (i).

**Section 404. Lien on Money Deposited with the Escrow Agent.** The owners of the Refunded Bonds shall have an express lien on all money deposited with the Escrow Agent for the purpose of paying and refunding the Refunded Bonds until paid out, used, and applied for the purposes thereof.

**Section 405. Incorporation of Series 2012 Supplemental Resolution.** The applicable and necessary portions of the Series 2012 Supplemental Resolution pertaining to the payment, registration, and convertibility of the Series 2012 Bonds issued thereunder and the replacement of lost, destroyed, or mutilated certificates are incorporated herein by this reference thereto.

**Section 406. Termination of Rights.** The Authority acknowledges and intends that by virtue of the deposit described in Section 401(b) (i) , the Refunded Bonds shall be deemed to have been paid and that consequently, the rights granted to the owners of the Refunded Bonds under the Series 2012 Supplemental Resolution, except for the provisions thereof pertaining to the registration and exchange of Bonds issued thereunder and the replacement of lost, destroyed, or mutilated Bonds, and except as specifically reserved in this Article IV, shall have ceased, been terminated, and become void.

**Section 407. Excess Money.** After all Refunded Bonds have been paid in full, any money which remains with the Escrow Agent shall be paid to the Authority and deposited into the Sinking Fund.

**Section 408. Construction of the Project.** The Authority will proceed with the acquisition and construction of the Project. In the event the proceeds of the Series 2021A Bonds available for the Project are less than the estimated total cost of the Project, the Authority will establish a project priority list from which it will construct and equip portions of the Project with available proceeds as the same are prioritized on such list.

**Section 409. Construction Fund.** A construction fund is hereby authorized to be created prior to or concurrently with the issuance and delivery of the Series 2021 Bonds, said fund to be designated the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE SYSTEM CONSTRUCTION FUND 2021 (the "Construction Fund"). The Construction Fund shall be maintained by the Authority until completion of the Project with the Construction Fund

Depository. There shall be deposited to the credit of the Construction Fund proceeds of the sale of the Series 2021A Bonds as set forth in Section 401. There may also be deposited to the Construction Fund or subaccounts held therein any other funds received by grant, donation, or otherwise to finance the Project; provided that a separate accounting is maintained for the use of such funds and the investment of any earnings thereon. Such money as is deposited in the Construction Fund shall be held by the Construction Fund Depository and withdrawn only in accordance with the provisions and restrictions set forth in this Resolution, and the Authority will not cause or permit to be paid therefrom any sums except in accordance herewith; provided, however, that any money in the Construction Fund not needed at the time for the payment of current obligations during the course of the acquisition and construction of the Project, may be invested and reinvested by the Construction Fund Depository, upon direction of the Authority, in Permitted Investments defined in Section 101 of this Resolution. Any such investments shall mature not later than such times as shall be necessary to provide money when needed for payments to be made from the Construction Fund, and shall be held by the Construction Fund Depository for the account of the Construction Fund until maturity or until sold, and at maturity or upon such sale, the proceeds received therefrom, including accrued interest and premium, if any, shall be immediately deposited by the Construction Fund Depository in the Construction Fund and shall be disposed of in the manner and for the purposes hereinafter provided.

**Section 410. Lien on Construction Fund for Series 2021A Bondholders.** All money in and securities held for the Construction Fund shall be subject to a lien and charge in favor of the Holders of the Series 2021A Bonds and shall be held for the security of such Holders until paid out as hereinafter provided.

**Section 411. Authorized Construction Fund Disbursements.** Withdrawals from the Construction Fund may be made for the purpose of paying the cost of acquiring, constructing, and equipping the Project, including reimbursing the Authority for advances from its other funds to accomplish the purposes hereinafter described and including the purchase of such property and equipment as may be useful in connection therewith, and, without intending thereby to limit or to restrict or to extend any proper definition of such cost contained in the Revenue Bond Law, as it has been amended and as it hereafter may be amended, shall include:

- (a) The cost of indemnity and fidelity bonds either to secure deposits in the Construction Fund or to insure the faithful completion of any contract pertaining to the Project;
- (b) Any taxes or other charges lawfully levied or assessed against the Project;
- (c) Fees and expenses of architects and the preparation of plans and supervising the acquisition, construction, and equipping of the Project;
- (d) All other items or expenses not elsewhere in this Section specified incident to the Project;
- (e) Payments made for labor, contractors, builders, and materialmen in connection with the Project and payment for machinery and equipment and for the restoration of property damaged or destroyed in connection therewith and the repayment of advances made to it for the purpose of paying any of the aforementioned costs;

(b) Withdrawals for investment purposes only (including authorized deposits with other banks) may be made by the Construction Fund Depository to comply with written directions from an officer of the Authority without any requisition other than said direction.

**Section 414. Other Construction Covenants.** The Authority shall do all things, and take all reasonable and prudent measures necessary to continue construction with due diligence and to expend the money deposited in the Construction Fund as expeditiously as possible in order to assure the completion of the Project on the earliest practicable date, and will insure itself against the usual hazards incident to the construction of such a capital project.

**Section 415. Insurance During Construction.** Any contract relating to construction of the Project shall provide that:

- (a) The contractor shall procure and shall maintain during the life of his contract Workers' Compensation Insurance as required by applicable state law for all of his employees to be engaged in work at the site of the Project under his contract and, in case of any such work sublet, the contractor shall require the subcontractor similarly to provide Workers' Compensation Insurance for all of the latter's employees to be engaged in such work unless such employees are covered by the protection afforded by the contractor's Workers' Compensation Insurance. In case any class of employees is engaged in hazardous work on the Project under such contract is not protected under the Workers' Compensation Statute, the contractor shall provide or shall cause such subcontractor to provide adequate employer's liability insurance for the protection of such of his employees as are not otherwise protected.
- (b) The contractor shall procure and shall maintain during the life of his contract adequate contractor's public liability insurance, adequate vehicle liability insurance, and adequate contractor's property damage insurance.
- (c) The contractor shall either require each of his subcontractors to procure and to maintain during the life of his subcontract, Subcontractor's Public Liability and Property Damage Insurance of the type and in the same amounts as specified in the contractor's policy, or insure the activities of his subcontractors in his own policy.
- (d) The insurance required under subparagraphs (b) and (c) hereof shall provide adequate protection for the contractor and his subcontractors, respectively, against damage claims which may arise from operations under the contract, whether such operations be by the insured or by anyone directly or indirectly employed by him.
- (e) The contractor shall procure and shall maintain during the life of its contract, Builder's Risk Insurance (Fire and Extended Coverage) on a 100% completed value basis on the insurable portions of the Project. The Authority, the contractor, and subcontractors, as their interests may appear, shall be named as the insured.
- (f) The contractor shall furnish the Authority with certificates showing the type, amount, class of operations covered, effective date, and dates of expiration of all policies. Such certificates shall also provide that the insurance covered by the certificate will not be cancelled or materially altered, except after ten days written notice has been received by the Authority.

(f) The cost of acquiring by purchase, and the amount of any award or final judgment in any proceeding to acquire by condemnation, lands and rights-of-way necessary for the Project and appurtenances in connection therewith, and options and payments thereon, and any easements or rights-of-way or any damages incident to or resulting from the acquisition, construction, and equipping of the Project; and

(g) Costs of Issuance.

**Section 412. Requisition Procedure.** All payments from the Construction Fund shall be made upon checks signed by an officer of the Authority properly authorized to sign in its behalf, but before such officer shall sign any such checks (other than checks issued in payment for the Costs of Issuance which shall not require the hereinafter described requisition and certificate but shall require an invoice for such payment) there shall be filed with the Authority:

A requisition and certificate signed by the Project Superintendent certifying:

- (a) each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due;
- (b) that an obligation in the stated amount has been incurred by the Authority, that the same is a proper charge against the Construction Fund and has not been paid, and stating that the bill, invoice or statement of account for such obligation, or a copy thereof, is on file in the office of the Project Superintendent;
- (c) that the Project Superintendent has no notice of any vendor's, mechanic's, or other liens or rights to liens, chattel mortgages, or conditional sales contracts which should be satisfied or discharged before such payment is made;
- (d) that such requisition contains no item representing payment on account or any retained percentages (other than any percentages required by the State to be retained) which the Authority is, at the date of such certificate, entitled to retain; and
- (e) that insofar as such obligation was incurred for work, material, supplies, or equipment in connection with the Project, such work was actually performed, or such material, supplies, or equipment was actually installed in or about the construction or delivered at the site of the work for that purpose.

**Section 413. Other Disbursements from the Construction Fund.**

(a) If the United States of America or the State, or any department, agency, or instrumentality of either, agrees to allocate money to be used to defray any part of the cost of acquiring, constructing, and equipping the Project upon the condition that the Authority appropriate a designated amount of money for said specified purpose or purposes, and it is required to withdraw any sum so required from the Construction Fund and to deposit the same in a special account, the Authority shall have the right to withdraw any sum so required from the Construction Fund by appropriate transfer and deposit the same in a special account for that particular purpose; provided, however, that all payments thereafter made from said special account may only be made in accordance with the requirements set forth in this Article.

**Section 416. Performance and Payment Bonds.** The Authority shall require the contractor to furnish a performance bond in an amount at least equal to 100% of the contract price as security for the faithful performance of his contract and also a payment bond in an amount not less than 100% of the contract price as security for the payment of all persons performing labor on the Project under his contract and furnishing materials in connection with his contract.

**Section 417. Completion of the Project.** When the acquisition, construction, and equipping of the Project has been completed, said fact shall be evidenced by a certificate to the Authority and the Construction Fund Depository from the Project Superintendent to such effect specifying the date of completion. Should there be any balance in the Construction Fund which is not needed to defray proper charges against said fund which have not been paid, such balance shall be transferred to the Debt Service Account, and used to the extent available for payment or redemption of the Series 2021 Bonds, or otherwise applied in accordance with State law.

[END OF ARTICLE IV]

ARTICLE V

REVENUES AND FUNDS

Section 501. Fiscal Year. The System is now being and will continue to be operated on a Fiscal Year beginning on July 1 of each calendar year and continuing through June 30 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. 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 and improved shall be collected by the Authority or by its agents or employees and deposited promptly with the depository to the credit of the special fund heretofore created and designated as "Carroll County Water Authority Revenue Fund" (the "Revenue Fund"), and the Authority shall continue to maintain the Revenue Fund separate and apart from its other funds so long as the Series 2021 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 the reasonable and necessary costs of operating, maintaining and repairing the System, including 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 Net Revenues of the System remaining in the Revenue Fund after the payment of the sums required or permitted to be paid 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. The Net Revenues so pledged shall immediately be subject to 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 Authority and against all parties having claims of any kinds against the Authority, 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 from the Revenue Fund into the special fund which heretofore created and designated as the "Carroll County Water Authority Sinking Fund" and the Sinking Fund shall consist of three accounts which are to be held therein, one of which heretofore created and designated as the "Capitalized Interest Account"; one of which heretofore created and designated as the "Debt Service Account" and one of which heretofore created and designated as

maintenance and operation charges and not required to be paid into the Debt Service Account as hereinabove provided in subparagraph (a).

(c) All sums required to be deposited to comply with the provisions of subparagraphs (a) and (b) 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 Authority covenants and agrees that in the event it hereafter elects to issue Additional Bonds, pursuant to the provisions of the Bond Resolution, the above stated payments into the Sinking Fund will be increased to the extent necessary to pay the principal of and interest on the Bonds 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 and maintain a reserve for that purpose in an amount at least equal to the Debt Service Reserve Requirement on the then outstanding 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 money and securities (such securities to be valued at the lower of their market value or face amount, plus accrued interest thereon to July 2) 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 money 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 the Executive Manager of the Authority and such Executive Manager 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.

(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 "Carroll County Water Authority Renewal and Extension Fund" (hereinafter sometimes referred to as "Renewal and Extension Fund"), all of the money then remaining in the Revenue Fund (except for a working capital reserve in an amount not to exceed thirty (30) days estimated operating and maintenance costs) as determined by the Authority. 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

the "Debt Service Reserve Account." The Authority is authorized to establish separate subaccounts in the Debt Service Reserve Account for each series of Bonds as may be necessary and proper, one of which heretofore is created for the Series 2021 Bonds and designated the "Series 2021 Debt Service Reserve Subaccount". The Capitalized Interest Account does not currently have any money deposited therein and no deposits therein shall be made from proceeds of the Series 2021 Bonds. Upon the issuance of the Series 2021 Bonds the Authority shall continue to pay the following amounts:

(a) After there have been paid from the Revenue Fund the costs 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 Bonds coming due in the then current Sinking Fund Year, whether by maturity, mandatory redemption, or otherwise, and taking into consideration money deposited therein simultaneously with the issuance and delivery of a series of 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: commencing with the month of issuance and delivery and continuing through June, 2022, and in addition to the amounts deposited then for payment of the Series 2015 Bonds, the pro rata amount necessary to pay the interest coming due on the Series 2021 Bonds on January 1, 2022 and July 1, 2022, and from month to month thereafter an amount equal to one-sixth (1/6) of the interest on the Bonds coming due on the next succeeding July 1 or January 1, as the case may be, and one-twelfth (1/12) of the principal on the 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 Bonds as same mature or are acquired by mandatory redemption and the interest which will become due and payable thereon.

(b) 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 least of (i) ten percent (10%) of the stated principal amount of the Bonds, (ii) the maximum annual Principal and Interest requirement, and (iii) 125 percent of the average Principal and Interest requirement and to reimburse the provider of any Surety Bond amounts due in connection with any Surety Bond. Simultaneously with the issuance and delivery of the Series 2021 Bonds, there shall be deposited in the Series 2021 Debt Service Reserve Subaccount the Reserve Policy. 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 or a draw is made on a Surety Bond for the payment of such principal and interest, the money so taken shall be replaced in the Debt Service Reserve Account (or paid to the provider of such Surety Bond) from the first money in the Revenue Fund thereafter available and not required to be used for

and specifications pertaining to the future development or expansion of the System deemed to be reasonable and to the best interest of the Authority and the Bondholders; (c) payment of the charges of the "Renewal and Extension Fund Depository" 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.

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 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 money 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 money may be allocated and pledged for that purpose.

The Authority may at any time fulfill any portion of its obligation to fund the Debt Service Reserve Account 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 Authority and the Sinking Fund Custodian (i) an opinion of nationally recognized bond counsel to the effect that such substitution all not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; (ii) a certificate of Moody's Investors Service or S&P Global Ratings, whichever rating agency maintains a rating on the outstanding Bonds, to the effect that the substitution of such Surety Bond for cash or deposit in lieu of cash within the Debt Service Reserve Account will not, in and of itself, result in a reduction of the ratings issued for the Bonds or any Additional Bonds outstanding, and (iii) a copy of the Surety Bond issued to fulfill the Authority'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 each 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 Bonds and any Additional Bonds, any reimbursement agreement entered into between the Authority and the provider of any such Surety Bond may provide that the Authority will be obligated to repay such Authority 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 Authority 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 Authority shall revise and adjust such schedule of rates, fees and charges for either water or sewerage services and facilities, or both, to the extent necessary to produce funds sufficient to operate and maintain the System on a sound businesslike basis and to create and maintain the Sinking Fund as herein provided in amounts sufficient to discharge the payment of the principal of and the interest on the Bonds and any Additional Bonds as the same become due and payable in the then current Sinking Fund Year, either at maturity or by proceedings for mandatory redemption, and to create and maintain a reserve therefor in the amount as required herein or such larger amounts as may be required in any proceedings authorizing any such issue or issues of Additional Bonds, as well as to 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 near 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 water line or sewerage line to connect with the System. No customer shall be connected to the System or served by the Authority 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.

In the event the Authority 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 Event of Default, as defined in Article VIII of the Bond Resolution, shall have occurred, may institute and prosecute in any court of competent jurisdiction, an appropriate action to compel the Authority 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 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 Authority duly authorized for such purpose.

**Section 505. Sinking Fund Custodian.** That the Sinking Fund herein provided shall be kept as a trust account in a bank separate from other deposits of the Authority, with the "Sinking Fund Custodian," and it shall comply with all of the applicable provisions of the Bond Resolution.

**Section 506. Sinking Fund Disbursements.** Subject to the terms and conditions set forth in the Bond Resolution, money in the Sinking Fund shall be disbursed for (a) the payment of the interest on the Bonds secured hereby as such interest becomes due and payable; (b) the payment of the principal of the Bonds secured hereby as same becomes due and payable, either at maturity or by proceedings for mandatory redemption; (c) the optional redemption of Bonds secured hereby before maturity at the price and under the conditions provided therefor in Article III hereof as to the Series 2021 Bonds and as to any then series of Bonds, in accordance with the

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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 Bonds, provided the following conditions are met:

(a) The payments covenanted to be made to 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 Revenues of the System for a period of twelve (12) consecutive months out of the eighteen (18) consecutive months preceding the month of adoption of the proceedings authorizing the issuance of such Additional Bonds must have been equal to at least 1.20 times the maximum debt service requirement for any succeeding Sinking Fund Year on the 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 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 1.20 times the maximum debt service requirement for any succeeding Sinking Fund Year on the 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 shall certify in triplicate to the Authority 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 Authority shall provide the Authority 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 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.

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resolution or supplemental resolution authorizing the issuance of such series of Bonds; (d) the purchase of Bonds in the open market; provided, however, the price paid shall not exceed the authorized call price; (e) the transfer of excess money, if any, in the Sinking Fund (as described in the second paragraph of subparagraph of Section 502) to the Revenue Fund; (f) the payment of charges for paying the Bonds and interest thereon and the charges for the registration of Bonds and their transfer or exchange in accordance with the terms thereof; and (g) the payment of any charges for investment services.

Money 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 Authority, or if the Authority shall fail to do so direct, as said Custodian may deem in its discretion to serve the best interest of the Sinking Fund without the necessity for any other specific authorization from the Authority to that effect. Any such Permitted Investments shall mature no later than the date or dates on which money held for the credit of the Debt Service Account of the Sinking Fund shall be required for the purposes intended. Money in the Debt Service Reserve Account of the Sinking Fund shall be invested and reinvested in those Permitted Investments set forth in subparagraphs (A) and (B) of the definition of Permitted Investments in the Bond Resolution maturing no later than the date or dates on which money held for the credit of the Debt Service Reserve Account of the Sinking Fund shall be required for the purposes intended; provided, however, money 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 Bonds if the Authority 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 they 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 money in the Sinking Fund and all securities held in and for the 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 Money in the Renewal and Extension Fund.** Money 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 Authority. Any such securities so purchased shall be held by the Renewal and Extension Fund Depository 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. Money 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 Authority 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 Bonds and any

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(e) The Authority 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, he 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. Any such proceeding or proceedings shall require the Authority 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 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 Bond Resolution 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 the Bond Resolution.

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

**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 Authority.

**Section 510. Discharge of Lien and Security Interests.** If the Authority 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 Authority 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 the Bond Resolution have been complied with (the "Bond Counsel Opinion"), shall cancel and discharge the Bond Resolution, and shall execute and deliver to the Authority such instruments in writing as shall be required to cancel and discharge the Bond Resolution; provided, however, such cancellation and discharge of the Bond Resolution 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.

**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, nonrepayable Permitted Investments as defined in subparagraph (A) 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 money of the Authority 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 money 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 Authority 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 the Bond Resolution have been given or irrevocable power authorizing the Paying Agent to give such redemption notices.

[END OF ARTICLE V]

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## ARTICLE VII

### PARTICULAR COVENANTS

**Section 701. Payment.** The Authority will promptly pay the principal of, and interest on, every Bond secured hereby at the place, on the dates and in the manner herein and in the Bonds specified, and any premium required for the redemption of the 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 Bonds shall be construed as an obligation of the Authority 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.** The Authority 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 Authority 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.** Subject to the provisions of Code Section 13-10-2 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 Authority, such work is satisfactory and has been completed on schedule. If, after discontinuing the retention, the Authority 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.** The Authority 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

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## ARTICLE VI

### DEPOSITORIES OF MONEY AND SECURITIES FOR DEPOSIT

#### Section 601. Depository; Sinking Fund Custodian; Security for Deposits.

(a) Except as otherwise provided in the Bond Resolution, all money received by the Authority under the terms hereof shall, subject to the giving of security as hereinafter provided, be deposited with the proper Depository or with the Sinking Fund Custodian in the name of the Authority. All money deposited under the provisions hereof shall be deposited in banks insured by the Federal Deposit Insurance Corporation and such money shall be applied in accordance with the terms and for the purposes set forth in the Bond Resolution and shall not be subject to lien or attachment or any type of security interest by any creditor of the Authority.

(b) No money belonging to any of the funds created hereunder shall be deposited or remain on deposit with the Depository 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 Authority and the owners of the Bonds as collateral security for the money 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. Designation of Depositories and Custodians.** U.S. Bank, National Association, Atlanta, Georgia, is hereby designated as the Construction Fund Depository. Community and Southern Bank, Atlanta, Georgia is hereby designated as the Revenue Fund Depository and the Renewal and Extension Fund Depository; and U.S. Bank, National Association, 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 2021 Bonds.

The Authority 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 Series 2021 Resolution, and the Authority may, from time to time, designate a successor Depository 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 the Bond Resolution.

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 Authority, use and disburse the money in the Sinking Fund as provided in the Bond Resolution; except that, if, as provided under Article III of the Bond Resolution, it redeems or buys any Series 2021 Bonds issued hereunder with money in the Sinking Fund, then proper authorization and direction from the governing body of the Authority shall be furnished for such use and disbursement of said money.

[END OF ARTICLE VI]

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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 Authority 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.** The Authority shall procure and maintain or cause to be procured and maintained so long as the 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 Authority 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 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.** The Authority will keep the funds and accounts of the System separate from all other funds and accounts of the Authority, 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.** The Authority the month immediately following the end of each Fiscal Year, or as soon thereafter as practicable, it will 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 Authority. 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 Authority with the provisions of the Bond Resolution and that it is complying therewith or point out where, if any, the Authority is not in compliance therewith.

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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 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 Bonds issued hereunder such other information concerning the System, or the operation thereof as may be reasonably requested.

**Section 708. Sale of Assets.** So long as any of the Bonds shall be outstanding, the Authority will 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 Bonds authorized under and secured by the Bond Resolution 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 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 Bonds.

The Authority will 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 Bonds, or ranking equally with said charge or lien of the Bonds, except that it may issue Additional Bonds standing on a parity therewith in accordance with the provisions of the Bond Resolution.

**Section 709. Certificate as to Use of Proceeds.** The Chairman and the Secretary and Treasurer of the Authority are hereby authorized and directed to execute, for and on behalf of the Authority, 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 Bonds, as well as such other documents as may be necessary or desirable in connection with the issuance and delivery of the Bonds.

**Section 710. Tax Covenants for Series 2021A Bonds.** The Authority covenants that the Series 2021A Bonds are being issued by the Authority 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 Authority that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes, and, to that end, the Authority hereby covenants with the holders of any Series 2021A 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 Series 2021A 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 Series 2021A Bonds or any other funds of the Authority or take or omit to take any action in a

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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 the Bond Resolution:

(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 Authority 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 Authority, 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 Authority, for the purpose of effecting a composition between the Authority 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 Authority, 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 Authority, 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 Authority 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 the Bond Resolution, on the part of the Authority 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 Authority 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 Authority, 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

way that would cause the Series 2021A 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 Authority will not allow 5% or more of the proceeds of the Series 2021A Bonds to be used for any private business use and will not loan 5% or more of the proceeds of the Series 2021A Bonds to persons other than governmental units.

(c) that it will not directly or indirectly use or permit the use of any proceeds of the Series 2021A Bonds or any other funds of the Authority or take or omit to take any action that would cause the Series 2021A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Authority 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 Series 2021A Bonds. In the event that at any time the Authority 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 money held under the Bond Resolution, the Authority shall take such action as may be necessary.

### **Section 711. Disclosure Dissemination Agreement; Dissemination Agent Agreement.**

The execution, delivery and performance by the Chairman and Secretary or Assistant Secretary of the Authority of a Disclosure Dissemination Agreement and the execution and delivery of a Dissemination Agent Agreement with a qualified dissemination agent approved by the Chairman are hereby approved. The Authority hereby covenants for the benefit of the owners of the Bonds and the Underwriter to comply with its obligations under the Disclosure Dissemination Agreement. A breach of this covenant shall not be deemed to be an event of default hereunder, and the sole remedy under the Bond Resolution shall be an action to compel performance.

[END OF ARTICLE VII]

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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 good, or, provisions therefor 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 Authority, 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 Authority 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.

[END OF ARTICLE VIII]

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ARTICLE IX

SUPPLEMENTAL PROCEEDINGS

Section 901. Adoption of Supplemental Proceedings. The Authority may, from time to time and at any time, adopt such resolution or resolutions 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 Series 2021 Resolution or in any supplemental resolution 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 resolution. 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 Authority may, without the consent of or notice to any of the Bondholders, enter into any resolution or resolutions supplemental to this Series 2021 Resolution for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Series 2021 Resolution;
(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 Series 2021 Resolution additional revenues, properties or collaterals;
(d) To modify, amend or supplement this Series 2021 Resolution or any resolution 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 Series 2021 Resolution or a resolution 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 Investor Service and/or S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, 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 Authority to pay the principal of, premium, if any, and interest on the Bonds as provided in the Bond Resolution or otherwise materially adversely affect the owners of the Bonds of the Bond Resolution;

Whenever referred to herein as "supplemental resolution" same shall be construed to mean such action as shall be taken by the Authority, 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 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 resolution amending such proceedings and the notice of such supplemental resolution 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 the Bond Resolution 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 the Bond Resolution and shall be conclusive in favor of the Authority 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 Authority 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 Authority in pursuant of such request or consent.

[END OF ARTICLE IX]

(f) To provide for separate accounts within the Funds established pursuant to Article V hereof; or

(g) To permit the issuance of Additional Bonds pursuant to the provisions of Section 508 hereof;

Section 902. Notice. After any supplemental resolution requiring the consent of the Bondholders shall have been adopted, the Authority shall cause a notice of the adoption of such resolution 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 resolution shall be mailed, postage prepaid, to the Designated Representatives of the original purchaser of any Bonds.

Section 903. Required Approval. No such supplemental resolution 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 Secretary and Treasurer within three (3) months after the date of adoption of such resolution properly executed instruments approving the adoption of such supplemental resolution, 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 resolution 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 resolution, or to enjoin or restrain the Authority from taking any action pursuant to the provisions thereof must be commenced within thirty (30) days after the Authority 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 resolution.

(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 resolution becoming final, the Bond Resolution and any resolution authorizing the issuance of Additional Bonds with the Bonds shall be, and be deemed to be, modified and amended in accordance with such supplemental resolution, and the respective rights, duties and obligations under the Bond Resolution and any resolution authorizing the issuance of Additional Bonds with the Bonds of this issue and all owners t outstanding Bonds shall thereafter be determined, exercised and enforced hereunder; subject, in all respects, to such modifications and amendments.

Section 905. Incorporation. Any supplemental resolution adopted and becoming effective in accordance with the provisions of this Article shall thereafter form a part of the Bond Resolution and all conditions of the Bond Resolution 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.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1001. Severability. In case any one or more of the provisions of the Bond Resolution, 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 the Bond Resolution or the Bonds, but the Bond Resolution 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 the Bond Resolution shall constitute a contract by and between the Authority and the owners of the Bonds authorized to be issued hereunder and the owners of any Additional Bonds subsequently issued by the Authority, and after the issuance of the Bonds the Bond Resolution 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 Authority pass any proceedings in any way adversely affecting the rights of such owners or Authorities, so long as any of the Bonds authorized by the Bond Resolution, 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 IX hereof.

(b) The provisions of the Bond Resolution and every appropriate sentence hereof shall be construed as including and as being applicable to any Additional Bonds issued by the Authority, as well as to the Bonds, and any Additional Bonds issued by the Authority shall be treated for all intents and purposes, unless otherwise specifically stated, just as if they had been issued together with the Bonds and pursuant to the terms of the Bond Resolution.

(c) Any subsequent proceedings authorizing the issuance of Additional Bonds issued by the Authority as provided in the Bond Resolution shall in no wise conflict with the terms and conditions of the Bond Resolution, but shall, for all legal purposes, reaffirm all of the applicable covenants, agreements and provisions of the Bond Resolution for the equal protection and benefit of all Bondholders.

Section 1003. Validation. The Bonds herein authorized shall be validated in the manner provided by law, and to that end, notice of the adoption of this Series 2021 Resolution and a copy thereof shall be served upon the District Attorney of the Coweta Judicial Circuit, in order that proceedings for the above purpose be instituted in the Superior Court of Carroll County.

Section 1004. Repeal of Conflicting Resolutions; Repeal of Original Resolution. Any and all resolutions or parts of resolutions in conflict with the Bond Resolution be and the same are hereby repealed, and this Series 2021 Resolution shall be in full force and effect from and after its adoption. Upon the defeasance or payment of the Series 2012 Bonds, the Original Resolution shall be repealed and the Series 2015 Resolution, this Series 2021 Resolution, and any resolutions hereafter adopted authorizing the issuance of Additional Bonds shall be the "Bond Resolution".

**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 institutes 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 Authority may, in connection with the issuance of any Additional Parity Bonds bearing interest at a variable rate, provide that interest shall accrue for any such period.

**Section 1006. Approval of Purchase Agreement.** The Purchase Agreement with Stephens Inc., as Underwriter, is hereby authorized and approved. The Chairman is hereby authorized and directed to execute the Purchase Agreement for and on behalf of the Authority, and the Secretary and Treasurer is hereby authorized and directed to attest the same and impress thereon the seal of the Authority. The Purchase Agreement shall be in substantially the form on file with the Authority, subject to such changes, insertions and omissions as may be approved by the Chairman, and the execution of the Purchase Agreement by the Chairman as herein authorized shall be conclusive evidence of any such approval.

**Section 1007. Approval of Offering Documents.** The use and distribution of the Preliminary Official Statement, substantially in the form presented at this meeting and on file with the Secretary and Treasurer are hereby approved and ratified. The Chairman is hereby authorized to execute and deliver the Official Statement on behalf of the Authority. The Official Statement shall be in substantially the form as the Preliminary Official Statement, with such changes, insertions or omissions as may be approved by the Chairman, and the execution of said Official Statement by the Chairman as hereby authorized shall be conclusive evidence of any such approval. The Chairman, or in his absence or incapacity, the Vice Chairman, Secretary and Treasurer or any other officer of the Authority, is hereby authorized to execute and deliver on behalf of the Authority an agreement or undertaking to comply with the rules and regulations of the Securities and Exchange Commission (the "SEC") relating to the Bonds, including, without limitation, any agreement or undertaking with respect to continuing disclosure by the Authority to enable the purchasers of the Bonds to comply with Rule 15c2-12. The execution and delivery all such documents or Bonds as may be reasonably requested of the Authority to "deem final" the Preliminary Official Statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 are hereby ratified and approved.

**Section 1008. Approval of Blanket Authority Letter of Representations.** The execution and delivery of a Representations Letter if required is hereby approved. The Chairman, or in his absence or incapacity, the Vice Chairman is hereby authorized to execute and deliver the Representations Letter as required to allow DTC to act as securities depository for the Bonds and all other bond issues that the Authority shall request be made eligible for deposit by DTC.

**Section 1009. Approval of Escrow Deposit Agreement; Purchase of Escrow Obligations.** The Escrow Deposit Agreement is hereby authorized and approved. The Chairman is hereby authorized and directed to execute the Escrow Deposit Agreement for and on behalf of the Authority, and the Secretary and Treasurer is hereby authorized and directed to attest the same and impress thereon the seal of the Authority. The Escrow Deposit Agreement shall be in substantially the form on file with the Authority, subject to such changes, insertions and

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## ARTICLE XI

### RESERVE INSURANCE POLICY

**Section 1101. Provisions Relating to Reserve Policy.** The acceptance of the Debt Service Reserve Insurance Commitment on behalf of the Authority is ratified and confirmed and the Authority will comply with the provisions thereof in order for the Reserve Policy to be issued by the Insurer. Anything in this Series 2021 Resolution to the contrary notwithstanding, so long as the Reserve Policy is in full force and effect or the Insurer is owed any amounts in connection therewith the following provisions shall apply:

(a) The Authority shall repay any draws under the Reserve Policy and shall pay interest thereon from the date of payment by AGM 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 5%, and (ii) the then applicable highest rate of interest on the Series 2021 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 AGM 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 AGM, with the same force and effect as if the Authority had specifically designated such extra sums to be so applied and AGM 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 AGM 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 AGM 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 all revenues and other collateral pledged as security for the Series

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omissions as may be approved by the Chairman, and the execution of the Escrow Deposit Agreement by the Chairman as herein authorized shall be conclusive evidence of any such approval.

Either the Escrow Agent or the Underwriter is authorized to apply for any United States Treasury Obligations — State and Local Government Series or other Government Obligations needed to carry out the current refunding of the Refunded Bonds.

**Section 1010. Applicable Provisions of Law.** The Bond Resolution shall be governed by and construed and enforced in accordance with the laws of the State of Georgia.

**Section 1011. No Individual Responsibility of Members and Officers of Authority.** No stipulations, obligations or agreements of any member or of any officer of the Authority shall be deemed to be stipulations, obligations or agreements of any such member or officer in his individual capacity.

**Section 1012. Execution by Chairman.** Notwithstanding anything in the Bond Resolution to the contrary, in the absence or incapacity of the Chairman, the Vice Chairman is hereby authorized to execute and deliver on behalf of the Authority any document or certificate requiring execution by the Chairman.

**Section 1013. Ratification and General Authority.** All acts heretofore or taken by any officer of the Authority in connection with the issuance of the Bonds are hereby ratified and approved. All acts of the Chairman or any officer of the Authority relating to the giving of any notices required in connection with the refunding and payment of the Refunded Bonds and the Refunded GEFA Loans are hereby ratified and approved. Any officer of the Authority is hereby authorized to do any and all things, including, but not limited to, making covenants on behalf of the Authority and to execute any and all Bonds and documents necessary to issue the Bonds and to carry out the transactions contemplated by the Bond Resolution, the Purchase Agreement, the Preliminary Official Statement, including but not limited to a Non-Arbitrage Certificate.

[END OF ARTICLE X]

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2021 Bonds (subject only to the priority of payment provisions set forth under this Series 2021 Resolution).

All cash and investments in the debt service reserve fund established for the Series 2021 Bonds (the "Reserve Fund") shall be transferred to the debt service fund for payment of debt service on Series 2021 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 ("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 Authority shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, AGM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Series 2021 Resolution other than (i) acceleration of the maturity of the Series 2021 Bonds or (ii) remedies which would adversely affect owners of the Series 2021 Bonds.

(c) This Series 2021 Resolution shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The Authority's obligation to pay such amounts shall expressly survive payment in full of the Series 2021 Bonds.

(d) The Authority shall include any Policy Costs then due and owing AGM in the calculation of the Additional Bonds test and the rate covenant this Series 2021 Resolution.

(e) This Series 2021 Resolution shall require the Paying Agent to ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and to provide notice to AGM 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 Bonds. Where deposits are required to be made by the Authority with the Paying Agent to the debt service fund for the Bonds more often than semi-annually, the Paying Agent shall be instructed to give notice to AGM of any failure of the Authority to make timely payment in full of such deposits within two business days of the date due.

(f) The Authority will pay or reimburse AGM any and all charges, fees, costs, losses, liabilities and expenses which AGM may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Resolution or any document executed in connection with the Bonds

(the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Authority) relating to Resolution or any other Related Document, any party to the Resolution or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Resolution or any other Related Document, if any, or the pursuit of any remedies under the Resolution or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Resolution, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by AGM to cure a default or termination or similar event (or to mitigate the effect thereof) under the Resolution or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of AGM spent in connection with the actions described in clauses (ii) through (v) above. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Resolution or any other Related Document. Amounts payable by the Authority hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by AGM until the date AGM is paid in full.

(g) The obligation of the Authority to pay all amounts due to AGM shall be an absolute and unconditional obligation of the Authority and will be paid or performed strictly in accordance with the provisions of this Article XI irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, the Resolution or any other Related Document, or (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, the Resolution or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the Reserve Policy, the Resolution or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Authority may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with the transactions contemplated herein or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

(h) The Authority shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the Insurer) of the Resolution applicable to it, each of the provisions thereof being expressly incorporated into this Article by reference solely for the benefit of AGM as if set forth directly herein. No provision of the Resolution or any other Related Document shall be

Adopted and approved by the unanimous vote of all members present constituting a quorum as of the 20<sup>th</sup> day of May, 2021.

APPROVED:

CARROLL COUNTY WATER AUTHORITY

(S E A L)

\_\_\_\_\_  
Trey Wylie, Chairman

\_\_\_\_\_  
Bobby Holcombe

\_\_\_\_\_  
Barry Huff

\_\_\_\_\_  
Aaron McWhorter

\_\_\_\_\_  
Joe Neal

\_\_\_\_\_  
Amanda Smith

\_\_\_\_\_  
John Tanner, III

\_\_\_\_\_  
Teresa Adams, Secretary

amended, supplemented, modified or waived, without the prior written consent of AGM, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Authority hereunder or the priority accorded to the reimbursement of Policy Costs under the Resolution. Notwithstanding anything herein to the contrary, the consent of Insurer shall not be required for the Authority to issue Additional Bonds pursuant to Section 508 of the Bond Resolution. The Insurer is hereby expressly made a third party beneficiary of the Resolution and each other Related Document

(i) The Authority covenants to provide to AGM, promptly upon request, any information regarding the Bonds or the financial condition and operations of the Authority as reasonably requested by AGM. The Authority will permit AGM to discuss the affairs, finances and accounts of the Authority or any information AGM may reasonably request regarding the security for the Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable AGM to have access to the facilities, books and records of the Authority on any business day upon reasonable prior notice.

(j) Notices and other information to AGM shall be sent to the following address (or such other address as AGM may designate in writing): Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. \_\_\_\_\_.

(k) The Authority approves the Insurance Agreement to be entered into in connection with the Reserve Policy and acknowledges that such Insurance Agreement constitutes an enforceable obligation of the Authority in accordance with its terms.

[END OF ARTICLE XI]

EXHIBIT A

[FORM OF SERIES 2021A BOND]

*Unless this Series 2021A Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Carroll County Water Authority or its agent for registration of transfer, exchange, or payment, and any Series 2021A Bond issued 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.*

No. R-

UNITED STATES OF AMERICA  
STATE OF GEORGIA

CARROLL COUNTY WATER AUTHORITY  
WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BOND,  
SERIES 2021A

Maturity Date: \_\_\_\_\_ 1, 20\_\_ CUSIP: \_\_\_\_\_  
Principal Amount \$ \_\_\_\_\_  
Interest Rate: \_\_\_\_\_  
Bond Date: [Date of Issuance and Delivery]  
Registered Owner: Cede & Co.

FOR VALUE RECEIVED, the Carroll County Water Authority (the "Authority"), a body corporate and politic, created by the Carroll County Water Authority Act (Georgia Laws 1967, p. 2861 *et seq.*, as amended by Georgia Laws 1968, p. 2368 *et seq.*, Georgia Laws 1972, p. 2655 *et seq.*, Georgia Laws 1995, p. 3606 *et seq.*, Georgia Laws 2001, p. 4380 *et seq.*, and Ga. Laws 2020, p. 3890 *et seq.* (the "Act")) and as such deemed to be a political subdivision of the State of Georgia and a public corporation thereof, 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, 2022, and semiannually thereafter on the 1st days of January and July in each year (each an "Interest Payment Date"), until payment of the principal amount hereof.

Payments of interest on this Series 2021A 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. Capitalized terms used herein but not otherwise defined have the meanings set forth in the hereinafter defined Bond Resolution.

This Series 2021A Bond is one of a duly authorized issue of CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A, in the aggregate principal amount of \$13,315,000, of like tenor, except as to numbers, denominations, interest rates, dates of maturity and redemption provisions (hereinafter sometimes referred to collectively as the "Series 2021A Bonds") issued for the purpose of (i) prepaying and cancelling certain loans from the Georgia Environmental Finance Authority to the Authority, (ii) providing funds for the acquisition construction and equipping of extensions and improvements to the water and sewerage system of the Authority (the "System") (iii) purchasing a debt service reserve insurance policy for the Series 2021A Bonds, and (iv) paying the costs of issuance of the Series 2021A Bonds.

This Series 2021A Bond is issued on a parity with the outstanding CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING REVENUE BONDS, SERIES 2015 (the "Series 2015 Bonds") and the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B (the Series 2021B Bonds") being issued contemporaneous herewith.

This Series 2021A Bond is issued under authority of the Revenue Bond Law of Georgia (O.C.G.A. §§ 36-82-60 *et seq.*, as amended) and the Act, and was duly authorized by a resolution of the Authority adopted on May 20, 2021, authorizing the issuance of the Series 2021A Bonds and the Series 2021B Bonds hereinafter described, which resolution is amendatory to a resolution adopted on April 16, 2015 authorizing the issuance of the Series 2015 Bonds. (together, the "Bond Resolution"). In addition to the Series 2015 Bonds, the Series 2021A Bonds and the Series 2021B Bonds (collectively, the "Bonds") the Authority may issue, under certain terms and conditions as provided in the Bond Resolution, additional revenue bonds or obligations, and, if issued, such additional bonds or obligations will rank on a parity as to lien on the Net Revenues of the System. Reference to the Bond Resolution 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 Authority, 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 Series 2021A Bond, assents.

Under certain conditions as provided in the Bond Resolution, the Authority may issue additional revenue bonds ("Additional Bonds") which, if issued in accordance with such provisions, will rank *pari passu* with the Bonds with respect to the pledge of and the charge or lien on the revenues of the Authority. Reference to the Bond Resolution is hereby made for a complete description of the funds charged with and pledged to the payment of the principal of and interest on the Bonds, a complete description of the nature and extent of the security

Exhibit A-2

in any year, not earlier than July 1, 2031, from any money that may be made available for such purpose as provided in the Bond Resolution at a redemption price equal to 100% of the principal amount of the Series 2021A Bonds being redeemed, plus accrued interest thereon to date of redemption. If less than all of the Series 2021A Bonds of a maturity are to be redeemed, the actual Series 2021A Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Bond Registrar may determine.

Series 2021A Bonds maturing on July 1, 2036, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as may be designated by the Bond Registrar) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date in the following principal amounts on July 1 of the years set forth below (the July 1, 2036, amount to be paid rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2035	\$475,000
2036	\$490,000

Series 2021A Bonds maturing on July 1, 2038, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as may be designated by the Bond Registrar) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date in the following principal amounts on July 1 of the years set forth below (the July 1, 2038, amount to be paid rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2037	\$505,000
2038	\$520,000

Series 2021A Bonds maturing on July 1, 2040, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as may be designated by the Bond Registrar) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date in the following principal amounts on July 1 of the years set forth below (the July 1, 2040, amount to be paid rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2039	\$535,000
2040	\$550,000

Series 2021A Bonds maturing on July 1, 2042, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2021A Bonds to be redeemed to be selected by lot in such manner as may be designated by the Bond Registrar) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date in the

Exhibit A-4

provided for the payment of the Bonds, a statement of the rights, duties, and obligations of the Authority, 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 Series 2021A Bond, assents.

*The Authority has established a Book Entry system of registration for this Series 2021A Bond. Except as specifically provided otherwise in the Bond Resolution, Cede & Co., as nominee of DTC, will be the registered owner and will hold this Series 2021A Bond on behalf of each beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, each beneficial owner of this Series 2021A Bond shall be deemed to have agreed to such arrangement. Cede & Co., as registered owner of this Series 2021A Bond, will be treated as the owner of this Series 2021 Certificate for all purposes.*

This Series 2021A Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until this Series 2021A 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.

The Bond Resolution 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 "Carroll County Water Authority 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 Series 2021A Bond shall not be deemed to constitute a debt of the State of Georgia or Carroll County nor a pledge of the faith and credit of said State or County, nor shall the State or County be subject to any pecuniary liability hereon. This Series 2021A 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 money deposited therein. No owner of this Series 2021A Bond shall ever have the right to compel the exercise of the taxing power of the State or County to pay the same, or the interest hereon, or to enforce payment hereof against any other property of the Authority, nor shall this Series 2021A Bond constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the Authority other than the revenues pledged to the payment hereof.

The Series 2021A Bonds maturing on or after July 1, 2032, may be redeemed prior to their respective maturities, either in whole or in part, at the option of the Authority, on any date

Exhibit A-3

following principal amounts on July 1 of the years set forth below (the July 1, 2042, amount to be paid rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2041	\$565,000
2042	\$575,000

Notice of redemption shall be given in the manner required by the Bond Resolution.

To the extent and in the manner permitted by the Bond Resolution, modifications, alterations, amendments, additions and rescissions of the provisions of the Bond Resolution, or of any resolution supplemental thereto or of the Bonds, may be made by the Authority with the consent of the owners of at least 65% 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.

This Series 2021A Bond shall not be entitled to any benefit under the Bond Resolution or be valid or become obligatory for any purpose until it shall have been authenticated by the execution by the Authentication Agent of the certificate of authentication hereon.

This Series 2021A 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 Series 2021A Bond shall be entitled to the remedies provided in the Bond Resolution 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 Series 2021A 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 Series 2021A 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 Series 2021A Bonds and the interest thereon.

Exhibit A-5

IN WITNESS WHEREOF, the Carroll County Water Authority has caused this Series 2021A Bond to be executed by use of the facsimile signature of its Chairman and a facsimile of its official seal to be imprinted hereon and attested by use of the facsimile signature of its Secretary.

CARROLL COUNTY WATER AUTHORITY

(S E A L)

By: \_\_\_\_\_ (FORM)  
Chairman

Attest: \_\_\_\_\_ (FORM)  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2021A Bond is one of the Series 2021A Bonds described in the within mentioned Bond Resolution, and is hereby authenticated as of the date of authentication set forth below.

Date of Authentication and Registration: \_\_\_\_\_, 20\_\_

U.S. BANK NATIONAL ASSOCIATION,  
as Bond Registrar and Authenticating Agent

By: \_\_\_\_\_ (FORM)  
Authorized Signatory

\*\*\*\*\*

VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF CARROLL

I, the undersigned Clerk of Superior Court of Carroll County, State of Georgia, keeper of the records and seal thereof, hereby certify that this Series 2021A Bond was validated and confirmed by judgment of the Superior Court of Carroll County, Georgia, on \_\_\_\_\_, 2021, 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.

IN WITNESS WHEREOF, I have hereunto set my hand or caused my official signature and the seal of the Superior Court of Carroll County, Georgia, to be reproduced hereon.

(S E A L) \_\_\_\_\_ (FORM)  
Clerk of Superior Court,  
Carroll County, Georgia

Exhibit A-6

Exhibit A-7

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
Social Security Number or  
Other Identifying Number of Assignee:

\_\_\_\_\_  
Please print or type name and address  
(including postal zip code) of Assignee:  
\_\_\_\_\_  
\_\_\_\_\_

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as Agent to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

\_\_\_\_\_  
(FORM)  
Assignor

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Series 2021A Bond in every particular, without alteration or enlargement or any change whatever.

Date: \_\_\_\_\_, 20\_\_

Signature Guaranteed:

\_\_\_\_\_  
(FORM)

NOTICE: Signature(s) must be guaranteed by a member firm of the STAMP, SEMP, or MSP signature guarantee medallion programs.

[END OF SERIES 2021A BOND FORM]

Exhibit A-8

EXHIBIT B

[FORM OF SERIES 2021B BOND]

*Unless this Series 2021B Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Carroll County Water Authority or its agent for registration of transfer, exchange, or payment, and any Series 2021B Bond issued 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.*

No. R-

UNITED STATES OF AMERICA  
STATE OF GEORGIA

CARROLL COUNTY WATER AUTHORITY  
WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BOND,  
SERIES 2021B

Maturity Date: \_\_\_\_\_ 1, 20\_\_ CUSIP: \_\_\_\_\_  
Principal Amount \$ \_\_\_\_\_  
Interest Rate: \_\_\_\_\_  
Bond Date: [Date of Issuance and Delivery]  
Registered Owner: Cede & Co.

FOR VALUE RECEIVED, the Carroll County Water Authority (the "Authority"), a body corporate and politic, created by the Carroll County Water Authority Act (Georgia Laws 1967, p. 2861 *et seq.*, as amended by Georgia Laws 1968, p. 2368 *et seq.*, Georgia Laws 1972, p. 2655 *et seq.*, Georgia Laws 1995, p. 3606 *et seq.*, Georgia Laws 2001, p. 4380 *et seq.*, and Ga. Laws 2020, p. 3890 *et seq.* (the "Act")) and as such deemed to be a political subdivision of the State of Georgia and a public corporation thereof, 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, 2022, and semiannually thereafter on the 1st days of January and July in each year (each an "Interest Payment Date"), until payment of the principal amount hereof.

Exhibit B-1

Payments of interest on this Series 2021B 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. Capitalized terms used herein but not otherwise defined have the meanings set forth in the hereinafter defined Bond Resolution.

This Series 2021B Bond is one of a duly authorized issue of CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B, in the aggregate principal amount of \$6,165,000, of like tenor, except as to numbers, denominations, interest rates, dates of maturity and redemption provisions (hereinafter sometimes referred to collectively as the "Series 2021B Bonds") issued for the purpose of (i) refunding and redeeming all outstanding Carroll County Water Authority Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 (ii) purchasing a debt service reserve insurance policy for the Series 2021B Bonds and (iii) paying the costs of issuance of the Series 2021B Bonds.

This Series 2021B Bond is issued on a parity with the outstanding CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING REVENUE BONDS, SERIES 2015 ( the "Series 2015 Bonds") and the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND REVENUE BONDS, SERIES 2021A (the "Series 2021A Bonds") being issued contemporaneous herewith.

This Series 2021B Bond is issued under authority of the Revenue Bond Law of Georgia (O.C.G.A. §§ 36-82-60 *et seq.*, as amended) and the Act, and was duly authorized by a resolution of the Authority adopted on May 20, 2021, authorizing the issuance of the Series 2021A Bonds and the Series 2021B Bonds, which resolution is amendatory to a resolution adopted on April 16, 2015 authorizing the issuance of the Series 2015 Bonds. (together, the "Bond Resolution"). In addition to the Series 2015 Bonds, the Series 2021A Bonds and the Series 2021B Bonds (collectively, the "Bonds") the Authority may issue, under certain terms and conditions as provided in the Bond Resolution, additional revenue bonds or obligations, and, if issued, such additional bonds or obligations will rank on a parity as to lien on the Net Revenues of the System. Reference to the Bond Resolution 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 Authority, 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 Series 2021B Bond, assents.

Under certain conditions as provided in the Bond Resolution, the Authority may issue additional revenue bonds ("Additional Bonds") which, if issued in accordance with such provisions, will rank *pari passu* with the Bonds with respect to the pledge of and the charge or lien on the revenues of the Authority. Reference to the Bond Resolution is hereby made for a complete description of the funds charged with and pledged to the payment of the principal of and interest on the Bonds, a complete description of the nature and extent of the security provided for the payment of the Bonds, a statement of the rights, duties, and obligations of the

Exhibit B-2

Authority, 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 Series 2021B Bond, assents.

*The Authority has established a Book Entry system of registration for this Series 2021B Bond. Except as specifically provided otherwise in the Bond Resolution, Cede & Co., as nominee of DTC, will be the registered owner and will hold this Series 2021B Bond on behalf of each beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, each beneficial owner of this Series 2021B Bond shall be deemed to have agreed to such arrangement. Cede & Co., as registered owner of this Series 2021A Bond, will be treated as the owner of this Series 2021B Bond for all purposes.*

This Series 2021B Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until this Series 2021B 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.

The Bond Resolution 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 "Carroll County Water Authority 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 Series 2021B Bond shall not be deemed to constitute a debt of the State of Georgia or Carroll County nor a pledge of the faith and credit of said State or County, nor shall the State or County be subject to any pecuniary liability hereon. This Series 2021B 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 money deposited therein. No owner of this Series 2021B Bond shall ever have the right to compel the exercise of the taxing power of the State or County to pay the same, or the interest hereon, or to enforce payment hereof against any other property of the Authority, nor shall this Series 2021B Bond constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the Authority other than the revenues pledged to the payment hereof.

The Series 2021A Bonds maturing on or after July 1, 2032, may be redeemed prior to their respective maturities, either in whole or in part, at the option of the Authority, on any date in any year, not earlier than July 1, 2031, from any money that may be made available for such

Exhibit B-3

purpose as provided in the Bond Resolution at a redemption price equal to 100% of the principal amount of the Series 2021B Bonds being redeemed, plus accrued interest thereon to date of redemption. If less than all of the Series 2021B Bonds of a maturity are to be redeemed, the actual Series 2021B Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Bond Registrar may determine.

Notice of redemption shall be given in the manner required by the Bond Resolution.

To the extent and in the manner permitted by the Bond Resolution, modifications, alterations, amendments, additions and rescissions of the provisions of the Bond Resolution, or of any resolution supplemental thereto or of the Bonds, may be made by the Authority with the consent of the owners of at least 65% 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.

This Series 2021B Bond shall not be entitled to any benefit under the Bond Resolution or be valid or become obligatory for any purpose until it shall have been authenticated by the execution by the Authentication Agent of the certificate of authentication hereon.

This Series 2021B 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 Series 2021B Bond shall be entitled to the remedies provided in the Bond Resolution 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 Series 2021B 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 Series 2021B 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 Series 2021B Bonds and the interest thereon.

Exhibit B-4

IN WITNESS WHEREOF, the Carroll County Water Authority has caused this Series 2021B Bond to be executed by use of the facsimile signature of its Chairman and a facsimile of its official seal to be imprinted hereon and attested by use of the facsimile signature of its Secretary.

CARROLL COUNTY WATER AUTHORITY

(S E A L)

By: \_\_\_\_\_ (FORM)  
Chairman

Attest: \_\_\_\_\_ (FORM)  
Secretary

Exhibit B-5

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2021B Bond is one of the Series 2021B Bonds described in the within mentioned Bond Resolution, and is hereby authenticated as of the date of authentication set forth below.

Date of Authentication and Registration: \_\_\_\_\_, 20\_\_

U.S. BANK NATIONAL ASSOCIATION,  
as Bond Registrar and Authenticating Agent

By: \_\_\_\_\_ (FORM)  
Authorized Signatory

\*\*\*\*\*

VALIDATION CERTIFICATE

STATE OF GEORGIA  
COUNTY OF CARROLL

I, the undersigned Clerk of Superior Court of Carroll County, State of Georgia, keeper of the records and seal thereof, hereby certify that this Series 2021B Bond was validated and confirmed by judgment of the Superior Court of Carroll County, Georgia, on \_\_\_\_\_, 2021, 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.

IN WITNESS WHEREOF, I have hereunto set my hand or caused my official signature and the seal of the Superior Court of Carroll County, Georgia, to be reproduced hereon.

(S E A L) \_\_\_\_\_ (FORM)  
Clerk of Superior Court,  
Carroll County, Georgia

Exhibit B-6

SECRETARY'S CERTIFICATE

I, the undersigned Secretary of the Carroll County Water Authority, Georgia (the "Authority"), keeper of the records and seal thereof, hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Carroll County Water Authority at an open public meeting duly called and lawfully assembled on May 20, 2021, the original of which resolution has been entered in the official records of said Authority under my supervision and is in my official possession, custody, and control.

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

(S E A L) \_\_\_\_\_  
Teresa Adams, Secretary

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
Social Security Number or  
Other Identifying Number of Assignee:

\_\_\_\_\_  
Please print or type name and address  
(including postal zip code) of Assignee:

\_\_\_\_\_  
\_\_\_\_\_

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as Agent to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

\_\_\_\_\_  
(FORM)  
Assignor

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Series 2021B Bond in every particular, without alteration or enlargement or any change whatever.

Date: \_\_\_\_\_, 20\_\_

Signature Guaranteed:

\_\_\_\_\_  
(FORM)

NOTICE: Signature(s) must be guaranteed by a member firm of the STAMP, SEMP, or MSP signature guarantee medallion programs.

[END OF SERIES 2021B BOND FORM]

Exhibit B-7

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## APPENDIX C

### PROPOSED FORM OF LEGAL OPINIONS OF BOND COUNSEL

The form of the legal opinions included in this Appendix C have been prepared by Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel, and are substantially the forms to be given in connection with the delivery of the Series 2021 Bonds.

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[Date of Closing]

Carroll County Water Authority  
Carrollton, Georgia

RE: \$13,315,000 CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE  
REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A

To the Addressee:

We have acted as bond counsel in connection with the issuance by the Carroll County Water Authority (the “Authority”) of \$13,315,000 in aggregate principal amount of CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A, dated as of the date hereof (the “Series 2021A Bonds”). As bond counsel, we have examined:

(i) the Constitution and laws of the State of Georgia, including specifically the provisions of the Carroll County Water Authority Act, Ga. Laws 1967, p. 2861 *et seq.*, as amended by Ga. Laws 1968, p. 2368 *et seq.*, Ga. Laws 1972, p. 2655 *et seq.*, Ga. Laws 1995, p. 3606 *et seq.*, Ga. Laws 2001, p. 4380 *et seq.*, and Ga. Laws 2020, p. 3890 *et seq.* (the “Act”), and the Revenue Bond Law of Georgia, codified in O.C.G.A. Section 36-82-60 through Section 36-82-85, as amended;

(ii) a resolution adopted by the Authority on May 20, 2021, authorizing the issuance of the Series 2021A Bonds (the “Series 2021 Resolution”) which resolution is in conformity with and amendatory to a resolution adopted by the Authority on April 16, 2015 authorizing the issuance of the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING REVENUE BONDS, SERIES 2015 (the “Series 2015 Bonds”) (the “Series 2015 Resolution”), which was adopted in conformity with resolutions of the Authority previously adopted authorizing the issuance of its revenue bonds. The Series 2021 Resolution and the Series 2015 Resolution are collectively defined herein as the “Bond Resolution;”

(iii) certified copies of proceedings of the Authority preliminary to and in connection with the execution, issuance, and delivery of the Series 2021A Bonds;

(iv) the opinion of Sam D. Price, Attorney, LLC., Carrollton, Georgia, counsel for the Authority; and

(v) a certified transcript of the validation proceedings in the Superior Court of Carroll County, Georgia, validating the Series 2021A Bonds and the security therefor.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Bond Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

The Series 2021A Bonds are subject to transfer, exchange and optional and scheduled mandatory redemption at the times, in the manner and on the terms specified in the Series 2021 Resolution. The Series 2021A Bonds are being issued by means of a book-entry system, and interest is payable thereon semi-annually on January 1 and July 1 of each year, beginning January 1, 2022.

Proceeds from the sale of the Series 2021A Bonds will be used to finance: (i) the costs of acquiring, constructing, and equipping certain improvements to the water and sewer system of the Authority (the “Projects”), (ii) refunding certain outstanding Georgia Environmental Finance Authority loans of the Authority, (iii) purchasing a debt service reserve insurance policy for the Series 2021A Bonds; and (iv) paying the costs of issuance for the Series 2021A Bonds.

Cotemporaneous with the issuance of the Series 2021A Bonds, the Authority is issuing its CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B, in the aggregate principal amount of \$6,165,000 (the “Series 2021B Taxable Bonds” and together with the Series 2021A Bonds, the “Series 2021 Bonds”).

Pursuant to the Series 2021 Resolution, payment of the Series 2021 Bonds is secured by a first and prior pledge of and lien on the Net Revenues (as defined in the Series 2021 Resolution) of the Authority’s water and sewerage system (the “System”). Said first and prior lien or pledge on the Net Revenues of the System is made in conformity with the Bond Resolution on a parity with the first and prior charge or lien on said Net Revenues of the Series 2015 Bonds and any Additional Bonds (as defined in the Bond Resolution).

The Series 2021A Bonds shall not be deemed to constitute a debt of the State of Georgia or Carroll County nor a pledge of the faith and credit of said State or County, nor shall the State or County be subject to any pecuniary liability hereon. The Series 2021A Bonds shall not be payable from, nor a charge upon, any funds other than the revenues pledged to the payment thereof, and are payable solely from the special fund provided therefor from the revenues of the System, including all future additions thereto and any other money deposited therein. No owner of any Series 2021A Bond shall ever have the right to compel the exercise of the taxing power of the State or County to pay the same, or the interest hereon, or to enforce payment hereof against any other property of the Authority, nor shall the Series 2021A Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the Authority other than the revenues and funds pledged to the payment hereof.

The legal opinions expressed herein are based upon existing law, are subject to judicial discretion regarding usual equity principles and do not relate to compliance by the Authority, the initial purchasers of the Series 2021A Bonds, or any other party with any statute, regulation or ruling of the State of Georgia or the United States of America with respect to the sale (other than the initial sale by the Authority) or distribution of the Series 2021A Bonds, except as specifically set forth in this opinion.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2021A Bonds for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. Non-compliance with such requirements may cause interest on the Series 2021A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021A Bonds. The Authority has covenanted, pursuant to the Bond Resolution to comply with the requirements of the Code in order to maintain the exclusion from federal gross income of the interest on the Series 2021A Bonds.

Based on the examinations, opinions, and representations referred to above, we are of the opinion that as of the date hereof and under existing law:

1. The Authority is validly existing as a body corporate and politic, deemed to be a political subdivision of the State of Georgia and a public corporation, and had and has the right and lawful authority to authorize and issue the Series 2021A Bonds and to carry out the transactions contemplated by the Bond Resolution.

2. The Series 2021 Resolution has been duly adopted by the Authority, and constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.

3. The Series 2021A Bonds have been properly authorized by and issued pursuant to the Bond Resolution, and have been validated, executed, and issued in accordance with the Constitution and laws of the State of Georgia, and particularly, in accordance with the provisions of the Act and the Revenue Bond Law of Georgia.

4. The Series 2021A Bonds constitute valid, binding, and legal special obligations of the Authority payable and secured in accordance with their tenor, and the Authority has covenanted to pay, from Net Revenues to be derived from the operation of the System sums sufficient to pay the principal of and interest on the Series 2021A Bonds and to maintain a reserve for such purpose.

5. The payment of the principal of and interest on the Series 2021A Bonds and the creation and maintenance of the required reserve therefor is secured by a first and prior pledge of and charge or lien on the Net Revenues of the System payable on a parity with outstanding Series 2015 Bonds and Series 2021B Taxable Bonds. The Authority has reserved the right to issue Additional Bonds on a parity with the Series 2021A Bonds, Series 2021B Taxable Bonds and the Series 2015 Bonds as to the lien on the Net Revenues of the System.

6. The Series 2021A Bonds have been duly confirmed and validated by judgment of the Superior Court of Carroll County entered on [June 7, 2021], and no valid appeal may be taken from said judgment of validation.

7. Interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Authority complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The interest on the Series 2021A Bonds is exempt from present State of Georgia income taxation.

Although we have rendered an opinion that interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes, a bondowner's federal tax liability may otherwise be affected by the ownership or disposition of Series 2021A Bonds. The nature and extent of these other tax consequences will depend upon the bondowner's other items of income or deduction. We express no opinion regarding any such other tax consequences.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

GRAY PANNELL & WOODWARD LLP

By: \_\_\_\_\_  
A Partner

[Date of Closing]

Carroll County Water Authority  
Carrollton, Georgia

RE: \$6,165,000 CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE  
REFUNDING REVENUE BONDS, SERIES 2021B

To the Addressee:

We have acted as bond counsel in connection with the issuance by the Carroll County Water Authority (the “Authority”) of \$6,165,000 in aggregate principal amount of CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B, dated as of the date hereof (the “Series 2021B Taxable Bonds”). As bond counsel, we have examined:

(i) the Constitution and laws of the State of Georgia, including specifically the provisions of the Carroll County Water Authority Act, Ga. Laws 1967, p. 2861 *et seq.*, as amended by Ga. Laws 1968, p. 2368 *et seq.*, Ga. Laws 1972, p. 2655 *et seq.*, Ga. Laws 1995, p. 3606 *et seq.*, Ga. Laws 2001, p. 4380 *et seq.*, and Ga. Laws 2020, p. 3890 *et seq.* (the “Act”), and the Revenue Bond Law of Georgia, codified in O.C.G.A. Section 36-82-60 through Section 36-82-85, as amended;

(ii) a resolution adopted by the Authority on May 20, 2021, authorizing the issuance of the Series 2021B Taxable Bonds (the “Series 2021 Resolution”) which resolution is in conformity with and amendatory to a resolution adopted by the Authority on April 16, 2015 authorizing the issuance of the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING REVENUE BONDS, SERIES 2015 (the “Series 2015 Bonds”) (the “Series 2015 Resolution”), which was adopted in conformity with resolutions of the Authority previously adopted authorizing the issuance of its revenue bonds. The Series 2021 Resolution and the Series 2015 Resolution are collectively defined herein as the “Bond Resolution;”

(iii) certified copies of proceedings of the Authority preliminary to and in connection with the execution, issuance, and delivery of the Series 2021B Taxable Bonds;

(iv) the opinion of Sam D. Price, Attorney, LLC., Carrollton, Georgia, counsel for the Authority; and

(v) a certified transcript of the validation proceedings in the Superior Court of Carroll County, Georgia, validating the Series 2021B Taxable Bonds and the security therefor.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Bond Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

The Series 2021B Taxable Bonds are subject to transfer, exchange and optional redemption at the times, in the manner and on the terms specified in the Series 2021 Resolution. The Series 2021B Taxable Bonds are being issued by means of a book-entry system, and interest is payable thereon semi-annually on January 1 and July 1 of each year, beginning January 1, 2022.

Proceeds from the sale of the Series 2021B Taxable Bonds will be used to finance: (i) advance refunding the outstanding CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2012 (the “Series 2012 Bonds”) (ii) purchasing a debt service reserve insurance policy for the Series 2021B Taxable Bonds; and (iii) paying the costs of issuance for the Series 2021B Taxable Bonds.

Cotemporaneous with the issuance of the Series 2021B Taxable Bonds, the Authority is issuing its CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A, in the aggregate principal amount of \$13,315,000 (the “Series 2021A Bonds” and together with the Series 2021B Taxable Bonds, the “Series 2021 Bonds”).

Pursuant to the Series 2021 Resolution, payment of the Series 2021 Bonds is secured by a first and prior pledge of and lien on the Net Revenues (as defined in the Series 2021 Resolution) of the Authority’s water and sewerage system (the “System”). Said first and prior lien or pledge on the Net Revenues of the System is made in conformity with the Bond Resolution on a parity with the first and prior charge or lien on said Net Revenues of the Series 2015 Bonds and any Additional Bonds (as defined in the Bond Resolution).

The Series 2021B Taxable Bonds shall not be deemed to constitute a debt of the State of Georgia or Carroll County nor a pledge of the faith and credit of said State or County, nor shall the State or County be subject to any pecuniary liability hereon. The Series 2021B Taxable Bonds shall not be payable from, nor a charge upon, any funds other than the revenues pledged to the payment thereof, and are payable solely from the special fund provided therefor from the revenues of the System, including all future additions thereto and any other money deposited therein. No owner of any Series 2021B Taxable Bond shall ever have the right to compel the exercise of the taxing power of the State or County to pay the same, or the interest hereon, or to enforce payment hereof against any other property of the Authority, nor shall the Series 2021B Taxable Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the Authority other than the revenues and funds pledged to the payment hereof.

The legal opinions expressed herein are based upon existing law, are subject to judicial discretion regarding usual equity principles and do not relate to compliance by the Authority, the initial purchasers of the Series 2021B Taxable Bonds, or any other party with any statute, regulation or ruling of the State of Georgia or the United States of America with respect to the sale (other than the initial sale by the Authority) or distribution of the Series 2021B Taxable Bonds, except as specifically set forth in this opinion.

Based on the examinations, opinions, and representations referred to above, we are of the opinion that as of the date hereof and under existing law:

1. The Authority is validly existing as a body corporate and politic, deemed to be a political subdivision of the State of Georgia and a public corporation, and had and has the right and lawful authority to authorize and issue the Series 2021B Taxable Bonds and to carry out the transactions contemplated by the Bond Resolution.

2. The Series 2021 Resolution has been duly adopted by the Authority, and constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.

3. The Series 2021B Taxable Bonds have been properly authorized by and issued pursuant to the Bond Resolution, and have been validated, executed, and issued in accordance with the Constitution and laws of the State of Georgia, and particularly, in accordance with the provisions of the Act and the Revenue Bond Law of Georgia.

4. The Series 2021B Taxable Bonds constitute valid, binding, and legal special obligations of the Authority payable and secured in accordance with their tenor, and the Authority has covenanted to pay, from Net Revenues to be derived from the operation of the System sums sufficient to pay the principal of and interest on the Series 2021B Taxable Bonds and to maintain a reserve for such purpose.

5. The payment of the principal of and interest on the Series 2021B Taxable Bonds and the creation and maintenance of the required reserve therefor is secured by a first and prior pledge of and charge or lien on the Net Revenues of the System payable on a parity with outstanding Series 2015 Bonds and Series 2021A Bonds. The Authority has reserved the right to issue Additional Bonds on a parity with the Series 2021B Taxable Bonds, Series 2021A Bonds and the Series 2015 Bonds as to the lien on the Net Revenues of the System.

6. The Series 2021B Taxable Bonds have been duly confirmed and validated by judgment of the Superior Court of Carroll County entered on [June 7, 2021], and no valid appeal may be taken from said judgment of validation.

7. Interest earned on the Series 2021B Taxable Bonds is not excludable from gross income of the holders of the Series 2021B Taxable Bonds for federal income tax purposes. However, interest on the Series 2021B Taxable Bonds is exempt from present State of Georgia income taxation and that of any of its political subdivisions. We express no opinion as to any other federal or state tax consequences.

Carroll County Water Authority, et al.

[Date of Issuance]

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This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

GRAY PANNELL & WOODWARD LLP

By: \_\_\_\_\_  
A Partner

APPENDIX D

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 [Date of Closing], is executed and delivered by the Carroll County Water Authority (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 Chief Financial Officer of the Issuer 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 CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A and CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B, as listed in Exhibit A.

“Trustee” means the institution, if any, identified as such in the document under which the CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A and CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B 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 six months following the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2021. 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: : "THE SYSTEM -Capital Improvements to Water and Sewerage System from Current Funds; -Rates, Fees and Charges; -Annual Customer Growth; -Historical Numbers of Water and Sewerage Customers; -Historical Water and Sewerage Usage; -Ten Largest Water Customers;" "DEBT STRUCTURE OF THE SYSTEM -Historical Debt Service Coverage Ratios (for the preceding fiscal year only);" "FINANCIAL INFORMATION CONCERNING THE SYSTEM -Operating Budget of the System;" "THE AUTHORITY -Employees, Employee Relations, and Employee Benefits; -Governmental Immunity and Insurance Coverage."

(a) 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, 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.

(b) 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.

(c) 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 an issue of the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds of such issue, 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.

(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: \_\_\_\_\_

CARROLL COUNTY WATER AUTHORITY  
as Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer Carroll County Water Authority  
Obligated Person(s) Carroll County Water Authority  
Name of Bond Issue: CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE  
REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A  
Date of Issuance: June 10, 2021  
Date of Official Statement May 20, 2021

CUSIP Number:	14478EFK4	CUSIP Number:	14478EFY4
CUSIP Number:	14478EFL2	CUSIP Number:	14478EFZ1
CUSIP Number:	14478EFM0	CUSIP Number:	14478EGA5
CUSIP Number:	14478EFN8	CUSIP Number:	14478EGB3
CUSIP Number:	14478EFP3		
CUSIP Number:	14478EFQ1		
CUSIP Number:	14478EFR9		
CUSIP Number:	14478EFS7		
CUSIP Number:	14478EFT5		
CUSIP Number:	14478EFU2		
CUSIP Number:	14478EFV0		
CUSIP Number:	14478EFW8		
CUSIP Number:	14478EFX6		

Name of Issuer Carroll County Water Authority  
Obligated Person(s) Carroll County Water Authority  
Name of Bond Issue: CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE  
TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B  
Date of Issuance: June 10, 2021  
Date of Official Statement May 20, 2021

CUSIP Number:	14478EGC1
CUSIP Number:	14478EGD9
CUSIP Number:	14478EGE7
CUSIP Number:	14478EGF4
CUSIP Number:	14478EGG2
CUSIP Number:	14478EGH0
CUSIP Number:	14478EGJ6
CUSIP Number:	14478EGK3
CUSIP Number:	14478EGL1
CUSIP Number:	14478EGM9
CUSIP Number:	14478EGN7

**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Issuer: Carroll County Water Authority

Obligated Person: Carroll County Water Authority

Name(s) of Bond Issue(s): [CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE  
REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2021A]/  
[CARROLL COUNTY WATER AUTHORITY WATER AND SEWERAGE  
TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B]

Date(s) of Issuance: June 10, 2021

Date(s) of Disclosure Agreement: June 10, 2021

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: Carroll County Water Authority  
Carrollton, Georgia

**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:

**Carroll County Water Authority**

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 [Date of Closing] between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

**Carroll County Water Authority**

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 [Date of Closing] between the Issuer and DAC.

Issuer’s and/or Other Obligated Person’s Name:

**Carroll County Water Authority**

Issuer’s Six-Digit CUSIP Number:

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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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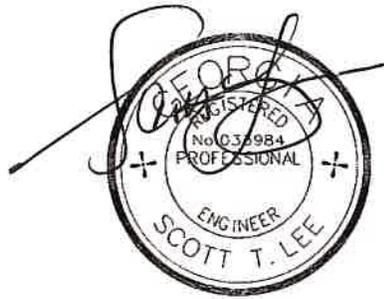
APPENDIX E  
ENGINEERING REPORT

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**ENGINEERING REPORT  
FOR  
WATER AND SEWERAGE REVENUE BONDS  
SERIES 2021**

**Prepared for**

**CARROLL COUNTY WATER AUTHORITY**



**May 19, 2021**

**Krebs Project No. 21008**



Krebs Engineering, Inc.  
2100 River Haven Dr. Suite 100  
Birmingham, AL 35244  
(205) 987-7411

## Section 1 - Introduction and Background

Carroll County Water Authority (CCWA) engaged Krebs Engineering, Inc. (Krebs) to develop the Bond Funded Engineering Report (Report) to summarize the engineering studies and capital improvements for CCWA's development of water resources and water treatment and distribution system improvements. CCWA intends to issue bonds as a means of funding the cost of construction for capital improvements. The primary purpose of this Report is to provide a summary description of the water and wastewater facilities and the capital improvement projects to be funded. This Report includes the following:

- Section 1 - General information about CCWA and management.
- Section 2 - Projected population and water demands.
- Section 3 - Description of the water facilities.
- Section 4 - Regulatory Compliance.
- Section 5 - Capital improvement projects to be funded.
- Section 6 - Schedule for implementing capital improvements.
- Section 7 – Debt Coverage Projections
- Section 8 - Summary

CCWA provides water service to over 18,700 customers and 48,000 people within the limits of Carroll County, including the following wholesale customers: Villa Rica, Temple, Mt. Zion, Whitesburg, and Cleburne County, Alabama. The Georgia General Assembly founded CCWA in 1967 through the Carroll County Water Authority Act. The act created CCWA as a separate political subdivision of the State of Georgia and granted it all powers that city and county governments have except taxing authority.

CCWA is governed by a Board of Directors who the Carroll County Board of Commissioners appoints. The Board of Commissioners Chairman and each commissioner appoint a representative to the CCWA Board to represent his/her district within Carroll County. In addition, the Cities of Villa Rica, Temple, Mt. Zion, and Carrollton have non-voting representatives on the Board of Directors.

CCWA operations personnel have the appropriate State licensing necessary for operation of the water facilities. Operations personnel receive the State required continuing education credits to keep all operational licenses in current active status. CCWA administration and customer service offices are located in an administration building located at 556 Old Bremen Road in Carrollton, Georgia.

CCWA maintains a Capital Improvements Plan that provides guidance for the vast majority of infrastructure investment. Krebs provided design engineering, planning, and consulting services to CCWA since 2016, designed numerous capital improvements projects for CCWA, and is the design engineer for the \$30,000,000 upgrade of the Snake Creek Water Treatment Plant. Krebs performed limited investigations and visual inspections of the major above-ground assets and is familiar with the water facilities and their condition.

The Capital Improvements Plan includes projects that expand and improve water supply, treatment, and the distribution system in order to maintain exceptional water quality and customer service, as well as increase the customer base by expanding the system to provide potable water to areas of Carroll County not currently served by a municipal water system. Specific projects recommended for development under the Series 2021 Bonds include the Big Indian Creek Mitigation Site (development of new water sources), Bremen/Waco Service Area (expanding service area inside the County to areas not currently provided potable water), and Snake Creek Raw Water Intake Improvements (improve redundancy and resilience of existing facilities). These projects are described in more detail in Section 5 of this Report. This report summarizes the engineering analysis and decision-making process conducted in the evaluation that resulted in the recommended projects. These projects represent only a portion of the projects identified to support the development of water sources and improve the water system.

## Section 2 - Growth Projections

Population projections for Carroll County were taken from the Georgia Governor's Office of Planning and Budget. The projections are residential-based, which provides a foundation for assessing future infrastructure and service needs for the water system. The population projections are summarized in the Table 2.1 below.

Table 2.1 - Carroll County Population Projections		
Year	Population	Yearly Percent Growth
2021	122,086	
2025	127,585	1.1%
2030	134,178	1.0%
2035	139,954	0.8%
2040	144,021	0.6%

### Water Demand Projections

A review of water consumption was performed to analyze potential growth. The demands shown below in Table 2.2 are for residential and wholesale customers.

Table 2.2 - Carroll County Historic Water Consumption (1,000 Gallons)			
Year	Residential	Wholesale	Total
2018	1,358,241	435,837	1,794,078
2019	1,421,679	553,476	1,975,155
2020	1,427,466	524,978	1,952,444
% Growth	1.7%	6.3%	2.9%

### Other Historical Factors

- Sewer revenue has increased by 3.94% annually over the past five years.
- Operating expenses have grown at 1.63% annually over the past five years

## Section 3 - Description of Existing Facilities

CCWA's facilities include water storage, treatment, and distribution system and a wastewater collection, treatment, and disposal system. CCWA's water system consists of one (1) Water Treatment Plant (WTP), three (3) wells, ten (10) water storage tanks, eight (8) Booster Pumps Stations (BPSs), and eight (8) Pressure Reducing Valves (PRVs). CCWA has interconnections with other water suppliers for emergency purposes but does not currently purchase water from a wholesale provider. The facilities are described below.

### Raw Water Sources and Facilities

CCWA currently has one raw water source for its water facilities. The raw water intake is located on the Snake Creek Reservoir, a 4 billion gallon, 660-acre reservoir. The raw water intake was placed into service in 2002, and an upgrade to the facilities was constructed in 2014. The intake has three single-speed, vertical turbine pumps installed on top of a reinforced concrete wet well. The pumps and associated electrical equipment are housed inside a masonry building.

The raw water intake and pumping station are located approximately 4.5 miles from the Snake Creek WTP. Raw water is conveyed from the raw water pumping station to the Snake Creek WTP through approximately 2,700 linear feet of 30-inch ductile iron pipeline and approximately 27,200 linear feet of 24-inch ductile iron pipeline.

CCWA began work to identify future water supplies within Carroll County in 2007. CCWA selected a site for a new reservoir, Indian Creek Reservoir, as its preferred alternative. The proposed Indian Creek Reservoir is located in northwest Carroll County. The reservoir will be supplemented with water pumped from the Little Tallapoosa River located in southwest Carroll County.

### Water Treatment Facilities

The CCWA water distribution system is supplied by CCWA's Snake Creek WTP and three (3) wells. Snake Creek WTP has a current capacity of 8 Million Gallons per Day (MGD). Average daily water demands are approximately 5.2 MGD, and peak day demands are approximately 7.2 MGD. The Snake Creek WTP is currently being upgraded to a treatment capacity of 12 MGD. After the upgrade is complete, which is scheduled for 2022, the facility will include raw water storage, mechanical rapid mixing, mechanical flocculation, sedimentation with plate settlers, conventional multimedia filtration, finished water storage, high service pumping, and process residuals storage. The WTP layout is shown in the following figure.

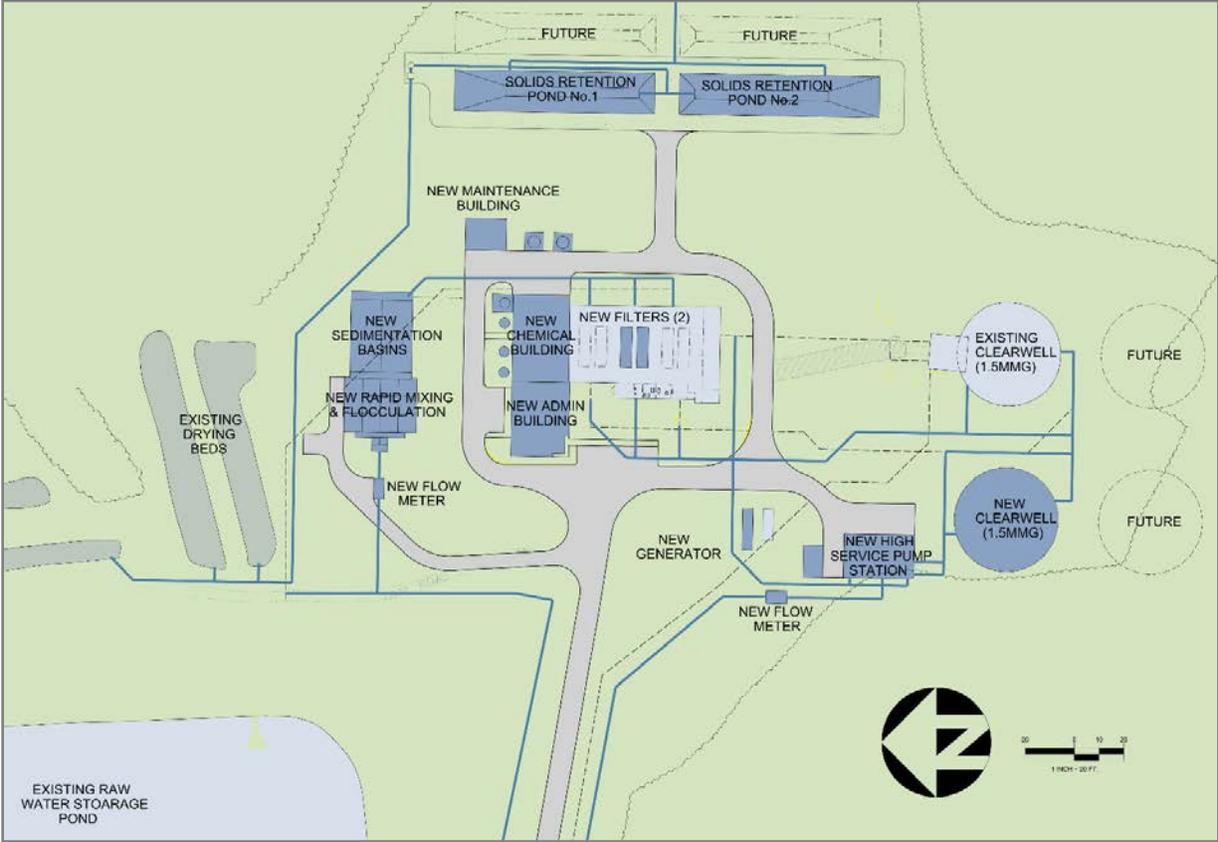


Figure - WTP Site Plan

The CCWA water system has three wells. A summary of the water distribution system wells and associated pump capacity are listed in Table 3.1 below.

Table 3.1 - CCWA Water Distribution Wells	
Well Description	Pump Capacity (gpm)
Bethesda	45
Lake Paradise	150
Abilene	300 (Standby Operation Status)

**Water Storage Facilities**

CCWA water distribution system has ten water storage tanks. The characteristics of each tank are listed in Table 3.2.

Table 3.2 - CCWA Water Storage Tanks		
Tank Description	Overflow Elevation (feet MSL)	Capacity (Gallons)
Sandhill	1330	300,000
North Hickory	1330	2,000,000
Clem	1355	200,000
Roopville	1330	250,000
Highway 27	1342	500,000
Adalee	1330	500,000
Hulett Tank	1330	2,000,000
Highpoint	1607	200,000
Rainey Road Tank No. 1	1448	500,000
Rainey Road Tank No. 2	1448	500,000

**Booster Pumping Stations**

The system includes a main service gradient (1330') and two (2) smaller service area gradients designated as Rainey Road (1448') and Highpoint (1607'). Four (4) BPSs provide service to the two smaller gradients; Temple BPS and North Van Wert BPS provide service to the Rainey Road service area, and the Smithfield BPS and Highway 100 BPS provide service to the High Point service area. There are three intermediate BPSs which provide gradient support in areas further away from the Snake Creek WTP. These BPSs include Mote Road, Lovell Road, and Farmers High BPSs. The Flat Rock BPS is used for emergency service only and is operated to purchase wholesale water from Douglassville-Douglas County Water and Sewer Authority. The BPSs characteristics are summarized in the Table 3.3 below.

Table 3.3 - CCWA Booster Pumping Stations			
Booster Pump Station Description	Number of Pumps	Pump No. 1 Design Capacity (gpm)	Pump No. 2 Design Capacity (gpm)
Mote Road BPS	2	1200	1200
Lovell Road BPS	2	575	575
Temple BPS	2	300	300
N Van Wert BPS	2	500	500
Farmers High BPS	2	500	500
Smithfield BPS	2	220	220
Highway 100	2	250	250
Flat Rock BPS	2	1350	1350

**Water Distribution System**

There are over 800 miles of distribution piping with sizes ranging from two (2) inches to twenty-four (24) inches and materials of ductile iron, cast iron, and PVC. A summary of the lengths of pipelines by size (6" and larger) are identified in Table 3.4.

Table 3.4 - CCWA Water Distribution Pipeline Size and Lengths	
Size Water Main (Inches)	Miles
6	339
8	184
10	33
12	41
16	17
24	7

The water distribution uses pressure-reducing valves to control pressure in areas where high pressure could be experienced due to lower elevations. There are eight pressure-reducing valves in the water distribution system. The location of each valve and the valve setting is summarized in Table 3.5.

Table 3.5 - CCWA Pressure Reducing Valves	
Pressure Relief Valve (PRV) Description	PRV Setting (psi)
Jones Road	45
Ephesus Church Road	67
Highway 100 / Kansas Road	56
Kansas Jake Road	105
Stateline Road	35
Fairfield Plantation – Fairfield Road (Front Entrance)	34
Fairfield Plantation – Little Vine Church Road	72
Fairfield Plantation – Ayers Driver Road	65

**Wastewater Treatment Facilities**

CCWA provides sewer service in the Fairfield Plantation subdivision located in the eastern portion of the County. The sewer system contains approximately 55 miles of sewer pipelines and 10 lift stations. CCWA treats the wastewater by means of a stabilization pond located at the Fairfield wastewater treatment plant. The treated wastewater is pumped to a storage pond and land application site for disposal. The permitted capacity of the wastewater treatment facility is 0.45 MGD.

## Section 4 - Regulatory Compliance

CCWA has an excellent record of regulatory compliance. The Snake Creek Water Treatment Plant is able to consistently meet or exceed drinking water standards.

The improvements to the Snake Creek WTP increase the redundancy and treatment capacity of the WTP. The addition of capacity and treatment system ensures CCWA will continue to supply drinking water which exceeds regulatory requirements.

CCWA treatment facilities have received the following awards since 2010:

### **Snake Creek WTP**

GAWP Gold Award

2012, 2013, 2014, 2015, 2016

GAWP Platinum Award

2017, 2018, 2019, 2020

GAWP Plant of the Year Award

2012, 2014

### **Fairfield Plantation WWTP**

GAWP Gold Award

2012, 2013, 2014, 2015, 2016

GAWP Platinum Award

2017, 2018, 2019

## Section 5 - Capital Improvement Projects

CCWA has developed a Capital Improvements Plan to continue to expand and improve their water supply, treatment and distribution system in order to maintain exceptional water quality and customer service, as well as increase the customer base by expanding the system to provide potable water to areas of the County not currently served by a municipal water system. Some of the projects to meet this goal are summarized below.

### **Big Indian Creek Mitigation Site (Indian Creek Reservoir)**

The Indian Creek Reservoir project with its associated infrastructure will impact 13.11 acres of wetland, 28.44 acres of open water and 43,006.8 linear feet of perennial, intermittent and ephemeral stream. Using the U.S. Army Corps of Engineers 2004 Standard Operating Procedure for converting impacts to mitigation credit requirements, the project requires 99.23 wetland credits and 198,615 stream credits. The project is in the Tallapoosa Basin in which there are no commercial mitigation banks. Accordingly, the USACE approved the use of a permittee-responsible mitigation site. CCWA will satisfy all of its mitigation requirements associated with the Indian Creek Reservoir project and related infrastructure by constructing a permittee-responsible, USACE-approved, mitigation site named the Big Indian Creek Mitigation Site ("BICMS"). The BICMS is owned by CCWA and is southwest of the City of Bowdon, Georgia and located along approximately 6,500 linear feet of Indian Creek approximately 2.8 miles upstream of its confluence with the Little Tallapoosa River. The site has historically been used for and heavily impacted by row crops and cattle farming. Restoration of the BICMS will generate 111.67 wetland credits and 200,668 stream credits through the restoration, preservation and protection of 17 stream reaches and five wetland areas. Mitigation activities will include restoring stream sinuosity, restoring wetland hydrology, planting native vegetation, removing invasive species and protecting the property from farming or future development.

The USACE approved the conceptual mitigation plan in late 2020 and final construction drawings are being prepared. The BICMS must be complete prior to construction activities on the reservoir or other infrastructure commences. Pursuant to the terms of the mitigation plan, BICMS will be closely monitored to ensure it meets specific success criteria and will comply with USACE-required financial assurances. A Declaration of Covenants and Restrictions will ensure the BICMS is preserved in perpetuity. The current project estimate is \$3,400,000.

### **Snake Creek Raw Water Intake Improvements**

The Snake Creek Raw Water Intake is located on the Snake Creek Reservoir and has been in operation since 2002. All the electrical equipment for the Raw Water Pumping Station is located inside the pump station building and most of it has been in service since 2002. The existing electrical equipment is near the end of its serviceable life and the existing pumping station does not have space available for the installation of new electrical gear. The existing Raw Water Pumping Station is also susceptible to flooding as it did during the historical 2009 flood event. The Raw Water Pumping Station does not have a standby generator to provide emergency

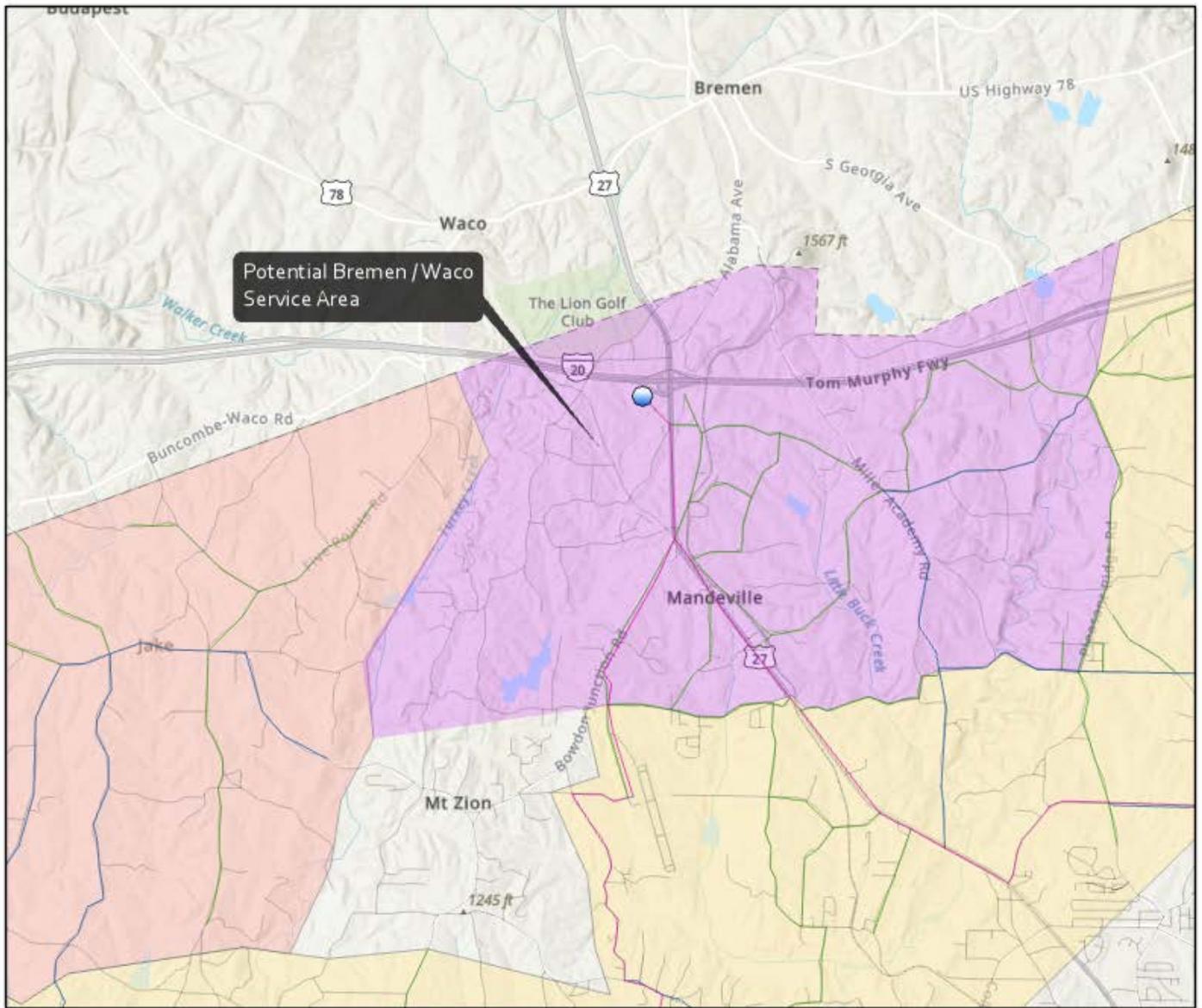
service to the pumping facility should normal power service be interrupted. The Snake Creek Raw Water Intake Improvements project will include constructing a new electrical building and installing a standby generator to address these issues. The electrical building and generator will be located above the 500 year flood plain. All the electrical equipment for the Raw Water Pumping Station will be replaced and installed at the new electrical building. The new electrical equipment includes a padmount service transformer, main service connections, automatic switchgear, and motor control centers for the raw water pumps.

In addition to the new electrical building, access improvements will be made to the existing Raw Water Pumping Station. The access improvements include a new entrance hatch to the wet well for safety and maintenance operations, new roof hatches to facilitate the removal of the raw water pumps, and improved access to the raw water pump discharge piping vault.

The estimated project cost for the Snake Creek Raw Water Intake Improvements is \$2,800,000.

### **Bremen/Waco Service Area**

CCWA plans to expand the water distribution system to provide service to unincorporated areas of Carroll County. The proposed Bremen/Waco service area is a service area located in the north-central section of Carroll County. A large portion of the service area borders on Interstate 20 and has significant demand for commercial and residential development. The area is currently not serviced by CCWA due to high elevations and the current CCWA water service gradient in the area. CCWA will develop a new service gradient to provide water for the area. A new BPS and water storage tank is planned to be constructed to provide a reliable water service pressure and fire protection for the area. New transmission and distribution water mains will also be installed to provide service to new developments. The development of the new service area will offer the ability to provide wholesale water to the City of Bremen and/or have an emergency water supply connection with Bremen. The estimated project cost for the new gradient is \$3,800,000. The following figure is a map of the proposed gradient.



### Legend

- Water Tanks
- Pump Station
- Pressure Reducing Valve
- Roads 2018

### Pipe Diameter

- 6 inch
- 8 inch
- 10 inch
- 12 inch

- Rainey Road Gradient
- Main Gradient
- High Point Gradient
- Bremen/Waco Gradient



**Bremen / Waco  
Service Area**



The following table is a summary of the estimated project costs for the proposed capital improvements projects.

<b>CCWA Summary of CIP Projects</b>	
Big Indian Creek Mitigation Site	\$3,400,000
Snake Creek Raw Water Intake Improvements	\$2,800,000
Bremen/Waco Service Area	\$3,800,000
<b>Total</b>	<b>\$10,000,000</b>

Section 6 - Schedule

**CARROLL COUNTY WATER AUTHORITY  
BOND FUNDED CIP PROJECTS  
SCHEDULE**

4/25/21

TASK	2021												2022												2023												2024	
	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	
<b>BIG INDIAN CREEK MITIGATION SITE</b>																																						
Design																																						
Construction																																						
<b>SNAKE CREEK RAW WATER INTAKE</b>																																						
Design																																						
Construction																																						
<b>BREMEN/WACO SERVICE AREA</b>																																						
Tank Design																																						
Tank Construction																																						
BPS Design																																						
BPS Construction																																						
Water Main Design																																						
Water Main Construction																																						

## **Section 7 – Debt Coverage Projections**

The growth of CCWA’s revenues are primarily driven by customer growth, water sales, and water rates. On an annual basis, CCWA reviews existing user fees and rates and determines if any adjustment is needed. Annual adjustments typically offset any increases in operating expenses and provided funding for capital improvement projects as well as increased operating and debt coverage ratios. CCWA plans to continue this approach.

A summary of projected revenues, expenses and debt coverage ratios throughout the life of the Carroll County Water Authority Water and Sewerage Refunding and Improvement Revenue Bonds, Series 2021A, and Carroll County Water Authority Water and Sewerage Taxable Refunding Revenue Bonds, Series 2021B, are provided in the following table. Assumptions used in development of the projections are included below the table.

CARROLL COUNTY WATER AUTHORITY  
DEBT COVERAGE PROJECTIONS

Fiscal Year	Water & Sewer Revenue	Other Operating Revenue	Total Revenue	Operating Expense	Depreciation	Net Operating Income	Interest Income	Cash Flow Available for Debt Service	Series 2015 Debt Service	Series 2021 Debt Service*	Total Bond Debt Service*	Debt Service Coverage Ratio*
2022	11,123,612	908,000	12,031,612	5,885,993	2,257,555	3,888,064	50,000	6,195,619	1,181,375	315,029	1,496,404	4.14
2023	11,457,320	908,000	12,365,320	6,003,712	2,945,055	3,416,553	50,000	6,411,608	1,152,850	1,236,863	2,389,713	2.68
2024	11,801,040	908,000	12,709,040	6,123,787	3,445,055	3,140,198	50,000	6,635,253	80,359	1,705,432	1,785,791	3.72
2025	12,155,071	908,000	13,063,071	6,246,262	3,548,407	3,268,402	60,000	6,876,808	78,978	1,711,062	1,790,040	3.84
2026	12,519,723	908,000	13,427,723	6,371,188	3,654,859	3,401,676	60,000	7,116,535	82,544	1,694,184	1,776,728	4.01
2027	12,895,315	908,000	13,803,315	6,498,611	3,764,505	3,540,199	60,000	7,364,703	80,400	1,704,870	1,785,270	4.13
2028	13,282,174	908,000	14,190,174	6,628,584	3,877,440	3,684,151	60,000	7,621,590	77,600	1,707,923	1,785,523	4.27
2029	13,680,639	908,000	14,588,639	6,761,155	3,993,763	3,833,721	60,000	7,887,484	84,600	1,698,432	1,783,032	4.42
2030	14,091,058	908,000	14,999,058	6,896,378	4,113,576	3,989,104	60,000	8,162,680	76,500	1,711,162	1,787,662	4.57
2031	14,513,790	908,000	15,421,790	7,034,306	4,236,983	4,150,501	60,000	8,447,484		1,696,352	1,696,352	4.98
2032	14,949,204	908,000	15,857,204	7,174,992	4,364,093	4,318,119	60,000	8,742,212		1,833,307	1,833,307	4.77
2033	15,397,680	908,000	16,305,680	7,318,492	4,495,015	4,492,173	60,000	9,047,188		1,616,021	1,616,021	5.60
2034	15,859,610	908,000	16,767,610	7,464,862	4,629,866	4,672,883	60,000	9,362,749		799,050	799,050	11.72
2035	16,335,399	908,000	17,243,399	7,614,159	4,768,762	4,860,478	60,000	9,689,240		592,100	592,100	16.36
2036	16,825,461	908,000	17,733,461	7,766,442	4,911,825	5,055,194	60,000	10,027,018		582,925	582,925	17.20
2037	17,330,225	908,000	18,238,225	7,921,771	5,059,179	5,257,274	60,000	10,376,453		583,450	583,450	17.78
2038	17,850,131	908,000	18,758,131	8,080,207	5,210,955	5,466,970	60,000	10,737,925		583,525	583,525	18.40
2039	18,385,635	908,000	19,293,635	8,241,811	5,367,283	5,684,541	60,000	11,111,825		583,150	583,150	19.05
2040	18,937,204	908,000	19,845,204	8,406,647	5,528,302	5,910,255	60,000	11,498,557		582,325	582,325	19.75
2041	19,505,320	908,000	20,413,320	8,574,780	5,694,151	6,144,390	60,000	11,898,541		581,050	581,050	20.48
2042	20,090,480	908,000	20,998,480	8,746,275	5,864,976	6,387,229	60,000	12,312,205		582,150	582,150	21.15
2043	20,693,194	908,000	21,601,194	8,921,201	6,040,925	6,639,069	60,000	12,739,994		580,750	580,750	21.94

\* The use of the asterick indicates information which is subject to change based upon final pricing of the Series 2021 Bonds

- (1) Revenue is projected to grow 3.00%, based on projected customer growth and rate increases and historical trends.
- (2) Expenses are projected to grow 2.00%, based on historical trends.
- (3) Non-operating revenue is held constant throughout the model.
- (4) The model projects an increase in interest income over the next 20 years.
- (5) The model anticipates an increase in depreciation expense due to capital improvements over the next 20 years.

## **Section 8 - Conclusions**

Based on our reviews, site visits, discussions with CCWA staff, involvement and general familiarity with CCWA and its facilities, it is our opinion that CCWA is well structured and has the managerial and operational resources in place to provide the necessary water services to its customers. All of the visited facilities were found to be adequately maintained and effectively operated by CCWA. There were no observed operational problems with the reviewed facilities, and CCWA manages the existing water system in accordance with regulatory requirements.

It is also our opinion that CCWA has developed reasonable plans to identify and address immediate and long-term capital improvement needs. The current and anticipated projects are warranted and were developed as a result of a comprehensive review and analysis by CCWA and its consultants. The capital improvement projects described herein should enhance the overall performance of the water system and benefit CCWA's customer base.

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