

ORDINANCE 73-2

AN ORDINANCE PROVIDING FOR THE ACQUISITION BY REDEMPTION, PAYMENT OR OTHERWISE OF ALL OF THE CITY OF DAHLONEGA WATER AND SEWERAGE REVENUE OBLIGATIONS HERETOFORE ISSUED BY SAID CITY PURSUANT TO ORDINANCES ADOPTED OCTOBER 7, 1954 AND SEPTEMBER 23, 1960, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$166,000; TO FINANCE, IN WHOLE OR IN PART, THE COST OF ACQUIRING ALL OF SAID OUTSTANDING OBLIGATIONS AND ADDING TO, EXTENDING, IMPROVING AND EQUIPPING THE WATER AND SEWERAGE SYSTEM OF SAID CITY AND ACQUIRING THE NECESSARY PROPERTY THEREFOR BY THE ISSUANCE AND SALE OF WATER AND SEWERAGE REVENUE BONDS, SERIES 1973, FOR THAT PURPOSE; TO PROVIDE FOR THE ADOPTION OF RATES AND THE COLLECTION OF FEES, TOLLS AND CHARGES FOR THE SERVICES, FACILITIES AND COMMODITIES TO BE FURNISHED BY SAID SYSTEMS; TO PROVIDE FOR THE ISSUANCE UNDER CERTAIN CIRCUMSTANCES OF ADDITIONAL PART PASSO TO PROVIDE FOR THE CREATION AND MAINTENANCE OF CERTAIN FUNDS; TO PROVIDE REMEDIES FOR THE HOLDERS OF SAID BONDS, AND FOR OTHER PURPOSES:

WHEREAS, under and by virtue of the authority of the "Revenue Bond Law" (Georgia Laws 1957, p. 36 et seq., as amended) amending the law formerly known as the "Revenue Certificate Law of 1937" (Georgia Laws 1937, p. 761 et seq., as amended) the City of Dahlonega, a Municipality as defined in said Revenue Bond Law (hereinafter sometimes referred to as the "Municipality" or "City") is authorized to issue revenue bonds to acquire by redemption, payment or otherwise all, or any part, of its outstanding water and sewerage revenue obligations and is authorized to acquire, construct and equip additional water facilities and sewerage facilities by the addition of improvements to its present water and sewerage system, and to equip the same and to maintain said system as added to, extended, improved and equipped, for its own use and for the use of the public and to prescribe and revise rates, and to collect tolls, fees and charges for the services, facilities and commodities furnished by said system as added to, extended, improved and equipped and in anticipation of the collection of revenues from said system to issue revenue bonds to finance, in whole or in part, the cost of such acquisition of said outstanding obligations and the cost of such additions, extensions and improvements to said water and sewerage system and to pay expenses incident thereto; and

WHEREAS, the City of Dahlonega has heretofore pursuant to that certain ordinance adopted October 7, 1954 issued and delivered \$145,000 principal amount of City of Dahlonega Water and Sewerage Revenue Anticipation Certificates, Series 1954, dated November 1, 1954, (hereinafter sometimes referred to as "Series 1954 Certificates"), in the denomination of \$1,000 each, numbered 1 to 145, inclusive, certificates numbered 1 to 10, inclusive, maturing in the years 1955 to 1959, inclusive, bearing interest from date at the rate of 3% per annum, certificates numbered 11 to 47, inclusive, maturing in the years 1960 to 1969, inclusive, bearing interest from date at the rate of 3 1/4% per annum and certificates numbered 48 to 145, inclusive, maturing in the years 1970 to 1984,

inclusive, bearing interest from date at the rate of 3 1/2% per annum, all interest payable semi-annually on the 1st days of May and November in each year and the principal maturing on the 1st day of November, lowest numbers first, in the years and amounts, as follows:

\$2,000 in each of the years 1955 to 1959, inclusive,
\$3,000 in each of the years 1960 to 1964, inclusive,
\$4,000 in each of the years 1965 to 1967, inclusive,
\$5,000 in each of the years 1968 to 1971, inclusive,
\$6,000 in each of the years 1972 to 1974, inclusive,
\$7,000 in each of the years 1975 to 1984, inclusive,

and there is now outstanding \$82,000 principal amount of said Series 1954 Certificates, being certificates numbered 64 to 145, inclusive, maturing the years 1973 to 1984, inclusive, and said Series 1954 Certificates have as security for the payment thereof a first or prior lien on the net revenues of the water and sewerage system; and

Whereas, pursuant to that certain ordinance adopted September 23, 1960, there was actually issued and delivered \$90,000 principal amount of City of Dahlonge Water and Sewerage Revenue Bonds, Series 1960, dated October 1, 1960, (hereinafter sometimes referred to as "Series 1960 Bonds"), in the denomination of \$1,000 each, numbered 1 to 90, inclusive, in order of maturity, bearing interest from date at the rate of 5 1/2% per annum, interest payable semi-annually on the 1st days of April and October in each year, and the principal maturing on the 1st day of October, lowest numbers first, in the years and amounts, as follows:

\$15,000 in each of the years 1985 to 1990, inclusive, and there is now outstanding \$90,000 principal amount thereof, being bonds numbered 1 to 90, inclusive, maturing in the years 1985 to 1990, inclusive, and said Series 1960 Bonds rank as to lien on the revenues of the water and sewerage system junior and subordinate to the lien enjoyed by said Series 1954 Certificates; and

WHEREAS, it was provided in said ordinance of September 23, 1960, that the City might issue, from time to time under certain terms and conditions, additional revenue bonds ranking as to lien on the revenues of said system pari passu with said Series 1960 Bonds; and

WHEREAS, the City Council of the City of Dahlonge has made its own dependent investigation of all the facts and circumstances pertaining to the need for adding to, extending and improving the City's water and sewerage system so as to adequately provide for the immediate needs of the residents of said City and its environs and it has been determined that by the expenditure on its part of approximately \$513,000, together with other monies it has firm assurance will be made available to the City by grants from Federal Agencies and monies of the City now on hand and legally available for such purpose, the City's water and sewerage system can be added to, extended, improved and equipped in accordance with, or substantially in accordance with, the report and recommendations, dated August, 1973, of its consulting Engineers, Laurence W. Dabney & Associates, Atlanta, Georgia, said report and recommendations of said Consulting Engineers-being hereinafter sometimes referred to as "engineering report"; and

WHEREAS, it appears that the most feasible method of raising the funds required on the part of the City to finance such additions, extensions and improvements to its water and sewerage system is by the issuance and sale of revenue bonds for that purpose; and

WHEREAS, the City cannot now meet the terms and conditions set forth in said ordinance of

September 23, 1960 authorizing the issuance of parity obligations with said Series 1960 Bonds to the extent necessary to authorize revenue obligations in an amount required to produce funds sufficient to make the additions, extensions and improvements to the system deemed essential to be made at this time; and

WHEREAS, if the City authorized the issuance of additional revenue bonds at this time, same could only be secured by a third lien upon the revenues of said system and the investment banking firms of Byron Brooke & Company and Bache & Co., Incorporated, of Atlanta, Georgia have strongly recommended that in order to make the bonds hereinafter authorized to be issued more marketable and to put the City in a better position to market its water and sewerage revenue bond issues in the future, it is advisable and to the best interest of the City and its residents that the City acquire by redemption, payment of otherwise all of said Series 1954 Certificates and Series 1960 Bonds now outstanding in order that the bonds hereinafter authorized to be issued may be secured by a first or prior lien on the net revenues of the system remaining after the payment of the costs of operating and maintaining said system and the City Council, after an independent investigation and study, has determined that the acquisition of all of the City's presently outstanding revenue obligations is absolutely necessary and essential in order to accomplish the overall undertaking contemplated; and

WHEREAS, the bonds hereinafter authorized to be issued will not actually be issued and delivered until after November 1, 1973 and provision for the redemption of the City's outstanding revenue obligations should be made for a date subsequent thereto, and said Series 1954 Certificates are subject to redemption on May 1, 1974 and said Series 1960 Bonds are subject to redemption on April 1, 1974, same being the earliest authorized call date for each of said issues; and

WHEREAS, to acquire said Series 1954 Certificates by redemption, payment or otherwise on May 1, 1974, it will be necessary to pay the \$76,000 principal amount thereof then outstanding, the \$1,330 interest to accrue thereon from November, 1973 to May 1, 1974 and to pay the \$2,280 call premium on said \$76,000 principal amount thereof to be called for redemption and to acquire said Series 1960 Bonds by redemption, payment or otherwise, on April 1, 1974, it will be necessary to pay the \$90,000 principal amount thereof now outstanding, the \$2,475 interest to accrue thereon from October 1, 1973 to April 1, 1974 and to pay the \$4,500 call premium on said \$90,000 principal amount of said Series 1960 Bonds to be called for redemption and the paying agent bank's fees incident to such acquisition of said obligations in the approximate amount of \$216, making the aggregate cost of acquiring all of said issues by redemption and payment to be not less than \$176,801; and

WHEREAS, it has been determined that by the expenditure of approximately \$690,000 together with the other monies to be made available to the City as aforesaid, the City can acquire by redemption, payment or otherwise all of said Series 1954 Certificates, and Series 1960 Bonds as aforesaid and can make the additions, extensions and improvements to the water and sewerage facilities in accordance with, or substantially in accordance with said engineering report; and

WHEREAS, of the proceeds derived from the sale of the bonds hereinafter authorized to be issued, the sum of \$176,801, or such greater amount of such proceeds as may be necessary; will be used to pay the cost of the acquisition by redemption, payment or otherwise of said Series 1954 Certificates and Series 1960 Bonds and the remaining proceeds derived from the sale of such bonds after duly providing for the acquisition of said obligations will be used to add to, extend and improve the water and sewerage facilities as recommended by said Consulting Engineers in said engineering report; and

WHEREAS, the Paying Agent Bank for said Series 1954 Certificates and Series 1960 Bonds has agreed to fully secure the monies deposited therein for the acquisition of said obligations as aforesaid in direct obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America and to invest such monies deposited therein to the extent and in the manner as directed by the City; and

WHEREAS, provision having been duly and legally made for the acquisition of all of the City's revenue obligations, said ordinances of October 7, 1954, and September 23, 1960 shall be null and void and of no force and effect and the respective liens created there under on the revenues of the City's water and sewerage system, shall be fully and completely discharged and provision should be made to withdraw such funds as will then be on hand in the special funds created and no* being maintained pursuant to said ordinances and the deposit of same, simultaneously with the issuance and delivery of the bonds hereinafter authorized to be issued, into certain special funds created under this ordinance; and

WHEREAS, it has been proved that as additions, extensions and improvements are made to the water and sewerage system, additional demands will be made for further additions, extensions and improvements to the system and in order to meet this situation, provision should be made for the issuance of additional water and sewerage revenue bonds for such purpose, said bonds to stand on a parity with and be of equal dignity as to lien on the revenues of said system securing the payment of the bonds hereinafter authorized to be issued or may be bonds or obligations ranking as to lien on the revenues of said system junior and subordinate thereto.

NOW, THEREFORE, 138 IT ORDAINED by the City Council of the City of Dahlonega and it is hereby ordained by authority of same that the \$76,000 principal amount of "City of Dahlonega Water and Sewerage Revenue Anticipation certificates, Series 1954", dated November 1, 1954, being certificates numbered 70 to 145, inclusive, maturing in the years 1974 to 1984, inclusive, be and the same are hereby called for redemption on May 1, 1974 and the holders of said Series 1954 Certificates should present same for payment on May 1, 1974 and receive the principal amount thereof, the call premium and all interest then due thereon to May 1, 1974 and that the \$90,000 principal amount of "City of Dahlonega Water and Sewerage Revenue Bonds, Series 1960" now outstanding, being bonds numbered 1 to 90, inclusive, maturing in the years 1985 to 1990, inclusive, be and the same are hereby called for redemption on April 1, 1974 and the holders of said Series 1960 Bonds should present same for payment on April 1, 1974 and receive the principal amount thereof, the call premium and all interest then due thereon to April 1, 1974.

BE IT FURTHER ORDAINED by the authority aforesaid and it is hereby ordained by authority of same, that The First National Bank of Atlanta, Atlanta, Georgia, the Paying Agent bank for said Series 1954 Certificates and Series 1960 Bonds shall invest the monies to be deposited therein for the acquisition of said Series 1954 Certificates and Series 1960 Bonds in direct obligations or obligations unconditionally guaranteed by the United States of America, but such investment shall be made in *such* manner so as to assure the availability of cash monies to pay in full the cost of acquiring by redemption and payment said Series 1954 Certificates on May 1, 1974 and said Series 1960 Bonds on April 1, 1974. After the payment in full of the cost of acquiring all of said obligations, any excess monies not required for such purpose shall be remitted to the City as soon as practicable after April 1, 1974 and May 1, 1974, respectively, and upon receipt of same from said bank shall be deposited in full by the City in a special fund hereinafter created and designated as "Renewal and Extension Fund".

BE IT FURTHER ORDAINED by the authority aforesaid and it is hereby ordained by authority of same that as soon as practicable after the adoption of this ordinance, but in no event less

than thirty (30) days prior to the respective redemption dates, notices of redemption and payment signed by the Mayor and attested by the City Clerk of the City, be given to The First National Bank of Atlanta, Atlanta, Georgia and shall be mailed postage prepaid to all registered owners of said Series 1954 Certificates and Series 1960 Bonds to be redeemed whose addresses shall appear upon the books of registration provided for each of said issues and said notices shall be published promptly after the adoption of this ordinance at least once in a newspaper of general circulation published in the City of Atlanta, Georgia, which notices shall be in substantially the following forms:

NOTICE OF REDEMPTION AND PAYMENT

CITY OF DAHLONEGA, GEORGIA

WATER AND SEWERAGE REVENUE ANTICIPATION CERTIFICATES,
SERIES 1954

NOTICE IS HEREBY given to the holders of the following described Water and Sewerage Revenue Anticipation Certificates of the City of Dahlonega, Georgia, that said certificates have been called for redemption on May 1, 1974, said certificates being in the aggregate principal amount of

\$76,000 known as the "City of Dahlonega Water and Sewerage Revenue Anticipation Certificates, Series 1954", dated November 1, 1954, in the denomination of \$1,000 each, numbered from 70 to 145, inclusive, maturing in the years 1974 to 1984, inclusive, bearing interest from date at the rate of 3 1/2% per annum, payable semi-annually on the 1st days of May and November in each year and the principal maturing on the 1st day of November, lowest numbers first, in the years and amounts, as follows:

\$6,000 in the year 1974,
\$7,000 in each of the years 1975 to 1984, inclusive.

Funds for the redemption and payment of said certificates and the interest then due thereon to May 1, 1974, and for the required premium (3%) will be available at The First National Bank of Atlanta, Atlanta, Georgia, on May 1, 1974, and said above described certificates and all unmatured coupons thereto appertaining should be presented to said bank for redemption and payment on said date. Interest on the above described certificates designated for redemption shall cease to accrue and the interest coupons maturing after May 1, 1974 shall be void.

This notice is given under and pursuant to an ordinance of the City Council of the City of Dahlonega adopted on the 1973.

Mayor, City of Dahlonega, Georgia

Attest:

City Clerk

(S E A L)

NOTICE OF REDEMPTION AND PAYMENT

CITY OF DALONEGA, GEORGIA

WATER AND SEWERAGE REVENUE BONDS,

SERIES 1960

NOTICE IS HEREBY given to the holders of the following described Water and Sewerage Revenue Bonds of the City of Dahlonega, Georgia, that said bonds have been called for redemption on April 1, 1974, said bonds being in the aggregate principal amount of \$90,000 known as the "City of Dahlonega Water and Sewerage Revenue Bonds, Series 1960", dated October 1, 1960, in the denomination of \$1,000 each, numbered from 1 to 90, inclusive, maturing in the years 1985 to 1990, inclusive, bearing interest from date at the rate of 5 1/2% per annum, payable semi-annually on the 1st days of April and October in each year and the principal maturing on the 1st day of October, lowest numbers first, in the years and amounts, as follows:

\$15,000 in each of the years 1985 to 1990, inclusive.

Funds for the redemption and payment of said bonds and the interest then due thereon to April 1, 1974, and for the required premium (5%) will be available at The First National Bank of Atlanta, Atlanta, Georgia, on April 1, 1974, and said above described bonds and all unmatured coupons thereto appertaining should be presented to said bank for redemption and payment on said date. Interest on the above described bonds designated for redemption shall cease to accrue and the interest coupons maturing after April 1, 1974 shall be void.

This notice is given under and pursuant to an ordinance of the City

Mayor, City of Dahlonega, Georgia

Attest:

City Clerk

(S E A L)

BE IT FURTHER ORDAINED BY the authority aforesaid and it is hereby ordained by authority of same, that said paying agent bank, prior to the investment of said monies as herein provided to acquire said outstanding revenue obligations shall consult with the officials of the City and the original purchasers of the bonds of this issue as to the direct obligations of the United States of America to be so purchased and as to the source of such purchase and said bank shall receive the concurrence of the City and said original purchasers pertaining thereto.

BE IT FURTHER ORDAINED by the authority aforesaid and it is hereby ordained by Authority of same, that there is now and will be monies on deposit in the special funds heretofore created under said ordinances of October 7, 1954 and September 23, 1960 and designated as “Water and Sewerage System Sinking Fund” and the “City of Dahlonaga Water and Sewerage System Sinking Fund No. 2”, respectively, and simultaneously with the issuance and delivery of the bonds herein authorized to be issued, there shall be withdrawn all of the monies then on hand in said special funds and said monies so withdrawn shall be immediately deposited in the aggregate in the special fund hereinafter created and designated as “Water and Sewerage System Construction Fund”.

BE IT FURTHER ORDAINED by the authority aforesaid and it is hereby ordained by authority of the same, that, simultaneously with the issuance and delivery of the bonds herein authorized to be issued, there shall be withdrawn from the special fund created under said ordinance of October 7, 1954 and designated as “Water and Sewerage System Revenue Fund¹¹”, all monies then on hand in said fund and deposited in a similar special fund hereinafter created and designated as “City of Dahlonaga Water and Sewerage System Revenue Fund”.

BE IT FURTHER ORDAINED by the authority aforesaid, and it is hereby ordained by authority of the same, as follows:

ARTICLE I

AUTHORIZATION, FORM AND REGISTRATION OF BONDS

Section 1. Under the authority of the Revenue Bond Law (Georgia Laws 1957, p. 36 et seq., as amended) amending the law formerly known as the Revenue Certificate Law of 1937 (Georgia Laws 1937, p. 761 et seq., as amended) and the Charter of the City, for the purpose of providing funds to pay the cost of acquiring, by redemption, payment or otherwise all of the City's Water and Sewerage Revenue Anticipation Certificates, Series 1954 and Water and Sewerage Revenue Bonds, Series 1960, outstanding in the aggregate principal amount of \$166,000, and to be applied toward the cost of adding to, extending, improving and equipping the City's water and sewerage system, acquiring the necessary property therefore, both real and personal, and paying expenses incident thereto, in accordance with or substantially in accordance with said engineering report as hereinafter provided, there be, and there is hereby authorized to be issued Water and Sewerage Revenue Bonds of the City of Dahlonega in the principal amount of \$690,000, payable solely from the special fund hereinafter created and designated "City of Dahlonega Water and Sewerage System Sinking Fund" (hereinafter sometimes referred to as "Water and Sewerage System Sinking Fund" or "Sinking Fund") and all of the covenants, agreements and provisions of this ordinance shall be for the equal and proportionate benefit and security of all holders of the bonds issued hereunder, including any parity bonds hereafter issued, and the interest coupons thereto appertaining.

Section 2. Said Water and Sewerage Revenue Bonds shall be designated "City of Dahlonega Water and Sewerage Revenue Bonds, Series 1973" (hereinafter sometimes referred to as "Series 1973 Bonds") shall be dated November 1, 1973, shall be in the denomination of \$5,000 each, shall be numbered consecutively from 1 upward to 138, inclusive, in order of maturity, shall bear interest from date at the rate set forth apposite each principal maturity, all interest shall be payable semi-annually on the 1st days of May and November in each year, and the principal shall mature on the 1st day of November, lowest numbers first, in *the* years and amounts as follows:

Year	Amount	Rate	Year	Amount	Rate
1980	\$ 5,000	6.00%	1994	\$20,000	6.80%
1981	\$ 5,000	6.00%	1995	\$20,000	6.80%
1982	\$ 5,000	6.00%	1996	\$25,000	6.80%
1983	\$ 5,000	6.00%	1997	\$30,000	6.80%
1984	\$ 5,000	6.00%	1998	\$30,000	6.90%
1985	\$10,000	6.25%	1999	\$35,000	6.90%
1986	\$10,000	6.25%	2000	\$35,000	6.90%
1987	\$10,000	6.25%	2001	\$40,000	6.90%
1988	\$10,000	6.25%	2002	\$40,000	6.90%
1989	\$15,000	6.50%	2093	\$45,000	6.90%
1990	\$15,000	6.50%	2004	\$50,000	6.90%
1991	\$15,000	6.50%	2005	\$55,000	6.90%
1992	\$15,000	6.80%	2006	\$55,000	6.90%
1993	\$20,000	6.80%	2097	\$65,000	6.90%

Section 3. Title to the bonds and to the interest coupons thereto appertaining, shall pass by delivery in the same manner as a negotiable instrument payable to bearer, unless such bond is registered in the manner hereinafter provided. The bonds may be registered as to the payment of principal and interest on the books of the City of Dahlonega kept by the Paying Agent Bank, as Bond Registrar, for that purpose, and thereafter the principal thereof and interest thereon shall be payable to the registered owner, and no transfer thereafter shall be valid unless made on the books of said Bond Registrar by authority of

the registered Owner or his attorney, and an endorsement of such registration shall have been made upon the back of the bond by the said Bond Registrar, unless the last registration shall have been made to bearer. The bonds shall continue subject to successive registration and transfer to bearer at the option of the owner. At the request of the holder of any bond for its conversion into a registered bond, said Bond Registrar shall cut off all coupons attached to the bonds sought to be registered and shall make proper notation of registration, and shall pay all interest as it accrues on said registered bonds to the registered owner thereof. The bonds may be discharged from registration by being transferred to bearer, in which case said Bond Registrar will reattach to the bonds all coupons then unmatured which may have been detached there from and make proper notation thereon.

Section 4. The bonds shall be signed by the Mayor and attested by the Mayor and attested by the City Clerk of the City of Dahlonega and the corporate seal of the City shall be affixed to the bonds. The coupons to be attached to the bonds, all be executed with the facsimile signatures of said Mayor and City Clerk. In case any officer whose signature shall appear on any bonds, or coupons, shall cease to be such officer before delivery of such bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The bonds and the interest coupons to be attached thereto, the certificate of validation to be endorsed upon the bonds and the certificate of registration shall be, respectively, in substantially the following forms, with such variations, omissions and insertions as are required or permitted by this ordinance:

UNITED STATES OF AMERICA

STATE OF GEORGIA

CITY OF DAHLONEGA

WATER AND SEWERAGE REVENUE BOND,
SERIES 1973

No.

\$5,000

FOR VALUE RECEIVED, the City of Dahlonega, a municipal corporation of the County of Lumpkin, State of Georgia, hereby promises to pay solely from the special fund provided therefore, as hereinafter set forth, to bearer, or if registered as herein provided, to the registered owner hereof, on the 1st day of November, 19__ , the principal sum of

FIVE THOUSAND DOLLARS

and to pay solely from the said special fund interest hereon from date hereof at the rate __ of per centum (__ %) per annum, payable semiannually on the 1st days of May and November in each year, until payment of the principal amount hereof , upon the presentation and surrender of the annexed interest coupons as they respectively become due, or if this bond be registered otherwise than to bearer as herein provided, to the registered owner hereof. Both the principal of and the interest on this bond are payable in lawful money of the United States of America at The Citizens and Southern National Bank, Atlanta, Georgia.

This bond is one of a duly authorized issue in the aggregate principal amount of \$690,000, of like tenor, except as to numbers, rates of interest, maturities and redemption provisions, issued for the purpose of providing funds to pay the cost of acquiring, by redemption, payment or otherwise all of the City's Water and Sewerage Revenue Anticipation Certificates, Series 1954 and Water and Sewerage Revenue Bonds, Series 1960, outstanding in the aggregate principal amount of \$166,000, and to be applied toward the cost of adding to, extending, improving and equipping the City's water and sewerage system, acquiring the necessary property therefore, both real and personal, and paying expenses incident thereto, and is issued under authority of the Revenue Bond Law of the State of Georgia (Georgia Laws 1957, p. 36 et seq., as amended) amending the law formerly known as the Revenue Certificate Law of 1937 (Georgia Laws 1937, p. 761 et seq., as amended), and the Charter of the City, and was duly authorized by an ordinance of the City Council of the City of Dahlonega adopted on the day of September, 1973. In addition to the bonds of this issue the City may issue, under certain terms and conditions as provided in said ordinance, additional water and sewerage revenue bonds, and if issued such bonds will rank on a parity as to lien on the revenues of said system with the bonds of this issue. Reference to said ordinance is hereby made for a complete description of the funds charged with, and pledged to, the payment of the principal of and the interest on the bonds of this issue or any other issue, the nature and extent of the security, a statement of rights, duties and obligations of the City, the rights of the holders of the bonds, and the terms and conditions under which additional bonds may be issued, to all the provisions of which the holder hereof, by the acceptance of this bond, assents.

Said ordinance provides, among other things, for prescribing and revising rates and collecting fees and charges for the services, facilities and commodities furnished by the water and sewerage system sufficient to provide funds to pay the reasonable and necessary costs of operating, repairing and maintaining said system and to provide for the payment into the special fund designated "City of

Dahlonega Water and Sewerage System Sinking Fund” from the revenues of said system of the amounts required to pay the principal of and the interest on the bonds of this issue and any other bonds hereafter issued on a parity therewith, as the same become due and payable and to create and maintain a reserve for that purpose, as well as to create and maintain a reserve for extensions and improvements.

This bond shall not be deemed to constitute a debt of the City of Dahlonega nor a pledge of the faith and credit of said City, nor shall the City be subject to any pecuniary liability hereon. This bond shall not be payable from, nor a charge upon, any funds other than the revenues pledged to the payment hereof, and is payable solely from the special fund provided therefore from the revenues of the water and sewerage system of the City, including all future additions thereto. No holder of this bond shall ever have the right to compel the exercise of the taxing power of the City to pay the same, or the interest hereon, or to enforce payment hereof against any other property of the City, nor shall this bond or any interest coupon constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the City.

The bonds of this issue may be redeemed prior to their respective maturities at the option of the City, either in whole or in part, on any interest payment date in any year not earlier than November 1, 1983 from any monies available for such purpose as provided in said ordinance. Such redemption may be made upon at least thirty (30) days' prior notice by publication and otherwise as provided in said ordinance, at the principal amount of the bonds to be redeemed and accrued interest thereon to date of redemption, together with a premium of 5% on such principal amount if redeemed thereafter and before maturity. If the bonds are called in part, then any bonds so called for redemption shall be called in the inverse order of their numbers and maturities.

To the extent and in the manner permitted by said ordinance, modifications, alterations, amendments, additions and rescissions of the provisions of the ordinance, or of any ordinances or resolutions supplemental thereto or of the bonds, may be made by the City with the consent of the holders of at least sixty-five per centum (65%) in aggregate principal amount of the bonds then outstanding including any parity obligations therewith then outstanding and without the necessity for notation hereon, or on the coupons appertaining attached, of reference thereto.

This bond shall be fully negotiable for all purposes as provided by the laws of the State of Georgia and is issued with the intent that the laws of the State of Georgia shall govern its construction.

In case of default, the holder of this bond shall be entitled to the remedies provided in said ordinance authorizing its issuance and in said Revenue Bond Law and any amendments thereto.

This bond may be registered as to the payment of principal and interest on the books of the City of Dahlonega kept by the Paying Agent, as Bond Registrar, for that purpose and thereafter the principal hereof and interest hereon shall be payable to the registered owner, and no transfer thereafter shall be valid unless made on the books of said Bond Registrar. by authority of the registered owner or his attorney and an endorsement of such registration shall have been made upon the back of this bond, unless the last registration shall have been made to bearer. This bond shall continue subject to successive registration and transfer to bearer & the option of the owner.

It is hereby recited and certified that all acts, conditions and things required to be done precedent to and in the issuance of this Water and Sewerage Revenue 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 water and sewerage 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 all of said bonds as the same mature and to create and maintain a reserve for that

purpose, and that said revenues are irrevocably allocated and pledged to the payment thereof and the interest thereon.

IN WITNESS WHEREOF, the City of Dahlonga has caused this bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused the annexed interest coupons to be authenticated with the facsimile signatures of its said officers as of the 1st day of November, 1973.

CITY OF DAI-ILONEGA

BY: _____

Mayor

Attest:

City Clerk

(S E A L)

COUPON

No.

\$

On the 1st dlay of _____, 19____, unless the bond hereinafter referred to be subject to redemption and shall have been duly called for previous redemption and payment of the redemption price made or provided for, the City of Dahlonega, Georgia, promises to pay to bearer at The Citizens and Southern National Bank, Atlanta, Georgia,

DOLLARS

in lawful money of the United States of America, solely from the special fund referred to in, and for the interest then due upon, its Water and Sewerage Revenue Bond, Series 1973, dated November 1, 1973, numbered.

City Clerk

Mayor

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VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF LUMPKIN

The undersigned Clerk of the Superior Court of bumpkin County, State of Georgia, keeper of the records and seal thereof, does hereby CERTIFY that this bond was validated and confirmed by judgment of the Superior Court of bumpkin County, Georgia on the ____day of____ 1973, 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 hands and affixed the seal of the Superior Court of Lumpkin County, Georgia.

Clerk, Superior Court, Lumpkin
County, Georgia
(S E A L)

CERTIFICATION OF REGISTRATION

At the request of the holder of the within bond for its conversion into a registered bond, the Bond Registrar has this day cut off all coupons attached to said bond, with the principal hereof and interest here on payable to the registered owner. Hereafter no transfer hereof while registered shall be effectual unless made on the books of the City of Dahlonaga kept for that purpose by the Paying Agent Bank, as Bond Registrar, by authority of the registered owner, or his attorney, and noted hereon. But this bond may be discharged from registration by being so transferred to bearer, in which case said Bond Registrar will reattach hereto all coupons then unmatured which were detached here from.

DATE OF REGISTRATION: IN WHOSE NAME REGISTERED: BOND REGISTRAR:

Section 5. If any bond or coupons appertaining thereto shall become mutilated, the City in its discretion and at the expense of the owner of such bond shall execute by the officers then in office and deliver a new bond of like tenor with the proper coupons attached in exchange and substitution for such mutilated bond and its coupons and the owner shall give indemnity satisfactory to the City.. If any bond or coupons appertaining thereto shall become lost, destroyed or wrongfully taken, evidence of such loss, destruction or wrongful taking within a reasonable time thereafter may be submitted to the City and if such evidence shall be satisfactory to it and indemnity of a character and in an amount satisfactory to it shall be given, then the City shall at the expense of the owner execute by the officers then in office and deliver a new bond of like tenor, together with the proper coupons to be attached thereto. The proper coupons for any such new bond shall be executed by the use of facsimile signatures of such officers then in office.

Section 6. The Mayor and City Clerk are hereby authorized and directed to execute, for and on behalf of the City of Dahlonaga, a certification, based upon facts, estimates and circumstances, as to the reasonable expectations regarding the amount, expenditure and use of the proceeds of the bonds of this issue, as well as such other documents as may be necessary or desirable in connection with the issuance and delivery of said bonds.

Section 7. Said additions, extensions and improvements to said water and sewerage system shall be accomplished in accordance, or substantially in accordance with the report and recommendations, dated August, 1973, of the City's Consulting Engineers, Laurence W. Dabney & Associates, Atlanta,

Georgia. Said report and recommendations (hereinafter sometimes referred to as "engineering report") are hereby approved and ratified and the City Clerk be and the same is hereby ordered and directed to forthwith duly record a copy of said engineering report in the Minute Book of the City Council of the City of Dahlonaga, said Minute Book being kept in the office of the City Clerk of said City, and said engineering report, by this reference thereto, is incorporated herein and made a part hereof.

ARTICLE II

REDEMPTION OF BONDS BEFORE MATURITY

Section 1. The bonds of this issue may be redeemed at the option of the City in part on any interest payment date in any year not earlier than November 1, 1983, from monies in the Water and Sewerage System Sinking Fund not required for paying the principal of and interest on the bonds of this issue coming due in the then current sinking fund year and the maintenance of a reserve therein of \$69,500~yor in whole on any interest payment date in any year not earlier than November 1, 1983, from any monies which may be made available for such purpose and deposited with the Paying Agent on or before the date fixed for redemption. In the event parity bonds are hereafter issued, the City covenants and agrees that it will not redeem the bonds of this issue, or any such issues or issues of parity bonds, in part unless and until it has on hand in the Sinking Fund sufficient funds to pay the principal of and the interest on all bonds of this issue and of all issues of such parity bonds coming due in the then current sinking fund year and the maintenance of a reserve in said Sinking Fund in an amount at least equal to the highest combined principal and interest requirements on all outstanding bonds, including parity bonds, coming due in any succeeding sinking fund year; provided, however, the City is not restricted hereby from acquiring as a whole, by redemption or otherwise, all outstanding bonds of all such issues from any monies which may be available for that purpose.

At least thirty (30) days before the date upon which such redemption is to be made, notice of intention so to redeem, signed by the Mayor and attested by the City Clerk of the City of Dahlonega, designating the redemption date and the bonds to be redeemed, shall be published at least once in a financial newspaper of general circulation published in the City of New York, New York, and shall be filed with the bank at which the principal of and the interest on the bonds shall be payable and shall be mailed, postage prepaid, to all registered owners of bonds to be redeemed whose addresses shall appear upon the books of registration hereinabove provided f or; but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption, or cause the interest to continue to accrue on any bonds. The redemption of bonds of this issue shall be made by payment of the principal amount of the bonds to be redeemed and accrued interest thereon to date of redemption, together with a premium of five per centum (5%) of such principal amount if redeemed on or prior to November 1, 1996 and three per centum (3%) of such principal amount if redeemed thereafter and before maturity. However, it is expressly understood and agreed that should the City hereafter elect to issue any parity bonds, as it is herein authorized to do, it shall have the right to redeem the bonds of any such future issue or issues before it redeems the bonds of this issue, or it may redeem the bonds of this issue before it redeems the bonds of any such future issue or issues, or it may redeem some of the bonds of this issue and some of the bonds of any such future issue or issues at the same time, provided that within each issue if the bonds are redeemed in part, such redemption as to said bonds shall be in the inverse order of their numbers and maturities.

Section 2. Nothing herein contained shall be construed to limit the right of the City to purchase with any excess monies, as hereinabove defined, in the Sinking Fund and for sinking fund purposes, bonds of this issue in the open market at a price not exceeding the callable price hereinabove set forth. Any such bonds so purchased cannot be reissued and shall be disposed of as is hereinafter provided in this ordinance.

Section 3. Notice having been given in the manner and under the conditions hereinabove provided, the bonds so designated for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price hereinabove specified, and from and after the date of redemption so designated, unless default shall be made in the payment of the bonds so designated for

redemption, interest on the bonds so designated for redemption shall cease to accrue and interest coupons maturing after the redemption date shall become void.

ARTICLE III

CUSTODY AND APPLICATION OF PROCEEDS OF ~JNDS

The Municipality covenants:

Section 1. A special fund is hereby created and designated “Water and Sewerage System Construction fund” (hereinafter sometimes referred to as the “Construction Fund”), for the credit of which there shall be deposited with the Depository the proceeds of all the bonds, including accrued interest, which are issued under the provisions of this ordinance and any other funds acquired for this purpose by gift, donation, grant or otherwise, except the sum of \$176,801 or such greater sum from said proceeds as may be necessary, which will be required to pay all costs incident to the acquisition by redemption, payment or otherwise of the \$166,000 aggregate principal amount of said Series 1954 Certificates and Series 1960 Bonds, which sum shall, simultaneously with the issuance and delivery of the bonds of this issue, be deposited in trust with The First National Bank of Atlanta, Atlanta, Georgia, the Paying Agent Bank for said Series 1954 Certificates and Series 1960 Bonds and used and applied for such purpose as provided herein.

Section 2. The monies in the Construction Fund shall be held by the Depository and withdrawn and applied in accordance with, or substantially in accordance with, said engineering report and~ subject to the provisions and restrictions set forth in this Article, and the Municipality will not cause or permit to be paid from the Construction Fund any sums except in accordance with, or substantially in accordance with, said engineering report and in accordance with such provisions and restrictions; provided, however, that any monies in said fund not presently needed for the payment of current obligations during the course of construction may be invested in direct obligations of the United States of America, maturing no longer than one (1) year from date of purchase, upon passage of a resolution of the governing body to that effect and proper evidence of the same being delivered to the Depository. Such securities shall be held by the Depository for the account of the Construction Fund until maturity or until sold, and at maturity or upon such sale the proceeds received there from, including accrued interest and premium, if any, shall be immediately deposited by it in said Construction Fund and shall be disbursed in the manner and for the purpose hereinafter set forth. All monies in and all securities held for the Construction Fund shall be subject to a lien and charge in favor of the holders of the bonds issued hereunder and shall be held for the security of such holders until paid out as hereinafter provided.

Section 3. Withdrawals from said fund may be made for the purpose of paying the cost of the undertaking herein contemplated, including the purchase of such property and equipment as may be useful in connection there with, and without intending thereby to limit or to restrict or to extend any definition of such cost contained in the Revenue Bond Law, as amended and as it may hereafter be amended, shall include: (a) Interest accruing upon the bonds prior to the commencement of and completion of the undertaking herein contemplated and for six (6) months after the date of the completion of the improvements and the reasonable fees of the Paying Agent for the payment of such interest; (b) 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 said improvements; (c) Any taxes or any charges lawfully levied or assessed against the undertaking; (d) Fees and expenses of Engineers for engineering studies, surveys and estimates, and the preparation of plans and supervising the construction; (e) Legal expenses and fees, fiscal agent’s expenses and fees, costs of audits and of preparing and issuing the bonds and all other items of expense not elsewhere in this Section specified incident to said undertaking; (f) Payments made for labor, contractors, builders and materialmen in connection with the improvements contemplated by the undertaking and payment for machinery and equipment and for the restoration of property damaged destroyed in connection therewith and the repayment of advances or loans made it for the purpose of paying any of the aforementioned costs, (g) 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 improvements and appurtenances in connection therewith, and options and payments thereon, and any easements or rights or any damages incident to or resulting from the making of such improvements.

Section 4. All payments from the Construction Fund shall be made upon checks signed by the officers of the Municipality properly authorized to sign in its behalf, but before they shall sign any such checks there shall be filed with the Depository; (a) A requisition for such payment (the above mentioned checks may be deemed a requisition for the purpose of this Section), stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due; and (b) A certificate attached to the requisition and certifying: 1. That an obligation in the stated amount has been incurred by the Municipality, and that the same is a proper charge against the Construction Fund and has not been paid, specifying the purpose and circumstances of such obligation in reasonable detail and to whom such obligation is owed, accompanied by the bill or statement of account for such obligation, or a copy thereof; 2. That they have no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or any security interest, which should be satisfied or discharged before such payment is made; and 3. That such requisition contains no item representing payment of account or any retained percentages which the Municipality is, at the date of such certificates, entitled to retain. (c) No requisition for payment shall be made until the Municipality has been furnished with proper certificate of the Consulting Engineers that insofar as such obligation was incurred for work, materials, supplies or equipment were actually installed in or about the construction or delivered at the site of the work for that purpose.

No certificate of said Engineers shall be required for the City to make payments for the costs and expenses incurred pursuant to paragraphs (a) through (&) of Section 3 of this Article and not subject to the supervision of said Engineers.

Section 5. That it will do all things, and take all reasonable and prudent measures, necessary to effect the prompt commencement of the construction and to expend the monies deposited in the Construction Fund as expeditiously as possible in order to assure the completion of the project, in accordance or substantially in accordance with said engineering report, on the earliest practicable date following the issuance and delivery of the bonds of this issue, and will indemnify itself against the usual hazards incident to the construction of an undertaking of this type, and without in any way limiting the generality of the above, agrees to: (a) Require each construction contractor, and each subcontractor to furnish a bond, or bonds, of such type and in amounts adequate to assure the faithful performance of their contracts and the payment of all bills and claims for labor and material arising by virtue of such contract; and (b) Require each construction contractor or the subcontractor to maintain at all times until the completion and acceptance of the undertaking adequate compensation insurance for all of their employees and adequate compensation insurance for all of their employees and adequate public liability and property damage insurance for the full and complete protection of the Municipality from any and all claims of every kind and character which may arise by virtue of the operations under their contracts, whether such operations be by themselves or by anyone directly or indirectly for them, or under their control.

Section 6. No payment shall be made from the Construction Fund which will reduce the amount in the Construction Fund below an amount sufficient to pay interest on the bonds then outstanding that may become due and payable up to and including the time the improvements will be completed as estimated by the Consulting Engineers, and for six (6) months thereafter; provided, however, should there be in the Water and Sewerage System Sinking Fund hereinafter provided for, monies for the payment of such interest, then this Section shall become inapplicable.

Section 7. All requisitions and certificates required by this Article shall be retained either by the Depository or by the Municipality, subject at all times to inspection by any officer of the Municipality, the Consulting Engineers and the duly authorized representative of the original purchasers of the bonds issued

hereunder.

Section 8. When the system has been added to, extended, improved and equipped in accordance with the provisions of this ordinance, the Consulting Engineers shall evidence such fact by giving to the City a certificate to that effect, and should there then be any balance in the Construction Funds such balance, unless otherwise provided, shall be paid into the special fund hereinafter created in Article IV hereof and designated as "Renewal and Extension Fund".

Section 9. During the period of construction, the Consulting Engineers shall furnish the representative of the original purchasers of the bands with monthly progress reports.

ARTICLE IV

REVENUES AND FUNDS

The Municipality covenants and agrees:

Section 1. It is now operating and shall hereafter operate its water and sewerage system on a fiscal year basis corresponding with the calendar year, but it reserves the right by the adoption of proper proceedings to change its fiscal year.

Section 2. From and after the date of the issuance and delivery of the bonds of this issue, all revenues arising from the operation of the water and sewerage system and properties in connection therewith as now existent and as hereafter added to, extended and improved shall be collected by the City or by its agents or employees and deposited promptly with its depository to the credit of a special fund which is hereby created and designated as "City of Dahlenega Water and Sewerage System Revenue Fund" (hereinafter sometimes referred to as "Revenue Fund"). The City shall continue to maintain this special fund separate and apart from its other funds and so long as the Series 1973 Bonds and any future issue or issues of parity bonds therewith are outstanding and unpaid, or until provision shall have been duly made for the payment thereof, and it will continue to deposit therein all revenues received from its water and sewerage system, as now existent and as hereafter added to, extended, improved and equipped, and said revenues shall be disbursed in the following manner and order:

1. There shall first be paid from said Revenue Fund the reasonable and necessary costs of operating, maintain and repairing the water and sewerage system, including salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of said system, the cost of materials and supplies, rentals of leased property, insurance, audits and such other charges as may properly be made for the purpose of operating, maintaining and repairing said system in accordance with sound business practice, but before making provision for depreciation; provided, however, that such reasonable and necessary operation, maintenance and repair costs shall exclude all additions, extensions and other capital improvements not deemed absolutely necessary for the operation of the system, as now existent and as hereafter added to, extended, improved and equipped. There shall be reserved in said Revenue Fund as a working capital reserve the sum of \$5,000 and such money shall be so set aside or reserved and maintained for that purpose at all times.

The net revenues remaining in said Revenue Fund after payment of the sums required or permitted to be paid under the provisions of this Paragraph are hereby pledged to the payment of the principal of and the interest on the City of Dahlenega Water and Sewerage Revenue Bonds, Series 1973, issued hereunder and any future issue or issues of parity bonds therewith issued by it under the provisions of this ordinance. Said net revenues so pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act and the lien of this pledge shall be valid and binding against the City and against it, whether such claims shall have arisen in contract, tort or otherwise and irrespective of whether or not such parties have notice thereof.

2. There shall next be paid from said Revenue Fund into a special fund which is hereby created and designated as "City of Dahlenega Water and Sewerage Sinking Fund", for the purpose of paying the principal of and the interest on the bonds of this issue coming due in the then current sinking fund year and to create and maintain a reserve therein of \$69,500, the sum of \$4,790 per month from November, 1973 to October, 1980, inclusive, the sum of \$4,400 per month from November, 1980, to October, 1988, inclusive, the sum of \$4,770 per month from November, 1988 to October, 1996, inclusive, and the sum of \$5,340 per month commencing November, 1996 and continuing from month to month thereafter until sufficient funds are on hand to pay all of

the outstanding bonds of this issue at their respective maturities and the interest which will become due and payable thereon. All said sums shall be paid on or before the last 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 said Sinking Fund, an 5I deficiency shall be added to and shall become a part of the amount required to be paid into the said Sinking Fund in the next succeeding month. It is covenanted and agreed, however, that in the event it hereafter elects to issue parity bonds, pursuant to the provisions of this ordinance, the above stated payments into the said Sinking Fund will be increased to the extent necessary to pay the combined principal and interest requirements on all of the bonds of this issue and any parity bonds therewith then outstanding and on the bonds proposed to be issued as the same mature in the then current sinking fund year and to create and maintain a reserve for that purpose in an amount at least equal the highest combined principal and interest requirements coming due in any succeeding sinking fund year on the then outstanding parity bonds and on the bonds proposed to be issued.

During the period of accumulation as well as after the reserve in said Sinking Fund shall have been accumulated in the full amount required to be maintained therein as aforesaid, such reserve shall be held for the purpose and used at any time to pay the principal and interest falling due in any year as to which there would otherwise be a default and if money is taken from the reserve in said Sinking Fund for the payment of such principal and interest, the money so taken shall be replaced in said Sinking Fund from the first monies in the Revenue Fund thereafter available and not required to be used for maintenance and operation charges and not required to make the monthly Sinking Fund payments as aforesaid.

3. 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, then: there shall next be paid at the end of each month into a special fund which is hereby created and designated as "Renewal and Extension Fund", all monies (except for a working capital reserve of \$5,000) then remaining in said Revenue Fund and the payments into said Fund shall continue and recontinue until such time as there shall be in said Fund the sum of \$30,000. Thereafter payments shall be made into said fund only for the purpose of reimbursing money withdrawn or expended there from, in which event the monthly payments hereinabove provided. f or shall immediately recommence and continue until all monies withdrawn or expended there from shall have been repaid. Expenditures shall be made from said fund only for the purpose of: (a) In case of an emergency having a major effect upon the water and sewerage system caused by some extraordinary occurrence which makes it necessary to use the funds of the said 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 deemed to be reasonable and to the best interest of the Municipality and the bondholders; (c) Payment of the charges of the Depository for investment services; or (d) Paying principal of and interest on all of the 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.

Expenditures may be made from said Renewal and Extension Fund before it has been built up to its maximum amount.

It is expressly provided, however, that should bonds be hereafter issued ranking as to lien on the revenues of said system junior and subordinate to the lien securing the payment of the bonds authorized to be issued hereunder, including any issue or issues of parity 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 monies shall be available to the extent necessary to pay the principal of and interest on such junior lien bonds and the creation and maintenance of a reasonable reserve therefore and the same may be allocated and pledged for that purpose.

Section 4. That is now has prescribed and placed into effect a schedule of rates, tolls, fees and charges

for the services, facilities and commodities furnished by its water and sewerage system, and as often as it shall appear necessary it will revise and adjust such schedule of rates, tolls, fees and charges for water and sewerage services, facilities and commodities, or either, to the extent necessary to produce funds at all times to provide sufficient revenues to operate and maintain said water and sewerage system on a sound businesslike basis and to provide revenues 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 of this issue and any future parity issues as the same become due and payable in the then current sinking Fund year and to create and maintain a reserve therefore in the amount as required herein or such larger amounts as may be required in any proceedings authorizing any such issue or issues of parity 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 sewerage line to connect with the system. No customer shall be connected to the system or served by the City without a proper meter having been first installed. All services shall be furnished in accordance with rates now or hereafter established, including services furnished to any county, municipal corporation or other public board or body.

In the event it shall fail to adopt a schedule or schedules of rates, fees and charges, or to revise its schedule or schedules of rates, fees and charges, in accordance with the provisions of this Section, any bondholder, without regard to whether any default, as defined in Article VII of this ordinance, shall have occurred, may institute and prosecute in any court of competent jurisdiction, an appropriate action to compel the City to adopt a schedule or 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 5. Such funds as shall from time to time remain in the Revenue Fund after the payment of the reasonable and necessary costs of operating and maintaining the system, after maintaining the \$5,000 working capital reserve and after making the required payments into the Sinking Fund and the Renewal and Extension Fund, respectively, required for this or any subsequent issue or issues of parity bonds, may be withdrawn from said fund and used by the City for any lawful corporate purpose.

Section 6. All transfers from the Revenue Fund, and all payments from said fund into other funds, or to other sources, shall be made by checks signed by the proper officers of said City duly authorized for that purpose.

Section 7. That the Sinking Fund herein provided shall be kept as a trust account in a bank separate from other deposits of the City, said bank to be designated as "Sinking Fund Custodian" and is hereinafter named in Article V hereof and it shall comply with all of the applicable provisions of this ordinance.

Section 8. Subject to the terms and conditions set forth in this ordinance, monies in the Sinking Fund shall be disbursed for (a) the payment of interest upon bonds secured hereby as such interest falls due, (b) the payment of the principal of the bonds secured hereby at their-respective maturities (c) the redemption of bonds secured hereby before maturity at the price and under the conditions provided therefore; (d) the purchase of bonds in the open market; provided, however, the price paid shall not exceed the authorized call price; and (e) the payment of the necessary charges of the Paying Agent for paying the bonds and interest thereon and for investment services.

Monies in the Sinking Fund not immediately required to pay the interest falling due on May 1, and not immediately required to pay the principal and interest falling due on November 1 in any year shall be held,

managed, invested and reinvested by the Sinking Fund Custodian in such short term notes, certificates or bonds of stated redemption value of the United States of America as the said Custodian may deem in its discretion to serve the best interest of said fund without the necessity of any other specific authorization from the City to that effect. Any such securities so purchased shall be held by the Sinking Fund Custodian in trust until paid at maturity or sold, and all income or increments there from shall be immediately deposited to the credit of said Sinking Fund. The monies in the Sinking Fund and all securities held in and for said fund, and all income and increments there from are hereby pledged to and charged with the payments mentioned in this Section.

Section 9. Monies in the Renewal and Extension Fund, not immediately needed for the purposes set forth in subparagraphs (a) and (b) of Paragraph 3 of Section 2 of this Article shall be held, managed, invested and reinvested by the Depository of said Renewal and Extension Fund in such short term notes, certificates or bonds of stated redemption value of the United States of America as the said Depository may deem in its discretion to serve the best interest of said fund without the necessity of any other specific authorization from the Authority to that effect. Any such securities so purchased shall be held by the Depository of the Renewal and Extension Fund in trust until paid at maturity or sold, and all income or increments there from shall be immediately deposited to the credit of said fund. The monies in the Renewal and Extension Fund and all securities held in and for said fund, and all income and increments there from are hereby pledged to and charged with the payments set forth in Paragraph 3 of Section 2 of this Article.

Section 10. That it will not hereafter issue any other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the water and sewerage system prior to the lien created for the payment of the bonds of this issue and any future issue or issues of 'parity 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 revenues of the said water and sewerage system and secured by a lien on said revenues junior and subordinate to the lien herein created.

It is expressly provided, however, that additional revenue bonds or obligations may be issued, from time to time, ranking as to lien on the revenues of the water and sewerage system *pari passu* with the bonds herein authorized to be issued, provided all of the following conditions are met:

(a) The payments covenanted to be made into the "City of Dahlenega Water and Sewerage System Sinking Fund" created in Paragraph 2 of Section 2 of this Article, as the same may have been enlarged and extended in any proceedings authorizing the issuance of any additional parity bonds, must be currently being made in the full amount as required and said fund must be at its proper balance.

(b) The net earnings of the system for the period of twelve (12) consecutive months out of the fifteen (15) consecutive months preceding the month of adoption of the proceedings authorizing the issuance of such additional bonds must have been equal to at least one and one-tenth (1.1) times the highest combined principal and interest requirements for any succeeding sinking fund year on the bonds of this issue and any other issue or issues of parity bonds with the bonds of this issue then outstanding and on the bonds proposed to be issued. Net earnings for the purpose of this provision shall be construed to be the gross earnings of the water and sewerage system remaining after the payment of the sums required or permitted to be paid to maintain and operate the water and sewerage system under Paragraph 1 of Section 2 of this Article, but before provision for depreciation.

(c) An independent and recognized firm of Certified Public Accountants shall certify in triplicate to the governing body of the Municipality that it is complying with the requirements of Paragraph (a) above and has met the requirements of Paragraph (b) above. A copy of said certificate shall be furnished to the original purchasers of the bonds herein authorized to be issued.

(d) The Consulting Engineers for the Municipality shall recommend that the additions, extensions and improvements be wade to the system and that same are feasible designating in reasonable detail the work and installation proposed to be done and the estimated cost of accomplishing such undertaking. Said engineers shall certify that the projected net earnings to be derived from the water and sewerage system for any succeeding sinking fund year after such additions, extensions and improvements have been completed will not be less than one and four-tenths (1.4) times the highest combined principal and interest requirements coming due in any succeeding sinking fund year on the bonds of this issue and any parity bonds therewith then outstanding and on the bonds proposed to be issued. Net earnings for the purpose of this provision shall be construed to be the estimated gross earnings of the system in each such succeeding sinking fund year (beginning with that particular sinking fund year immediately following the estimated completion date of the project to be financed by such parity bonds) remaining after the payment of the estimated cost required or permitted to be paid for said period, to maintain, repair and operate said system as added to, extended and improved, but before provision for depreciation. An executed duplicate original of such recommendation and certificate of said engineers as required by this provision shall be furnished to the designated representative of the original purchasers of the bonds issued hereunder not less than ten (10) days before any proceedings are taken to actually issue such additional bonds.

(e) The governing body of the Municipality shall pass proper proceedings reciting that all of the above requirements have been met, shall authorize the issuance of said bonds and shall provide in such proceedings, among other things, the date such bands shall bear, the rate or rates of interest, maturity dates and redemption provisions. The interest on the bonds of any such issue shall fall due on May 1 and November 1 of each year, and the bonds shall mature in installments on November 1, but, as to principal, not necessarily in each year or in equal installments. Any such proceeding or proceedings shall require the Municipality 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 of this issue and on all such parity bonds therewith then outstanding and on the bonds proposed to be issued as the same mature in the then current sinking fund year and to create within seven (7) years from the date of the bonds to be issued, a reserve in said Sinking Fund at least equal to the highest combined principal and interest requirements coming due in any succeeding sinking fund year on the bonds of this issue and any parity bonds therewith then outstanding and on the bonds proposed to be issued, and to maintain said reserve in an amount sufficient for that purpose. Any such proceeding or proceedings shall restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of this ordinance.

(f) Such additional bonds or obligations and all proceedings relative thereto, and the security therefore, shall be validated as prescribed by law. Section 11. All bonds paid, purchased or redeemed, either at or before maturity, together with all unmatured coupons appertaining thereto and all coupons when paid shall be cancelled and delivered to the City Clerk of the City of Dahlonga when such payment or redemption is made, and shall not be reissued. All bonds and coupons so cancelled shall be destroyed in accordance with the practice then prevailing with the governing body of the City of Dahlonga and a record of such destruction shall be made and preserved in the permanent records of said City.

Section 12. When sufficient monies are placed in the bands of the Sinking Fund Custodian or the Paying Agent, as the case may be, to pay all outstanding bonds of this issue, or any issue or issues of parity bonds therewith hereafter issued, and the interest due: or to become due thereon, and also including any premium required to be paid should said issue or issues be called for redemption, or provision having been duly made therefore, same shall constitute payment in full of said bonds of such issue or issues.

ARTICLE V

DEPOSITORIES OF MONIES AND SECURITIES FOR DEPOSIT

Section 1. Except as otherwise provided in this ordinance, all monies received by the Municipality under the terms hereof shall, subject to the giving of security as hereinafter provided, be deposited with the Depositories or with the sinking Fund Custodian in the name of the Municipality. All monies deposited under the provisions hereof shall be deposited in banks insured by the Federal Deposit Insurance Corporation and such monies shall be applied in accordance with the terms ad for the purposes as set forth in this ordinance and shall not be subject to lien or attachment or any type of security interest by any creditor of this Municipality.

No monies belonging to any of the funds created hereunder shall be deposited or remain on deposit with the Depositories and or 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 Municipality and the holders of the bonds as collateral security for the monies deposited direct obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States Government, 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 2. Bank of Dahlonoga, Dahlonoga, Georgia is hereby designated as Depository for the Construction Fund, the Revenue Fund and the Renewal and Extension Fund; Bank of Dahlonoga, Dahlonoga, Georgia is hereby designated as Sinking Fund Custodian and The Citizens and Southern National Bank, Atlanta, Georgia is hereby designated as Paying Agent for the bonds and interest thereon.

The Municipality may, from time to time, designate a successor Depository of the Revenue Fund or Renewal and Extension Fund, provided said Depository complies with all of the provisions of this Article and the applicable provisions of this ordinance. The Municipality also, from time to time, may designate a successor Sinking Fund Custodian, provided said Custodian complies with all of the provisions of this Article and the applicable provisions of this ordinance.

ARTICLE VI

PARTICULAR COVENANTS

The Municipality covenants:

Section 1. That it will promptly pay the principal of, and interest on, every bond issued hereunder and secured hereby at the place, on the date and in the manner herein, and in said bonds and in the coupons there to appertaining specified, and any premium required for the redemption of said bonds, according to the true intent and meaning thereof. The principal, interest, charges of the paying agent and premiums, if any, are payable solely out of the revenues of the system, which revenues are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified, and nothing herein or in the bonds or coupons shall be construed as an obligation of the Municipality to levy or to pledge any form of taxation whatever therefore or to make any appropriation for their payment, except from revenues of the system, and no bondholder shall ever have any recourse to the power of taxation.

Section 2. That it has and will continue to enforce reasonable rules and regulations governing the system and the operation thereof, and that all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of such 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.

Section 3. That any contracts for labor materials or construction shall also provide that payments there under shall not be made by it in excess of ninety per centum (90%) of the current estimate of the amount of work actually performed, except payment of the final balance under any such contract.

Section 4. That it will not create or suffer to be created, in the operation and maintenance of the system, any lien, security interest or charge thereon, or any part thereof, or upon the revenues derived there from, ranking equally with or prior to the lien and charges 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 accrue, 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 there from; provided, however, that nothing contained in this Section shall require it 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 5. That, so long as the bonds of this issue and any parity binds therewith are outstanding and unpaid or until provision has been duly made for the payment thereof, it will cause to be bonded its employees or agents handling funds of the water and sewerage system in amounts considered necessary for its protection and it shall procure and maintain or cause to be procured and maintained: (a) Fire and extended average 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 in amounts not less than the full insurance 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; and (c) Vehicular public liability insurance on any vehicle owned and operated by the City and used in the operation of the system within the

limits of not less than \$100,000 for injury to or death of one individual, \$500,000 for injury or death growing out of any one accident and \$50,000 property damage insurance for any one accident. The proceeds of all such insurance policies, except the public liability 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; provided, however, that all such repairs or replacements shall be made in all instances whereby the failure to do so would adversely affect the revenues of the system. Proceeds from fidelity bonds on employees or agents shall be paid into the Revenue Fund. All insurance policies and fidelity bonds shall be open to the inspection of the bondholders or their duly authorized representatives at all reasonable times.

Section 6. That it will keep the funds and accounts of the system separate from all other funds and accounts of the Municipality, or any of its departments, and no payment will be made from the revenues derived from the water and sewerage 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 consumers, and that it will keep said records and accounts with respect to its 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 7. It will continue to employ Consulting Engineers of nationally recognized reputation to assist the City in the operation of the water and sewerage system under an appropriate service contract and it will continue to employ such Consulting Engineers for a period of not less than eighteen (18) months following the completion of the undertaking financed with proceeds derived from the sale of the bonds of this issue. The City may employ different engineers or engineering firms from the Consulting Engineers it is now employing, but such other engineers or engineering firm must have a national reputation for skill relating to water sewerage systems.

Section 8. It shall be the duty of the City to make or to cause to be made a monthly report (on a form or forms prepared by the original purchasers of the bonds of this issue) of the operation of the system for the preceding month, showing in reasonable detail all revenues and expenses, number of connections and disconnections, amount of water sold, date and type of any line breaks, number of hydrants, total number of metered and unmetered customers, if any, number of applications pending for water services and sewerage services, respectively, a statement of cash receipts and disbursements showing in reasonable detail the nature of such expenditures including capital expenditures, status of the various special funds herein created and a list of securities held in any of such funds and other pertinent information relating to the system and the operation thereof. Copies of each of the aforesaid monthly reports shall be furnished to such Consulting Engineers as may be employed and to the representative of the original purchasers of the bonds of this issue and any parity bonds therewith.

Section 9. That at least semi-annually within each fiscal year it will cause to be made and filed with the designated representative of the original purchasers of the bonds issued hereunder copies of any material revisions of charges and fees or changes in management during the preceding six months and a report, signed by the proper officers of the Municipality, setting forth in respect of the preceding six months and of the twelve months period ending with such last month: (a) A separate income and expense account of such system; (b) All payments to and withdrawals from the various funds created herein; (c) The aggregate amount of bonds issued, paid, purchased or redeemed; (d) A balance sheet as of the end of said six months; and (e) The amount on deposit at the end of such six months period to the credit of each of the funds.

Section 10. That in 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 Municipality. The annual audit shall include, among other things, a statement of income and expenses and a balance sheet, both in reasonable detail, a customer count as to both water and sewerage users, the details of any changes in the schedule of water and sewerage rates, tolls, fees and charges, a list of insurance policies paid for and in force respecting the compliance by the Municipality with the provisions of this ordinance and that it is complying therewith or point out where, if any, same is not in compliance therewith.

Such semi-annual reports and such audit shall be open to the inspection of all interested persons and copies of the same sent to the designated representative of the original purchasers of the bonds. It will also cause any additional reports or audits relating to such system to be made, as required by law, and that from time to time, as often as be requested it will furnish to the designated representative of the original purchasers of bonds issued hereunder such other information concerning such system, or the operation thereof, as may be reasonably requested. The cost of audits shall be treated as a part of the cost of operation.

Section 11. That so long as any of the bonds shall be outstanding it 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 redemption of all bonds authorized under and secured by this ordinance and any interest accrued or to accrue thereon, and that the proceeds of any such sale shall be deposited with the Paying Agent in trust and applied by it to the extent necessary to purchase or redeem such 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 bonds. In the event it should desire to abandon or to sell a part of the system as herein provided, it shall first notify in writing the representative of the original purchasers of the bonds of this issue of its intention so to do.

It will not create, or permit to be created, any charge, lien or encumbrance or any security interest in or on the revenues of such 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 of this issue or ranking equally with said charge a lien of the bonds of this issue, except that it may issue additional bonds standing on a parity herewith in accordance with the provisions of this ordinance.

ARTICLE VII REMEDIES

Section 1. Each of the following events is hereby declared an “event of default”, that is to say, if: (a) Payment of the principal of any of the bonds shall not be made when the same shall become due and payable, either at its maturity or by proceedings for 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 Municipality 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 Municipality, appointing a Receiver, or Receivers, of the system, or of the revenues thereof, or any proceedings shall be instituted, with the consent or acquiescence of the Municipality, for the purpose of effecting a composition between the Municipality 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 Municipality, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the institution of such proceedings, or the entry of such orders or (e) The Municipality shall make a default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the bonds or in this ordinance, on the part of the Municipality 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 Municipality by any bondholder.

Section 2. Upon the happening and continuance of any event of default specified in Section 1 of this Article, then and in every such case the holders of not less than fifty-five per centum (55%) in the principal amount of the bonds then outstanding may, by a notice in writing to the Municipality, declare the principal of all of the binds 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 by deposit with the Paying Agent of 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 therefore satisfactory to such bondholders shall have been made then and in every such case the holders of not less than fifty-five per centum (55%) in principal amount of the bonds then outstanding may, by written notice to the Municipality, 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 3. Upon the happening and continuance of any event of default as provided in Section 1 of this Article, then and in every such case any bondholder may proceed, subject to the provisions of Section 5 of this Article, 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 4. 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 Municipality 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 5. No one, or more, holders 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 holders of such outstanding bonds and coupons.

Section 6. 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 7. 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 holders of the bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

SUPPLEMENTAL PROCEEDINGS

Section 1. The Municipality may, from time to time and at any time, adopt such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this ordinance or in any supplemental ordinance or in the Bonds; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) the extension of the maturity of any bonds issued hereunder; or (b) the reduction in the principal amount of any bond or the alteration of the terms of payment of such principal or interest; or (c) the reduction of the percentage of the principal amount of bonds required for consent to such supplemental ordinance; or (d) the creation of any lien on the revenues of the system prior to or superior to the lien created on the revenues of the water and sewerage system as the security for the payment of the bonds of this issue or any other issue *pari passu* with the bonds of this issue and the interest thereon. 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.

Nothing herein contained, however, shall be construed as making necessary the approval by the bondholders of any ordinance or resolution not inconsistent with the terms and provisions of this ordinance and any supplemental proceedings forming a part hereof to cure any ambiguity or formal defect or omission in this ordinance or in any supplemental proceedings or to grant any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders by the City.

After any such supplemental ordinance shall have been adopted by the governing body of the City, it shall publish a notice of the adoption of such ordinance once a week for two consecutive weeks in a financial newspaper of general circulation published in the City of New York, New York, which said notice shall be in substantially the following form:

TO THE HOLDERS OF CITY OF DAHLONEGA, GEORGIA,
WATER AND SEWERAGE REVENUE BONDS, SERIES 1973

An ordinance was adopted by the governing body of the City of Dahlonega, Georgia, on the day of , 19 , amending the ordinance authorizing the issuance of said bonds adopted on , 1973, which supplemental ordinance will become the aggregate principal amount of the said bonds now outstanding shall have filed with the City properly executed instruments approving the adoption of said supplemental ordinance, each such instrument to be accompanied by proof of ownership of the bonds to which such instrument refers, which proof shall be such as is permitted by the provisions of Section 7 of Article VIII of the above mentioned ordinance,

Mayor, City of Dahlonega, Georgia

Attest:
City Clerk

It is expressly provided, however, that should any parity bonds or obligations with the bonds of this issue be hereafter issued then the form of notice hereinabove set forth shall be modified to notify the holders of such issue or issues of parity bonds or obligations, as well as the holders of the bonds of this issue.

Section 2. On or before the date of the first publication thereof, the City shall cause a copy of the above mentioned notice to be mailed, postage prepaid, to all registered owners of the bonds and a copy of such supplemental ordinance shall be mailed, postage prepaid, to the designated representative of the original purchasers of the bonds. The City shall also furnish as many additional copies of the supplemental ordinance and notice as the said original purchasers may request in order that all holders of the said original purchasers may request in order that all holders of the said bonds known to such purchasers may be advised of the action taken by said City. It is expressly provided, however, that in the event all of the bonds of this issue and any issue of parity bonds therewith are fully registered bonds the requirement as to the publication of such notice of the adoption of a supplemental ordinance shall not be applicable.

Section 3. No such supplemental ordinance shall become effective unless the owner of at least sixty-five per centum (65%) in aggregate principal amount of the bonds then outstanding, including any parity bonds therewith, shall have filed with the City Clerk of said City within three months after the date of adoption of such ordinance, each such instrument to be accompanied by proof of ownership of the bonds to which such instrument refers, which proof shall be such as is permitted by the provisions of Section 7 of this Article.

Section 4. Any action or proceeding in any court objecting to such supplemental ordinance or to any of the terms and provisions therein contained or the operation thereof, or in any manner questioning the propriety of the adoption thereof or the execution by any bondholder of any instrument purporting to approve the adoption of such ordinance, or to enjoin or restrain the City from taking any action pursuant to the provisions thereof, must be commenced within thirty (30) days after the City shall have determined that the owners of at least sixty-five per centum (65%) in aggregate principal amount of the bonds then outstanding, including any parity bonds, have approved the adoption of such supplemental ordinance.

Upon the expiration of such 30 day period, or, if any such action or proceedings shall be commenced, upon any judgment or decree sustaining such supplemental ordinance becoming final, this ordinance and any ordinance authorizing the issuance of parity bonds with the bonds of this issue shall be, and be deemed to be, modified and amended in accordance with such supplemental ordinance, and the respective rights, duties and obligations under this ordinance and any ordinance authorizing the issuance of parity bonds with the bonds of this issue and all holders of outstanding bonds shall thereafter be determined, exercised and enforced hereunder; subject, in all respects, to such modifications and amendments.

Section 5. Any supplemental ordinance adopted and becoming effective in accordance with the provisions of this Article shall thereafter form a part of this ordinance and all the terms and conditions contained in any such supplemental ordinance as to any provisions authorized to be contained therein shall be and be deemed to be part of the terms and conditions of this ordinance for any and all purposes, and shall be effective as to all holders of bonds then outstanding, and no notation or legend of such modification and amendments shall be required to be made on any such outstanding bonds or coupons thereto appertaining.

Whenever referred to herein as “supplemental ordinance” same shall be construed to mean such action as shall be taken by the governing body of the City, as may be required to comply with the law then in force and effect.

Section 6. In the event of the issuance of any bonds ranking pari passu with the bonds of this issue, then the provision of this Article shall likewise be applicable in all respects to any such proceedings so authorizing such parity bonds and in any supplemental ordinance amending such proceedings and the notice of such supplemental ordinance shall be given such parity bond holders and any such modification and amendment shall apply to any such parity bonds and coupons thereto appertaining and the holders of such

bonds.

Section 7. Any request, waiver, direction, consent or other instrument required by this ordinance to be signed or executed by bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument, or of the writing appointing such agent, and of the ownership of bonds, if made in the following manner, shall be sufficient for any purpose of this ordinance and shall be conclusive in favor of the City with regard to any action taken by it 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 acknowledgements 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 holding of bonds by any bondholder and the amount and serial numbers of such bonds, and the date of his holding the same may be proved by the affidavit of the person claiming to be such owner, if such affidavit shall be deemed by the City to be satisfactory, or by a certificate executed by any trust company, bank, banker, or any other depository, whenever situated, if such certificate shall be deemed by the City to be satisfactory, showing that on the date therein mentioned such person had on deposit with such trust company, bank, banker or other depository, the bonds described in such certification. The City may conclusively assume that such ownership continues until written notice to the contrary is served upon it.

Any request or consent of the owner of any bond shall bind every future holder of the same bond in respect of anything done by the City in pursuance of such request or consent.

ARTICLE IX

MISCELLANEOUS PROVISIONS AND DEFINITIONS

Section 1. Whenever used in this ordinance, the singular shall include the plural and the plural shall include the singular, unless the context otherwise indicates.

Section 2. In case any one or more of the provisions of this ordinance, or the bonds or coupons issued hereunder, shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this ordinance, or said bonds or coupons, but this ordinance and said bonds and coupons shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

Section 3. The provisions of this ordinance shall constitute a contract by and between the Municipality and the holders of the bonds authorized to be issued hereunder and the holders of any *pan passu* bonds subsequently issued, and after the issuance of said bonds this ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interest of the holders of said bonds, nor shall the Municipality pass any ordinance in any way adversely affecting the rights of such holders, so long as any of the bonds authorized by this ordinance, or the interest thereon, shall not be construed as prohibiting modification hereof or amendments hereto in the manner and to the extent provided in Article VIII hereof.

The provisions of this ordinance and every appropriate sentence thereof shall be construed as including and as being applicable to any future issue or issues of parity bonds, as well as to the bonds of this issue, and any such parity bonds shall be treated for all intents and purposes, unless otherwise specifically stated, just as if they had been issued simultaneously with the bonds of this issue and pursuant to the terms of this ordinance. Any subsequent proceedings authorizing the issuance of additional bonds as provided in this ordinance shall in no wise conflict with the terms and conditions of this ordinance, but shall, for all legal purposes, reaffirm all of the applicable covenants, agreements and provisions of this ordinance for the equal protection and benefit of all bondholders.

Section 4. Any bank or trust company with, or into which the Paying Agent mentioned in this ordinance may be merged or consolidated, or to which the assets and the business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purpose of this ordinance.

Section 5. The terms "system" and "water and sewerage system" shall be construed as one and the same and shall mean the water and sewerage facilities as now existent and as hereafter added to, extended and improved and owned by the Municipality and used by it in furnishing water and sewerage services and facilities.

Section 6. The term "fiscal year" shall be deemed to be the period commencing on the 1st day of January and extending through the 31st day of December in each year, or such other period as shall hereafter be adopted by the Municipality as herein provided. The term "sinking fund year" shall be deemed to be the period commencing on the 2nd day of November in each year and extending through the 1st day of November in the next year.

Section 7. The terms "original purchasers", "representative of the original purchasers" and "designated representative of the original purchasers" of the bonds of this issue shall be construed to mean Byron Brooke & Company and Bache & Co., Incorporated, Atlanta, Georgia, their successors and assigns.

Section 8. The terms “City Council of the City of Dahlonega”, “City Council” and “governing body” shall be construed to mean the present governing body” shall be construed to mean the present governing body of the City of Dahlonega and any successor or successors in office to said present body, and any person, body or authority to whom or to which the duties, powers, authority, obligations or liabilities of the present body, either in whole or in relation to the water and sewerage system, nay hereafter be delegated by law.

Section 9. The terms “Consulting Engineers”, ”engineers” shall be construed to mean Laurence W. Dabney & Associates, Atlanta, Georgia or its successors or such other Consulting Engineers, engineers, engineer or engineering firm as may hereafter be employed in lieu of said Laurence W. Dabney & Associates, in relation to the supervision of the additions, extensions and improvements to be made to the water and sewerage system in accordance with said engineering report and in relation to the services to be rendered as contemplated by this ordinance.

Section 10. The term “engineering report” shall be construed to mean the report and recommendations, dated August, 1973, of the City’s Consulting Engineers, same being approved and ratified and by reference incorporated herein and made a part hereof.

Section 11. The bonds herein authorized shall be validated in the manner provided by law, and to that end notice of the adoption of this ordinance and a copy thereof shall be served upon the District Attorney of the Northeastern Judicial Circuit, in order that proceedings for the above purpose be instituted in the Superior Court of Lumpkin County.

Section 12. Any and all ordinances and resolutions, or parts of ordinances and resolutions, in conflict with this ordinance this day adopted be and the same are hereby repealed, and this ordinance shall be in full force and effect from and after its adoption.

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