

THIRD SUPPLEMENT TO INTERGOVERNMENTAL CONTRACT –
RESERVOIR PROJECT

This THIRD SUPPLEMENT TO INTERGOVERNMENTAL CONTRACT - RESERVOIR PROJECT (this “Third Supplement to Contract”) is entered into as of the 1st day of October, 2016, between OCONEE COUNTY, GEORGIA, a political subdivision of the State of Georgia (the “County”), and WALTON COUNTY WATER AND SEWERAGE AUTHORITY, a body corporate and politic and an instrumentality of the State of Georgia (the “Authority”).

WHEREAS, pursuant to a resolution of the Authority adopted on September 25, 2007, as supplemented on March 25, 2008, the Authority authorized the issuance of the Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, in the aggregate principal amount of \$19,535,000 (the “Series 2008 Bonds”), for the purpose of (i) financing or refinancing a portion of the cost of the acquisition, construction, and equipping of a new reservoir and related treatment, pumping and other facilities and other related facilities, including piping; (ii) paying capitalized interest on the Series 2008 Bonds; and (iii) paying all or a portion of the costs of issuance of the Series 2008 Bonds, including a bond insurance premium; and

WHEREAS, the Series 2008 Bonds were authorized and issued under a Trust Indenture, dated as of April 1, 2008 (the “Original Indenture”), as supplemented by a First Supplemental Trust Indenture, dated as of April 1, 2008 (the “First Supplemental Indenture”), both between the Authority and Regions Bank, as trustee (the “Trustee”); and

WHEREAS, pursuant to a resolution of the Authority, adopted on June 30, 2015, the Authority issued its Walton County Water and Sewerage Authority Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015, in the aggregate principal amount of \$8,425,000 (the “Series 2015 Bonds”) for the purpose of (i) refunding a portion of the Series 2008 Bonds, maturing in the years 2028 and 2038; and (ii) paying all or a portion of the costs of issuance of the Series 2015 Bonds; and

WHEREAS, the Series 2015 Bonds were authorized and issued under the Original Indenture, as supplemented by the First Supplemental Indenture, and as supplemented by a Second Supplemental Trust Indenture, dated as of July 1, 2015 (the “Second Supplemental Indenture”), both between the Authority and the “Trustee; and

WHEREAS, the Series 2008 Bonds are currently outstanding in the aggregate principal amount of \$10,440,000; and

WHEREAS, the County and the Authority have previously entered into an Intergovernmental Contract - Hard Labor Creek Reservoir Project, dated as of October 1, 2007 (the “Original Intergovernmental Contract”), as supplemented by a First Supplement to Intergovernmental Contract-Reservoir Project, dated April 1, 2008 (the “First Supplement to Contract”), and as supplemented by a Second Supplement to Intergovernmental Contract-Reservoir Project, dated July 1, 2015 (the “Second Supplement to Contract”), pursuant to which

the Authority has agreed to provide, or cause to be provided, certain services and facilities to the County, in exchange for which the County has agreed, subject to the terms of the Original Intergovernmental Contract, as supplemented, to pay amounts to the Authority or its assignee, which will be sufficient to pay amounts due on, among other obligations, the outstanding Series 2008 Bonds and the Series 2015 Bonds, and which amounts will be pledged to secure the payment of the Series 2008 Bonds and the Series 2015 Bonds; and

WHEREAS, pursuant to a resolution of the Authority adopted on September 13, 2016, the Authority, in order to achieve interest cost savings, issued its Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016, in the aggregate principal amount of \$9,465,000 (the "Series 2016 Bonds"), for the purpose of providing funds to (i) refund all of the outstanding Series 2008 Bonds (the "Refunded Bonds"), in order to achieve interest cost savings, (ii) finance or refinance a portion of the cost of acquiring, constructing, installing and equipping storage and transmission facilities related to the Hard Labor Creek reservoir (the "2016 Reservoir Project"), and (iii) pay the costs of issuing the Series 2016 Bonds; and

WHEREAS, the Series 2016 Bonds were authorized and issued under the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, and a Third Supplemental Trust Indenture, dated as of October 1, 2016, between the Authority and the Trustee (the "Third Supplemental Indenture" and, together with the Original Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture, the "Indenture"); and

WHEREAS, the County and the Authority propose to enter into this Third Supplement to Contract to identify the Series 2016 Bonds as obligations secured by the Original Intergovernmental Contract, as supplemented, with all the rights, benefits and securities granted thereunder and to provide for other related matters (the Original Intergovernmental Contract, as supplemented by the First Supplement to Contract, the Second Supplement to Contract, and this Third Supplement to Contract, the "Intergovernmental Contract");

NOW THEREFORE, in consideration of the premises and the undertakings set forth in this Third Supplement to Contract, the parties hereto agree as follows:

1.

Defined terms used herein that are not otherwise defined herein shall have the meaning given to them in the Original Intergovernmental Contract, as supplemented.

2.

This Third Supplement to Contract shall become effective upon the date of issuance of the Series 2016 Bonds and shall continue in effect until the date when the principal of and the interest on all of the Series 2016 Bonds identified hereunder shall have been fully paid or shall be deemed to have been fully paid (within the meaning of the Indenture); but in no event shall the term of the Original Intergovernmental Contract, as supplemented by the First Supplement to Contract, the Second Supplement to Contract and this Third Supplement to Contract, extend for more than 50 years past the effective date of the Original Intergovernmental Contract.

3.

The Series 2016 Bonds are hereby identified as Bonds secured by the Original Intergovernmental Contract and shall have and be entitled to all the rights, benefits, and securities granted thereunder. The Series 2016 Bonds shall mature, shall bear interest and shall be subject to mandatory sinking fund redemption and optional redemption as set forth on Exhibit A.

4.

On the 15th day of each month in each year during the term of this Intergovernmental Contract, or if any such date falls on a day that is not a Business Day, then on the next succeeding Business Day, the County shall deposit in the Sinking Fund, created under the Indenture, 1/6th of the interest due for such year and 1/12th of the principal due for such year until the amount on deposit in the Sinking Fund is equal to the amount due on the next February 1 or August 1, as applicable.

5.

During the term of this Intergovernmental Contract, on or before the fifth Business Day prior to an optional payment date, the County shall pay directly to the Trustee an amount of money equal to the amount of principal and interest which will become due and payable with respect to the Series 2016 Bonds on the applicable optional payment date.

6.

Amounts required to be paid by the County under this Third Supplement to Contract may be paid from any funds lawfully available to the County for such purpose. The County has agreed to levy a tax pursuant to the Original Intergovernmental Contract to the extent required to provide funds to make such payments.

7.

The County may direct the Authority to effect an optional redemption under the Indenture. If the County does so direct, the County, in accordance with Section 6 hereof, must prepay sufficient amounts to the Authority to enable the Authority to effect such redemption.

8.

The 2016 Reservoir Project constitutes a part of the Reservoir Project (as defined in the Original Intergovernmental Contract) for the purposes of this Intergovernmental Contract.

9.

Should any phrase, clause, sentence or paragraph herein contained be held invalid or unconstitutional, it shall in no way affect the remaining provisions of this Third Supplement to Contract, which said provisions shall remain in full force and effect.

10.

This Third Supplement to Contract may be executed in several counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument.

11.

This Third Supplement to Contract shall be construed and enforced in accordance with the laws of the State of Georgia.

12.

The Original Intergovernmental Contract, as supplemented by the First Supplement to Contract and the Second Supplement to Contract, is in all respects hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto, acting by and through their duly authorized officers, have caused this Third Supplement to Contract to be executed in duplicate as of the day and year first above written.

OCONEE COUNTY, GEORGIA

By: 
Chairman, Board of Commissioners

Attest:

Clerk, Board of Commissioners

WALTON COUNTY WATER AND
SEWERAGE AUTHORITY

By: *Bud Johnson*
Chairman

(SEAL)

Attest:



Assistant *Wendell N. Aug*
Secretary

EXHIBIT A

TERMS OF SERIES 2016 BONDS

[SEE ATTACHED]

Optional Redemption

The Series 2016 Bonds maturing on or after February 1, 2027 may be redeemed prior to their respective maturities at the option of the Authority, either in whole or in part, in any order of maturities, on any date not earlier than February 1, 2026 at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Mandatory Redemption

The Series 2016 Bonds maturing on February 1, 2036, are subject to mandatory sinking fund redemption on February 1, 2028 and on each February 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2016 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the February 1, 2036 amount to be paid rather than redeemed):

<u>February 1 of the Year</u>	<u>Principal Amount to be redeemed</u>
2028	\$25,000
2029	25,000
2030	25,000
2031	25,000
2032	30,000
2033	30,000
2034	30,000
2035	30,000
2036	1,250,000

The Series 2016 Bonds maturing on February 1, 2038, are subject to mandatory sinking fund redemption on February 1, 2037 and on each February 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2016 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the February 1, 2038 amount to be paid rather than redeemed):

<u>February 1 of the Year</u>	<u>Principal Amount to be redeemed</u>
2037	\$1,295,000
2038	1,345,000

Bond Pricing
Walton County Water and Sewerage Authority
Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity
Serial Bonds:						
	2/1/2017	100,000	2.000%	0.750%	100.355	
	2/1/2018	465,000	2.000%	0.830%	101.493	
	2/1/2019	475,000	3.000%	0.930%	104.670	
	2/1/2020	490,000	4.000%	1.020%	109.605	
	2/1/2021	515,000	4.000%	1.120%	112.018	
	2/1/2022	530,000	5.000%	1.250%	119.122	
	2/1/2023	560,000	5.000%	1.400%	121.588	
	2/1/2024	585,000	5.000%	1.550%	123.680	
	2/1/2025	615,000	5.000%	1.660%	125.754	
	2/1/2026	645,000	5.000%	1.770%	127.544	
	2/1/2027	375,000	5.000%	1.860%	126.662 C	2.104%
		5,355,000				
2036 Term Bond:						
	2/1/2036	1,470,000	4.000%	2.730%	110.351 C	3.272%
2038 Term Bond:						
	2/1/2038	2,640,000	4.000%	2.770%	110.007 C	3.339%
		9,465,000				

Dated Date	10/18/2016	
Delivery Date	10/18/2016	
First Coupon	2/1/2017	
Par Amount	9,465,000.00	
Premium	1,351,577.45	

Production	10,816,577.45	114.279741%
Underwriter's Discount	-70,987.50	-0.750000%

Purchase Price	10,745,589.95	113.529741%
Accrued Interest		

Net Proceeds	10,745,589.95	