

SECOND SUPPLEMENT TO INTERGOVERNMENTAL CONTRACT –
RESERVOIR PROJECT

This SECOND SUPPLEMENT TO INTERGOVERNMENTAL CONTRACT - RESERVOIR PROJECT (this “Second Supplement”) is entered into as of the 1st day of July, 2015, 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 (collectively, the “Bond Resolution”), 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 for the purpose of (i) financing or refinancing, in whole or in part, 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 (the “Reservoir Project”); and (ii) paying all or a portion of the costs of issuance of the Series 2008 Bonds, including bond insurance premium; 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 Contract”), as supplemented by a First Supplement to Intergovernmental Contract – Reservoir Project, dated April 1, 2008 (the “First Supplement”), 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 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 Series 2008 Bonds, and which amounts will be pledged to secure the payment of the Series 2008 Bonds; 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 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, in order to achieve interest cost savings, proposes to issue its 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 providing funds to (i) refund a portion of the Authority’s Revenue Bonds (Oconee – Hard Labor Creek Reservoir Project), Series 2008 (the “Series 2008 Bonds”), maturing on February 1, 2028, in the aggregate principal amount of \$1,120,000 and subject to sinking fund redemption on February 1 in the years 2027 (in part) and 2028, and maturing on February 1, 2038, in the aggregate principal amount of \$7,020,000 and subject to mandatory sinking fund redemption on February 1 in the years 2029 through 2035, inclusive (the “Refunded Bonds”) and (ii) pay the costs of issuing the Series 2015 Bonds; and

WHEREAS, the Series 2015 Bonds are proposed to be authorized and issued under the Original Indenture, as supplemented by the First Supplemental Indenture and as supplemented by a Second Supplemental Indenture, dated as of July 1, 2015, between the Authority and the Trustee (the “Second Supplemental Indenture” and, together with the Original Indenture and the First Supplemental Indenture, the “Indenture”); and

WHEREAS, the County and the Authority propose to enter into this Second Supplement to identify the Series 2015 Bonds as obligations secured by the Original Contract, as supplemented, with all the rights, benefits and securities granted thereunder and to provide for other related matters (the Original Contract, as supplemented by the First Supplement and this Second Supplement, the “Intergovernmental Contract”);

NOW THEREFORE, in consideration of the premises and the undertakings set forth in this First Supplement, 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 Contract, as supplemented.

2.

This Second Supplement shall become effective upon the date of issuance of the Series 2015 Bonds and shall continue in effect until the date when the principal of and the interest on all of the Series 2015 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 Contract, as supplemented by the First Supplement and this Second Supplement, extend for more than 50 years past the effective date of the Original Contract.

3.

The Series 2015 Bonds are hereby identified as Bonds secured by the Original Contract and shall have and be entitled to all the rights, benefits, and securities granted thereunder. The Series 2015 Bonds shall mature on February 1, 2035, 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 2015 Bonds on the applicable optional payment date.

6.

During the term of this Intergovernmental Contract, should there be a shortfall in the Debt Service Reserve Fund as a result of a transfer of amounts from the Debt Service Reserve Fund to the Sinking Fund to pay amounts due on any series of Bonds, the County shall make deposits to the Debt Service Reserve Fund in twelve equal monthly installments, such that the amounts so deposited, when added to the amounts on deposit in the Debt Service Reserve Fund will equal the Reserve Requirement.

7.

Amounts required to be paid by the County under this Second Supplement 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 Contract to the extent required to provide funds to make such payments.

8.

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 7 hereof, must prepay sufficient amounts to the Authority to enable the Authority to effect such redemption.

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 Second Supplement, which said provisions shall remain in full force and effect.

10.

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

12.

The Original Contract, as supplemented by the First Supplement, 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 Second Supplement to Intergovernmental Contract – Reservoir Project to be executed in duplicate as of the day and year first above written.

OCONEE COUNTY, GEORGIA

By: Melvin Davis
Chairman, Board of Commissioners

Attest:

Jane L. Beathouse
Clerk, Board of Commissioners



(SEAL)

Attest:

Shirley Huff
Secretary

WALTON COUNTY WATER AND
SEWERAGE AUTHORITY

By: Bud Johnson
Chairman

EXHIBIT A

TERMS OF SERIES 2015 BONDS

[SEE ATTACHED]

Optional Redemption

The Series 2015 Bonds maturing on or after February 1, 2026 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 August 1, 2025 at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Mandatory Redemption

The Series 2015 Bonds maturing on February 1, 2026, are subject to mandatory sinking fund redemption on February 1, 2019 and on each February 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2015 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, 2026 amount to be paid rather than redeemed):

| <u>February 1 of the Year</u> | <u>Principal Amount to be redeemed</u> |
|-------------------------------|--|
| 2019 | \$25,000 |
| 2020 | 25,000 |
| 2021 | 25,000 |
| 2022 | 25,000 |
| 2023 | 25,000 |
| 2024 | 25,000 |
| 2025 | 30,000 |
| 2026 | 30,000 |

Bond Pricing
 Walton County Water and Sewerage Authority
 Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015

| Bond Component | Maturity Date | Amount | Rate | Yield | Price |
|-----------------|---------------|-----------|--------|--------|-----------|
| Serial Bonds: | | | | | |
| | 2/1/2016 | 10,000 | 2.000% | 0.400% | 100.807 |
| | 2/1/2017 | 25,000 | 3.000% | 0.750% | 103.362 |
| | 2/1/2018 | 25,000 | 3.000% | 1.100% | 104.682 |
| | 2/1/2027 | 330,000 | 4.000% | 2.620% | 112.076 C |
| | 2/1/2028 | 850,000 | 4.000% | 2.670% | 111.610 C |
| | 2/1/2029 | 880,000 | 4.000% | 2.730% | 111.053 C |
| | 2/1/2030 | 920,000 | 4.000% | 2.800% | 110.408 C |
| | 2/1/2031 | 955,000 | 4.000% | 2.900% | 109.493 C |
| | 2/1/2032 | 995,000 | 4.000% | 2.950% | 109.039 C |
| | 2/1/2033 | 1,035,000 | 4.000% | 3.000% | 108.588 C |
| | 2/1/2034 | 1,075,000 | 4.000% | 3.070% | 107.959 C |
| | 2/1/2035 | 1,115,000 | 4.000% | 3.120% | 107.513 C |
| | | 8,215,000 | | | |
| 2026 Term Bond: | | | | | |
| | 2/1/2026 | 210,000 | 2.375% | 2.550% | 98.396 |
| | | 8,425,000 | | | |

| | | |
|------------------------|--------------|-------------|
| Dated Date | 7/29/2015 | |
| Delivery Date | 7/29/2015 | |
| First Coupon | 2/1/2016 | |
| Par Amount | 8,425,000.00 | |
| Premium | 769,090.30 | |
| | ----- | |
| Production | 9,194,090.30 | 109.128668% |
| Underwriter's Discount | -63,187.50 | -0.750000% |
| | ----- | |
| Purchase Price | 9,130,902.80 | 108.378668% |
| Accrued Interest | | |
| | ----- | |
| Net Proceeds | 9,130,902.80 | |