

NEW ISSUE  
Book-Entry Only

NOT RATED

In the Opinion of Bond Counsel, interest earned on the Series 2022 Bonds is not excludable from gross income of the holders of the Series 2022 Bonds for federal income tax purposes. In the opinion of Bond Counsel, interest on the Series 2022 Bonds is exempt from present State of Georgia income taxation. For a more complete discussion of the tax status of the Series 2022 Bonds and certain other tax consequences relating to the Series 2022 Bonds, see "TAX MATTERS" herein and the opinion of Bond Counsel attached as Appendix F hereto.

**\$16,000,000\***  
**OCONEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**(OCONEE COUNTY, GEORGIA)**  
**TAXABLE REVENUE BONDS**  
**(ECONOMIC DEVELOPMENT PROJECT)**  
**SERIES 2022**

**Dated: Date of Delivery**

**Due: As shown on the inside cover**

The Oconee County Industrial Development Authority Taxable Revenue Bonds (Economic Development Project), Series 2022 (the "Series 2022 Bonds") are being issued by the Oconee County Industrial Development Authority (the "Authority"), a public body corporate and politic of the State of Georgia, pursuant to a Trust Indenture, dated as of February 2, 2022 (the "Indenture"), between the Authority and Regions Bank, Atlanta, Georgia, as trustee (the "Trustee"). The Series 2022 Bonds are being issued for the purpose of providing funds to (a) finance the acquisition of certain land (the "Land") for the development of an economic development project (the "Costco Project") located in Oconee County, Georgia, a political subdivision of the State of Georgia (the "County"), (b) pay capitalized interest on the Series 2022 Bonds in the amount of \$772,416.67\*, (c) fund a debt service reserve fund for the Series 2022 Bonds in the amount of \$1,500,000.00\* (the "Maximum Debt Service Reserve Amount") and (d) pay the costs of issuing the Series 2022 Bonds. All capitalized terms used in this Official Statement that are not otherwise defined herein are defined in Appendix C and Appendix D attached hereto.

The Series 2022 Bonds are limited obligations of the Authority payable solely from and are secured by a transfer, pledge and assignment of and a grant of a security interest in the trust estate created pursuant to the Indenture (the "Trust Estate") to the Trustee and in favor of the holders of the Series 2022 Bonds, as provided in the Indenture. The Trust Estate includes the payments to be made by the County pursuant to an Intergovernmental Contract, dated as of February 2, 2022 (the "Contract"), between the Authority and the County. Under the Contract, the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the payments required by the Contract (the "Contract Payments"); provided, however, that such tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County in accordance with O.C.G.A. §48-5-220(20) (the "Statutory Tax"). The Contract Payments shall be paid on a monthly basis and each monthly Contract Payment shall be equal and limited to the County's portion of the 1% local option sales and use tax (authorized to be imposed pursuant to O.C.G.A. §48-8-80 et seq.) (the "Local Option Sales Tax") reported to be collected at the Costco Project for the previous month. The County's obligation to make payments to the Authority is absolute and unconditional. The County has agreed to pay the Contract Payments directly to the Trustee for deposit into the Revenue Fund as provided in the Indenture.

*The lien created under the Contract on the Statutory Tax securing the Series 2022 Bonds will be on parity with the liens created under the 2012 Contract and the 2020 Contract on the Statutory Tax for the benefit of the Series 2012 Bonds, the Series 2020 Bond and any Additional Bonds or other obligations authorized to be issued under the Indenture upon satisfaction of the conditions in the Indenture for the issuance of parity obligations to the extent that the Statutory Tax is sufficient to pay the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any Additional Bonds or other obligations authorized to be issued under the Indenture and the County's portion of the Local Option Sales Tax reported to be collected at the Costco Project in each year. In the event that the amount of the Statutory Tax collected by the County in any year is insufficient to pay (1) the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds or other obligations authorized to be issued under the Indenture and (2) the County's portion of the Local Option Sales Tax reported to be collected at the Costco Project, the amount of the Statutory Tax for such year will be applied to the payment of the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds and then, the remaining amount will be applied to the payment of the Series 2022 Bonds as the Contract Payments due in such year. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS," "COUNTY AD VALOREM TAXATION" and "LOCAL OPTION SALES AND USE TAX" herein.*

The Series 2022 Bonds will bear interest at the rates set forth on the inside cover hereof, payable semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing September 1, 2022, by Regions Bank, Atlanta, Georgia, as Trustee, to the owners thereof as shown on the registration books maintained by the Trustee.

The Series 2022 Bonds will be issued in book-entry form registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2022 Bonds. Individual purchases may be made only in book-entry form through DTC participants in DTC in the principal amounts of \$5,000 or any integral multiple thereof. No physical delivery of the Series 2022 Bonds will be made to beneficial owners of the Series 2022 Bonds. So long as Cede & Co. is the registered owner of the Series 2022 Bonds, payment of the principal of the Series 2022 Bonds and interest thereon will be made to Cede & Co., as nominee for DTC, which in turn will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2022 Bonds. See "DESCRIPTION OF THE SERIES 2022 BONDS – Book-Entry System of Registration" herein.

The Series 2022 Bonds are subject to optional and special mandatory redemption prior to maturity at the times, under the conditions and at the prices as provided in the Indenture and as set forth in "DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions." See also "PROJECTED SEMI-ANNUAL REDEMPTIONS AND AVERAGE LIFE OF THE SERIES 2022 BONDS" herein.

**MATURITY SCHEDULE—SEE INSIDE COVER PAGE**

**THE SERIES 2022 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE STATE OF GEORGIA (THE "STATE"), THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION UPON INDEBTEDNESS. NO OWNER OF THE SERIES 2022 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE TO PAY THE SAME OR INTEREST THEREON. THE AUTHORITY HAS NO TAXING POWER. HOWEVER, THE COUNTY'S TAXING POWER HAS BEEN PLEDGED TO THE PAYMENT OF THE CONTRACT PAYMENTS.**

**THE SERIES 2022 BONDS INVOLVE A HIGH DEGREE OF INVESTMENT RISK, AND PROSPECTIVE PURCHASERS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SECTION HEREIN CAPTIONED "BONDOWNERS' RISKS," FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2022 BONDS. REPAYMENT OF THE SERIES 2022 BONDS IS DEPENDENT UPON COMPLETION OF THE COSTCO PROJECT, WHICH MAY NOT OCCUR AS PLANNED. SEE "THE COSTCO PROJECT" HEREIN. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EVALUATE THE RISKS AND MERITS OF AN INVESTMENT IN THE SERIES 2022 BONDS, SHOULD CONFER WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS AND SHOULD BE ABLE TO BEAR THE RISK OF LOSS OF THEIR INVESTMENT IN THE SERIES 2022 BONDS BEFORE CONSIDERING A PURCHASE OF THE SERIES 2022 BONDS.**

Simultaneously with the issuance of the Series 2022 Bonds, the Authority anticipates that it will issue and deliver to the Developer its Subordinate Taxable Revenue Note (Economic Development Project), Series 2022 (the "Series 2022 Subordinate Note") as payment for a portion of the purchase price for the Land. Payment of the principal of and interest on the Series 2022 Subordinate Note will not be made until the principal of and interest on the Series 2022 Bonds have been paid in full. The Series 2022 Subordinate Note is not being offered by this Official Statement.

This cover page contains information for quick reference only and is not a summary of the Series 2022 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2022 Bonds are offered when, as and if issued by the Authority and accepted by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), subject to prior sale and to withdrawal or modification of the offer without notice, and subject to approval of their validity by Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel. Certain matters will be passed upon for the Underwriter by its counsel, Thompson Coburn LLP, St. Louis, Missouri. The Series 2022 Bonds in definitive form are expected to be delivered to DTC in New York, New York, on or about February 2, 2022.

**STIFEL**

The date of this Official Statement is January \_\_, 2022.

\* Preliminary, subject to change.

**\$16,000,000\***  
**OCONEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**(OCONEE COUNTY, GEORGIA)**  
**TAXABLE REVENUE BONDS**  
**(ECONOMIC DEVELOPMENT PROJECT)**  
**SERIES 2022**

**MATURITY SCHEDULE\***

\$4,000,000\* \_\_\_\_\_ % Term Bond due March 1, 2040\* – Price: \_\_\_\_\_%; Yield: \_\_\_\_\_%; CUSIP<sup>1</sup>: \_\_\_\_\_

\$12,000,000\* \_\_\_\_\_ % Term Bond due March 1, 2048\* – Price: \_\_\_\_\_%; Yield: \_\_\_\_\_%; CUSIP<sup>1</sup>: \_\_\_\_\_

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\* Preliminary, subject to change.

<sup>1</sup> Copyright 2022 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ. The CUSIP numbers listed above are being provided solely for the convenience of owners only at the time of issuance of the Series 2022 Bonds and neither the Authority, the County nor the Underwriter make any representation with respect to such numbers or undertake any responsibility for the selection or their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2022 Bonds as a result of various subsequent actions.

**OCONEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**Board of Directors**

Rick Waller, Chairman  
John Daniell, Vice Chairman  
Courtney Bernardi, Secretary  
Brock Toole  
Brian Brodrick

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**OCONEE COUNTY, GEORGIA**

**Board of Commissioners**

John Daniell, Chairman  
Mark Thomas  
Chuck Horton  
Amrey Harden  
Mark Saxon

**Administrative Officials**

Justin Kirouac, County Administrator  
Holly Stephenson, County Clerk

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**BOND COUNSEL**

Gray Pannell & Woodward LLP  
Athens, Georgia

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**COUNSEL TO THE COUNTY AND THE AUTHORITY**

Daniel C. Haygood, Esq  
Watkinsville, Georgia

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**UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated  
St. Louis, Missouri

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**UNDERWRITER'S COUNSEL**

Thompson Coburn LLP  
St. Louis, Missouri

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**REVENUE STUDY**

PGAV Planners, LLC  
St. Louis, Missouri

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**TRUSTEE**

Regions Bank  
Atlanta, Georgia

## REGARDING USE OF THIS OFFICIAL STATEMENT

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**THE SERIES 2022 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER ANY STATE SECURITIES OR “BLUE SKY” LAWS, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.**

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2022 Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Authority, the County, the Developer (defined herein) and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority, the County, the Developer or the Underwriter. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the County since the date hereof or that the information contained herein is correct as of any time subsequent to its date. No representation, warranty, or guarantee is made by the Authority, the County, the Underwriter, or the Developer as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the appendices hereto, and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Authority, the County, the Underwriter or the Developer.

**The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The purchase of the Series 2022 Bonds is an investment subject to a high degree of risk, including the risk of nonpayment. The Series 2022 Bonds have not been registered with the Securities and Exchange Commission under the Securities Act, or under any state securities or “blue sky” laws. The Series 2022 Bonds are offered pursuant to an exemption from registration with the Securities and Exchange Commission. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary may be a criminal offense.**

**For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the “Rule”), and in effect on the date of this Preliminary Official Statement, this document constitutes a Preliminary Official Statement of the Authority and the County with respect to the Series 2022 Bonds that has been deemed “final” by the Authority and the County as of its date except for the omission of no more than the information permitted by the Rule.**

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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Certain statements included or incorporated by reference in this Official Statement constitute “*forward-looking statements*” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “*project*,” “*plan*,” “*expect*,” “*estimate*,” “*anticipate*,” “*budget*,” “*intent*” or other similar words. Such forward looking statements include, among others, certain statements under the sections in this Official Statement captioned “**BONDOWNERS’ RISKS**,” “**THE COSTCO PROJECT**” and in **Appendix B – “REVENUE STUDY”** to this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN THE “**BONDOWNERS’ RISKS**” SECTION OF THIS OFFICIAL STATEMENT. UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE AUTHORITY ON THE DATE HEREOF, AND THE AUTHORITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS OR EVENTS, CONDITIONS, OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR.

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The photographs below were provided by the Developer and show the Site Work (defined herein) that has been completed by the Developer on the Costco Project site as of January 12, 2022.







The rendering below of the anticipated Costco store is taken from Costco's architectural drawings and store elevations which were approved by the County on October 13, 2021.



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**\$16,000,000\***  
**OCONEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**TAXABLE REVENUE BONDS**  
**(ECONOMIC DEVELOPMENT PROJECT)**  
**SERIES 2022**

**INTRODUCTION**

*This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and the appendices, must be considered in its entirety. The offering of the Series 2022 Bonds to potential investors is made only by means of the entire Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Series 2022 Bonds. This Official Statement speaks only as of its date, and the information contained herein is subject to change. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meaning ascribed to them in **Appendix C** and **Appendix D** attached hereto.*

The information set forth in this Official Statement has been obtained from the Authority, the County, the Developer (defined below), and from other sources believed to be reliable, but is not guaranteed as to accuracy or completeness. This Official Statement, including the appendices hereto, contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. See **“BONDOWNERS’ RISKS – Forward-Looking Statements”** herein.

**Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page hereof and the appendices hereto, is to furnish certain information relating to (1) the \$16,000,000\* Oconee County Industrial Development Authority Taxable Revenue Bonds (Economic Development Project), Series 2022 (the **“Series 2022 Bonds”**) being issued by the Oconee County Industrial Development Authority (the **“Authority”**), a public body corporate and politic of the State of Georgia, pursuant to a Trust Indenture, dated as of February 2, 2022 (the **“Indenture”**), between the Authority and Regions Bank, Atlanta, Georgia, as trustee (the **“Trustee”**), (2) the sources of payment of debt service on the Series 2022 Bonds, including the payments to be made by Oconee County, Georgia, a political subdivision of the State of Georgia (the **“County”**), pursuant to an Intergovernmental Contract, dated as of February 2, 2022 (the **“Contract”**), between the Authority and the County, pursuant to which the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the payments required by the Contract (the **“Contract Payments”**); provided, however, that such tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County in accordance with O.C.G.A. §48-5-220(20), which Contract Payments are pledged under the Indenture as part of the Trust Estate to payment of debt service on the Series 2022 Bonds, and (3) the construction and development of an approximately 155,146 square-foot membership warehouse facility and related structures, facilities and parking which is anticipated to include, among other things, a vehicle fuel facility (the **“Costco Project”**) anticipated to be located on approximately 23.84 acres in the County, which is being developed by Epps Bridge Centre II CWC, L.L.C., a Missouri limited liability company (the **“Developer”**), and Costco Wholesale Corporation (**“Costco”**). See **“DESCRIPTION OF THE SERIES 2022 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS”** and **“THE COSTCO PROJECT”** herein.

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\* Preliminary, subject to change.

## The Authority

The Authority is a public body corporate and politic organized and existing under the constitution and laws of the State of Georgia (the “**State**”), including specifically an amendment to the Constitution of the State of Georgia (1962 Ga. Laws, p. 871, *et seq.*), as amended (1977 Ga. Laws 1582) as continued (1987 Ga. Laws, p. 3562, *et seq.*), as thereafter amended (the “**Amendment**”). See “**THE AUTHORITY**” herein.

The Series 2022 Bonds are special limited obligations of the Authority as described under the section herein captioned “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS.**”

## The County

The County is a political subdivision of and created by the laws of the State. The County is located in northeast Georgia, approximately six miles south of Athens, Georgia and 53 miles east of the City of Atlanta. It is bordered by Clarke, Oglethorpe, Morgan, Greene and Walton Counties. The County seat is Watkinsville. Municipalities in the County are Bogart, Bishop and North High Shoals. See **Appendix G – “CERTAIN INFORMATION REGARDING OCONEE COUNTY, GEORGIA”** herein.

*The information regarding the County included as **Appendix G** is included solely to provide certain economic and demographic information regarding the larger area in which Costco Project is anticipated to be located. The Series 2022 Bonds and the interest thereon are not general obligations of the County and are secured solely by and payable solely from the Trust Estate, which includes the Contract Payments to be paid by the County under the Contract, as provided in the Indenture. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS,**” “**COUNTY AD VALOREM TAXATION**” and “**LOCAL OPTION SALES AND USE TAX**” herein.*

## Transaction Overview

**Background.** The Authority was created for the purpose of promoting and expanding industry and trade for the public good and welfare within the County. The Authority has the power under State law to issue revenue bonds and use the proceeds for the purpose of paying all or part of the cost of any project or undertaking which promotes and expands industry and trade within the County and reduces unemployment to the greatest extent possible and to make and execute contracts and other instruments necessary to exercise its powers.

**Issuance of Series 2022 Bonds; Purpose and Use of Series 2022 Bond Proceeds.** Pursuant to its powers under State law, the Authority is issuing the Series 2022 Bonds pursuant to a Trust Indenture, dated as of February 2, 2022 (the “**Indenture**”), between the Authority and Regions Bank, Atlanta, Georgia, as trustee (the “**Trustee**”) for the purpose of providing funds to (a) finance the acquisition of certain land (the “**Land**”) for the development of an economic development project (the “**Costco Project**”) located in the County, (b) pay capitalized interest on the Series 2022 Bonds in the amount of \$772,416.67\*, (c) fund a debt service reserve fund for the Series 2022 Bonds in the amount of \$1,500,000.00\* (the “**Maximum Debt Service Reserve Amount**”) and (d) pay the costs of issuing the Series 2022 Bonds.

**The Costco Project.** According to the Developer, at full build-out the Costco Project is anticipated to consist of an approximately 155,146 square foot membership warehouse facility and related structures, facilities and parking which is anticipated to include, among other things, a vehicle fuel facility and is anticipated to be located on the Land. The Costco Project is being developed by the Developer and Costco Corporation (“**Costco**”) pursuant to the terms of the Sublease (defined below). See “**THE COSTCO PROJECT**” herein.

**The Lease and the Sublease.** The Land, which consists of approximately 23.84 acres in the County, will be acquired by the Authority on the date of issuance of the Series 2022 Bonds and leased to the Developer

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\* Preliminary, subject to change.

pursuant to a Lease Agreement, dated as of February 2, 2022 (the “**Lease**”), between the Authority and the Developer. Simultaneously with the execution and delivery by the Authority and the Developer of the Lease, the Developer and Costco will enter into a Lease Agreement, dated as of February 2, 2022 (the “**Sublease**”) pursuant to which the Developer, as landlord, will sublease to Costco, as tenant, the Land and the rights, interests, estates and appurtenances, together with all improvements constructed thereon, including the Costco Project. *Execution of the Lease by the Authority and the Developer and execution of the Sublease by the Developer and Costco are conditions precedent to the issuance of the Series 2022 Bonds. According to the Developer, the Authority and the Developer are anticipated to execute the Lease on January 25, 2022. According to the Developer, the Developer and Costco are anticipated to execute the Sublease prior to the closing on the Series 2022 Bonds.*

The Sublease contains the following provisions and requirements that are discussed in greater detail in this Official Statement. See “**THE LEASE**,” “**THE SUBLEASE**” and “**THE COSTCO PROJECT – Costco Project Schedule**” herein.

- **Letter of Credit.** On the date of the Sublease (the “**Effective Date**”), the Developer is required to deliver to Costco a letter of credit in an initial amount of \$1,353,197.50 to secure the Developer’s obligation to completed the “**Landlord’s Work**” (as defined in the Sublease), which is equal to 125% of the Developer’s estimate of the cost to complete Landlord’s Work as of the Effective Date.
- **Liquidated Damages.** If the Developer fails to fully complete all of the Finish Coat Work (as defined in the Sublease and below) on or before the Anticipated Finish Coat Delivery Date (as defined in the Sublease and as such date may be extended as provided in the Sublease), then Costco has the right to recover from the Developer, as liquidated damages, \$10,000 for each date thereafter until either (i) the day all of the Finish Coat Work is completed by the Developer or (ii) the date Costco elects to proceed with completing the Finish Coat Work as provided in the Sublease.
- **Project Schedule.** The Sublease sets forth certain commencement, interim milestone and completion dates by which the Landlord’s Work is required to be performed by the Developer (referred to in the Sublease and herein as the “**Project Schedule**”). According to the Developer, it commenced Site Work in October 2021. Since then, according to the Project Schedule, the Developer has completed clearing and grubbing of the site, laying of the sanitary sewer and storm sewer lines, all of the site grading, blasting of rock necessary for completion of the fuel center, portions of a retaining wall, and installation of electrical conduits for phone/cable. The remaining components of the Site work required to be completed prior to certification of the building pad for the Costco Project and the Finish Coat Work required to be completed by the Developer after Costco’s completion of the building include, but are not limited to, the following:

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<u>Task</u>	<u>Start Date</u>	<u>Finish Date</u>
Installation of site lighting poles and fixtures	January 10, 2022	January 21, 2022
Sidewalks	February 7, 2022	February 18, 2022
Fencing and guardrail <sup>(1)</sup>	February 7, 2022	February 15, 2022
Building pad certification <sup>(1)</sup>	February 14, 2022	February 15, 2022
Traffic signalization work	February 18, 2022	March 17, 2022
Install irrigation system	February 21, 2022	March 4, 2022
Costco construction of the Costco building	March 11, 2022	June 30, 2022
Asphalt topping	April 27, 2022	May 31, 2022
Striping and signage	June 1, 2022	June 14, 2022
Final inspections	June 22, 2022	June 27, 2022
Landlord's Work complete	June 28, 2022	June 29, 2022

- Option to Purchase the Premises/Payment by Costco of the Series 2022 Bonds.*** Under the Sublease, Costco has the option to purchase the “**Premises**” (which, for purposes of the Sublease, generally means, collectively, the Land and the Costco Project) from the Developer or from the Authority (pursuant to the designation under the Lease) prior to the expiration of the term of such Sublease, which expires at midnight on December 1, 2036. ***If Costco exercises such option to purchase the Premises, Costco shall pay the Developer, and/or the Authority, among other amounts, an amount of money equal to (1) the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds, (2) the outstanding principal amount of, and all accrued but unpaid interest under, the 2022 Subordinate Note and (3) all unpaid Rent under the Sublease plus the Rent due under the Sublease for the remainder of the Term of the Sublease (i.e., through December 1, 2036), which, over the entire Term of the Sublease, is an aggregate amount of \$5,039,500 that Costco is required to pay in monthly installments through the Term of the Sublease.***

As long as the Land and the Improvements are owned by the Authority, neither the Developer or Costco is required to pay property taxes on the Land and the Improvements. Upon Costco’s exercise of the option to purchase the Premises, it will be required to pay property taxes on the Premises based on the assessed valuation of the Premises at the time it exercises the option and on the amount of assessed valuation of the Premises as determined by the County in future years.

In the event that Costco exercises the option to purchase the Premises, the amount required by the Sublease to be paid by Costco, among other amounts, shall include the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds, which amount will be used to redeem the Series 2022 Bonds. See “**DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds**” and “**BONDOWERS’ RISKS - Early Redemption of the Series 2022 Bonds**” herein.

- Mandatory Purchase Obligation/Payment by Costco of the Series 2022 Bonds.*** The Sublease requires that Costco complete the acquisition, construction, and installation of the “**Improvements**” (which, for purposes of the Sublease means, collectively, the building improvements, together with all related structures and facilities, to be constructed by Costco on the Land) on or before the date which is twenty-one (21) months from the Effective Date (i.e., on or about February 2, 2022) of the Sublease (the “**Outside Tenant Completion Date**”), ***which, based on the Effective Date of the Sublease, is on or about November 2, 2023.*** In the event Costco does not complete construction of the Improvements on or before the Outside Tenant Completion Date, Costco is obligated to purchase the Premises within 75 days after the

date of receipt of written notice from the Developer (the “**Mandatory Purchase Obligation**”). *At the closing of such purchase pursuant to the Mandatory Purchase Obligation Costco shall be required, among other things, to pay the outstanding principal amount of, and all accrued but unpaid interest on, the Series 2022 Bonds and the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Subordinate Note which shall be paid by Costco to the Authority.*

In the event that Costco is required to purchase the Premises because it did not complete construction of the Improvements on or before the Outside Tenant Completion Date, among other amounts, the amount required by the Sublease to be paid by Costco shall include the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds, which amount will be used to redeem the Series 2022 Bonds. See “**DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds**” and “**BONDOWERS’ RISKS – Early Redemption of the Series 2022 Bonds**” herein.

- ***Obligation to Purchase the Premises/No Payment by Costco of the Series 2022 Bonds.*** Notwithstanding anything to the contrary contained in the Sublease, at any time subsequent to the scheduled expiration of the Term of the Sublease, upon written notice by the Developer to Costco establishing a closing date not earlier than thirty (30) days after the scheduled expiration of the Term of the Sublease and subject to the sale and conveyance of fee simple title to the Premises to the Developer from the Authority (or directly to Costco pursuant to the terms of the Lease), the Developer is required, upon receipt of the ten dollars (\$10.00) purchase price from Costco, to deliver to Costco, among other documents, a quit claim deed conveying title to the Premises to Costco.

Costco is not obligated to pay the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds upon its purchase of the Premises pursuant to this provision of the Sublease. Upon Costco’s purchase of the Premises, the County is obligated to continue making the Contract Payments, through March 1, 2048.

***Security and Sources of Payment for the Series 2022 Bonds.*** The Series 2022 Bonds are limited obligations of the Authority payable solely from and are secured by a transfer, pledge and assignment of and a grant of a security interest in the trust estate created pursuant to the Indenture (the “**Trust Estate**”) to the Trustee and in favor of the holders of the Series 2022 Bonds, as provided in the Indenture. For additional information regarding the security for the Series 2022 Bonds, see “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS**” herein.

#### **Description of the Series 2022 Bonds**

***Redemption.*** The Series 2022 Bonds are subject to optional and special mandatory redemption prior to their stated maturity. At least thirty and not more than sixty days before the date upon which redemption is to be made, a redemption notice will be mailed by first class mail to all registered owners of Series 2022 Bonds to be redeemed. See “**DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions**” herein.

***Denominations.*** The Series 2022 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

***Registration, Transfers and Exchanges.*** The registered owner of the Series 2022 Bonds as shown on the registration books maintained by the Trustee, will be treated as the owner of the Series 2022 Bonds for all purposes, including payment. The Series 2022 Bonds will be issued in fully registered form. When in book-entry form, the purchasers of the Series 2022 Bonds (the “**Beneficial Owners**”) will not receive certificates representing their ownership interest in the Series 2022 Bonds. Instead, such Series 2022 Bonds will be held by

a securities depository, initially The Depository Trust Company (“**DTC**”) and registered in the name of DTC or its nominee, Cede & Co. Any registration of transfer or exchange of the ownership interest in Series 2022 Bonds held in book-entry form will be made through computerized book-entry changes on the books of DTC through DTC’s Direct and Indirect Participants in the manner described herein under “**DESCRIPTION OF THE SERIES 2022 BONDS – Book-Entry System of Registration.**” When not in book-entry form, ownership of any Series 2022 Bond may be registered as transferred upon surrender of such Series 2022 Bond to the Trustee, together with an assignment duly executed by the registered owner or his attorney or legal representative, subject to the conditions hereinafter described. When not in book-entry form, the Series 2022 Bonds are exchangeable for a like aggregate principal amount of Series 2022 Bonds of the same maturity in denominations of \$5,000 or integral multiples thereof, subject to the conditions hereinafter described. See “**DESCRIPTION OF THE SERIES 2022 BONDS – Registration Provisions; Transfer and Exchange**” herein.

**Payments.** Interest on the Series 2022 Bonds is payable on March 1 and September 1 of each year (each such date, an “**Interest Payment Date**”), commencing September 1, 2022. Payment of the principal of, premium, if any, and interest on the Series 2022 Bonds will be made by the Trustee directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Participants (hereinafter defined) and thereafter to Beneficial Owners of the Series 2022 Bonds. When not in book-entry form, interest on the Series 2022 Bonds is payable by check or draft mailed by first class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Trustee, on the 15th day of the calendar month next preceding the Interest Payment Date. When not in book-entry form, principal on the Series 2022 Bonds is payable upon surrender thereof at the corporate trust office of the Trustee, located in Atlanta, Georgia. See “**DESCRIPTION OF THE SERIES 2022 BONDS**” herein.

For a more complete description of the Series 2022 Bonds, see “**DESCRIPTION OF THE SERIES 2022 BONDS.**” All references to the Series 2022 Bonds are qualified in their entirety by the definitive forms thereof and the provisions with respect thereto included in the Indenture. See **Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”** attached hereto.

### **Security and Sources of Payment for the Series 2022 Bonds**

**Limited Obligations.** The Series 2022 Bonds are issued and secured pursuant to the Indenture. The Series 2022 Bonds are limited obligations of the Authority payable solely from and are secured by a transfer, pledge and assignment of and a grant of a security interest in the trust estate created pursuant to the Indenture (the “**Trust Estate**”) to the Trustee and in favor of the holders of the Series 2022 Bonds (the “**Bondholders**”), as provided in the Indenture.

**The Trust Estate.** The Trust Estate consists of all right, title and interest of the Authority in and to: (1) the Contract, including the Contract Payments (defined below); (2) all moneys and securities held by the Trustee in any and all of the funds and accounts established under the Indenture and (3) any and all other property from time to time after the issuance of the Series 2022 Bonds by delivery or by writing conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Authority or by anyone on its behalf or with its written consent to the Trustee, which is authorized in the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

**Contract Payments.** The primary source of payment for the Series 2022 Bonds are the Contract Payments. Under the Contract, the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the Contract Payments; provided, however, that such tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County in accordance with O.C.G.A. §48-5-220(20) (the “**Statutory Tax**”). The Contract Payments shall be paid on or prior to the first day of each month (each a “**Contract Payment Date**”), commencing the first day of the month following the filing of the first of the monthly sales and use tax returns required to be filed with the Department of Revenue of the State of Georgia (the “**Sales and Use Tax Returns**”) for any Local Option Sales and Use Tax generated at the Premises and ending on March 1, 2048, **and**



*the monthly Contract Payments shall be equal and limited to the amount of the County's portion of the 1% local option sales and use tax (as authorized to be imposed pursuant to O.C.G.A. §48-8-80 et seq.) (the "Local Option Sales Tax") reported to be collected at the Costco Project from the previous month; provided, however, that such Contract Payments shall not be paid from the revenues of such Local Option Sales Tax but will be paid from the revenues of the Statutory Tax.*

The County's obligation to make payments to the Authority is absolute and unconditional. The County has agreed to pay the Contract Payments directly to the Trustee for deposit into the Revenue Fund (as defined herein) as provided in the Indenture. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – The Intergovernmental Contract"** for a more detailed discussion of the Contract and the Contract Payments and **Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE CONTRACT"** attached hereto.

There are two limitations on the amount of Contract Payments that the County is required to transfer to the Trustee for payment of debt service on the Series 2022 Bonds. First, the amount of the Contract Payments is determined by the amount of the County's portion of the Local Option Sales Tax reported to be collected at the Costco Project. Second, the Contract Payments are not actually made from the County's receipt of its share of the Local Option Sales Tax reported to be collected at the Costco Project, but are made from the revenues collected by the County from the Statutory Tax. *Pursuant to State law, the Statutory Tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County.*

In the event that the amount of the Statutory Tax collected by the County in any year is insufficient to pay (1) the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds or other obligations authorized to be issued under the Indenture and (2) the County's portion of the Local Option Sales Tax reported to be collected at the Costco Project, the amount of the Statutory Tax for such year will be applied to the payment of the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds and then, the remaining amount will be applied to the payment of the Series 2022 Bonds as the Contract Payments due in such year.

The Board of Commissioners of the County determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within the territorial limits of the County, will produce the necessary amount of property tax revenues. The Board of Commissioners then levies its ad valorem property tax. See **"COUNTY AD VALOREM TAXATION – Millage Rates"** herein for a five year summary of the County's total mill levy. The Statutory Tax is part of the County's annual millage rate (incorporated and unincorporated), and cannot exceed one mill.

**Debt Service Reserve Fund.** As additional security for the Series 2022 Bonds, a debt service reserve fund (the **"Debt Service Reserve Fund"**) will be funded from proceeds of the Series 2022 Bonds in the amount of \$1,500,000.00\* (previously defined as the **"Maximum Debt Service Reserve Amount"**). The Indenture provides that moneys in the Debt Service Reserve Fund shall only be applied to the payment of principal of and interest on the Series 2022 Bonds. If, on any date on which payment of the principal or interest on the Series 2022 Bonds is due, whether at maturity, upon redemption prior to maturity, or otherwise, and the amount on deposit in the Principal or Interest Accounts (as defined herein) of the Sinking Fund (as defined herein) is insufficient to make such payment, the Trustee, without any further instruction or direction, shall transfer from the Debt Service Reserve Fund to the Principal or Interest Accounts of the Sinking Fund amounts sufficient to pay any such deficiency.

In the event that any amount is transferred from the Debt Service Reserve Fund to the Principal or Interest Accounts of the Sinking Fund to make up a deficiency in the payment of debt service on the Series 2022 Bonds, the Indenture requires the Trustee to transfer an amount from the Revenue Fund to replenish the Debt Service Reserve Fund to restore any deficiency in such fund only up to the Debt Service Reserve Requirement

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\* Preliminary, subject to change.

(i.e., \$1,000,000.00\*). See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Revenue Fund**” herein.

***Capitalized Interest.*** A portion of the proceeds of the Series 2022 Bonds in the amount of \$772,416.67\* will be deposited in the Capitalized Interest Fund (as defined herein) pursuant to the Indenture and will be used to pay interest on the Series 2022 Bonds. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Capitalized Interest**” herein.

***No Mortgage or Lien; No General Obligation.*** The Series 2022 Bonds are not secured by a mortgage or any other lien on the Land or the Costco Project, or any property of the Authority, the County, the Developer or Costco. None of the Authority, the County, the Developer or Costco, or any affiliate of such entities, or any employee, officer, member, agent, or representative of such entities has pledged its credit or assets or has provided any guaranty, surety, or undertaking of any kind, moral or otherwise, to pay the principal of, premium, if any, and interest on the Series 2022 Bonds.

***The Series 2022 Bonds, the interest thereon and any other payment required by the Indenture are limited obligations of the Authority, payable solely from the Trust Estate. The Series 2022 Bonds do not constitute an indebtedness or obligation of the State or any political subdivision of the State, including the County, within the meaning of any constitutional or statutory limitation upon indebtedness. Except as provided in the Contract, neither the Authority, the State, the County nor any political subdivision of the State shall be subject to any pecuniary liability thereon. No owner of the Series 2022 Bonds shall ever have the right to compel the exercise of the taxing power of the State or any political subdivision of the State, including the County, to pay the Series 2022 Bonds or the interest thereon. The Authority has no taxing power.***

#### **Parity Bonds and Additional Bonds**

The Authority covenants in the Indenture that no other obligations of any kind or nature will be issued after the issuance of the Series 2022 Bonds which are payable from or enjoy a lien on the Contract Payments prior to the lien created for the payment of the Series 2022 Bonds.

The Indenture contains requirements that must be satisfied in order for the Authority to issue obligations in the future that are secured on a parity lien basis with the Series 2022 Bonds. ***There is no assurance that the Authority will not issue Additional Bonds in the future.*** See “**DESCRIPTION OF THE SERIES 2022 BONDS – Parity Bonds and Issuance of Additional Bonds or Obligations**” herein.

#### **Authority for Issuance**

The Series 2022 Bonds are being issued in accordance with and pursuant to the Constitution and laws of the State of Georgia and pursuant to the Indenture. For more complete information, see “**DESCRIPTION OF THE SERIES 2022 BONDS – Authority for Issuance**” herein.

#### **Tax Matters**

In the Opinion of Bond Counsel, interest earned on the Series 2022 Bonds is not excludable from gross income of the holders of the Series 2022 Bonds for federal income tax purposes. In the opinion of Bond Counsel, interest on the Series 2022 Bonds is exempt from present State of Georgia income taxation. See **Appendix F** herein for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2022 Bonds. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2022 Bonds. For a more complete discussion of the tax status of the Series 2022 Bonds and certain other tax consequences relating to the Series 2022 Bonds, see “**TAX MATTERS**” herein.

## Revenue Study

The County retained PGAV Planners, LLC (“PGAV”) to prepare a study entitled “Oconee County Costco Project Market Analysis and Revenue Study,” dated January 14, 2022 (the “Revenue Study”), a copy of which is attached hereto as **Appendix B**. The purpose of the Revenue Study is to provide estimates of the amount of future Local Option Sales Tax generated at the Costco Project. The projected Local Option Sales Tax contained in the Revenue Study and included or reflected in this Official Statement are based on various assumptions concerning facts and events over which the Authority, the County or the Developer have no control. *No representation or warranty is being made or can be made about the amount or timing of any future income, loss, occupancy, valuation, increased assessment or revenues, or that actual results will be consistent with the Revenue Study or with Local Option Sales Tax projections contained therein.* The information in the Revenue Study is based on various assumptions, estimates and opinions. There is no assurance that actual events will correspond with the projections or the assumptions, estimates and opinions on which they are based. The Revenue Study should be read in its entirety. PGAV has consented to the use of the Revenue Study in this Official Statement.

The Authority, the County, the Developer, the Underwriter, and all other parties to the documents executed in connection with the issuance of the Series 2022 Bonds, and legal counsel and other advisors participating in the transaction, expressly disclaim any representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical, or statistical data, assumptions, conclusions, or expressions of opinion set forth in the Revenue Study, or any information excerpted therefrom. PGAV is solely responsible for the content of the Revenue Study, including any conclusions expressed therein and the facts and assumptions underlying those projections. None of the above persons or anyone else assumes any responsibility for updating the Revenue Study, or any material contained in such study or underlying such projections after the delivery of the Series 2022 Bonds.

The Revenue Study is a “forward looking statement” as described herein under the caption “**BONDOWNERS’ RISKS – Forward-Looking Statements.**” Although the Revenue Study is based on currently available information, it is also based on assumptions about the future state of the national and regional economy and the local real estate markets, as well as assumptions about future actions by various parties, which cannot be assured or guaranteed. The Revenue Study is not a prediction or assurance that a certain level of performance will be achieved or that certain events will occur. The actual results will vary from the Revenue Study, and the variations may be material. Prospective purchasers should read the Revenue Study carefully and form their own opinions about the validity and reasonableness of such assumptions. See **Appendix B – “REVENUE STUDY”** attached hereto.

## Bondowners’ Risks

The Series 2022 Bonds involve a high degree of risk, and prospective purchasers should read the section herein captioned “**BONDOWNERS’ RISKS.**” The Series 2022 Bonds are not a suitable investment for all persons, and prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2022 Bonds and should confer with their own legal and financial advisors before considering a purchase of the Series 2022 Bonds and should be able to bear the risk of loss of their investment in the Series 2022 Bonds before considering a purchase of the Series 2022 Bonds. See “**BONDOWNERS’ RISKS**” herein.

## Trustee and Custodian

Regions Bank, Atlanta, Georgia, will act as Trustee for the Series 2022 Bonds and will also act as custodian of the Revenue Fund, the Sinking Fund and the Project Fund as described in the Indenture. Regions Bank’s address in Atlanta is 1180 West Peachtree Street, Suite 1200, Atlanta, GA 30309.

## **Professional Involved in the Offering**

The Series 2022 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and subject to the approval of legality by Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel. Certain matters will be passed upon for the Authority and the County by their counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia and for the Underwriter by its counsel, Thompson Coburn LLP, St. Louis, Missouri.

The audited financial statements of the County as of June 30, 2021 and for the year then ended attached hereto as **Appendix A** has been audited by Rushton & Company LLC, Gainesville, Georgia, independent certified public accountant, as indicated in their report included thereon.

## **Continuing Disclosure Undertaking**

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold, or sell the Series 2022 Bonds, and the Authority will not provide any such information. The County has undertaken all responsibilities for any continuing disclosure regarding the Series 2022 Bonds, as described below, and the Authority will have no liability to the Beneficial Owners of the Series 2022 Bonds or any other person with respect to such disclosures.

The County has covenanted in a Continuing Disclosure Undertaking (the “**Continuing Disclosure Undertaking**”) for the benefit of the beneficial owners of the Series 2022 Bonds to provide certain financial information relating to the County on an annual basis, to provide certain updates on the Costco Project and financial information relating to the collection of the Contract Payments on a semiannual basis, and to provide notices of the occurrence of certain enumerated events relating to the Series 2022 Bonds. See the section herein captioned “**CONTINUING DISCLOSURE UNDERTAKING**” and **Appendix E – “FORM OF CONTINUING DISCLOSURE UNDERTAKING**” to this Official Statement for the proposed form of the Continuing Disclosure Undertaking. See also “**CONTINUING DISCLOSURE UNDERTAKING – Prior Continuing Disclosure Undertakings**” for a discussion of the County’s compliance with its prior undertakings.

## **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the County, the Series 2022 Bonds, and the security and sources of payment for the Series 2022 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Indenture, the Contract, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2022 Bonds are qualified in their entirety to the form thereof included in the Indenture.

Copies of all documents described herein are available upon request, prior to the delivery of the Series 2022 Bonds, from Stifel, Nicolaus & Company, Incorporated, 501 North Broadway, 8th Floor, St. Louis, Missouri 63012, telephone: (314) 342-4000, and after delivery of the Series 2022 Bonds upon payment to the County of a charge for copying, mailing and handling, from the Oconee County, Georgia, P.O. Box 145, 23 North Main Street, Watkinsville, Georgia, Attention: Wes Geddings, telephone: (706) 769-2944.

**PLAN OF FINANCE**

**Estimated Sources and Application of Funds**

Following is a summary of the anticipated sources and uses of funds in connection with the issuance of the Series 2022 Bonds:

*Estimated Sources of Funds:*

Series 2022 Bond Proceeds	
Par Amount .....	\$
Net [Premium/Discount] .....	_____
Total sources of funds .....	\$ _____

*Estimated Application of Funds:*

Project Costs .....	\$
Deposit to the Debt Service Reserve Fund .....	_____
Capitalized Interest .....	_____
Cost of Issuance <sup>(1)</sup> .....	_____
Total Application of Funds .....	\$ _____

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<sup>(1)</sup> Includes Underwriter’s discount, legal and accounting fees, printing and engraving costs, validation court costs and other costs of issuance.

**Project Costs**

The proceeds from the sale of the Series 2022 Bonds will be used to pay the costs of acquiring a portion of approximately 23.84 acres of land (previously defined as the “**Land**”) from the Developer. The Land will be acquired by the Authority on the date of issuance of the Series 2022 Bonds and leased to the Developer pursuant to the Lease between the Authority and the Developer. The Developer will sublease the Land to Costco, pursuant to the Sublease. Pursuant to the Sublease, the Developer will agree to provide certain site development work on the Land and Costco will agree to construct and develop the Costco Project on the Land. See “**THE COSTCO PROJECT,**” and “**THE LEASE**” and “**THE SUBLEASE**” herein.

Simultaneously with the issuance of the Series 2022 Bonds, the Authority anticipates that it will issue and deliver to the Developer its Subordinate Taxable Revenue Note (Economic Development Project), Series 2022 (the “**Series 2022 Subordinate Note**”) as payment for a portion of the purchase price for the Land. ***Payment of the principal of and interest on the Series 2022 Subordinate Note will not be made until the principal of and interest on the Series 2022 Bonds have been paid in full. The Series 2022 Subordinate Note is not being offered by this Official Statement.***

**DESCRIPTION OF THE SERIES 2022 BONDS**

*The following is a summary of certain terms and provisions of the Series 2022 Bonds. Reference is hereby made to the Series 2022 Bonds and the provisions with respect thereto in the Indenture for the detailed terms and provisions thereof. See Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” attached hereto.*

## General

The Series 2022 Bonds will be dated as of their date of issuance. Interest on the Series 2022 Bonds is payable on March 1 and September 1 of each year (each such date, an “**Interest Payment Date**”), commencing September 1, 2022. The Series 2022 Bonds will bear interest from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, or unless their date of authentication is after a record date and prior to the corresponding Interest Payment Date, in which case from such corresponding Interest Payment Date or unless their date of authentication is prior to September 1, 2022 in which case from their date of issuance) at the rates per annum set forth on the inside front cover of this Official Statement (computed on the basis of a 360-day year comprised of twelve 30-day months). Payment of the principal of, premium, if any, and interest on the Series 2022 Bonds will be made by the Trustee directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC’s Direct Participants and thereafter to the Beneficial Owners of the Series 2022 Bonds. See “– **Book-Entry System of Registration**” below. Interest on the Series 2022 Bonds is payable by check or draft mailed by first class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Trustee on the 15th day of the calendar month next preceding the Interest Payment Date. Interest on the Series 2022 Bonds is payable to any registered owner of more than \$1,000,000 in aggregate principal amount of Series 2022 Bonds by wire transfer to such registered owner if written wire transfer instructions are given to the Trustee prior to the 15<sup>th</sup> day of the calendar month preceding the Interest Payment Date. When not in book-entry form, principal on the Series 2022 Bonds is payable upon surrender thereof at the corporate trust office of the Trustee located in Atlanta, Georgia.

### Authority for Issuance

The Series 2022 Bonds are being issued in accordance with and pursuant to the Constitution and laws of the State of Georgia, including specifically an amendment to the Constitution of the State of Georgia (1962 Ga. Laws, p. 871, et seq.), as amended (1977 Ga. Laws 1582), as continued (1987 Ga. Laws, p. 3562, et seq.), as thereafter amended (the “**Amendment**”) and the Revenue Bond Law (O.C.G.A. Section 36-82-60 et seq., as amended), and pursuant to the Indenture. A summary of the Indenture is set forth in **Appendix C** attached hereto.

Section III, Paragraph I of the Constitution of the State of Georgia of 1983 authorizes any political subdivision of the State of Georgia to contract for any period not exceeding 50 years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake to provide.

The execution, delivery, and performance of the Contract by the County was authorized and approved pursuant to a resolution adopted by the Board of Commissioners of the County on August 24, 2021, to be supplemented on or about January 25, 2022.

### Principal and Interest Requirements

The Series 2022 Bonds shall mature on March 1 in each of the years and in the principal amounts set forth below and shall bear interest at the rates per annum as follows:

<b>March 1 of the Year</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
20__	\$ _____	_____%
20__	\$ _____	_____%

## Redemption Provisions

**Optional Redemption.** The Series 2022 Bonds maturing on or after \_\_\_\_\_ 1, 20\_\_ may be redeemed prior to their respective maturities at the option of the Authority, at the direction of the County, in whole or in part at any time (in such order of maturities as may be specified by the County) not earlier than \_\_\_\_\_ 1, 20\_\_\_\_\_ in the manner and subject to the provisions of the Indenture, at 100% of the principal thereof, plus accrued interest to the Redemption Date.

**Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds.** The Series 2022 Bonds are subject to special mandatory redemption, in order of maturity, in whole or in part, on any Interest Payment Date, commencing September 1, 2022 (or if such date is not a Business Day, the immediately preceding Business Day), at a redemption price of 100% of the principal amount being redeemed, together with accrued interest thereon to the date fixed for redemption, in an amount equal to the amount which is on deposit in the Redemption Account of the Sinking Fund forty days prior to each Interest Payment.

The Series 2022 Bonds are subject to special mandatory redemption by the Authority, in whole but not in part, on any date if moneys in the Interest Account of the Sinking Fund, the Principal Account of the Sinking Fund, the Redemption Account of the Sinking Fund and the Debt Service Reserve Fund are sufficient to redeem all Series 2022 Bonds at a redemption price of 100% of the Series 2022 Bonds Outstanding, together with accrued interest thereon to the date fixed for redemption.

Pursuant to the Sublease between the Developer and Costco, Costco is obligated to purchase the Premises (generally defined in the Sublease to mean the Land and the Costco Project) in the event that it does not complete construction and installation of the Improvements (generally defined in the Sublease to mean, collectively, the building improvements, together with all related structures and facilities, to be constructed by Costco on the Land) on or before the Outside Tenant Completion Date, which, based on the Effective Date of the Sublease, is on or about November 2, 2023 (referred to herein as the “**Mandatory Purchase Obligation**”). Costco also has the option to purchase the Premises from the Developer prior to the expiration of the Term of the Sublease, which expires at midnight on December 1, 2036, subject to the requirements of the Sublease. In both the Mandatory Purchase Obligation and the exercise by Costco of its option to purchase the Premises prior to the expiration of the Term of the Sublease, Costco is required to pay, among other amounts, an amount equal to the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds, which will be used to redeem the Series 2022 Bonds pursuant to the terms of the Indenture described in the preceding paragraph. See “**THE SUBLEASE – Purchase of the Premises**” herein.

**Method of Redemption.** In the event of a partial redemption of the Series 2022 Bonds, the particular maturity or maturities to be redeemed shall be selected by the Authority as directed by the County. If less than all of the Series 2022 Bonds of a maturity are to be called for redemption, the particular certificates of such maturity or portions thereof in the case of certificates in principal amounts greater than \$5,000 to be redeemed shall be selected by lot in such manner as may be designated by DTC, when in book-entry form and by the Trustee, when not in book-entry form.

**Notice of Redemption.** Notice of the call for any redemption, identifying the Series 2022 Bonds (or the portions thereof) to be prepaid and specifying the terms of such redemption, will be mailed, by first class mail, to the owners of the Series 2022 Bonds to be prepaid (in whole or in part) at their addresses appearing on the bond register maintained by the Trustee not more than 60 days nor less than 30 days prior to the redemption date; provided, however, that failure to give such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of any Series 2022 Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there have not been deposited with the Trustee moneys sufficient to redeem all Series 2022 Bonds called for redemption, which moneys are or will be available for

redemption of Series 2022 Bonds, such notice will state that it is conditional upon the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the date established for redemption, and such notice will be of no effect unless such moneys are so deposited.

On or prior to the date fixed for any redemption of Series 2022 Bonds the moneys required for such redemptions are to be deposited by or on behalf of the Authority in accordance with the Indenture. All Series 2022 Bonds called for redemption will cease to bear interest after the specified redemption date, provided that sufficient funds for redemption are on deposit with the Trustee.

### **Registration Provisions; Transfer and Exchange**

The Series 2022 Bonds will be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. The Series 2022 Bonds will be registered as to principal and interest on the registration books kept by the Trustee. The registered owner thereof shall be treated as the absolute owner thereof for all purposes, including payment, and payment to the registered owner thereof shall satisfy all liability thereon to the extent of sums so paid.

When in book-entry form, the purchasers of the Series 2022 Bonds (the “**Beneficial Owners**”) will not receive certificates representing their ownership interest in the Series 2022 Bonds. Instead, such Series 2022 Bonds will be held by a securities depository, initially The Depository Trust Company (“**DTC**”) and registered in the name of DTC or its nominee, Cede & Co. Any transfer or exchange of the ownership interest in Series 2022 Bonds held in book-entry form will be made through computerized book-entry changes on the books of DTC through DTC’s Direct and Indirect Participants.

When not in book-entry form, ownership of any Series 2022 Bond will be transferable upon surrender thereof to the Trustee, together with an assignment duly executed by the registered owner or his attorney, in such form as shall be satisfactory to the Trustee. Upon any such transfer of ownership, the Trustee will cause to be authenticated and delivered a new Series 2022 Bond or Series 2022 Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Series 2022 Bonds surrendered for such transfer. The Series 2022 Bonds may be exchanged for a like principal amount of Series 2022 Bonds of the same interest rate of other authorized denominations. For every exchange or registration of transfer, the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration or transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2022 Bonds. The Trustee is not required to transfer or exchange any Series 2022 Bond after notice of redemption has been given or for fifteen days prior to the giving of such notice.

### **Book-Entry System of Registration**

DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2022 Bonds, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other Bond transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need



for physical movement of Bond certificates. Direct Participants include both U.S. and non-U.S. Bond brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. Securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has Standard & Poor’s highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2022 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments and redemption proceeds on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice

is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with the Series 2022 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Trustee, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to Issuer or Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority or the County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities depository). In that event, certificated Series 2022 Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the County believe to be reliable, but the Authority, the County and the Underwriter take no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

None of the Authority, the County, the Underwriter, or the Trustee will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participants or Indirect Participants; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Series 2022 Bonds; (iii) the delivery by any such Direct Participant or Indirect Participants of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to the holders of the Series 2022 Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2022 Bonds; or (v) any consent given or other action taken by DTC as holder of the Series 2022 Bonds.

### **Parity Bonds and Issuance of Additional Bonds or Obligations**

The Authority covenants that no other bonds or other obligations of any kind or nature will be issued after the issuance of the Series 2022 Bonds which are payable from or enjoy a lien on the Contract Payments prior to the lien created for the payment of the Series 2022 Bonds.

**Parity Bonds.** Pursuant to a resolution duly adopted by the Authority on February 17, 2012, as supplemented on February 23, 2012 (collectively, the "**Series 2012 Bond Resolution**"), the Authority issued its Revenue Bonds (Economic Development Projects), Series 2012 (the "**Series 2012 Bonds**"), in the original aggregate principal amount of \$10,380,000, for the purpose of providing funds to finance the acquisition, construction and equipping of certain economic development projects located in the County (the "**2012 Projects**"). The Series 2012 Bonds are currently outstanding in the aggregate principal amount of \$475,000, which is due on March 1, 2022.

In connection with the issuance of the Series 2012 Bonds, the Authority and the County entered into an Intergovernmental Contract, dated as of March 1, 2012 (the "**2012 Contract**"), pursuant to which the Authority agreed to issue the Series 2012 Bonds to acquire, construct and equip the 2012 Projects, and the County, in consideration of the Authority's doing so, agreed to pay to the Authority amounts sufficient to pay the principal

of, premium, if any, and interest on the Series 2012 Bonds and to levy the Statutory Tax (if necessary) in order to pay the principal of, premium, if any, and interest on the Series 2012 Bonds.

Pursuant to a resolution duly adopted by the Authority on April 2, 2020 (the “**Series 2020 Bond Resolution**”), the Authority has also issued its Taxable Revenue Refunding Bond (Economic Development Projects), Series 2020 (the “**Series 2020 Bond**”), in the original principal amount of \$7,790,000 for the purpose of providing funds to refund the Series 2012 Bonds, maturing in the years 2021 and 2023 through 2034, inclusive (the “**Refunded Bonds**”). The Series 2020 Bond is currently outstanding in the principal amount of \$7,790,000.

In connection with the issuance of the Series 2020 Bond, the Authority and the County entered into an Intergovernmental Contract, dated as of May 1, 2020 (the “**2020 Contract**”), pursuant to which the Authority agreed to issue the Series 2020 Bond to refund the Refunded Bonds, and the County, in consideration of the Authority’s doing so, agreed to pay to the Authority amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2020 Bond and to levy the Statutory Tax (if necessary) in order to pay the principal of, premium, if any, and interest on the Series 2020 Bond.

*The lien created under the Contract on the Statutory Tax with respect to the Series 2022 Bonds will be on parity with the liens created under the 2012 Contract and the 2020 Contract on the Statutory Tax for the benefit of the Series 2012 Bonds, the Series 2020 Bond and any Additional Bonds or other obligations authorized to be issued under the Indenture to the extent that the Statutory Tax is sufficient to pay the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any Additional Bonds or other obligations authorized to be issued under the Indenture and the County’s portion of the Local Option Sales Tax reported to be collected at the Costco Project in each year.*

**Additional Bonds.** Additional Bonds or obligations of any kind or nature may be issued ranking on a parity as to lien on the Contract Payments on a parity with the Series 2012 Bonds, the Series 2020 Bond and the Series 2022 Bonds authorized to be issued under the Indenture or the lien of the tax moneys produced by the Statutory Tax, provided that each of the following conditions are met:

(a) The County’s pledge of its taxing power derived from the one mill levy (or such greater amount as may be authorized by applicable law after the issuance of the Series 2022 Bonds) prescribed by Official Code of Georgia Annotated, Section 48-5-220(20), produces an amount that is at least 1.30 times the maximum annual debt service coming due on the outstanding Series 2012 Bonds, the Series 2020 Bond, the Series 2022 Bonds (including any Additional Bonds) or proposed other obligations in any Sinking Fund Year. For the purpose of calculating the coverage test of this paragraph (a), the maximum annual debt service for the Series 2022 Bonds in any Sinking Fund Year shall be \$2,287,477.

(b) There shall be no default in the payment of principal of or interest on any Series 2020 Bond (including any Additional Bonds) currently outstanding.

(c) A new intergovernmental contract shall have been entered into between the Authority and the County to ensure payment by the County of amounts sufficient to pay the principal of and interest on the Additional Bonds or obligations proposed to be issued as the same become due and payable.

(d) The Authority shall pass proper proceedings reciting that all of the above requirements have been met, shall authorize the issuance of the Additional Bonds or obligations and shall provide in such proceedings, among other things, the dated date of such Additional Bonds, the rate or rates of interest and maturity dates, as well as the registration and redemption provisions, if any. The interest on the Additional Bonds or obligations of any such issue shall fall due on March 1 and September 1 of each year, and the Additional Bonds or obligations shall mature in installments on March 1, but, as to principal, not necessarily in each year or in equal installments. Any such proceeding or proceedings

shall restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of the Indenture.

(e) the Sinking Fund and the Debt Service Reserve Fund must be at their proper respective balance as required under the Indenture.

(f) the Debt Service Reserve Fund shall be funded in an amount sufficient to equal the Debt Service Reserve Requirement for the Series 2022 Bonds.

(g) the Authority shall receive an opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds or obligations have been met and that such Additional Bonds or obligations constitute the valid and legally binding obligations of the Authority.

(h) the Authority and the Trustee shall receive such other certificates, statements, opinions, receipts and documents as the Authority or the Trustee shall reasonably require for the delivery of Additional Bonds.

Except as provided in the Indenture as described in this subsection, the Authority will not otherwise issue any obligations on a parity with the Series 2022 Bonds, but the Authority may issue bonds or notes specifically subordinate and junior to the Series 2022 Bonds, including, without limitation, the Series 2022 Subordinate Note which may be issued and delivered to Developer as payment for a portion of the purchase price for the Land, provided that if at any time the Authority shall be in default with respect to any payments due on the Series 2022 Bonds the Authority shall make no payments of either principal of or interest on said junior bonds or notes until such default or defaults be cured, and provided that such junior bonds or notes have the same payment dates as the Outstanding Bonds.

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

### Limited Obligations

**General.** The Series 2022 Bonds are limited obligations of the Authority payable solely from and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Bondholders, as provided in the Indenture. See **Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”** and **Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE CONTRACT”** attached hereto.

**THE SERIES 2022 BONDS WILL NOT CONSTITUTE A GENERAL OBLIGATION OF THE STATE, THE COUNTY OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION UPON INDEBTEDNESS. EXCEPT AS PROVIDED IN THE CONTRACT, NEITHER THE STATE, THE COUNTY NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE SUBJECT TO ANY PECUNIARY LIABILITY THEREON. NO OWNER OF THE SERIES 2022 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE, THE COUNTY OR ANY POLITICAL SUBDIVISION OF THE STATE TO PAY THE SAME OR THE INTEREST THEREON. THE AUTHORITY HAS NO TAXING POWER. THE SERIES 2022 BONDS WILL NOT BE SECURED BY A LIEN ON ANY REAL OR PERSONAL PROPERTY OF THE AUTHORITY OR THE COUNTY.**

**The Trust Estate.** The Trust Estate consists of all right, title and interest of the Authority in and to: (1) the Contract, including the Contract Payments, except for the Trustee’s rights to payment of fees and expenses pursuant to the Contract; (2) all moneys and securities held by the Trustee in any and all of the funds and accounts established under the Indenture and (3) any and all other property from time to time after the issuance of the Series 2022 Bonds by delivery or by writing conveyed, mortgaged, pledged, assigned or

transferred as and for additional security under the Indenture by the Authority or by anyone on its behalf or with its written consent to the Trustee, which is authorized in the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

### **Contract Payments**

The primary source of payment for the Series 2022 Bonds are from payments to be made by the County pursuant to an Intergovernmental Contract, dated as of February 2, 2022 (previously defined as the “**Contract**”), between the Authority and the County. Under the Contract, the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the payments required by the Contract (previously defined as the “**Contract Payments**”); *provided, however, that such tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County in accordance with O.C.G.A. §48-5-220(20) (the “Statutory Tax”).* The Contract Payments shall be paid on or prior to the first day of each month (each a “**Contract Payment Date**”), commencing the first day of the month following the filing of the first of the monthly sales and use tax returns required to be filed with the Department of Revenue of the State of Georgia (the “**Sales and Use Tax Returns**”) for any Local Option Sales Tax generated at the Premises and ending on March 1, 2048, *and the monthly Contract Payments shall be equal and limited to the County’s portion of the 1% Local Option Sales Tax (as authorized to be imposed pursuant to O.C.G.A. §48-8-80 et seq.) reported to be collected at the Costco Project from the previous month; provided, however, that such Contract Payments shall not be paid from the revenues of such Local Option Sales Tax.* The County’s obligation to make payments to the Authority sufficient in time and amount to enable the Authority to pay the Contract Payments is absolute and unconditional. The County has agreed to pay the Contract Payments directly to the Trustee for deposit into the Revenue Fund as provided in the Indenture. See the subsection below captioned “**Revenue Fund**” for a more detailed discussion of the Contract Payments and the Revenue Fund and **Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”** and **Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE CONTRACT”** attached hereto.

There are two limitations on the amount of Contract Payments that the County is required to transfer to the Trustee for payment of debt service on the Series 2022 Bonds. First, the amount of the Contract Payments is determined by the amount of the County’s portion of the Local Option Sales Tax reported to be collected at the Costco Project. Second, the Contract Payments are not actually made from the County’s receipt of the Local Option Sales Tax collected at the Costco Project, but are made from the revenues collected by the County from the Statutory Tax. *Pursuant to State law, the Statutory Tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County.*

In the event that the amount of the Statutory Tax collected by the County in any year is insufficient to pay (1) the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds or other obligations authorized to be issued under the Indenture and (2) the County’s portion of the Local Option Sales Tax reported to be collected at the Costco Project, the amount of the Statutory Tax for such year will be applied to the payment of the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds and then, the remaining amount will be applied to the payment of the Series 2022 Bonds as the Contract Payments due in such year.

### **The Intergovernmental Contract**

***Summary of Certain Terms of the Intergovernmental Contract.** Following is a summary of certain provisions of the Contract. Such summary does not purport to be comprehensive or definitive. See **Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE CONTRACT”** for a more detailed discussion of the provisions of the Contract.*

***Effective Date of the Contract; Duration of Term; Sale of Project.** The Contract shall become effective as of February 2, 2022 and the interests created by the Contract shall then begin, and, subject to the other*

provisions of the Contract, shall expire on March 1, 2048, or if at said time and on said date the Contract Payments have not been paid when due, then on such date as such payments shall have been made, but in no event in excess of fifty (50) years from the date of the Contract. Notwithstanding the foregoing, the provisions of the Contract shall expire fifty (50) years from the date of the Contract.

***Budget and Tax Levy to Pay Contract Payments.*** The obligations of the County to make the Contract Payments when due under the Contract, and to perform its other obligations under the Contract, are absolute and unconditional general obligations of the County as provided in the Contract. In the Contract, the County pledges its full faith and credit and taxing power to such payment and performance, subject to the millage limitation discussed below. In the event the amount of funds lawfully available to the County is not sufficient to pay the Contract Payments when due in any year, the County shall levy an ad valorem tax, on all property located within the limits of the County subject to taxation for such purposes, as exist at the time of issuance of the Series 2022 Bonds and as same may thereafter be extended, at such rate or rates as may be necessary to produce in each calendar year revenues which shall be sufficient to fulfill the County's obligations under the Contract, ***provided, however, that such tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County in accordance with the Official Code of Georgia Annotated, Section 48-5-220(20) (or such greater amount as may be authorized by applicable law after the issuance of the Series 2022 Bonds), from which revenues there shall be appropriated, sums sufficient to pay in full when due the obligations contracted to be paid by the County under the Contract, including specifically the obligation to make the Contract Payments as provided in the Contract.***

The County creates a lien under the Contract on any and all revenues realized by it pursuant to the provisions of the Contract as described in the preceding paragraph to enable it to make the Contract Payments required pursuant to the Contract as described in the subsection above captioned **“Contract Payments”** and such lien is superior to any that can be made after the issuance of the Series 2022 Bonds; provided, however, the County may create a lien on a parity with the lien created in the Contract in connection with the issuance of Additional Bonds pursuant to the terms of the Indenture. See **“DESCRIPTION OF THE SERIES 2022 BONDS – Parity Bonds and Issuance of Additional Bonds or Obligations”** herein.

The County further covenants and agrees in the Contract that in order to make funds available for such purpose, it will, in its general revenue, appropriation and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to satisfy any such Contract Payments that may be required to be made, whether or not any other sums are included in such measure, until all payments so required to be made shall have been made in full. Subject to the one mill limitation in the Contract as described in the subsection above captioned ***“Budget and Tax Levy to Pay Contract Payments,” the obligation of the County to make the Contract Payments shall not constitute a general obligation of the County, and nothing contained in the Contract shall be construed as limiting the right of the County to make the payments called for by the Contract out of any funds lawfully available to it for such purposes, from whatever source derived (including general funds).***

In the event for any reason any such provision or appropriation is not made as provided in the Contract as described in the preceding paragraph, then the fiscal officers of the County are authorized and directed under the Contract to set up as an appropriation on their accounts in the appropriate fiscal year the amounts required to pay the obligations which may be due from the general funds of the County, subject to the one mill limitation described in the subsection above captioned ***“Budget and Tax Levy to Pay Contract Payments.”*** The amount of such appropriation shall be due and payable and shall be expended for the purpose of paying any such obligations, and such appropriation shall have the same legal status as if the County had included the amount of the appropriation in its general revenue, appropriation and budgetary measures, and the fiscal officers of the County shall make such Contract Payments to the Sinking Fund Custodian for deposit to the Sinking Fund if for any reason the payment of such obligations shall not otherwise have been made.

***Obligations of County Under the Contract Absolute and Unconditional.*** The obligations of the County to make the payments required in the Contract as described above under the subheading captioned **“Contract**

**Payments”** and to perform and observe any and all of the other covenants and agreements on its part contained in the Contract shall be absolute and unconditional irrespective of any defense or any rights of set off, recoupment, or counterclaim it may otherwise have against the Authority.

Until such time as all amounts owing under the Contract have been paid or provision for the payment thereof shall have been made in accordance with the Indenture and the Contract, the County (a) will not suspend, abate, reduce, abrogate, diminish, postpone, modify or discontinue the Contract Payments provided for in the Contract, (b) will perform and observe all of its other agreements contained in the Contract, and (c) will not terminate the Term of the Contract or its obligations under the Contract for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, failure of title in and to the Costco Project or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Costco Project, the taking by eminent domain of title to or the use of all or any part of the Costco Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either, any declaration or finding that the Series 2022 Bonds are unenforceable or invalid, the invalidity of any provision of the Contract, or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Contract or the Indenture. Nothing contained in the Contract as described in this Subsection shall be construed to release the Authority from the performance of any of the agreements on its part contained in the Contract or in the Indenture; and if the Authority should fail to perform any such agreement, the County may institute such action against the Authority as the County may deem necessary to compel performance or recover its damages for nonperformance as long as such action shall not do violence to or adversely affect the agreements on the part of the County contained in the Contract and to make the Contract Payments specified in the Contract.

The County may, however, at its own cost and expense and in its own name, prosecute or defend any action or proceeding or take any other action involving third persons which the County deems reasonably necessary in order to insure the acquisition, construction and equipping of the Costco Project or to secure or protect its rights under the Contract, and in such event the Authority agrees in the Contract to cooperate to the extent required.

***Enforcement of Obligations.*** The obligation of the County to make Contract Payments under the Contract may be enforced by (a) the Authority, (b) the owner of the Series 2022 Bonds, in accordance with the applicable provisions of the Indenture and independently of the Authority or (c) such receiver or receivers as may be appointed pursuant to the Indenture or applicable law. The covenants and agreements under the Contract, including specifically the obligation to make the Contract Payments, shall be enforceable by specific performance; it being acknowledged and agreed by the Authority and the County that no other remedy at law is adequate to protect the interests of the parties to the Contract.

***Monthly Sales Tax Report.*** The Contract provides that the County will pay the Contract Payments monthly from the general fund of the County and shall be in amount equal to the County’s previous month’s portion of Local Option Sales Tax reported to be collected at the Costco Project; provided, however, that such amounts paid shall not be paid from the revenues of such Local Option Sales Tax collected.

The Contract further provides that the Authority shall cause Costco Wholesale Corporation or any other owner or operator of the Premises to provide the Authority and the Trustee the monthly sales and use tax returns required to be filed with Department of Revenue of the State of Georgia (the “**Sales and Use Tax Returns**”) for the Local Option Sales Tax generated at the Premises. The amount of each Contract Payment shall equal the amount of Local Option Sales Tax generated at the Premises as provided in the previous month’s Sales and Use Tax Return, multiplied by the County’s percentage share of the Local Option Sales Tax (currently 88.45%).

## Liens on the Contract and the Statutory Tax

*The lien created under the Contract on the Statutory Tax securing the Series 2022 Bonds will be on parity with the liens created under the 2012 Contract and the 2020 Contract on the Statutory Tax for the benefit of the Series 2012 Bonds, the Series 2020 Bond and any Additional Bonds or other obligations authorized to be issued under the Indenture upon satisfaction of the conditions in the Indenture for the issuance of parity obligations to the extent that the Statutory Tax is sufficient to pay the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any Additional Bonds or other obligations authorized to be issued under the Indenture and the County's portion of the Local Option Sales Tax reported to be collected at the Costco Project in each year.*

## Revenue Fund

The Indenture creates and establishes with the Trustee a special trust fund for the benefit of the owners of the Series 2022 Bonds which is designated the "Oconee County Industrial Development Authority Revenue Fund (Economic Development Project) – 2022" (the "**Revenue Fund**"), which shall be held in trust by the Trustee separate and apart from all other deposits and funds.

On or prior to the first day of each month (each as previously defined a "**Contract Payment Date**"), commencing the first day of the month following the filing of the first of the Sales and Use Tax Returns for any Local Option Sales and Use Tax generated at the Premises and ending on March 1, 2048, the County shall make the Contract Payments directly to the Trustee, as the Revenue Fund Custodian, for deposit into the Revenue Fund as described above under the subsection above captioned "**Contract Payments.**"

On the 40<sup>th</sup> day prior to each Interest Payment Date, moneys in the Revenue Fund shall be applied by the Trustee to the extent necessary for the purposes and for the following amounts as follows:

*First*, transfer to the Interest Account of the Sinking Fund, and prior to any application of moneys withdrawn from the Debt Service Reserve Fund, an amount sufficient to pay the interest coming due on the Series 2022 Bonds on the next succeeding Interest Payment Date and any additional accrued but unpaid interest (taking into account moneys then on deposit in the Interest Account of the Sinking Fund for capitalized interest on the Series 2022 Bonds or transferred to the Interest Account of the Sinking Fund pursuant to the Indenture);

*Second*, transfer to the Principal Account of the Sinking Fund, and prior to any application of moneys withdrawn from the Debt Service Reserve Fund, an amount sufficient to pay any principal coming due on the Series 2022 Bonds on any maturity date;

*Third*, transfer to the Debt Service Reserve Fund such amount as may be required to restore any deficiency in such fund up to the Debt Service Reserve Requirement (i.e., \$1,000,000\*); and

*Fourth*, transfer all remaining amounts to the Redemption Account of the Sinking Fund, which shall be applied to the payment of the principal of and accrued interest on the Series 2022 Bonds which are subject to redemption pursuant to the special mandatory sinking fund redemption provisions of the Indenture described herein under the section captioned "**DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds.**"

To the extent that moneys in the Revenue Fund from the Contract Payments are insufficient to satisfy the requirements set forth in items *First* and *Second* above on the 40<sup>th</sup> day prior the each Interest Payment Date, the Trustee will give notice to the Authority and the County.



## **Debt Service Reserve Fund**

As additional security for the Series 2022 Bonds, the Debt Service Reserve Fund will be funded from proceeds of the Series 2022 Bonds in the amount of \$1,500,000.00\* (the “**Maximum Debt Service Reserve Amount**”). The Indenture provides that moneys in the Debt Service Reserve Fund shall only be applied to the payment of principal of and interest on the Series 2022 Bonds. If, on any date on which payment of the principal of or interest on the Series 2022 Bonds is due, whether at maturity, upon redemption prior to maturity or otherwise, and the amount on deposit in the Principal or Interest Accounts of the Sinking Fund is insufficient to make such payment, the Trustee, without any further instruction or direction, shall transfer from the Debt Service Reserve Fund to the Principal or Interest Accounts of the Sinking Fund amounts sufficient to pay any such deficiency.

In the event that any amount is transferred from the Debt Service Reserve Fund to the Principal or Interest Accounts of the Sinking Fund to make up a deficiency in the payment of debt service on the Series 2022 Bonds, the Indenture requires the Trustee to transfer an amount from the Revenue Fund to replenish the Debt Service Reserve Fund to restore any deficiency in such fund only up to the Debt Service Reserve Requirement (i.e., \$1,000,000.00\*). See the subsection above captioned “– **Revenue Fund.**”

## **Capitalized Interest**

A portion of the proceeds of the Series 2022 Bonds in the amount of \$772,416.67\* will be deposited in the Capitalized Interest Fund pursuant to the Indenture and will be used to pay interest on the Series 2022 Bonds.

## **No Mortgage or Lien; No General Obligation**

The Series 2022 Bonds are not secured by a mortgage or any other lien on the Land or the Costco Project or any property of the Authority or the County. None of the Authority, the County, Costco or the Developer, nor any affiliate of such entities, or any employee, officer, member, agent, or representative of such entities has pledged its credit or assets or has provided any guaranty, surety, or undertaking of any kind, moral or otherwise, to pay the principal of, premium, if any, and interest on the Series 2022 Bonds.

**THE SERIES 2022 BONDS, THE INTEREST THEREON AND ANY OTHER PAYMENT REQUIRED BY THE INDENTURE ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE TRUST ESTATE. THE SERIES 2022 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, INCLUDING THE COUNTY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION UPON INDEBTEDNESS. EXCEPT AS PROVIDED IN THE CONTRACT, NEITHER THE AUTHORITY, THE STATE, THE COUNTY NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE SUBJECT TO ANY PECUNIARY LIABILITY THEREON. NO OWNER OF THE SERIES 2022 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, INCLUDING THE COUNTY, TO PAY THE SERIES 2022 BONDS OR THE INTEREST THEREON. THE AUTHORITY HAS NO TAXING POWER.**

## **Enforceability of Remedies**

The realization of value from the payments made by the County pursuant to the Contract upon any default will depend upon the exercise of various remedies specified by the Indenture and the Contract. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds will be qualified as to the enforceability of the various legal instruments by limitations

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\* Preliminary, subject to change.

imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors’ rights generally.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no authority or county created under the Constitution or the laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for consolidation of its debts under any federal statute providing for such relief or consolidation or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, board of commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any authority or county created under the Constitution or laws of the State of Georgia of any petition for federal relief from payment of its debts as they mature or a petition for consolidation of its debts under any federal statute providing for such relief or consolidation or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

### **THE AUTHORITY**

The Authority is a public body corporate and politic organized and existing under the constitution and laws of the State of Georgia, including specifically an amendment to the Constitution of the State of Georgia (1962 Ga. Laws, p. 871, *et seq.*),, as amended (1977 Ga. Laws 1582), as continued (1987 Ga. Laws, p. 3562, *et seq.*), as hereafter amended (the “**Amendment**”). The Authority was created for the purpose of promoting and expanding for the public good and welfare industry and trade within the County and reducing unemployment to the greatest extent possible. The Amendment specifically empowers the Authority to issue its obligations for the purpose of financing any undertakings within the scope of its power.

The Authority is governed by a five-member Board of Directors which consists of the following: the President of the Oconee County Chamber of Commerce, the Mayor of Watkinsville and the Chairman of the Oconee County Board of Commissioners shall be ex-officio members of the Authority and two members shall be appointed by the Board of Commissioners of the County for a term of five years. The current members of the Authority, their principal occupation and the dates on which their present terms expire are as set forth below:

<u>Name</u>	<u>Expiration of Term of Office</u>	<u>Occupation</u>
Rick Waller, Chairman	December 31, 2022	Business Owner/Insurance
John Daniell, Vice Chairman	Coterminous with serving as chairman of the Oconee County Board of Commissioners	Chairman, County Board of Commissioners
Brian Brodrick	Coterminous with serving as Mayor of the City of Watkinsville	Mayor, City of Watkinsville
Courtney Bernardi	Coterminous with serving as president of the Oconee County Chamber of Commerce	President, Oconee County Chamber of Commerce
Brock Toole	December 31, 2022	COO, Oconee County School District

### **THE COUNTY**

The County is a political subdivision of and created by the laws of the State. The County is located in northeast Georgia, approximately 6 miles south of Athens and 53 miles east of the City of Atlanta. It is bordered by Clarke, Oglethorpe, Morgan, Greene and Walton Counties. The County seat is Watkinsville. Municipalities in the County are Bogart, Bishop and North High Shoals. See **Appendix G – “CERTAIN INFORMATION REGARDING OCONEE COUNTY, GEORGIA”** herein.

The information regarding the County included as **Appendix G** is included solely to provide certain economic and demographic information regarding the larger area in which Costco Project is anticipated to be located. The Series 2022 Bonds and the interest thereon, are not general obligations of the County and are secured solely by and payable solely from the Trust Estate, which includes the Contract Payments to be paid by the County under the Contract, as provided in the Indenture. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS,**” “**COUNTY AD VALOREM TAXATION**” and “**LOCAL OPTION SALES AND USE TAX**” herein.

## **COUNTY AD VALOREM TAXATION**

Under the Contract, the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the Contract Payments; *provided, however, that such tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County in accordance with O.C.G.A. §48-5-220(20) ( previously defined as the “Statutory Tax”)*. There are two limitations on the amount of Contract Payments that the County is required to transfer to the Trustee for payment of debt service on the Series 2022 Bonds. First, the amount of the Contract Payments is determined by the amount of the County’s portion of the Local Option Sales Tax reported to be collected at the Costco Project. Second, the Contract Payments are not actually made from the County’s receipt of the Local Option Sales Tax collected at the Costco Project, *but are made from the revenues collected by the County from the Statutory Tax. Pursuant to State law, the Statutory Tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County.*

*The following information on ad valorem taxation in the County is provided for informational purposes only in order to provide background and historical information on ad valorem property tax imposition and collection in the County.*

### **Introduction**

An important source of revenue to fund the operations of the County is ad valorem property taxes. Ad valorem property taxes accounted for an annual average of approximately 48.25% of County general fund revenues for the past five fiscal years of the County, from approximately 46.11% in 2016 to 51.70% in 2020, and are budgeted to account for approximately 48.80% of general fund revenues for the year ending June 30, 2021. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

### **Property Subject to Taxation**

Ad valorem property taxes are levied, based upon value, against real and personal property within the County. There are, however, certain classes of property which are exempt from taxation, including public property, religious property, charitable property, property of nonprofit hospitals, nonprofit homes for the aged, and nonprofit homes for the mentally handicapped, college and certain educational property, public library property, certain farm products, certain air and water pollution control property, and personal effects.

In addition, the County allows exemptions from ad valorem taxation for (1) homesteads, or owner-occupied residences, of persons 65 years of age or older with net income less than \$15,000, of up to \$15,000 of assessed value, (2) homesteads, or owner-occupied residences, of persons 62 years of age with net income less than \$10,000, of up to \$10,000 of assessed value and (3) homesteads, or owner-occupied residences, of disables veterans, of up to \$100,896 of assessed value. The County also allows exemptions from ad valorem taxation for school maintenance and operation purposes for (1) homesteads, or owner-occupied residences, of up to \$2,000 of assessed value and (2) homesteads, or owner-occupied residences, and up to assessed land value of 5.00 acres, of persons 65 years or older of 100% of the assessed home value. The County has also enacted a homestead valuation freeze exemption. This exemption freezes the valuation of property at the base year valuation for as

long as the homeowner owns and resides on the property. Manufacturing and distribution businesses within the County are allowed a “freeport” exemption as authorized by the Constitution of the State of Georgia.

### **Assessed Value**

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 percent of the property’s fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes, and requires certain agricultural, timber, and environmentally sensitive real property (otherwise known as conservation use property) and certain single-family real property located in transitional developing areas to be valued at their “current uses” (as opposed to fair market value).

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the County to the Oconee County Board of Tax Assessors. The Tax Commissioner of Oconee County is required to present the tax returns of Oconee County to the Oconee County Board of Tax Assessors by April 1 of each year. The Oconee County Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the Oconee County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the County which bills these taxes to the utilities.

### **Annual Tax Levy and Limitation on Annual Tax Levy**

The Board of Commissioners of the County determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within the territorial limits of the County, will produce the necessary amount of property tax revenues. The Board of Commissioners then levies its ad valorem property tax.

Under Georgia law, there is no limitation on the annual rate of levy for the payment of principal of and interest on bonded indebtedness of the County. Ad valorem property taxes received for the payment of debt service on general obligation bonds of the County are required by law to be held and accounted for separately from other funds of the County.

### **Property Tax Collections**

The County bills and collects its own property taxes. Real and personal property taxes, except motor vehicle taxes, are levied in August through October of each year on the assessed value listed as of January 1. Taxes levied by the County are normally billed around October 20<sup>th</sup> and are due 60 days later, normally on or about December 20 of each year.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed. The lien normally becomes enforceable

30 days after notification. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of the realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

At any time after the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, the County Clerk may issue an execution for nonpayment of taxes to the Tax Commissioner. The Tax Commissioner may then publish a notice of the sale in a local newspaper weekly for four weeks and give the taxpayer ten days written notice by registered or certified mail. A public sale of the property may then be made by the Tax Commissioner at the Oconee County Courthouse on the first Tuesday of the month after the required notices are given.

Delinquent property taxes of the County are written off when the statute of limitations for their collection (7 years) expires or if no property is found to levy upon, if earlier. The delinquent taxes written off are usually for personal property, which are more difficult to collect than taxes on real property.

#### **Historical Property Tax Data**

The property tax digests of the County for calendar years 2016 through 2020 are outlined on the following table. Values for real property represent all real estate less the exempt property in the County. Personal property includes motor vehicles, bank shares, inventories, aircraft, pleasure boats, industrial machinery, fixtures and equipment, farm machinery and equipment, livestock and mobile homes. Property assessments for public utilities represent assessments for all public utilities and public service corporations in the County. Under Georgia law, property is assessed at 40 percent of estimated fair market value, except as described above under the subheading captioned “ – **Assessed Value.**” According to the County, the County's Gross Digest amount for calendar year 2021 is \$2,840,345,807, which is an increase of 7.27% from the County's Gross Digest amount of \$2,647,784,398 for calendar year 2020 and the County's Net M&O Digest amount for calendar year 2021 is \$2,439,466,173, which is an increase of 6.64% from the County's Net M&O Digest Amount of \$2,287,476,967 for calendar year 2020.

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**County Assessed Valuation<sup>(1)</sup>**

<b>Property Type</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Residential	\$1,169,112,281	\$1,259,333,704	\$1,372,604,488	\$1,503,004,481	\$1,612,571,783
Agricultural	148,582,982	163,533,612	188,164,320	218,678,663	244,043,987
Preferential	0	0	0	0	0
Conservation Use	192,337,706	201,166,354	230,239,659	249,718,613	270,499,452
Forest Land	428,697	235,000	241,414	250,556	250,556
Commercial	305,768,780	329,758,890	351,948,465	395,790,526	419,205,973
Industrial	23,220,087	25,647,042	29,297,295	29,889,908	32,765,217
Utility	34,952,153	37,353,222	36,209,987	37,192,407	39,891,538
Motor Vehicle	58,777,330	45,357,880	35,493,740	29,467,460	25,856,770
Mobile Home	1,693,807	1,794,156	1,740,040	2,238,037	2,238,536
Timber 100%	376,632	676,588	199,931	714,272	349,492
Heavy Equipment	3,549	18,625	0	40,803	111,094
Historic	92,741	0	0	0	0
<b>Gross Digest</b>	<b>1,935,386,745</b>	<b>2,064,875,073</b>	<b>2,246,139,339</b>	<b>2,466,985,726</b>	<b>2,647,784,398</b>
Bond Exemption <sup>(2)</sup>	0	0	0	0	0
Net Bond Digest	1,935,386,745	2,064,875,073	2,246,139,339	2,466,985,726	2,647,784,398
M&O Exemptions	255,162,308	267,739,399	301,350,266	332,855,005	360,307,431
Net M&O Digest	\$1,680,224,437	\$1,797,135,674	\$1,944,789,073	\$2,134,130,721	\$2,287,476,967

<sup>(1)</sup> Property other than timber is assessed at 40% of its fair market value. Timber is assessed at 100% of its fair market value.

<sup>(2)</sup> Not reported.

Source: Georgia Department of Revenue, Tax Digest Consolidated Summaries; and the Oconee County Tax Commissioner.

**Conservation Use Property**

Approximately 65% by acreage (approximately 10% of the total value) of the real property on the County's 2020 general tax digest was designated as Conservation Use property. Conservation Use property is real property that consists of timber land or agricultural land and is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. The purpose of this tax treatment is designed to protect property owners of agricultural and timber lands from being pressured by property tax burdens to convert their land to residential or commercial use. Conservation Use property must remain undeveloped and employed for a qualifying use (i.e., agricultural or timber land) for at least ten years after its original designation. The value of conservation use property is not permitted to be increased or decreased by more than 3% from the current use valuation for the immediately preceding tax year or increased or decreased during the ten year covenant period by more than 34.39% from its current use valuation in the initial year of the 10-year period.

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## Millage Rates

The following table sets forth the various tax rates per \$1,000 of assessed valued levied by the County, the Oconee County School District, and the cities within the County:

<b>MILLAGE RATES BY CATEGORY:</b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Oconee County (unincorporated)	6.686	6.686	6.686	6.686	6.686 <sup>(2)</sup>
Oconee County (incorporated)	7.656	7.656	7.646	7.626	7.616 <sup>(2)</sup>
Oconee County School District <sup>(1)</sup>	17.000	17.000	17.000	16.500	16.500
City of Bishop	1.858	2.000	1.895	1.846	1.791
City of Bogart	2.878	2.878	2.878	2.878	2.788
City of North High Shoals	1.398	1.398	1.287	1.227	1.140
City of Watkinsville	2.791	2.677	2.508	2.508	2.368
<b>TOTAL COMBINED MILLAGE RATES:</b>					
Oconee County (unincorporated)	23.686	23.686	23.686	23.186	23.186
City of Bishop	26.514	26.656	26.541	25.972	25.907
City of Bogart	27.534	27.534	27.524	27.004	26.904
City of North High Shoals	26.054	26.054	25.933	25.353	25.256
City of Watkinsville	27.447	27.333	27.154	26.634	26.484

<sup>(1)</sup> The legal limit is 20 mills. See the subsection above captioned “ – **Annual Tax Levy and Limitation on Annual Tax Levy.**”

<sup>(2)</sup> The Statutory Tax is part of the County’s annual millage rate (incorporated and unincorporated), and cannot exceed one mill.

Source: Georgia Department of Revenue, Local Government Services Division; and the Oconee County Tax Commissioner.

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## Ten Largest Taxpayers

Set forth below are the ten largest taxpayers of the County for calendar year 2021. A determination of the largest taxpayers within the County can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table above. Furthermore, the taxpayers shown in the table above may own additional parcels within the County. No independent investigation has been made of and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the County.

Taxpayer	2021 Assessed Valuation	2021 Assessed Valuation as a Percent of the 2021 Total Assessed Valuation <sup>(1)</sup>	2021 Taxes Paid <sup>(2)</sup>	2021 Taxes Paid as a Percent of the 2021 Total Taxes Levied
1. Caterpillar, Inc.	30,274,241	1.07	\$ 259,334	1.59
2. PPF AHP OFF 1305 Jennings Mill Rd	19,185,481	0.68	444,144	2.73
3. UP Athens Ridge SPE LLC	18,003,062	0.63	416,770	2.56
4. Epps Bridge Centre Property Co LLC	17,007,123	0.60	393,715	2.42
5. Walton EMC	14,459,829	0.51	334,950	2.06
6. Georgia Transmission Corp	11,736,405	0.41	273,672	1.68
7. Benson's Inc.	8,758,418	0.31	165,942	1.02
8. Georgia Power Company	6,430,959	0.23	155,399	0.95
9. The Markets at Epps Bridge LLC	6,049,499		140,046	0.86
10. TT of Athens Inc	5,455,095	0.21	126,285	0.78
<b>TOTAL</b>	<b>\$137,360,112</b>	<b>4.65%</b>	<b>\$32,718,167</b>	<b>16.65%</b>

<sup>(1)</sup> Based on total net maintenance and operations tax digest in 2021 of \$2,066,078,324.

<sup>(2)</sup> Figures reflect reduction due to the freeport exemption for certain inventories of manufactured goods.

Source: Oconee County Tax Commissioner.

## LOCAL OPTION SALES AND USE TAX

There are two limitations on the amount of Contract Payments that the County is required to transfer to the Trustee for payment of debt service on the Series 2022 Bonds. **First, the amount of the Contract Payments is determined by the amount of the County's portion of the Local Option Sales Tax reported to be collected at the Costco Project. Second, the Contract Payments are not actually made from the County's receipt of the Local Option Sales Tax collected at the Costco Project, but are made from the revenues collected by the County from the Statutory Tax.**

**The following information on the local option sales tax imposition and collection in the County is provided for informational purposes only in order to provide background and historical information.**

During 1979, the Georgia General Assembly adopted an amendment to the Georgia Retailers and Consumers Sales and Use Tax Act (Ga. L. 1979, p. 446). This amendment, codified as O.C.G.A. §48-8-80 et seq., contains provisions which enabled the County to levy a 1% sales and use tax on sales within the County. The voters of the County approved the general purpose local options sales tax on December 7, 1982. The tax will expire only if discontinued by a referendum of the qualified voters of the County. According to the County,



in order to discontinue the local option sales tax, the referendum to do so would have to be called by the County and no county in the State has ever called a referendum on the question of whether to discontinue the general purpose local options sales tax. The tax is administered and collected by the Georgia State Revenue Commissioner. One percent of the tax collected is retained-by the State, and all moneys collected from each taxpayer are first applied to the taxpayer's liability, if any, for taxes owed to the State before net proceeds of the tax are disbursed by the State Revenue Commissioner.

The law requires a county and the qualified municipalities therein to agree among themselves as to the division of the net sales and use tax proceeds. The County and the municipalities therein have agreed to a division of the net proceeds of the tax under which the County receives 88.45% of the net revenues generated by collections of the tax in the County and the cities receive 11.55%. According to the County, its current 88.45% portion is anticipated to increase to 88.65% after the adoption of a revised division of the net proceeds of the ax, which is anticipated to occur later in 2022.

### **BONDOWNERS' RISKS**

**Each prospective purchaser of the Series 2022 Bonds should read this entire Official Statement and consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the Authority to meet the debt service requirements of the Series 2022 Bonds is subject to various risks and uncertainties which are discussed throughout this Official Statement. The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2022 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2022 Bonds should analyze carefully the information contained in this Official Statement, including the appendices hereto, and additional information in the form of the complete documents summarized herein or forms of which are attached hereto, copies of which are available as described herein.**

**Each prospective investor is urged to consult with its own legal, tax, and financial advisors to determine whether an investment in the Series 2022 Bonds is appropriate in light of its individual legal, tax and financial situation.**

#### **No Credit Rating and No Market for the Series 2022 Bonds, Risk of Investment**

The Series 2022 Bonds do not have a credit rating from any source, and are not suitable investments for all investors. Each prospective purchaser is responsible for assessing the merits and risks of an investment in the Series 2022 Bonds and must be able to bear the economic risk of such investment in the Series 2022 Bonds. The absence of a rating could affect the ability of Bondholders to sell their Series 2022 Bonds or the price at which their Series 2022 Bonds can be sold. No assurance can be given that a secondary market for the Series 2022 Bonds will develop following the completion of the offering of the Series 2022 Bonds and no assurance can be given that the initial offering price for the Series 2022 Bonds will continue for any period of time. The Series 2022 Bonds are not readily liquid, and no person should invest in the Series 2022 Bonds with funds such person may need to convert readily into cash. Bondholders should be prepared to hold their Series 2022 Bonds to the stated maturity date. The Underwriter will not be obligated to repurchase any of the Series 2022 Bonds, and no representation is made concerning the existence of any secondary market for the Series 2022 Bonds.

#### **Limited Security for the Series 2022 Bonds**

**General.** The Series 2022 Bonds are limited obligations of the Authority payable solely from and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Bondholders, as provided in the Indenture. The Trust Estate consists of all right, title and interest of the Authority in and to: (1) the Contract, including the Contract Payments, except for the Trustee's

rights to payment of fees and expenses pursuant to the Contract.; (2) all moneys and securities held by the Trustee in any and all of the funds and accounts established under the Indenture and (3) any and all other property from time to time after the issuance of the Series 2022 Bonds by delivery or by writing conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Authority or by anyone on its behalf or with its written consent to the Trustee, which is authorized in the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

The primary source of payment for the Series 2022 Bonds under the Indenture are the Contract Payments to be made by the County pursuant to the Contract. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Contract Payments**” herein.

*The Series 2022 Bonds, the interest thereon and any other payment required by the Indenture are limited obligations of the Authority, payable solely from the Trust Estate. The Series 2022 Bonds do not constitute an indebtedness or obligation of the State or any political subdivision of the State, including the County, within the meaning of any constitutional or statutory limitation upon indebtedness. Except as provided in the Contract, neither the Authority, the State, the County nor any political subdivision of the State shall be subject to any pecuniary liability thereon. No owner of the Series 2022 Bonds shall ever have the right to compel the exercise of the taxing power of the State or any political subdivision of the State, including the County, to pay the Series 2022 Bonds or the interest thereon. The Authority has no taxing power.*

**No Mortgage or Lien; No General Obligation.** The Series 2022 Bonds are not secured by a mortgage or any other lien on the Land or the Costco Project, or any property of the Authority or the County. None of the Authority, the County, Costco or the Developer, nor any affiliate of such entities, or any employee, officer, member, agent, or representative of such entities has pledged its credit or assets or has provided any guaranty, surety, or undertaking of any kind, moral or otherwise, to pay the principal of, premium, if any, and interest on the Series 2022 Bonds.

#### **Factors Affecting Revenues Resulting From the Contract Payments**

**Overview.** The Contract Payments are part of the Trust Estate that is pledged to the payment of debt service on the Series 2022 Bonds. There are two limitations on the amount of Contract Payments that the County is required to transfer to the Trustee for payment of debt service on the Series 2022 Bonds. First, the amount of the Contract Payments is determined by the amount of the County’s portion of the Local Option Sales Tax reported to be collected at the Costco Project. Second, the Contract Payments are not actually made from the County’s receipt of the Local Option Sales Tax collected at the Costco Project, but are made from the revenues collected by the County from the Statutory Tax. Pursuant to State law, the Statutory Tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County. The revenues collected by the County from the one mill levy secure, on a parity basis, the principal and interest payments due on the Series 2022 Bonds, the Series 2012 Bonds, the Series 2020 Bond and any other obligations secured by the Statutory Tax to the extent that the Statutory Tax is sufficient to pay the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any Additional Bonds or other obligations authorized to be issued under the Indenture and the County’s portion of the Local Option Sales Tax reported to be collected at the Costco Project in each year. In the event that the amount of the Statutory Tax collected by the County in any year is insufficient to pay (1) the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds or other obligations authorized to be issued under the Indenture and (2) the County’s portion of the Local Option Sales Tax reported to be collected at the Costco Project, the amount of the Statutory Tax for such year will be applied to the payment of the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds and then, the remaining amount will be applied to the payment of the Series 2022 Bonds as the Contract Payments due in such year.

The Indenture contains requirements that must be satisfied in order for the Authority to issue Additional Bonds in the future that are secured on a parity lien basis with the Series 2022 Bonds, the Series 2012 Bonds and the Series 2020 Bond. ***There is no assurance that the Authority will not issue Additional Bonds in the***

*future.* See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” and “DESCRIPTION OF THE SERIES 2022 BONDS – Parity Bonds and Issuance of Additional Bonds or Obligations” herein and the Revenue Study attached as **Appendix B** hereto.

The amount of Local Option Sales Tax collected at the Costco Project is contingent upon, and the amount generated will be affected by, a variety of factors, including the following: economic conditions in the surrounding area; continued operation of the Costco Project; competition from other competing discount stores; local unemployment, neighborhood changes, crime levels in the area, vandalism, and operating costs; and interruption or termination of operation of the Costco Project as a result of fire, natural disaster, strikes or similar events, among many other factors. As a result, it is not possible to predict with certainty the amount of Local Option Sales Tax collected at the Costco Project, which will determine the amount of Contract Payments available in any year to pay debt service on the Series 2022 Bonds. The retail industry, including discount retail, is highly competitive. Retail competitors with Costco, which are currently existing or which are developed after the date of this Official Statement, will be competitive with the Costco Project and could have an adverse impact on the available amount of Local Option Sales Tax collected at the Costco Project, which will determine the amount of Contract Payments available in any year to pay debt service on the Series 2022 Bonds.

***Financial Feasibility.*** The amount of Local Option Sales Tax collected at the Costco Project, which will determine the amount of Contract Payments available in any year to pay debt service on the Series 2022 Bonds, depends in part upon the continued operation of the Costco Project, or any other retail entity that generates Local Option Sales Tax at the Costco site, and its ability to maintain substantial retail sales throughout the term of the Series 2022 Bonds. There is no guarantee that the Costco Project will remain for the term of the Series 2022 Bonds. ***Costco is not obligated under the Sublease to continue operations of the Costco Project during the term of the Series 2022 Bonds.*** The Sublease prohibits Costco from assigning its interest in the Sublease or subletting any part of the Costco Project, unless it obtains the prior written consent of the Developer and the Authority, which may be given or withheld in each party’s sole discretion. If Costco ceases operations of the Costco Project during the term of the Sublease and does not obtain the consent of the Developer and the Authority to assign its interest in the Sublease to an entity that generates Local Option Sales Tax or sublet to such an entity or if Costco does not exercise its option to purchase the Premises under the Sublease and sell the Costco Project to an entity that generates Local Option Sales Tax, ***there will be no Contract Payments available to pay debt service on the Series 2022 Bonds.***

***Competition.*** The Costco Project faces competition for sales (which, in turn, generate Local Open Sales Tax revenues that determine the amount of Contract Payments available to pay debt service on the Series 2022 Bonds) from other shopping centers, strip centers, and freestanding retailers located in the County and surrounding areas. In addition, the Authority and the County may provide economic incentives to retail entities that may compete with the Costco Project, which could result in a reduction of the amount of Local Open Sales Tax revenues that determine the amount of Contract Payments available to pay debt service on the Series 2022 Bonds. Other retail discount stores in the market area may be possible competitors of the Costco Project and new competitors may be developed.

***Costco Reporting of Local Option Sales Tax.*** The payment of the Series 2022 Bonds from the Contract Payments is dependent on the proper reporting of the Local Option Sales Tax by Costco, which determines the amount of Contract Payments for subsequent transfer to the Trustee. Pursuant to the Continuing Disclosure Undertaking, the County has covenanted to make available annual information regarding the amount of Local Option Sales Tax reported to be collected at the Costco Project, on which the County will base the amount of Contract Payments transferred to the Trustee. See **Appendix E – “FORM OF CONTINUING DISCLOSURE UNDERTAKING”** attached hereto.

***Changes in Economic and Demographic Conditions.*** Sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption and the commercial and retail markets. Sales tax generation has also been impacted by COVID-19. See the

subsection below captioned “**Risks Related to COVID-19 (Coronavirus).**” Demographic changes in the population of the market area for the Costco Project may adversely affect the level of sales tax revenues. A decline in population could reduce the number and value of taxable transactions and thus reduce the amount of Local Option Sales Tax. It is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on the Local Option Sales Tax revenue generated at the Costco Project on which the amount of Contract Payments by the County is determined.

### **Costco Project Completion Risk**

*As of the date of this Official Statement, the Land on which the Costco Project is anticipated to be developed is vacant but, according to the Developer, as of January 14, 2022, it has completed approximately 62% of the herein-defined Site Work and the Developer presently anticipates, subject to weather delays, that it will deliver the pad-ready site to Costco Corporation in February 2022. No vertical construction of the Costco Project has commenced and, pursuant to the Sublease, is not anticipated to commence until March 2022. There is no assurance that the Costco Project will be completed as described herein, or at all.* Construction of the Costco Project may be impeded or delayed beyond the timing currently anticipated by the Developer and Costco by events beyond the control of the Developer or Costco. A number of factors may affect the ability of the Developer or Costco to complete the Costco Project, including, but not limited to, bad weather, the overall economy of the County, construction costs, interest rates, competition from other large discount stores and other political, legal and economic conditions, strikes in any industries which supply labor or material for the Costco Project, regional and national building supply and labor supply shortages or unavailability of materials, unanticipated environmental conditions or other unforeseen site problems, and nonperformance by the subcontractors or material suppliers. None of the County, the Authority or the Underwriter can make any representation regarding the development plans of the Developer or Costco. See “**THE COSTCO PROJECT**” herein.

Completion of the Costco Project is dependent upon the ability of the Developer and Costco to accomplish their respective development objectives, the managerial and financial ability of the Developer and Costco to complete their respective obligations under the Sublease regarding completion of the Costco Project and opening of the Costco Project, as anticipated by the Developer and Costco and reflected in the Revenue Study, the ability of the construction contractors to construct and complete the Costco Project, and numerous other factors. Completion of the Costco Project may also be impeded by a general contractor’s or a subcontractor’s failure to perform their respective obligations under their respective construction contracts.

*There has been no independent investigation of, and no representation is made in this Official Statement, regarding the financial soundness of the Developer or Costco or of their respective managerial capability to develop the components of the Costco Project that each is anticipated to develop.* The financial circumstances of the Developer and Costco can change from time to time. Completion of the Costco Project is dependent upon the Developer’s ability to complete its obligations under the Sublease regarding the Site Work and the Finish Coat Work and the ability of Costco to complete its obligations under the Sublease regarding completion of the Improvements (which, for purposes of the Sublease, means, collectively, the building improvements, together with all related structures and facilities, to be constructed by Costco on the Land) as required by the Sublease.

In the event that construction of the Costco Project is not completed and/or the Costco Project does not open for business, there will be no Contract Payments to pay debt service on the Series 2022 Bonds. For more information on matters related to construction of the Costco Project, see “**THE COSTCO PROJECT**” herein. The Sublease provides that, in the event Costco does not complete construction and installation of the Improvements on or before the Outside Tenant Completion Date, Costco is obligated to purchase the Premises (which, for the purposes of the Sublease generally means, collectively, the Land and the Costco Project) from the Developer or from the Authority (pursuant to the designation under the Lease) within 75 days after the date of receipt of written notice from Developer (the “**Mandatory Purchase Obligation**”). *At the closing of such*

*purchase pursuant to the Mandatory Purchase Obligation, Costco shall be required, among other amounts, to pay the outstanding principal amount of, and all accrued but unpaid interest on, the Series 2022 Bonds, which amount will be used to redeem the Series 2022 Bonds pursuant to the special mandatory redemption provisions in the Indenture. See “DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds” herein.*

### **Single Retail Entity**

Payment of debt service on the Series 2022 Bonds is limited to the Contract Payments. The Contract requires that the County shall pay the Contract Payments monthly from the general fund of the County and that the Contract Payments *shall be equal and limited to the amount of the County’s portion of the Local Option Sales Tax (authorized to be imposed pursuant to O.C.G.A. §48-8-80 et seq.) reported to be collected at the Costco Project for the previous month*; provided, however, that such amounts paid shall not be paid from the revenues of such Local Option Sales Tax collected, but rather from the Statutory Tax. *The Contract Payments are further limited in the Contract, on an annual basis, to an amount, together with any other principal and interest amounts due on the Series 2012 Bonds, the Series 2020 Bond, the Series 2022 Bonds and any other obligations secured by the Statutory Tax, which shall not exceed one mill per dollar upon the assessed value of taxable property in the County.* See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” herein.

Upon completion, assuming the Costco Project opens for business, it will be the only retail entity open and operating that will generate Local Option Sales Tax revenues. Subject to the terms and provisions of the Sublease, Costco has an option to purchase, and an obligation to purchase, all of the property constituting the Land and the Costco Project and it is not anticipated that there will ever be any additional development or retail entities operating in the Costco Project. If the Costco Project closes for business or relocates, or if the Costco Project is destroyed by fire or other casualty or natural disaster, and Costco does not satisfy the Sublease requirements for assigning or subletting the Costco Project to a comparable retail entity that opens and operates on the site of the Costco Project, there would be no Contract Payments available to pay debt service on the Series 2022 Bonds. In addition, if sales at the Costco Project are not as projected in the Revenue Study there may not be sufficient Contract Payments to pay debt service on the Series 2022 Bonds.

### **Changes in State and Local Tax Laws**

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Series 2022 Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Authority, the County or the taxing authority of the County. There can be no assurance that the State or the County will not pass legislation limiting the imposition or application of the Local Option Sales Tax or the levy and collection of ad valorem property taxes in the future. In that event, the effect of the legislation on the future Local Option Sales Tax and, in turn, the Contract Payments is unknown. There can be no assurance that the State legislature or the County will not enact legislation that will amend laws or the Constitution of the State of Georgia resulting in a reduction of Local Option Sales Tax or ad valorem taxes, and consequently, an adverse effect on the Contract Payments otherwise available to pay the debt service on the Series 2022 Bonds.

Any change in the current system of collection and distribution of the Local Option Sales Tax and the levy and collection of real property taxes from the one mill Statutory Tax levied in the County, in the State or the County, including without limitation the reduction or elimination of the Local Option Sales Tax, judicial action concerning the Local Option Sales Tax or real property taxes or voter initiative, referendum or action with respect to the Local Option Sales Tax or real property tax imposition and collection, could adversely affect the availability of Contract Payments to pay the principal of and interest on the Series 2022 Bonds. There can be no assurances, however, that the current system of imposition, levy, collection and distribution of the Local Option Sales Tax or ad valorem property taxes, in the State or the County will not be changed by any competent authority having jurisdiction to do so, including without limitation the State or the County, the courts or the

voters, and neither the Indenture or the Contract limits the ability of the County to make any such changes with respect to the imposition and collection of the Local Option Sales Tax or the levy and collection of ad valorem property taxes. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – The Intergovernmental Contract**” herein and **Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE CONTRACT”** attached hereto.

### **Risk of Failure to Maintain Levels of Assessed Valuation**

Payment of debt service on the Series 2022 Bonds, the Series 2012 Bonds and the Series 2020 Bond in any year is limited to the amount of property taxes collected by the County from the Statutory Tax, which is limited to a one mill levy on the assessed value of the property in the County. There can be no assurance that the assessed value of the property in the County on which the one mill levy is based will be maintained throughout the term of the Series 2022 Bonds. If the assessed value of the property in the County is not maintained or declines at any time during the term of the Series 2022 Bonds, the actual assessed value of the property in the County that is subject to the Statutory Tax may be substantially less than that projected in the Revenue Study, and the amount of property taxes collected by the County based on the one mill levy may not be sufficient to allow the County to make Contract Payments sufficient to pay debt service on the Series 2022 Bonds. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS**” herein

### **Accuracy of Assumptions in the Revenue Study**

The projected Local Option Sales Tax revenues contained in the Revenue Study and included or reflected in this Official Statement are based on various assumptions concerning facts and events over which the Authority, the County and the Developer have no control. *No representation or warranty is or can be made about the amount or timing of any future income, loss, occupancy, valuation, increased assessment or revenues, or that actual results will be consistent with the Revenue Study or with the Local Option Sales Tax projections contained therein.* The information in the Revenue Study is based on various assumptions, estimates and opinions. There is no assurance that actual events will correspond with the projections or the assumptions, estimates and opinions on which they are based. None of the Authority, the County, the Developer and the Underwriter make any representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Revenue Study.

The Revenue Study contains forward looking statements and involves certain assumptions and judgments regarding future events. Although the Revenue Study is based on currently available information, it is also based on assumptions about the future state of the national and regional economy and the local real estate markets as well as assumptions about future actions by various parties, which cannot be assured or guaranteed. The Revenue Study is not a prediction or assurance that a certain level of performance will be achieved or that certain events will occur. The actual results will vary from the Revenue Study, and the variations may be material. Prospective purchasers should read the Revenue Study carefully and form their own opinions about the validity and reasonableness of such assumptions. See **Appendix B – “REVENUE STUDY”** attached hereto.

### **Risks Related to COVID-19 (Coronavirus)**

**Background.** In late 2019, a novel strain of coronavirus emerged in Wuhan, Hubei Province, China, which can cause the disease known as COVID-19 (“**COVID-19**”). COVID-19 is highly infectious, with high rates of morbidity and mortality, and has spread throughout the world, including the United States and the State. The World Health Organization declared COVID-19 to be a global pandemic on March 11, 2020 and a national emergency was declared in the United States on March 13, 2020. COVID-19 has significantly impacted State, national and global economic activity, as well as stock, bond and labor markets. COVID-19 has also had a volatile impact on the revenues and expenses of governments and businesses. All of such impacts are expected to continue for an extended time at unknown and varying degrees of severity.

In response to the spread of COVID-19, the United States government, state governments, local governments, school districts, and private industries throughout the country began implementing measures in March 2020 to limit social and work interaction to minimize the spread of the disease. On February 28, 2020, Governor Kemp established a Coronavirus Task Force to assess Georgia's preparations and procedures for preventing, identifying, and addressing cases of COVID-19. The Task Force coordinated efforts between multiple State agencies along with federal and local partners to attempt to identify and mitigate spread within the State and private institutions, including nursing homes, to establish alternate or surge medical facility capacity, and to rapidly expand community testing. On March 14, 2020, Governor Kemp issued Executive Order No. 03.14.20.01, declaring that a "Public Health State of Emergency" existed in the State due to the spread of COVID-19. On March 16, 2020, the State's General Assembly concurred with Governor Kemp's Executive Order by joint resolution of both the State House and State Senate, vesting Governor Kemp with certain emergency powers prescribed by Georgia law for management of a state of emergency. After his initial Executive Order establishing the Public Health State of Emergency, which was terminated on July 1, 2021, Governor Kemp issued numerous additional Executive Orders to continue to address the State's response to COVID-19, and for gradually and safely reopening the State's economy.

Mass vaccination efforts are underway in the State through the State's Mass Vaccination Distribution and Administration Plan. This statewide plan is being used as a State protocol for distributing COVID-19 vaccines to public health districts and other enrolled COVID-19 pandemic vaccine providers, and overseeing their administration of the vaccines to intended recipients. Initially, critical segments of the population were prioritized for vaccination using a phased approach based on assessed level of risk for exposure to or complications from the virus. On March 23, 2021, Governor Kemp announced that starting March 25, 2021 all Georgians 16 years of age and older would be eligible to receive vaccines. Subsequently in 2021, the Pfizer pediatric COVID-19 vaccine became available for children 5 to 11 years of age. As of January 5, 2022, over 13,528,533 vaccines have been administered in the State (approximately 61% of residents have received at least one dose and approximately 53% of residents are fully vaccinated). Additional public health data and other information related to the State's response to COVID-19 is available on the following website: <https://dph.georgia.gov>. This website is provided for convenience only and is not incorporated by reference into this Official Statement.

Various actions have been taken by the State, as well as federal and local governments and agencies, to provide relief to negatively impacted residents and businesses, including expanded availability of unemployment benefits, business loan programs, eviction moratoria and tax payment deadline extensions, among others. To attempt to alleviate the deleterious economic impacts of the disease, Congress has passed several relief packages, including the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), the Families First Coronavirus Response Act and, most recently, the American Rescue Plan of 2021 (the "ARP Act"). During fiscal year 2020, the State received approximately \$3.5 billion in direct aid under Title V of the CARES Act, which established the Coronavirus Relief Fund ("CRF"). To date, the State has allocated the funds as follows:

- \$1.5 billion to repay borrowing for the Unemployment Compensation Fund;
- \$371 million of CRF funds to local governments for COVID-19 relief;
- \$335 for surge medical staff augmentation for nursing homes and hospitals;
- \$120 million for personal protective equipment, testing initiatives, alternative care and quarantine sites;
- \$470 million for other State agency response costs;
- \$105 million for public safety payroll expenses; and
- \$78 million for nursing homes and long-term care facilities for COVID-19 testing.

The remaining balance of approximately \$520 million of CRF funds currently has yet to be obligated. To date, the County has received \$1,840,129 in funding through the CARES Act. To date, the County has received \$3,911,959 of an expected \$7,823,918 in funding through the ARP Act.

The State also has received funding through the Federal Medical Assistance Percentage first authorized by the Families First Coronavirus Relief Act, which temporarily increased the Medicaid reimbursement rate to the State by 6.2% to 73.5% for any quarter in which there is a federally dedicated public health emergency. To date, the State has received the enhanced reimbursement rate for six quarters. In addition, approximately \$457 million was received from the Elementary and Secondary School Emergency Relief (ESSER) Fund and approximately \$406 million was received from the Higher Education Emergency Relief (HEER) Fund. The State also estimates it is eligible to receive up to \$15.9 billion in assistance under the ARP Act, including \$4.8 billion through the State Fiscal Recovery Fund, \$3.5 billion for the Local Fiscal Recovery Fund, \$4.2 billion in additional ESSER funds and \$1.2 billion in additional HEER funds. On May 20, 2021 the State received its first tranche of State Fiscal Recovery Funds totaling \$2.4 billion. The federal government still is in the process of finalizing rules governing the expenditure and reporting requirements associated with these funds

While it is impossible to determine the long-term effects that the continued spread of COVID-19 will have on the County's finances, COVID-19 has not materially affected the financial health of the County thus far, and the County anticipates that it will achieve its budgeted financial results for the coming fiscal years.

***Potential Impact of COVID-19 on the County and the Costco Project.*** The County cannot predict what effect the spread of COVID-19 or the various governmental and private actions taken in response thereto will have on its finances or operations. If there is a negative impact on the finances and operations of the County, for example, a reduction in tax revenues, the County's ability to pay the Contract Payments, which are the primary source of payment of debt service on the Series 2022 Bonds, may be adversely impacted.

Due to the spread of COVID-19, a number of national retailers announced store closures since the first quarter of 2020, and if the Costco Project were to close as a result of COVID-19, there would be no Local Option Sales Tax revenues on which the County would base the amount of Contract Payments available to pay debt service on the Series 2022 Bonds. Because of the many factors that can affect spending patterns, it is not possible at this time to quantify what continuing impact COVID-19 and potential resulting reduced income and spending levels of consumers will have on the economy in the State and the County.

Certain restrictions implemented during 2020 and early 2021 in the State and local governmental entities have been lifted. It is unknown whether there will be increases in the number of COVID-19 cases in the State or in the County and, if so, whether restrictions will be reinstated. There can be no assurance that the continued spread of COVID-19 and the possible reinstatement of restrictions on a local, State and national level will not materially impact the local, State and national economies and, accordingly, there is no guarantee that such occurrences will not materially adversely affect the amount of Contract Payments available for payment of the Series 2022 Bonds. Such actions may also affect Costco's ability to complete the Costco Project in the current expected time period and within current cost estimates, which could materially delay the receipt of and/or reduce the amount of Local Option Sales Tax revenues on which the Contract Payments are based. The ultimate impact of COVID-19 on the Costco Project's operations and finances, property values and the real estate market in general is unknown. Furthermore, financial markets in the United States and globally may continue to experience significant volatility or declines in connection with the continued spread of COVID-19, which may have a material impact on the price of the Series 2022 Bonds in the secondary market. The Authority or the County cannot predict the impact that COVID-19 will have in the short term or in the long term on the amount of Local Option Sales Tax revenues on which the Contract Payments are based or an investment in the Series 2022 Bonds. It is impossible to predict whether current economic conditions will continue or worsen, the duration of such changing conditions, or how future short term and long-term economic conditions will affect the amount of the Local Option Sales Tax revenues on which the Contract Payments are based. See also page 11 and page 20 in the Revenue Study attached hereto as **Appendix B** for a discussion of the impact of COVID-19 on the Costco Project.



## Availability of Debt Service Reserve Fund

At the time of issuance of the Series 2022 Bonds, the Debt Service Reserve Fund will be funded from proceeds of the Series 2022 Bonds in the amount of \$1,500,000.00\*. (previously defined as the “**Maximum Debt Service Reserve Amount**”). In the event that moneys in the Debt Service Reserve Fund are required to be applied to the payment of debt service on the Series 2022 Bonds in an amount in excess of \$500,000.00\*, the Indenture requires that amounts in the Revenue Fund be applied to replenish the Debt Service Reserve Fund up to the amount of \$1,000,000.00\* (previously defined as the “**Debt Service Reserve Requirement**”). There can be no assurance that the amounts on deposit in the Debt Service Reserve Fund, if needed for payment of the Series 2022 Bonds, will be available in the full amount of the Maximum Debt Service Reserve Amount or the Debt Service Reserve Requirement, because there may not be sufficient amounts in the Revenue Fund to replenish the Debt Service Reserve Fund to the amount of the Debt Service Reserve Requirement or the market value of the securities in which such funds are invested may have declined.

## Early Redemption of the Series 2022 Bonds

Funds on deposit in the Redemption Account of the Sinking Fund and the Debt Service Reserve Fund may be, under certain circumstances, available for the purpose of redeeming Series 2022 Bonds prior to maturity pursuant to the redemption provisions in the Indenture. Purchasers of the Series 2022 Bonds at a price in excess of their principal amount should also consider the fact that the Series 2022 Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See “**DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – *Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds***” and “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Revenue Fund**” herein.

Pursuant to the Sublease between the Developer and Costco, Costco is obligated to purchase the Premises (generally defined in the Sublease to mean the Land and the Costco Project) in the event that it does not complete construction and installation of the Improvements (generally defined in the Sublease to mean, collectively, the building improvements, together with all related structures and facilities, to be constructed by Costco on the Land) on or before the Outside Tenant Completion Date, which, based on the Effective Date of the Sublease, is on or about November 2, 2023 (referred to herein as the “**Mandatory Purchase Obligation**”). Costco also has the option to purchase the Premises from the Developer prior to the expiration of the Term of the Sublease, which expires at midnight on December 1, 2036, subject to the requirements of the Sublease. In both the Mandatory Purchase Obligation and the exercise by Costco of its option to purchase the Premises prior to the expiration of the Term of the Sublease, Costco is required to pay, among other amounts, an amount equal to the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds, which will be used to redeem the Series 2022 Bonds pursuant to the terms of the Indenture. See “**DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – *Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds***” and “**THE SUBLEASE – Purchase of the Premises**” herein.

The projection of the amount of Local Option Sales Tax revenues in the Revenue Study does not include any sales tax that may result from fuel sales at the Costco Project. It is anticipated that the Costco Project will include, among other things, a vehicle fuel facility. To the extent that the Local Option Sales Tax includes sales tax revenues resulting from the fuel sales at the fuel facility, the amount of Local Option Sales Tax reported to be collected at the Costco Project (which is one of the limitations on the amount of the Contract Payments pledged to the payment of debt service on the Series 2022 Bonds, subject to the one mill cap of the Statutory Tax) may be greater than the amount projected in the Revenue Study. If so, the Contract Payments transferred to the Trustee to pay debt service on the Series 2022 Bonds may be greater than projected, resulting in redemption of the Series 2022 Bonds pursuant to the special mandatory provisions of the Indenture. See “**DESCRIPTION**

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\* Preliminary, subject to change.

**OF THE SERIES 2022 BONDS – Redemption Provisions – *Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds***” herein.

The County’s share of the 1% Local Option Sales Tax is currently 88.45%. The Revenue Study assumes that the County’s share of the Local Option Sales Tax will remain at 88.45% for the life of the Series 2022 Bonds. The County’s share of the Local Option Sales Tax amount can increase or decrease over the life of the Series 2022 Bonds and, according to the County, is expected to increase to 88.65% later in 2022. To the extent that the County’s share of the Local Option Sales Tax increases over the life the Series 2022, the amount of the Contract Payments transferred to the Trustee to pay debt service on the Series 2022 Bonds may be greater than projected in the Revenue Study, which may result in redemption of the Series 2022 Bonds pursuant to the special mandatory provisions of the Indenture. See **“DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – *Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds*”** herein.

The amount of the Statutory Tax for 2020 is \$2,287,477. The amount of the Statutory Tax will increase or decrease over the life of the Series 2022 Bonds based on the assessed valuation increases or decreases in the County each year. According to the County, the amount of the Statutory Tax is expected to increase approximately 6.6% for calendar year 2021 to 2,439,466. For the purposes of the Structuring Assumptions in the section herein captioned **“PROJECTED SEMI-ANNUAL REDEMPTIONS AND AVERAGE LIFE OF THE SERIES 2022 BONDS”** the amount of the Statutory Tax is assumed to remain at \$2,287,477 for the life of the Series 2022 Bonds. To the extent that the assessed value of the property in the County increases over time, and therefore the Statutory Tax increases in relation thereto, the amount of the Contract Payments transferred to the Trustee to pay debt service on the Series 2022 Bonds may result in redemption of the Series 2022 Bonds pursuant to the special mandatory provisions of the Indenture. See **“DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – *Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds*”** herein.

**Enforceability of Remedies**

The realization of value from the payments made by the County pursuant to the Contract upon any default will depend upon the exercise of various remedies specified by the Indenture, the Contract and under the laws of the State of Georgia. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors’ rights generally. See **Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”** *The Series 2022 Bonds are not subject to acceleration upon the occurrence of an Event of Default under the Indenture.*

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

## Forward-Looking Statements

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “*forward-looking statements*” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect current expectations, hopes, intentions or strategies regarding the future. Such statements may be identifiable by the terminology used such as “*project,*” “*plan,*” “*expect,*” “*estimate,*” “*budget,*” “*intend,*” “*anticipate*” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, included in such risks and uncertainties are (1) those relating to the possible invalidity of the underlying assumptions and estimates, (2) possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances, and (3) conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, users, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately. For these reasons, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Undue reliance should not be placed on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and the Authority nor the County assume any obligation to update any such forward-looking statements if or when events, conditions or circumstances on which such statements are based occur or fail to occur, other than as indicated under the caption “CONTINUING DISCLOSURE UNDERTAKING.”

## THE LEASE

*Following is a summary of certain provisions of the Lease. Such summary does not purport to be comprehensive or definitive. During the period of the offering, a copy of the Lease will be available at the office of Stifel, Nicolaus & Company, Incorporated, at 501 North Broadway, St. Louis, Missouri 63102, (314) 342-2000.*

### General

The Authority and the Developer will enter into a Lease Agreement, dated as of February 2, 2022 (previously defined as the “**Lease**”), pursuant to which the Authority, as lessor, will lease the Land to the Developer, as lessee, which Lease will be evidenced by a Memorandum of Lease and Option to Purchase between the Developer and the Authority to be recorded in the Office of the Clerk of the Superior Court of Oconee County, Georgia (the “**Authority Lease Memorandum**”). The Lease will be entered into simultaneously with the closing of the Series 2022 Bonds. *Execution of the Lease by the Authority and the Developer is a condition precedent to the issuance of the Series 2022 Bonds. According to the Developer, the Authority and the Developer are anticipated to execute the Lease on January 25, 2022. According to the Developer, the Developer and Costco are anticipated to execute the Sublease prior to the closing on the Series 2022 Bonds.*

### Effective Date; Lease Term

The Lease will become effective as of February 2, 2022 and shall expire at midnight, December 1, 2036.

## **Purchase of the Costco Project**

***Mandatory Purchase of the Land and Costco Project.*** If the acquisition, construction, and installation of the Costco Project is not completed on or before the Outside Tenant Completion Date (as defined in the Lease and below under the subheading captioned “**THE SUBLEASE – Purchase of the Premises – Mandatory Purchase Obligation**”), the Developer shall be obligated to purchase the Land and the Costco Project from the Authority within ninety (90) days after the date of receipt of written notice from the Authority, and at the closing, the Authority will convey title to the Land and the Costco Project to the Developer or its designee (which may include Costco). The amount which shall be paid at the closing of such purchase to the Authority by the Developer in the event of the mandatory purchase requirement provided in the Lease shall include, among other amounts, an amount of money equal to the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds which shall be paid by the Developer to the Authority.

Notwithstanding the foregoing, during the term of the Sublease, the payment of the amounts described in this paragraph shall be an obligation of Costco under the Sublease, and payment of such amounts may be made directly by Costco to the Authority.

***Option to Purchase the Costco Project.*** Under the Lease, the Developer or Developer’s designee (which may include Costco) shall have the option to purchase the Land and the Costco Project prior to the expiration of the term of the Lease, subject to the prior written consent of Costco (which consent shall be deemed given upon written notice from Costco to the Authority and the Developer evidencing the exercise of Costco’s option to purchase pursuant to the Sublease). To exercise such option, the Developer shall give written notice to the Authority specifying the date of closing such purchase, which date shall be not less than forty-five (45) nor more than one hundred eighty (180) days from the date such notice is given. The amount which shall be paid at the closing of such purchase to the Authority by the Developer in the event of its exercise of the option granted in the Lease and described in this section shall include, among other amounts, an amount of money equal to the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds which shall be paid by the Developer to the Authority.

Notwithstanding the foregoing, during the term of the Sublease, the payment of the amounts described in this paragraph shall be an obligation of Costco under the Sublease, and payment of such amounts may be made directly by the Costco to the Authority.

***Obligation to Purchase the Costco Project.*** Pursuant to the Lease, the Developer agrees to purchase, and the Authority agrees to sell, to the Developer or its designee (which may include Costco), the Land and the Costco Project for ten dollars (\$10.00) following the expiration of the Lease term.

## **Other Covenants**

The Developer has the right under the terms of the Lease to mortgage and/or give security interests in the Lease and the Developer’s leasehold interest under one or more leasehold mortgages relating to the Land and the Costco Project, the rents and the net proceeds therefrom, as the same may be amended, modified, consolidated or extended and may assign the Lease to a lender as collateral security under any such permitted leasehold mortgages. The Authority shall have no rights in and to the rentals payable to the Developer under any subleases or sub-rental agreements (including, without limitation, the Sublease) of all or any part of the Costco Project, which rentals the Authority acknowledges may be assigned by the Developer to a Leasehold Mortgagee (as defined in the Lease) of the Land and the Costco Project.

## **Assignment of the Lease; Restrictions on Sale of the Costco Project**

The Lease may not be assigned, in whole or in part, by the Developer without the consent of the Authority; provided, however, that the Lease may be assigned, in whole or in part, without such consent to any

entity controlled, controlling or under common control with the Developer or one of its affiliates or to any successor to substantially all of the business of the Developer.

The Lease sets forth certain restrictions on the Authority's sale of the Land and the Costco Project, including that the Authority may not directly, indirectly, or beneficially sell, convey, or otherwise dispose of any part of its interest in the Land or the Costco Project or the Lease during the term of the Lease.

## THE SUBLEASE

*Following is a summary of certain provisions of the Sublease. Such summary does not purport to be comprehensive or definitive. During the period of the offering, a copy of the Sublease will be available at the office of Stifel, Nicolaus & Company, Incorporated, at 501 North Broadway, St. Louis, Missouri 63102, (314) 342-2000.*

### Sublease to Costco

Simultaneously with the execution and delivery by the Authority and the Developer of the Lease, the Developer and Costco will enter into a Lease Agreement (previously defined as the "**Sublease**") pursuant to which the Developer, as landlord, will sublease to Costco, as tenant, the Land and the rights, interests, estates and appurtenances, together with all improvements constructed thereon, including the Costco Project. **Execution of the Sublease by the Developer and Costco is a condition precedent to the issuance of the Series 2022 Bonds. According to the Developer, the Authority and the Developer are anticipated to execute the Lease on January 25, 2022. According to the Developer, the Developer and Costco are anticipated to execute the Sublease prior to the closing on the Series 2022 Bonds.**

### Sublease Term

The Sublease will become effective on or about February 2, 2022 (the "**Effective Date**") at which time Costco's subleasehold interest shall begin, and subject to the other provisions of the Sublease, shall expire on December 1, 2036. Pursuant to the Sublease, Costco agrees to purchase, and the Developer agrees to sell to Costco, the Premises for ten dollars (\$10.00) following the scheduled expiration of the Term of the Sublease, and satisfaction of certain other obligations of the Developer to the Authority as described in the Lease. See the subsection below captioned "**Purchase of the Premises – Obligation to Purchase the Premises.**" Costco is not obligated to pay the outstanding principal amount of the Series 2022 Bonds upon its purchase of the Premises pursuant to this provision of the Sublease. Upon Costco's purchase of the Premises, the County is obligated to continue making the Contract Payments, through March 1, 2048. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – The Intergovernmental Contract - Effective Date of the Contract; Duration of Term; Sale of Project**" herein.

### Developer's Work and Delivery

**Site Work.** The Developer is obligated under the Sublease to construct certain site improvements as part of the Costco Project as defined and described in an exhibit to the Sublease (the "**Site Work**"), including site grading, installation of certain utilities, traffic signalization, storm sewer, curb and gutter, site lighting, sidewalks, fencing and guardrails, asphalt binder course and related work and to substantially complete the Site Work within 90 days after the Effective Date of the Sublease (the "**Anticipated Site Work Delivery Date**"). **According to the Developer, it began the Site Work in October 2021 and presently anticipates that it will deliver the pad-ready site to Costco in February 2022.**

**Finish Coat Work.** Pursuant to the Sublease, Costco requests that the Developer undertake completion of additional improvements as part of the Costco Project, including landscape installation, asphalt topping course, parking area striping and signage, installation of speed bumps and wheel stops, and related work as described in an exhibit to the Sublease (the "**Finish Coat Work**") after Costco has substantially completed the

exterior façade of the Costco Project (the “**Exterior Improvements**”). The Sublease requires that the Developer shall substantially complete the Finish Coat Work within forty-five (45) days following written notice (the “**Start Finish Coat Work Notice**”) from Costco that (1) Costco has substantially completed the Exterior Improvements and (2) Costco requests that the Developer complete the Finish Coat Work (the “**Anticipated Finish Coat Delivery Date**”) (the Site Work and Finish Coat Work are referred to in the Sublease and in this section each as a “**Phase of Landlord’s Work**” and, collectively, as the “**Landlord’s Work**”).

The Sublease requires that Costco shall endeavor in good faith to give the Developer not less than ten (10) days’ notice prior to delivery of the Start Finish Coat Work Notice. Notwithstanding the foregoing, the Developer shall have the right to commence the Finish Coat Work at any time after the ninetieth (90<sup>th</sup>) day following its substantial completion of the Site Work regardless of whether Costco has certified the completion date of the “**Improvements**” (which, for purposes of the Sublease, means collectively, the building improvements, together with all related structures and facilities, to be constructed by Costco on the Land) in accordance with the Sublease as described therein. Costco is required under the Sublease to use good faith efforts to cooperate and coordinate its on-going work on the “**Premises**” (which, for purposes of the Sublease, generally means collectively, the Land and the Costco Project) with the Developer’s efforts to complete the Finish Coat Work so as not to materially interfere with the Developer’s completion of the Finish Coat Work following the delivery of the Start Finish Coat Work Notice.

Costco’s sole and exclusive remedy in the event the Developer fails to complete the Finish Coat Work on or before the Anticipated Finish Coat Delivery Date shall be to exercise its rights set forth in the Sublease including substitute performance, right to draw on the Letter of Credit (defined below in the subheading captioned “**Letter of Credit**”) and liquidated damages (see the subheading below captioned “**Liquidated Damages**”), subject in each case to the terms and conditions of the Sublease.

**Anticipated Delivery Date.** The Sublease defines “**Anticipated Delivery Date**” to mean the Anticipated Site Work Delivery Date or the Anticipated Finish Coat Delivery Date, as applicable to the respective Phase of Landlord’s Work, as set forth in the Project Schedule attached as an exhibit to the Sublease, but subject to extension as provided in the Sublease.

**Substantial Completion.** The Sublease provides that “**substantial completion**” and words of similar import with respect to any Phase of Landlord’s Work shall be deemed to have occurred with respect to the applicable Phase of Landlord’s Work, if the same has been completed, other than any punch list items that will not materially interfere with the construction of the Costco Project to be constructed by Costco or operational use of the Premises by Costco (the “**Punch List Items**”).

Upon Substantial Completion of the applicable Phase of Landlord’s Work, the Developer is required to provide Costco with (i) a “**Site Work Completion Notice**” (as defined in an exhibit attached to the Sublease), (ii) a “**Building Pad Certification**” (in the form attached as an exhibit to the Sublease) and (iii) a “**Final Application and Completion Evidence**” (as defined in an exhibit attached to the Sublease) certifying that the Developer has substantially completed the applicable Phase of Landlord’s Work, and Costco shall have five (5) business days after receipt of such written notice to inspect the applicable Phase of Landlord’s Work and to provide written notice to the Developer of (i) Punch List Items or (ii) failure of the Developer to substantially complete the applicable Phase of Landlord’s Work pursuant to the terms of the Sublease. If Costco fails to provide the Developer with written notice of either (i) Punch List Items or (ii) any failure of the Developer to substantially complete the applicable Phase of Landlord’s Work within such five (5) business day period, then the applicable Phase of Landlord’s Work shall not be deemed substantially complete, provided, however, if following the expiration of such five (5) business day period, the Developer sends a second notice requesting Costco to inspect the applicable Phase of Landlord’s Work and to provide written notice to the Developer of (i) Punch List Items or (ii) failure of the Developer to substantially complete the applicable Phase of Landlord’s Work pursuant to the terms of the Sublease, and Costco, following receipt of such second notice fails within five (5) business days to provide Developer written notice of either (i) Punch List Items or (ii) any failure of

Developer to substantially complete the applicable Phase of Landlord's Work, then the applicable Phase of Landlord's Work shall be deemed to be substantially complete.

If Costco provides timely written notice to the Developer of any Punch List Items, then the Developer shall promptly complete any such Punch List Items within thirty (30) days following any such written notice from Costco and the applicable Phase of Landlord's Work shall be deemed substantially complete on the date the Developer provides the Site Work Completion Notice or Final Application and Completion Evidence, as applicable, to Costco. If Costco timely provides written notice to the Developer that the Developer has in Costco's good faith, reasonable judgment failed to substantially complete the applicable Phase of Landlord's Work (as opposed to Punch List Items) within said five (5) business day period, then the Developer shall promptly correct any such failure to substantially complete the applicable Phase of Landlord's Work within thirty (30) days following any such written notice from Costco. The applicable Phase of Landlord's Work shall be deemed substantially complete on the date the Developer provides the Site Work, Completion Notice or Final Application and Completion Evidence, as applicable, to Costco or, if the applicable Phase of Landlord's Work was not, in fact, complete on such date, the date that the Developer thereafter, in fact, substantially completes the applicable Phase of Landlord's Work. In the event of any dispute, the parties shall work in good faith to resolve such dispute within five (5) business days. Upon completion by the Developer of the Punch List Items or other deficiencies that Costco provided in a timely written notice to the Developer, the Developer shall provide written notice thereof to Costco and Costco shall have five (5) business days after receipt of such written notice to inspect the applicable Phase of Landlord's Work in accordance with the foregoing process and such process shall be repeated until such time as the applicable Phase of Landlord's Work is accepted (or deemed accepted) by Costco pursuant to the terms of the Sublease.

***Extension of Anticipated Delivery Date.*** In the event of (i) Tenant Delays (as defined in the Sublease), (ii) delays caused by Force Majeure (as defined in the Sublease) or (iii) delays caused by Adverse Weather Conditions (as defined in the Sublease) (such delays being referred to in the Sublease each as an "**Excusable Delay**"), the Anticipated Delivery Date shall be extended on a day for day basis. The Sublease requires that the Developer notify Costco of any Excusable Delay within five (5) business days following the cessation of the event or circumstance constituting an Excusable Delay. Failure to provide such notice shall result in a waiver of the Developer's extension right attributable to such event. The Sublease requires the Developer to use commercially reasonable efforts to mitigate the effect of any Excusable Delay, provided, however, that in no event shall the Developer be required to undertake extraordinary measures to mitigate any Excusable Delay, including, without limitation, any efforts that would increase the cost of Landlord's Work.

***Project Costs.*** Under the Sublease, the Developer, at its sole cost and expense, shall cause all of the Project Costs to be timely paid, except as otherwise set forth in the Sublease. "**Project Costs**" shall mean and refer to the aggregate costs associated with: (1) performing Landlord's Work including, without limitation, all so-called "hard construction costs" and all design and engineering fees and other so-called "soft costs" related to Landlord's Work; (2) paying and/or satisfying all exactions, in-lieu fees or payments, impact fees, dedication or reservation requirements and any other fees or impositions made under any applicable laws or regulations that may be required or imposed in connection with the development and construction of Landlord's Work; (3) procuring, posting, and/or maintaining any and all bonds, letters of credit or other form of security that might be required by any governmental authority in connection with the performance of Landlord's Work; (4) insurance premiums for insurance required under the Sublease relative to Landlord's Work; (5) preparing detailed engineering drawings for Landlord's Work, signed and sealed by a licensed professional that meet the general industry standard for constructability and can be accurately bid and constructed from (the "**Approved Plans**"), if necessary, associated with Landlord's Work; and (6) conducting periodic on-site inspections and materials testing which may be required by applicable laws and the certification of the completion of Landlord's Work.

***Letter of Credit.*** Under the terms and conditions of the Sublease, the Developer agrees to deliver to Costco to secure the Developer's obligation to complete Landlord's Work a letter of credit ("**Letter of Credit**") to assure Costco that the Developer will have available funds to complete Landlord's Work in an initial amount

equal to \$1,353,197.50, which amount is equal to one hundred twenty-five percent (125%) of Developer's estimate of the cost to complete Landlord's Work as of the Effective Date. Provided there is no default by the Developer under the Sublease beyond any applicable notice and cure periods, the Developer may submit to Costco, not more frequently than once a month, a written request for a reduction in the amount of the Letter of Credit (an "**LOC Reduction Application**") for the portion of Landlord's Work completed. Each LOC Reduction Application shall reasonably prove that the Letter of Credit, as reduced, equals or exceeds the sum of 125% of the remaining costs of completion of Landlord's Work.

Following completion of Landlord's Work, the Developer is required to submit to Costco a final application (the "**Final Application**") reasonably evidencing the satisfaction of the following requirements (the "**Completion Evidence**"): (1) a signed certification of the Developer and the Developer's Engineer (as defined in the Sublease) that all of the Landlord's Work has been completed pursuant to the Approved Plans and applicable law; (2) Developer provides Costco with copies of final lien waivers and/or a final contractor's affidavit signed by the contractor and copies of final lien waivers signed by any major subcontractors performing Landlord's Work; and (3) title searches evidencing no liens having been filed with regard to Landlord's Work. Costco shall review and either approve or disapprove the Final Application and the Completion Evidence, and shall notify the Developer of its decision with respect thereto within five business days following its receipt of the Final Application and all of the Completion Evidence. If Costco disapproves the Final Application and/or any part of the Completion Evidence, Costco is required to provide the Developer with a reasonably detailed explanation for such disapproval.

Costco may withhold approval only with respect to such portions of Landlord's Work and/or amount that Costco in good faith disapproves and for which such reasonably detailed explanation is provided and Costco shall be deemed to have approved any or all other portions of the Final Application. In the event a portion of the Final Application is disapproved, the Developer may revise and resubmit the Final Application to remove the amount that Costco disputes, and reflect only the portion of the Final Application which was not disapproved, in which event Costco shall within five (5) business days approve the same.

As to any portion of a Final Application that Costco disapproves, the parties will make a good faith effort to resolve such dispute within five (5) business days. If the Developer, in response to such disapproval, performs work to address any portion of the Landlord's Work which Costco disapproved, the Developer may resubmit the Final Application and Costco shall respond in accordance with the timelines and procedure in the Sublease.

If Costco has neither approved nor disapproved a Final Application within five (5) business days after receipt thereof, Costco shall be deemed to have disapproved the Final Application, provided, however, if following the expiration of such five (5) day period, the Developer sends a second notice requesting approval, and Costco fails to approve or disapprove a Final Application within five (5) business days after receipt of such second notice, Costco shall be deemed to have approved the Final Application. Until all portions of the Final Application are approved by Costco (or deemed approved for failure of Costco to timely respond in writing disapproving the Final Application and/or Completion Evidence), then notwithstanding anything contained in the Sublease, the Developer shall not be entitled to final payment in full of all remaining funds from the security, provided that the Developer shall be entitled to payment with respect to any portion that is approved or deemed approved, as set forth above.

**Liquidated Damages.** Pursuant to the Sublease, Costco is entitled to liquidated damages in the amount of \$10,000 per day for each day the Developer fails to fully complete all of the Finish Coat Work on or before the Anticipated Finish Coat Delivery Date until either the day (1) all of the Finish Coat Work is completed or (2) Costco elects to proceed with completing the Finish Coat Work as described in the Sublease.

**Developer Default.** Costco's sole remedy under the Sublease for the Developer's failure to timely complete Developer's Work beyond any applicable notice and cure periods shall be to exercise its rights to self-help, to draw on the Letter of Credit and to liquidated damages, all in accordance with the terms and conditions



of the Sublease; *provided, however in no event may Costco terminate the Sublease in the event of a default by the Developer.*

### **Costco's Construction of the Improvements**

***Outside Tenant Completion Date.*** Costco agrees under the Sublease to construct and install a membership warehouse facility containing approximately 155,146 square feet on the Land. The building improvements, together with all related structures and facilities, to be constructed by Costco on the Land are referred to in the Sublease and herein collectively as the **"Improvements."** Costco is obligated under the Sublease to construct the Improvements on the Land in accordance with the Construction Standards (as defined in the Sublease). Pursuant to the Sublease, Costco shall complete the acquisition, construction, and installation of the Improvements on or before the date which is twenty-one (21) months from the Effective Date (i.e., on or about February 2, 2022) of the Sublease (the **"Outside Tenant Completion Date"**) which, based on the Effective Date of the Sublease, is on or about November 2, 2023. *According to the Developer, Costco anticipates that it will complete the Costco Project in June 2022.* See **"THE COSTCO PROJECT – Costco Project Schedule"** herein.

In the event Costco does not complete construction of the Improvements on or before the Outside Tenant Completion Date, Costco is obligated to purchase the Premises from the Developer or from the Authority (as the Developer's designee under the Lease) within 75 days after the date of receipt of written notice from the Developer (the **"Mandatory Purchase Obligation"**). See the subheading below captioned **"Purchase of the Premises – Mandatory Purchase Obligation."**

***Confirmation of Completion of the Improvements.*** The Sublease requires that Costco evidence the completion of the acquisition, construction and installation of the Improvements to be constructed by Costco to the Developer and the Authority by presenting the Developer and the Authority with a certificate of an Authorized Costco Representative (as defined in the Sublease), upon which the Developer and the Authority may conclusively rely, stating that, except for the Finish Coat Work to be performed by the Developer and except for amounts retained by Costco for project costs not then due and payable, (i) the acquisition, construction and installation of the Improvements to be completed by Costco has been substantially completed and all labor, services, materials and supplies used in such acquisition, construction and installation have been paid for, (ii) the Improvements to be completed by Costco have been acquired, constructed and installed to Costco's satisfaction and all costs and expenses incurred in connection therewith have been paid, and (iii) to the extent available prior to the Developer's completion of the Finish Coat Work, all permissions required of Governmental Authorities (as defined in the Sublease) for the occupancy of the Improvements have been obtained, including a certificate of occupancy.

Pursuant to the Sublease, Costco, as principal and not as agent for the Developer or the Authority, agrees to commence the acquisition, construction and installation of the Improvements to be constructed by Costco as promptly as practicable following completion by the Developer of the Site Work, to continue said construction with all dispatch and to use its commercially reasonable efforts to cause said construction to be completed as soon as practicable, but in any event on or before the Outside Tenant Completion Date.

Under the Sublease, the Developer grants Costco and its representatives the right, following the substantial completion of the Site Work by the Developer, to enter the Premises for the purpose of constructing and completing the Improvements.

Pursuant to the Sublease, the entire cost of acquiring, constructing and installing the Improvements shall be paid by Costco, including the following:

- (a) All labor, services, materials and supplies used or furnished in site improvement and in the acquisition, construction and installation of the Improvements;

(b) All architectural, engineering and supervisory services with respect to the Improvements; and

(c) To the extent as they shall not be paid by a contractor for acquisition, construction and installation with respect to any part of the Improvements, all premiums on all insurance to be taken out and maintained during the period of construction of the Improvements.

At any time and from time to time during the Term of the Sublease, Costco may perform such alteration, renovation, repair, refurbishment and other work with regard to the Improvements as Costco may elect, provided (1) the same is done in accordance with the Construction Standards, and (b) that any alteration or renovation of the exterior of the Premises which would materially decrease the value of such improvements, shall not be made by Costco without the prior written consent of the Developer, which consent shall not be unreasonably withheld or delayed. To the extent the Developer's cooperation is required for Costco to obtain any permits and/or approvals for any improvements (including the Improvements) and/or alterations, the Developer agrees to reasonably cooperate with and assist Costco in obtaining such permits and approvals, as necessary, provided such cooperation and assistance shall be at no cost to the Developer.

### **Use, Maintenance and Repair of the Premises**

*Use.* Pursuant to the Sublease, Costco shall use the Premises as a membership wholesale and retail general merchandise facility, which facility also may include, without limitation, a pharmacy, liquor sales, photo processing, butcher, deli and bakery services, optometry services, a tire sales and installation center, a propane sales and fueling center, a vehicle fueling facility, a car wash, related office space, and related parking and improvements (“**Tenant’s Intended Use**”) and, unless Costco obtains the Developer’s prior written consent, for no other purpose. Notwithstanding anything to the contrary provided in the Sublease and described in this section, following the date on which the Series 2022 Bonds and the Series 2022 Subordinate Note have been fully repaid, Costco shall have the right to use the Premises for any lawful purpose, subject to the other terms and conditions of the Sublease and any Title Instruments (as defined in the Sublease), including, without limitation, Tenant’s Intended Use, without the consent of the Developer. Costco acknowledges that the above specification of “Tenant’s Intended Use” means only that the Developer has no objection to the specified use, but that the Developer does not represent or warrant that such use complies with current applicable laws or that such laws may not change. Furthermore, Costco acknowledges that all such uses are subject to the terms and conditions of the Sublease and the Title Instruments.

*Maintenance and Repairs.* The Sublease requires that Costco shall maintain, preserve and keep the Premises in good repair, working order and condition in accordance with sound commercial practice, ordinary wear and tear and damage due to casualty and condemnation excepted, and shall from time to time cause to be made all necessary and proper repairs, replacements and renewals thereof which are necessary to maintain the Premises in good working order; provided, however, Costco shall have no obligation to cause to be maintained, preserved, repaired, replaced or rendered any element or unit of the Premises, the maintenance, repair, replacement or renewal of which, in the opinion of Costco, becomes uneconomic to Costco because of damage or destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations.

Costco’s use and occupation of the Premises, and the condition thereof, shall, at Costco’s sole cost and expense, comply fully with all applicable laws and all Title Instruments, and any owner obligations under such applicable laws or Title Instruments. Without in any way limiting the foregoing provisions, Costco shall comply with all laws relating to the Americans with Disabilities Act of 1990, as such act may be amended from time to time, and all regulations promulgated thereunder, as it affects the Premises now or hereafter in effect. Costco shall obtain, maintain and comply with all required licenses and permits, both governmental and private, to use and operate the Premises for Tenant’s Intended Use. Upon request of the Developer, Costco shall provide to the Developer copies of all notices, reports and other communications exchanged with, or received from, Governmental Authorities (as defined in the Sublease) prior to the date of such request and relating to any event

wherein there is a breach of applicable law. Costco shall reimburse the Developer for any and all penalties or fines imposed upon the Developer as a result of Costco's failure to comply with its obligations under the Sublease as described in this paragraph. Costco agrees that it will defend, indemnify and hold harmless the Landlord Indemnitees (as defined in the Sublease) from and against any and all cost or expense caused by, incurred or resulting from Costco's failure to comply with its obligations under the Sublease as described in this paragraph.

The Developer shall have no obligation to maintain or repair the Premises.

### **Costco Assignment and Subletting**

Costco shall not assign any of Costco's interest in the Sublease or sublet all or any part of the Premises or any building or structure, or any portion thereof, located thereon without the prior written consent of the Developer and the prior written consent of the Authority, which may be given or withheld in the each party's sole discretion. If the Developer and the Authority consent to an assignment or sublease, Costco remains liable for the performance of all terms, covenants and conditions of the Sublease notwithstanding such assignment or sublease. The foregoing obligations to obtain the prior written consent of the Developer and the Authority shall terminate upon the repayment in full of Series 2022 Bonds and the Series 2022 Subordinate Note; provided, however, Costco shall remain liable for the performance of all terms, covenants and conditions of the Sublease. Notwithstanding the foregoing, Costco shall have the right at any time to convey its leasehold interest in the Premises as security for any financing it procures without the consent of the Developer or the Authority.

Notwithstanding the foregoing, Costco shall have the right to assign its interest in the Sublease, or sublet any portion of the Premises, to any entity which is an affiliate of Costco without the prior consent of the Developer or the Authority, provided that such assignment is permitted under the Lease between the Authority and the Developer without Authority consent or Authority consent is obtained by Costco, and provided further that such entity agrees to be bound by the terms and conditions of the Sublease. Costco shall give the Developer and the Authority written notice of the effective date of such assignment or subletting as soon as practicable. In connection with any such assignment, Costco shall continue to be jointly and severally liable with the assignee for the obligations of tenant pursuant to the Lease.

### **Insurance**

The Sublease requires Costco to maintain varying levels of all risk, commercial general liability, workers' compensation, contractual liability and contingent liability and builder's risk insurance.

### **Purchase of the Premises**

***Option to Purchase the Premises.*** Under the Sublease, Costco has the option to purchase the Premises prior to the expiration of the term of such Sublease. To exercise such option, Costco shall give written notice to the Developer and the Authority specifying the date of closing of such purchase, which date shall be not less than 45 nor more than 180 days from the date the notice is given. Upon receipt of written notice, the Developer shall, as lessee under the Lease, promptly exercise the option to purchase the Premises pursuant to the Lease and shall otherwise take all such steps as required under the Lease to effect the closing of such purchase. If Costco exercises such option to purchase the Premises, Costco shall pay the Developer, and/or the Authority: (1) an amount of money equal to the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds and the outstanding principal amount of, and all accrued but unpaid interest under, the 2022 Subordinate Note, which shall be paid by Costco to the Authority; plus (2) an amount of money equal to the sum of all accrued but unpaid Rent (as defined under the Sublease) for all periods prior to the date of closing, if any, plus the Rent reserved under the Sublease for the remainder of the Term (as defined under the Sublease), which shall be paid by Costco to the Developer and shall not be discounted to present value or otherwise reduced; plus (3) the sum of ten dollars (\$10.00), which shall be paid by Costco to the Developer.

***Mandatory Purchase Obligation.*** In the event construction of the Improvements is not completed on or before the Outside Tenant Completion Date, Costco shall be obligated to purchase the Premises from the Developer or from the Authority (as the Developer's designee under the Lease) within 75 days after the date of receipt of written notice from the Developer (the "**Mandatory Purchase Obligation**"). ***At the closing of such purchase pursuant to the Mandatory Purchase Obligation, Costco shall be required, among other things, to pay the outstanding principal amount of, and all accrued but unpaid interest on, the Series 2022 Bonds and the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Subordinate Note which shall be paid by Costco to the Authority.***

***Obligation to Purchase the Premises.*** Pursuant to the Sublease, Costco agrees to purchase, and the Developer agrees to sell to Costco, the Premises for ten dollars (\$10.00) following the scheduled expiration of the Term of the Sublease, and satisfaction of certain other obligations of the Developer to the Authority as described in the Lease. At any time subsequent to the scheduled expiration of the Term of the Sublease, upon written notice by the Developer to Costco establishing a closing date not earlier than 30 days after the scheduled expiration of the Term of the Sublease and subject to the conveyance of fee simple title to the Premises in accordance with the Lease to the Developer (or to Costco as designee of Developer), the Developer shall, upon receipt of the ten dollars (\$10.00) purchase price, deliver to Costco those documents set forth in the Sublease. At such closing, Costco shall pay an amount of money equal to the sum of all accrued but unpaid Rent under the Sublease for all periods prior to the date of closing, if any, plus the Rent reserved under the Sublease for the remainder of the Term, which shall be paid by Costco to the Developer and shall not be discounted to present value or otherwise reduced. At the closing, the Developer shall satisfy certain other obligations of the Developer to the Authority as described in the Lease.

***Conveyance on Purchase.*** The Developer may, as is permitted by the Lease, direct the Authority to convey title to the Premises to a designee, including Costco, and Costco agrees pursuant to the Sublease to accept such conveyance of title directly from the Authority and to cooperate with Developer in effectuating such closing.

## **THE COSTCO PROJECT**

Completion of the Costco Project depends upon the ability of the Developer to complete the Site Work, the Finish Coat Work and its other obligations under the Lease and the Sublease, the ability of Costco to complete construction of the Improvements to be constructed by Costco pursuant to the terms of the Sublease, and economic conditions, the managerial and financial ability of the Developer to complete its obligations under the Lease and the Sublease and numerous other factors. See "**BONDOWNERS' RISKS**" herein.

The information contained in this section has been obtained from public records and from representatives of the Authority and the County; however, the information in this section has been supplied primarily by the Developer and contains important information on the Developer and the Costco Project. ***No representative of Costco has participated in the preparation of this Official Statement.***

Investors are urged to review the information in this section carefully before making an investment in the Series 2022 Bonds. Although believed to be reliable, the information in this section has not been independently verified by the Underwriter. Neither the Authority, the County nor the Underwriter make any representation regarding the anticipated development plans or financial soundness of the Developer, Costco, or any other party involved in the Costco Project, or the ability of the Developer, Costco, or any other party involved in the Costco Project to complete the development of the Costco Project as planned or at all. See "**BONDOWNERS' RISKS**" for a discussion of some of the primary risks associated with the development of the Costco Project.

The following description is intended to serve only as a broad summary of the anticipated Costco Project. The descriptions regarding the Costco Project contained herein represent the current plans for such development, but are subject to change.

## **Developer and Costco Development of the Costco Project**

According to the Developer, at full build-out the Costco Project is anticipated to consist of an approximately 155,146 square foot membership warehouse facility and related structures, facilities and parking which is anticipated to include, among other things, a vehicle fuel facility, anticipated to be located on approximately 23.84 acres in the County. The Costco Project is being developed by the Developer and Costco pursuant to the terms of the Sublease. For a site plan for the Costco Project, photographs of the Site Work completed by the Developer on the Costco Project site as of January 12, 2022, and a rendering of the facility anticipated to be constructed by Costco, subject to the terms of the Sublease, see pages ii, iii and iv of this Official Statement.

According to the Developer, it developed approximately 15.7 acres as the first phase of a development containing 39.5 acres. The second phase of the development is anticipated to include the Costco Project. According to the Developer, the first phase of the Development includes an open and operating 55,000 square-foot Hobby Lobby store, two completed building pads for an approximately 45,000 square-foot building and an approximately 7,500 square-foot building and an approximately 2.4 acre out-parcel. According to the Developer, in connection with the first phase of the development, it completed work on the site that is anticipated to include the Costco Project, including engineering and grading the site to Costco's development specifications.

The Developer is obligated under the Sublease to construct the remaining site improvements as part of the Costco Project (the "**Site Work**"), including site grading, installation of certain utilities, traffic signalization, storm sewer, curb and gutter, site lighting, sidewalks, fencing and guardrails, asphalt binder course and related work and to substantially complete the Site Work within 90 days after the Effective Date of the Sublease.

According to the Developer, it began the Site Work in October 2021 and, as of the date of this Official Statement, it has completed approximately 62% of the Site Work and presently anticipates, subject to weather delays, that it will deliver the pad-ready site to Costco in February 2022.

Pursuant to the Sublease, Costco requests that the Developer undertake completion of additional improvements as part of the Costco Project, including landscape installation, asphalt topping course, parking area striping and signage, installation of speed bumps and wheel stops, and related work as described in an exhibit to the Sublease (the "**Finish Coat Work**") after Costco has substantially completed the exterior façade of the Costco Project (the "**Exterior Improvements**"). The Sublease requires that the Developer shall substantially complete the Finish Coat Work within forty-five (45) days following written notice from Costco that (1) Costco has substantially completed the Exterior Improvements and (2) Costco requests that the Developer complete the Finish Coat Work.

Costco agrees under the Sublease to construct and install the Improvements on the Land. Pursuant to the Sublease, Costco is required to complete the acquisition, construction, and installation of the Improvements on or before the date which is twenty-one (21) months from the Effective Date (i.e., on or about February 2, 2022) of the Sublease (the "**Outside Tenant Completion Date**"), which, based on the Effective Date of the Sublease, is on or about November 2, 2023. *According to the Developer, Costco anticipates that it will complete the Costco Project in June 2022.*

## **Costco Purchase of the Premises**

***Option to Purchase the Premises/Payment by Costco of the Series 2022 Bonds.*** Under the Sublease, Costco has the option to purchase the "Premises" (which, for purposes of the Sublease, generally means, collectively, the Land and the Costco Project) from the Developer or from the Authority (pursuant to the designation under the Lease) prior to the expiration of the term of such Sublease, which expires at midnight on December 1, 2036. If Costco exercises such option to purchase the Premises, Costco shall pay the Developer, and/or the Authority, among other amounts, an amount of money equal to (1) the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds, (2) the outstanding principal amount of,

and all accrued but unpaid interest under, the 2022 Subordinate Note and (3) all unpaid Rent under the Sublease plus the Rent due under the Sublease for the remainder of the Term of the Sublease (i.e., through December 1, 2036), which, over the entire Term of the Sublease, is an aggregate amount of \$5,039,500 that Costco is required to pay in monthly installments through the Term of the Sublease. See **“THE SUBLEASE – Purchase of the Premises – Option to Purchase the Premises”** herein.

As long as the Land and the Improvements are owned by the Authority, neither the Developer or Costco is required to pay property taxes on the Land and the Improvements. Upon Costco’s exercise of the option to purchase the Premises, it will be required to pay property taxes on the Premises based on the assessed valuation of the Premises at the time it exercises the option and on the amount of assessed valuation of the Premises as determined by the County in future years.

In the event that Costco exercises the option to purchase the Premises, the amount required by the Sublease to be paid by Costco, among other amounts, shall include the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds, which amount will be used to redeem the Series 2022 Bonds. See **“DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds”** and **“BONDOWERS’ RISKS - Early Redemption of the Series 2022 Bonds”** herein.

**Mandatory Purchase Obligation/Payment by Costco of the Series 2022 Bonds.** The Sublease requires that Costco complete the acquisition, construction, and installation of the “Improvements” (which, for purposes of the Sublease means, collectively, the building improvements, together with all related structures and facilities, to be constructed by Costco on the Land) on or before the date which is twenty-one (21) months from the Effective Date (i.e., on or about February 2, 2022) of the Sublease (the **“Outside Tenant Completion Date”**), which, based on the Effective Date of the Sublease, is on or about November 2, 2023. In the event Costco does not complete construction of the Improvements on or before the Outside Tenant Completion Date, Costco is obligated to purchase the Premises within 75 days after the date of receipt of written notice from the Developer (the **“Mandatory Purchase Obligation”**). At the closing of such purchase pursuant to the Mandatory Purchase Obligation Costco shall be required, among other things, to pay the outstanding principal amount of, and all accrued but unpaid interest on, the Series 2022 Bonds and the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Subordinate Note which shall be paid by Costco to the Authority. See **“THE SUBLEASE – Purchase of the Premises – Mandatory Purchase Obligation”** herein.

In the event that Costco is required to purchase the Premises because it did not complete construction of the Improvements on or before the Outside Tenant Completion Date, among other amounts, the amount required by the Sublease to be paid by Costco shall include the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds, which will be used to redeem the Series 2022 Bonds. See **“DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds”** and **“BONDOWERS’ RISKS – Early Redemption of the Series 2022 Bonds”** herein.

**Obligation to Purchase the Premises/No Payment by Costco of the Series 2022 Bonds.** Notwithstanding anything to the contrary contained in the Sublease, at any time subsequent to the scheduled expiration of the Term of the Sublease, upon written notice by the Developer to Costco establishing a closing date not earlier than thirty (30) days after the scheduled expiration of the Term of the Sublease and subject to the sale and conveyance of fee simple title to the Premises to the Developer from the Authority (or directly to Costco pursuant to the terms of the Lease), the Developer is required, upon receipt of the ten dollars (\$10.00) purchase price from Costco, to deliver to Costco, among other documents, a quit claim deed conveying title to the Premises to Costco. See **“THE SUBLEASE – Purchase of the Premises –Obligation to Purchase the Premises”** herein.

Costco is not obligated to pay the outstanding principal amount of, and all accrued but unpaid interest under, the Series 2022 Bonds upon its purchase of the Premises pursuant to this provision of the Sublease. Upon

Costco’s purchase of the Premises, the County is obligated to continue making the Contract Payments, through March 1, 2048.

**Costco Project Schedule**

The Sublease sets forth certain commencement, interim milestone and completion dates by which the Landlord’s Work is required to be performed by the Developer (referred to in the Sublease and herein as the “**Project Schedule**”). According to the Developer, it commenced Site Work in October 2021. Since then, according to the Project Schedule, the Developer has completed clearing and grubbing of the site, laying of the sanitary sewer and storm sewer lines, all of the site grading, blasting of rock necessary for completion of the fuel center, portions of a retaining wall, and installation of electrical conduits for phone/cable. The remaining components of the Site work required to be completed prior to certification of the building pad for the Costco Project and the Finish Coat Work required to be completed by the Developer after Costco’s completion of the building include, but are not limited to, the following:

<u>Task</u>	<u>Start Date</u>	<u>Finish Date</u>
Installation of site lighting poles and fixtures	January 10, 2022	January 21, 2022
Sidewalks	February 7, 2022	February 18, 2022
Fencing and guardrail <sup>(1)</sup>	February 7, 2022	February 15, 2022
Building pad certification <sup>(1)</sup>	February 14, 2022	February 15, 2022
Traffic signalization work	February 18, 2022	March 17, 2022
Install irrigation system	February 21, 2022	March 4, 2022
Costco construction of the Costco building	March 11, 2022	June 30, 2022
Asphalt topping	April 27, 2022	May 31, 2022
Striping and signage	June 1, 2022	June 14, 2022
Final inspections	June 22, 2022	June 27, 2022
Landlord’s Work complete	June 28, 2022	June 29, 2022

**County Approvals**

**Site Development Plan.** The County approved the Developer’s site development plan on June 17, 2021.

**Architectural Drawings/Store Elevations.** The County approved Costco’s architectural drawings and store elevations on October 13, 2021.

**Costco Building and Fuel Center Plans.** The County approved Costco’s building and fuel center plans on October 13, 2021.

**Declaration of Easements, Covenants and Restrictions**

An affiliate of the Developer (the “**Declarant**”) recorded the Declaration of Easements, Covenants and Restrictions dated February 10, 2017, as supplemented and amended by the First Amendment to Easements, Covenants and Restrictions dated August 25, 2021 (collectively, the “**Declaration**”) in the real property records of the County against all of the real property related to the Costco Project and certain other adjacent tracts (collectively, the “**Shopping Center**”). The Declarant entered into the Declaration to effectuate the common use and operation of such real property and grant and establish certain easements benefitting and burdening the tracts therein.

Pursuant to the Declaration, certain easements are established for access and parking, utility and drainage and signage for the benefit of the occupants of the Shopping Center. Under the Declaration, the Declarant agrees to operate, repair and maintain certain common areas with respect to the Shopping Center in a

safe and slightly condition and good state of repair subject to reimbursements from other parties pursuant to the terms of the Declaration. The common areas with respect to real property related to the Costco Project are required to be operated and maintained in compliance with all applicable governmental requirements. The Declaration also contains certain criteria with respect to signage within the Shopping Center. Any owner and or occupant of the Shopping Center benefited by the terms of the Declaration is entitled to pursue injunctive relief or specific performance with respect to any violation or threatened violation by any party of any of the terms, covenants, or conditions of the Declaration.

### **Phase I Environmental Site Assessment**

The Developer engaged Ahlberg Engineering, Inc. (“**Ahlberg**”), to perform a Phase I Environmental Site Assessment dated January 18, 2017 (the “**Phase I ESA**”) on the property including the Costco Project for the purpose of identifying recognized environmental conditions (“**REC**”) within the Costco Project. The Phase I ESA defines a REC as the presence or likely presence of any hazardous substances or petroleum products in, on or at a site: (1) due to any release to the environment; (2) under conditions indicative of a release to the environment; or (3) under conditions that pose a material threat of a future release to the environment. The Phase I ESA revealed no evidence of a REC in connection with the subject property. The Phase I ESA states that, in Ahlberg’s opinion, further environmental assessment of the subject property is not warranted based on the findings therein.

### **Developer General Contractor and Construction Contract**

**General Contractor – Site Work and Finish Coat Work.** The Bishop Company, LLC, an affiliate of the Developer (“**Bishop**”), has engaged Benning Construction Company (“**Benning**”) as the general contractor for the Site Work and the Finish Coat Work. According to the Developer, Benning has completed more than 1,400 retail development and grocery projects throughout the State and the southeastern United States and current clients include Publix, Sprouts, EarthFare, Whole Foods, Walmart and other retail grocers.

**Construction Contract.** *Following is a brief summary of the Construction Contract (defined below). Such summary does not purport to be comprehensive or definitive. During the period of the offering, a copy of the Construction Contract will be available at the office of Stifel, Nicolaus & Company, Incorporated at 501 North Broadway, St. Louis, Missouri 63102, (314) 342-2000.*

The Bishop Company, LLC, an affiliate of the Developer (“**Bishop**”), and Benning entered into a Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum (the “**Construction Contract**”) on July 20, 2021. The scope of the Construction Contract covers all of the Site Work and the Finish Coat Work for the entire area on which the Costco Project is anticipated to be located (collectively, the “**Benning Work**”), as specifically described in the Construction Contract. Pursuant to the Construction Contract, Benning guarantees that the total costs to be paid by Bishop for the Benning Work described in the Construction Contract shall not exceed \$4,943,181, subject to certain additions and deductions which may be made in accordance with the Construction Contract. The Construction Contract provides that Bishop may retain 10% of the approved value of all payments until Substantial Completion.

The Construction Contract provides that the date of commencement of the Benning Work was five days after written Notice to Proceed from Bishop and receipt of all applicable permits for the Benning Work. According to the Developer, it commenced Site Work in October 2021. Benning guarantees to achieve Substantial Completion (as defined in the Construction Contract) of the Benning Work in its entirety on or before June 29, 2022, subject to changes in the Contract Time (as defined in the Construction Contract).

The Construction Contract requires Benning to purchase and maintain varying levels of public liability and property damage insurance. Neither a performance and payment bond nor a labor and material payment bond are required of Benning under the Construction Contract. Benning warrants in the Construction Contract that the general contracting services performed by Benning will be done in strict accordance with the drawings



and specifications and that the work performed will fulfill the requirements of those specifications. Benning further agreed to repair or replace, or cause to be repaired or replaced, any and all of the Benning Work, together with any adjacent workmanship or material, within a period of one year from the date of Substantial Completion, ordinary wear and tear, abuse, neglect, or acts of God excepted.

Benning may terminate the Construction Contract if the Benning Work is stopped through no act or fault of Benning or a subcontractor, a subcontractor or their agents or employees or any other persons or entities performing portions of the Benning Work under direct or indirect contract with Benning. Bishop may terminate the Construction Contract for cause as provided therein and may also terminate or suspend the Construction Contract for convenience or without cause. In a case of termination for Bishop’s convenience, Benning shall be entitled to receive payment for the Benning Work executed, and costs incurred by reason of such termination, along with reasonable overhead and profit on the Benning Work not executed. Bishop may, without cause, order Benning in writing to suspend, delay or interrupt the Benning Work in whole or in part for such period as Bishop shall determine. The Contract Sum and Contract Time (each as defined in the Construction Contract) shall be adjusted for increases in the cost and time caused by suspension, delay or interruption.

**The Developer**

Epps Bridge Centre II CWC, L.L.C. (previously defined as the “**Developer**”) is a Missouri limited liability company created for the purpose of engaging in any lawful business, activity and purpose permitted under the laws of the State of Missouri. Epps Bridge Centre Holding Company, LLC, a Missouri limited liability company (“**Epps Bridge Centre Holding Company**”) is the sole member of the Developer. Epps Bridge Centre Holding Company has two members, TKG Epps Bridge Investor, L.L.C. (“**TKG**”), a Missouri limited liability company, which has a 50% ownership interest in Epps Bridge Centre Holding Company, and Oconee 316 Associates, L.L.C. (“**Oconee 316**”), a Georgia limited liability company, which has a 50% ownership interest in Epps Bridge Centre Holding Company. Mr. Frank Bishop owns/controls Oconee 316.

**Developer Prior Development Experience**

The following information regarding the Developer’s prior experience was obtained from the Developer and has not been independently verified by the Underwriter. Frank M. Bishop owns and controls The Bishop Company, LLC (“**Bishop Company**”), which is headquartered in Atlanta, Georgia and has developed neighborhood, community and regional shopping centers throughout the southeastern and mid-Atlantic United States for more than 30 years in excess of 3,000,000 square feet of retail space. Bishop Company has significant experience in the areas of market analysis, project feasibility, site selection, entitlement, development, redevelopment, leasing, marketing, tenant mix, management, financing and the brokerage of quality retail centers. According to the Developer, Bishop Company has participated in the following development projects:

<u>Project Name</u>	<u>Square Feet</u>	<u>Anchor Tenants</u>
Epps Bridge Centre Athens, Georgia	706,000	Dicks, Hobby Lobby, PetSmart, Best Buy, Ulta, Old Navy, Banana Republic, Off Broadway Shoes, Marshalls, Retail, Georgia Theatre
Perimeter Village Dunwoody, Georgia	385,000	Wal-Mart, Borders, Houston’s, Rio Bravo, Just For Feet, Rhodes Reading, Ulta, Retail

<u>Project Name</u>	<u>Square Feet</u>	<u>Anchor Tenants</u>
Corridor Marketplace Laurel, Maryland	414,000	Target, Kohl's, Sports Authority, Weis Foods, Total Wine, Retail
Gateway Village Annapolis, Maryland	251,000	Best Buy, Staples, PetSmart, Home Place, Retail
Hiram Crossings Atlanta, Georgia	235,000	Wal-Mart, Chick-Fil-A, Famous Footwear, Bellsouth Mobility, Retail
Festival Centre at Indigo Park Hilton Head Island, SC	207,000	Wal-Mart, Publix, Dollar Tree, Retail
Shops of Riverdale Atlanta, Georgia	183,000	Wal-Mart, Fashion Bug, Famous Footwear, Dollar Tree, Retail, Hollywood Video
Mall Corners of Valdosta Valdosta, Georgia	173,500	Wal-Mart, Goody's, Cato's, Retail
Camden Woods Center Kingsland, Georgia	167,100	Publix, Kmart, Petrie, Retail
Gold Mine Plaza Dahlonega, Georgia	161,500	Wal-Mart, Dollar Tree, Friedman's, Retail
Southlake II Morrow, Georgia	117,000	Kroger, Sports Authority, Office Maxx, Revco
The Shoppes of Easton Easton, MD	113,000	Giant Foods, Mercantile Bank, Fashion Bug, Retail
Georgetown Square Athens, Georgia	96,108	Publix, Chick-Fil-A, Papa Johns, Retail
Freehome Village Canton, Georgia	87,440	Publix, Wells Fargo, Subway, Retail
Northlake II Atlanta, Georgia	75,000	Sports Authority, Bambanelli, Retail
Northside Village Conyers, Georgia	74,500	Winn Dixie, Retail
Singleton Square Norcross, Georgia	70,600	Kroger, Retail
Crescent Village Griffin, Georgia	62,000	Bruno's, Revco, Retail
The Sports Authority	42,400	Sports Authority

<u>Project Name</u>	<u>Square Feet</u>	<u>Anchor Tenants</u>
Gaithersburg, Maryland		
Pebble Way Thomasville, Georgia	39,000	Food Lion, Revco, Retail
Chastain Square II Atlanta, Georgia	17,388	Chick-Fil-A, Papa John's, Swoozie's, Retail

### **Costco Corporation**

According to its website, accessed on January 10, 2022, Costco Corporation is publicly traded under the Nasdaq ticker symbol "COST" and has its home office in Issaquah, Washington. Costco Corporation operates an international chain of membership warehouses that carry a large number of product categories, including groceries, appliances, television and media, automotive supplies, tires, toys, hardware, sporting goods, jewelry, watches, cameras, books, housewares, apparel, health and beauty aids, tobacco, furniture, office supplies and equipment. Costco is known for carrying national and regional brands at prices consistently below conventional wholesale or retail stores. Costco is open only to members and has approximately 113.1 million cardholders across 62.5 million households worldwide.

## **PROJECTED SEMI-ANNUAL REDEMPTIONS AND AVERAGE LIFE OF THE SERIES 2022 BONDS**

### **Introduction**

The following discussion describes the assumptions (the "**Structuring Assumptions**") used to calculate the projected semi-annual redemptions and projected average life of the Series 2022 Bonds pursuant to the mandatory redemption provisions described under the caption "**DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions– Special Mandatory/Super-Sinker Redemption of Series 2022 Bonds**" under the various scenarios described below. Potential investors are cautioned that the information in this section of the Official Statement represents "forward-looking statements" as described in "**BONDOWNERS' RISKS – Forward-Looking Statements**" herein. There is no assurance that actual events will correspond with the assumptions made. No guaranty or assurances may be made that such projections will correspond with the results achieved in the future.

### **Structuring Assumptions**

**General.** The Structuring Assumptions described under this heading were prepared by the Underwriter. Such assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from the results based on the Structuring Assumptions, and the variations may be material. If actual results are materially different from those assumed, it will have a material effect on the projections set forth under this caption.

**Revenue Study.** The revenue projections described in the Revenue Study were based on the projections for collection of the Local Option Sales Tax as set forth in the Revenue Study. See "**INTRODUCTION – Revenue Study**" herein and **Appendix B – "REVENUE STUDY"** attached hereto. None of the Authority, the County or the Underwriter make any representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Revenue Study.

**Contract Payments.** The primary source of payment for the Series 2022 Bonds are the Contract Payments. There are two limitations on the amount of Contract Payments that the County is required to transfer to the Trustee for payment of debt service on the Series 2022 Bonds. First, the amount of the monthly Contract Payments is

determined based on the County's 88.45% share of the 1% Local Option Sales Tax reported to be collected at the Costco Project in the prior month. Second, the Contract Payments are not actually made from the County's receipt of its share of the Local Option Sales Tax collected at the Costco Project, but are made from the revenues collected by the County from the one mill Statutory Tax. Pursuant to State law, the Statutory Tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County. In the event that the amount of the Statutory Tax collected by the County in any year is insufficient to pay (1) the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds or other obligations authorized to be issued under the Indenture and (2) the County's portion of the Local Option Sales Tax reported to be collected at the Costco Project, the amount of the Statutory Tax for such year will be applied to the payment of the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds and then, the remaining amount will be applied to the payment of the Series 2022 Bonds as the Contract Payments due in such year.

***Local Option Sales Tax Rate and Statutory Tax.*** The County's share of the 1% Local Option Sales Tax is currently 88.45%. The Revenue Study assumes that the County's share of the Local Option Sales Tax will remain at 88.45% for the life of the Series 2022 Bonds. The County's share of the Local Option Sales Tax amount can increase or decrease over the life of the Series 2022 Bonds and, according to the County, is expected to increase to 88.65% later in 2022. For purposes of these Structuring Assumptions, the County's share of the Local Option Sales Tax is assumed to remain at 88.45% for the life of the Series 2022 Bonds. The amount of the Statutory Tax for 2020 is \$2,287,477. The amount of the Statutory Tax will increase or decrease over the life of the Series 2022 Bonds based on the assessed valuation increases or decreases in the County each year. According to the County, the amount of the Statutory Tax is expected to increase approximately 6.6% for calendar year 2021. For the purposes of these Structuring Assumptions the amount of the Statutory Tax is assumed to remain at \$2,287,477 for the life of the Series 2022 Bonds.

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**Case I.** Assumes that Local Option Sales Tax revenues are calculated in accordance with the projections for Estimated Local Option Sales Tax Revenue in Table 4 on page 16 of the Revenue Study attached hereto as **Appendix B.** Based on such assumption, Contract Payments are received in accordance with the projections set forth in the table below.

<b>Year</b>	<b>Taxable Sales</b>	<b>Calculation of Local Option Sales Tax Amount at the County's 88.45% Portion</b>	<b>Statutory Tax (Limited to 1 Mill)</b>	<b>Scheduled Amortization for the Series 2012 Bonds and the Series 2020 Bond<sup>(1)</sup></b>	<b>Limitation Calculation</b>	<b>Contract Payment</b>
2022	\$ 44,880,000	\$ 396,964	\$2,287,477	\$647,281	\$ 396,964	\$ 396,964
2023	115,800,000	1,024,251	2,287,477	692,750	1,024,251	1,024,251
2024	125,280,000	1,108,102	2,287,477	695,188	1,108,102	1,108,102
2025	134,049,600	1,185,669	2,287,477	692,531	1,185,669	1,185,669
2026	143,433,072	1,268,666	2,287,477	689,813	1,268,666	1,268,666
2027	153,473,387	1,357,472	2,287,477	692,000	1,357,472	1,357,472
2028	162,681,790	1,438,920	2,287,477	694,063	1,438,920	1,438,920
2029	172,442,698	1,525,256	2,287,477	691,031	1,525,256	1,525,256
2030	182,789,260	1,616,771	2,287,477	692,906	1,594,571	1,594,571
2031	188,272,937	1,665,274	2,287,477	694,656	1,592,821	1,592,821
2032	193,921,125	1,715,232	2,287,477	691,313	1,596,164	1,596,164
2033	199,738,759	1,766,689	2,287,477	692,875	1,594,602	1,594,602
2034	205,730,922	1,819,690	2,287,477	694,313	1,593,164	1,593,164
2035	211,902,850	1,874,281	2,287,477		1,874,281	1,874,281
2036	218,259,935	1,930,509	2,287,477		1,930,509	1,930,509
2037	224,807,733	1,988,424	2,287,477		1,988,424	1,988,424
2038	231,551,965	2,048,077	2,287,477		2,048,077	2,048,077
2039	238,498,524	2,109,519	2,287,477		2,109,519	2,109,519
2040	245,653,480	2,172,805	2,287,477		2,172,805	2,172,805
2041	253,023,084	2,237,989	2,287,477		2,237,989	2,237,989
2042	260,613,777	2,305,129	2,287,477		2,287,477	2,287,477
2043	268,432,190	2,374,283	2,287,477		2,287,477	2,287,477
2044	276,485,156	2,445,511	2,287,477		2,287,477	2,287,477
2045	284,779,710	2,518,877	2,287,477		2,287,477	2,287,477
2046	293,323,102	2,594,443	2,287,477		2,287,477	2,287,477
2047	302,122,795	<u>2,672,276</u>	2,287,477		<u>2,287,477</u>	<u>2,287,477</u>
		<u>\$47,161,079</u>			<u>\$45,363,088</u>	<u>\$45,363,088</u>

<sup>(1)</sup> Amortization amounts obtained from specimen bonds for each series provided by Bond Counsel.

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**Case II.** Assumes that Local Option Sales Tax revenues are calculated based on 71.429%\* (1.40x coverage)\* of the Estimated Local Option Sales Tax Revenue projected in Table 4 on page 16 of the Revenue Study attached hereto as **Appendix B**. This Case II also assumes that draws on the Debt Service Reserve Fund will occur but will not result in a balance below the Debt Service Reserve Requirement. Based on such assumptions, Contract Payments are received in accordance with the projections set forth in the table below.

<b>Year</b>	<b>Taxable Sales</b>	<b>Calculation of Local Option Sales Tax Amount at the County's 88.45% Portion</b>	<b>Statutory Tax (Limited to 1 Mill)</b>	<b>Scheduled Amortization for the Series 2012 Bonds and the Series 2020 Bond<sup>(1)</sup></b>	<b>Limitation Calculation</b>	<b>Contract Payment</b>
2022	\$ 32,057,143	\$ 283,545	\$2,287,477	\$647,281	\$ 283,545	\$ 283,545
2023	82,714,286	731,608	2,287,477	692,750	731,608	731,608
2024	89,485,714	791,501	2,287,477	695,188	791,501	791,501
2025	95,749,714	846,906	2,287,477	692,531	846,906	846,906
2026	102,452,194	906,190	2,287,477	689,813	906,190	906,190
2027	109,623,848	969,623	2,287,477	692,000	969,623	969,623
2028	116,201,279	1,027,800	2,287,477	694,063	1,027,800	1,027,800
2029	123,173,355	1,089,468	2,287,477	691,031	1,089,468	1,089,468
2030	130,563,757	1,154,836	2,287,477	692,906	1,154,836	1,154,836
2031	134,480,670	1,189,482	2,287,477	694,656	1,189,482	1,189,482
2032	138,515,090	1,225,166	2,287,477	691,313	1,225,166	1,225,166
2033	142,670,542	1,261,921	2,287,477	692,875	1,261,921	1,261,921
2034	146,950,659	1,299,779	2,287,477	694,313	1,299,779	1,299,779
2035	151,359,178	1,338,772	2,287,477	2,287,477	1,338,772	1,338,772
2036	155,899,954	1,378,935	2,287,477	2,287,477	1,378,935	1,378,935
2037	160,576,952	1,420,303	2,287,477	2,287,477	1,420,303	1,420,303
2038	165,394,261	1,462,912	2,287,477	2,287,477	1,462,912	1,462,912
2039	170,356,089	1,506,800	2,287,477	2,287,477	1,506,800	1,506,800
2040	175,466,771	1,552,004	2,287,477	2,287,477	1,552,004	1,552,004
2041	180,730,774	1,598,564	2,287,477	2,287,477	1,598,564	1,598,564
2042	186,152,698	1,646,521	2,287,477	2,287,477	1,646,521	1,646,521
2043	191,737,279	1,695,916	2,287,477	2,287,477	1,695,916	1,695,916
2044	197,489,397	1,746,794	2,287,477	2,287,477	1,746,794	1,746,794
2045	203,414,079	1,799,198	2,287,477	2,287,477	1,799,198	1,799,198
2046	209,516,501	1,853,173	2,287,477	2,287,477	1,853,173	1,853,173
2047	215,801,996	1,908,769	2,287,477	2,287,477	1,908,769	1,908,769
		<u>\$33,686,485</u>			<u>\$33,686,485</u>	<u>\$33,686,485</u>

<sup>(1)</sup> Amortization amounts obtained from specimen bonds for each series provided by Bond Counsel.

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\* Preliminary, subject to change.

**Case III.** Assumes that Local Option Sales Tax revenues are calculated based on 76.923%\* (1.30x coverage)\* of the Estimated Local Option Sales Tax Revenue projected in Table 4 on page 16 of the Revenue Study attached hereto as **Appendix B**. This Case III also assumes that Costco does not open the store in June 2022 (the date on which the Estimated Local Option Sales Tax Revenue are based in Table 4 on page 16 of the Revenue Study) but that Costco opens the store by the Outside Tenant Completion Date, as defined in the Sublease (i.e., November 2, 2023), and therefore the collection of the Local Option Sales Tax will not begin until after such date. This Case III also assumes that draws on the Debt Service Reserve Fund will occur but will not deplete the Debt Service Reserve Fund. Based on such assumptions, Contract Payments are received in accordance with the projections set forth in the table below.

Year	Taxable Sales	Calculation of Local Option Sales Tax Amount at the County's 88.45% Portion	Statutory Tax (Limited to 1 Mill)	Scheduled Amortization for the Series 2012 Bonds and the Series 2020 Bond <sup>(1)</sup>	Limitation Calculation	Contract Payment
2022	\$ -	\$ -	2,287,477	647,281	\$ -	\$ -
2023	13,809,231	122,143	2,287,477	692,750	122,143	122,143
2024	89,076,923	787,885	2,287,477	695,188	787,885	787,885
2025	96,369,231	852,386	2,287,477	692,531	852,386	852,386
2026	103,115,077	912,053	2,287,477	689,813	912,053	912,053
2027	110,333,132	975,897	2,287,477	692,000	975,897	975,897
2028	118,056,452	1,044,209	2,287,477	694,063	1,044,209	1,044,209
2029	125,139,839	1,106,862	2,287,477	691,031	1,106,862	1,106,862
2030	132,648,229	1,173,274	2,287,477	692,906	1,173,274	1,173,274
2031	140,607,123	1,243,670	2,287,477	694,656	1,243,670	1,243,670
2032	144,825,336	1,280,980	2,287,477	691,313	1,280,980	1,280,980
2033	149,170,096	1,319,410	2,287,477	692,875	1,319,410	1,319,410
2034	153,645,199	1,358,992	2,287,477	694,313	1,358,992	1,358,992
2035	158,254,555	1,399,762	2,287,477		1,399,762	1,399,762
2036	163,002,192	1,441,754	2,287,477		1,441,754	1,441,754
2037	167,892,258	1,485,007	2,287,477		1,485,007	1,485,007
2038	172,929,026	1,529,557	2,287,477		1,529,557	1,529,557
2039	178,116,896	1,575,444	2,287,477		1,575,444	1,575,444
2040	183,460,403	1,622,707	2,287,477		1,622,707	1,622,707
2041	188,964,215	1,671,388	2,287,477		1,671,388	1,671,388
2042	194,633,142	1,721,530	2,287,477		1,721,530	1,721,530
2043	200,472,136	1,773,176	2,287,477		1,773,176	1,773,176
2044	206,486,300	1,826,371	2,287,477		1,826,371	1,826,371
2045	212,680,889	1,881,162	2,287,477		1,881,162	1,881,162
2046	219,061,316	1,937,597	2,287,477		1,937,597	1,937,597
2047	225,633,155	1,995,725	2,287,477		1,995,725	1,995,725
		<u>\$ 34,038,942</u>			<u>\$ 34,038,942</u>	<u>\$ 34,038,942</u>

<sup>(1)</sup> Amortization amounts obtained from specimen bonds for each series provided by Bond Counsel.

**Assumed Interest Earnings.** The amounts on deposit in the Project Fund, the Revenue Fund and the Debt Service Reserve Fund are assumed to earn interest at the rate of 0%.

**Fees and Expenses.** Pursuant to the Contract, the County agrees to pay to the Trustee an amount equal to the annual fee of the Trustee for the services of the Trustee rendered and its expenses incurred under the Indenture and the reasonable fees and charges of the Trustee and any other paying agent for acting as paying agent and as bond registrar and reasonable fees of Trustee's counsel as provided in the Indenture, as and when the same become due. These Structuring Assumptions assume that the annual fees and expenses of the Trustee will be paid by the County from sources other than the Contract Payments. These Structuring Assumptions also assume that all other fees and expense incurred in connection with the Series 2022 Bonds and the Contract Payments will be paid by the County from sources other than the Contract Payments.

**Early Redemption of the Series 2022 Bonds.** Funds on deposit in the Redemption Account of the Sinking Fund and the Debt Service Reserve Fund may be applied, under certain circumstances, for the purpose of redeeming Series 2022 Bonds prior to maturity pursuant to the redemption provisions in the Indenture. It is assumed in the Revenue Study that no fuel station will be constructed at the Costco Project. However, plans approved by the County include a fuel station will be developed as part of the Costco Project. If a fuel station is developed as part of the Costco Project, the amount of the Contract Payments pledged to the payment of the Series 2022 Bonds are likely to increase and, if so, redemption of the Series 2022 Bonds may exceed the amounts shown in the Cases above. Further, annual growth of the Statutory Tax is assumed to be zero. If the assessed value of property in the County increases over time, the amount of the Statutory Tax will also increase, which would result in an increase in the amount of Contract Payments pledged to the payment of the Series 2022 Bonds, which would also result in redemptions of the Series 2022 Bonds that exceed the amounts shown in the Cases above. It is also assumed that Costco will not exercise its option to purchase the Premises prior to the expiration of the Term of the Sublease and that Costco will not be required to purchase the Premises as a result of its failure to construct and install the Improvements prior to the Outside Tenant Completion Date and, therefore, it is assumed that no Series 2022 Bonds will be redeemed with any payments made by Costco as a result of its purchase of the Premises under the Sublease. See “**THE SUBLEASE – Purchase of the Premises**” herein.

**Lag.** These Structuring Assumptions also assume certain lags between Contract Payments made by the County and transferred to the Trustee to pay debt service on the Series 2022 Bonds.

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## Projected Semi-Annual Redemptions and Average Life of the Series 2022 Bonds

The following tables were prepared by the Underwriter based on the Structuring Assumptions as described above. The tables show projected semi-annual redemptions and average life of the Series 2022 Bonds as a result of the Contract Payments made by the County (based upon the Structuring Assumptions) received by the Trustee and applied pursuant to the flow of funds under the Indenture. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Revenue Fund**” and “**DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions – Special Mandatory/Super-Sinker Redemption.**”

### SERIES 2022 BONDS MATURING ON MARCH 1, 2040\*

<u>As of</u>	<u>Case I</u>		<u>Case II</u>		<u>Case III</u>	
	<u>Special Mandatory Redemption</u>	<u>Cumulative Redemption</u>	<u>Special Mandatory Redemption</u>	<u>Cumulative Redemption</u>	<u>Special Mandatory Redemption</u>	<u>Cumulative Redemption</u>
September 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
March 1, 2023	30,000	30,000	-	-	-	-
September 1, 2023	50,000	80,000	-	-	-	-
March 1, 2024	45,000	125,000	-	-	-	-
September 1, 2024	95,000	220,000	-	-	-	-
March 1, 2025	95,000	315,000	-	-	-	-
September 1, 2025	135,000	450,000	-	-	-	-
March 1, 2026	140,000	590,000	-	-	-	-
September 1, 2026	185,000	775,000	-	-	-	-
March 1, 2027	190,000	965,000	10,000	10,000	-	-
September 1, 2027	240,000	1,205,000	20,000	30,000	-	-
March 1, 2028	245,000	1,450,000	20,000	50,000	-	-
September 1, 2028	290,000	1,740,000	50,000	100,000	-	-
March 1, 2029	300,000	2,040,000	55,000	155,000	-	-
September 1, 2029	350,000	2,390,000	80,000	235,000	-	-
March 1, 2030	365,000	2,755,000	85,000	320,000	-	-
September 1, 2030	400,000	3,155,000	125,000	445,000	-	-
March 1, 2031	420,000	3,575,000	120,000	565,000	-	-
September 1, 2031	425,000	4,000,000	145,000	710,000	-	-
March 1, 2032			150,000	860,000	50,000	50,000
September 1, 2032			170,000	1,030,000	180,000	230,000
March 1, 2033			175,000	1,205,000	180,000	410,000
September 1, 2033			200,000	1,405,000	205,000	615,000
March 1, 2034			200,000	1,605,000	210,000	825,000
September 1, 2034			225,000	1,830,000	240,000	1,065,000
March 1, 2035			235,000	2,065,000	240,000	1,305,000
September 1, 2035			260,000	2,325,000	270,000	1,575,000
March 1, 2036			265,000	2,590,000	275,000	1,850,000
September 1, 2036			290,000	2,880,000	305,000	2,155,000
March 1, 2037			300,000	3,180,000	315,000	2,470,000
September 1, 2037			330,000	3,510,000	340,000	2,810,000
March 1, 2038			340,000	3,850,000	350,000	3,160,000
September 1, 2038			150,000	4,000,000	385,000	3,545,000
March 1, 2039					390,000	3,935,000
September 1, 2039					65,000	4,000,000
March 1, 2040						
<b>Average Life</b>	<b>6.848 years</b>		<b>12.711 years</b>		<b>14.331 years</b>	

\* Preliminary, subject to change.

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**SERIES 2022 BONDS MATURING ON MARCH 1, 2048\***

<u>As of</u>	<u>Case I</u>		<u>Case II</u>		<u>Case III</u>	
	<u>Special Mandatory Redemption</u>	<u>Cumulative Redemption</u>	<u>Special Mandatory Redemption</u>	<u>Cumulative Redemption</u>	<u>Special Mandatory Redemption</u>	<u>Cumulative Redemption</u>
September 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
March 1, 2023	-	-	-	-	-	-
September 1, 2023	-	-	-	-	-	-
March 1, 2024	-	-	-	-	-	-
September 1, 2024	-	-	-	-	-	-
March 1, 2025	-	-	-	-	-	-
September 1, 2025	-	-	-	-	-	-
March 1, 2026	-	-	-	-	-	-
September 1, 2026	-	-	-	-	-	-
March 1, 2027	-	-	-	-	-	-
September 1, 2027	-	-	-	-	-	-
March 1, 2028	-	-	-	-	-	-
September 1, 2028	-	-	-	-	-	-
March 1, 2029	-	-	-	-	-	-
September 1, 2029	-	-	-	-	-	-
March 1, 2030	-	-	-	-	-	-
September 1, 2030	-	-	-	-	-	-
March 1, 2031	-	-	-	-	-	-
September 1, 2031	-	-	-	-	-	-
March 1, 2032	435,000	435,000	-	-	-	-
September 1, 2032	450,000	885,000	-	-	-	-
March 1, 2033	465,000	1,350,000	-	-	-	-
September 1, 2033	480,000	1,830,000	-	-	-	-
March 1, 2034	490,000	2,320,000	-	-	-	-
September 1, 2034	505,000	2,825,000	-	-	-	-
March 1, 2035	520,000	3,345,000	-	-	-	-
September 1, 2035	680,000	4,025,000	-	-	-	-
March 1, 2036	700,000	4,725,000	-	-	-	-
September 1, 2036	745,000	5,470,000	-	-	-	-
March 1, 2037	770,000	6,240,000	-	-	-	-
September 1, 2037	820,000	7,060,000	-	-	-	-
March 1, 2038	845,000	7,905,000	-	-	-	-
September 1, 2038	905,000	8,810,000	215,000	215,000	-	-
March 1, 2039	925,000	9,735,000	380,000	595,000	-	-
September 1, 2039	2,265,000 <sup>(1)</sup>	12,000,000	410,000	1,005,000	365,000	365,000
March 1, 2040			425,000	1,430,000	435,000	800,000
September 1, 2040			455,000	1,885,000	475,000	1,275,000
March 1, 2041			475,000	2,360,000	490,000	1,765,000
September 1, 2041			510,000	2,870,000	530,000	2,295,000
March 1, 2042			525,000	3,395,000	545,000	2,840,000
September 1, 2042			565,000	3,960,000	585,000	3,425,000
March 1, 2043			580,000	4,540,000	605,000	4,030,000
September 1, 2043			625,000	5,165,000	645,000	4,675,000
March 1, 2044			645,000	5,810,000	670,000	5,345,000
September 1, 2044			685,000	6,495,000	710,000	6,055,000
March 1, 2045			710,000	7,205,000	735,000	6,790,000
September 1, 2045			755,000	7,960,000	785,000	7,575,000
March 1, 2046			780,000	8,740,000	810,000	8,385,000
September 1, 2046			830,000	9,570,000	860,000	9,245,000
March 1, 2047			850,000	10,420,000	885,000	10,130,000
September 1, 2047			910,000	11,330,000	940,000	11,070,000
March 1, 2048			670,000 <sup>(1)</sup>	12,000,000	930,000 <sup>(1)</sup>	12,000,000
<b>Average Life</b>	<b>14.791 years</b>		<b>22.124 years</b>		<b>22.495 years</b>	

\* Preliminary, subject to change.

<sup>(1)</sup> Amounts assume application of moneys in the Debt Service Reserve Fund are applied to final payment.

## CONTINUING DISCLOSURE UNDERTAKING

### 2022 Undertaking

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold, or sell the Series 2022 Bonds, and the Authority will not provide any such information. The County has undertaken all responsibilities for any continuing disclosure regarding the Series 2022 Bonds, as described below, and the Authority will have no liability to the Owners of the Series 2022 Bonds or any other person with respect to such disclosures.

The County has covenanted in a Continuing Disclosure Undertaking for the benefit of the beneficial owners of the Series 2022 Bonds to provide certain financial and operating information relating to the County on an annual basis, to provide certain updates on the Costco Project and financial information relating to the collection of the Contract Payments on a semiannual basis, and to provide notices of the occurrence of certain enumerated events relating to the Series 2022 Bonds to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) website. EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, event notices, real-time municipal securities trade prices and education resources, available at [www.emma.msrb.org](http://www.emma.msrb.org). A form of the Continuing Disclosure Undertaking is attached hereto as **Appendix E**.

### Prior Continuing Disclosure Undertakings

For the past five fiscal years, the County has complied in all material respects with all of its prior continuing disclosure undertakings pursuant to the Rule.

## LEGAL MATTERS

### Pending Litigation

*The Authority and the County.* The Authority and the County, like other similar bodies, are each subject to a variety of suits and proceedings arising in the ordinary conduct of their respective affairs. The Authority and the County, respectively, after reviewing the current status of all pending and threatened litigation with their counsel, each believe that while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the Authority or the County, respectively, or their respective officials in such capacity are adequately covered by insurance or sovereign immunity or will not have material adverse effect upon the financial position or results of operations of the Authority or County.

There is no litigation now pending or, to the knowledge of the Authority or the County, threatened which restrains or enjoins the issuance or delivery of the Series 2022 Bonds, or the use of the proceeds of the Series 2022 Bonds or which questions or contests the validity of the Series 2022 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the Authority or the County, nor the title of the present respective members or other respective officials of the Authority or the County to their respective offices, is being contested or questioned.

### Validation Proceedings and Approving Opinions

The Series 2022 Bonds were validated in the Superior Court of Oconee County on September 20, 2021. The State of Georgia was the plaintiff in the proceeding, and the Authority and the County were the defendants. Under Georgia law, the judgement of validation is final and conclusive with respect to the validity of the Series 2022 Bonds against the Authority and the County.

## Closing Certificates

The Authority and the County will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2022 Bonds or the financial condition of the County. In addition, the Authority and the County will represent to the Underwriter in the Bond Purchase Agreement that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

At the time of delivery of and payment for the Series 2022 Bonds, the Developer will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened by or against the Developer: (1) in any way questioning the due formation and valid existence of the Developer or (2) in any way questioning or affecting the validity of the Sublease, the Lease or any other agreements entered into by the Developer or the consummation of the transactions contemplated thereby.

## TAX MATTERS

**Generally.** The following constitutes a discussion of certain of the federal and State of Georgia income tax consequences of the purchase, ownership, and disposition of the Series 2022 Bonds. This summary is presented for informational purposes only and is intended to be a discussion primarily of the federal and State of Georgia income tax consequences to individual owners who are citizens or residents of the United States. IT IS NOT PRACTICABLE TO COMMENT ON ALL ASPECTS OF THE FEDERAL, STATE, AND LOCAL TAX LAWS WHICH MAY AFFECT AN INDIVIDUAL OWNER'S PURCHASE OF THE SERIES 2022 BONDS. THEREFORE, STATE (OTHER THAN STATE OF GEORGIA), LOCAL, AND FOREIGN TAX CONSEQUENCES ARE NOT DISCUSSED; NOR ARE THE TAX CONSEQUENCES TO OWNERS OTHER THAN INDIVIDUALS. Such tax consequences will vary with each purchaser, depending upon its individual situation. The following summary should not be considered as legal or tax advice to prospective purchasers of the Series 2022 Bonds.

Legal matters incident to the authorization, validity, and issuance of the Series 2022 Bonds are subject to the approving opinion of Gray Pannell & Woodward LLP, Bond Counsel. The opinion of Bond Counsel is attached to this Official Statement as **Appendix F**. Copies of the opinion will be available at the time of the initial delivery of the Series 2022 Bonds.

**Federal Tax Matters.** INTEREST ON THE SERIES 2022 BONDS IS NOT EXCLUDABLE FROM THE GROSS INCOME OF A RECIPIENT THEREOF FOR FEDERAL INCOME TAX PURPOSES.

**State Tax Matters.** In the opinion of Bond Counsel, under existing statutes, interest on the Series 2022 Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Series 2022 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Purchasers of the Series 2022 Bonds should consult their tax advisors as to the taxable status of the Series 2022 Bonds in a particular state or local jurisdiction other than Georgia.

**Circular 230.** Prospective investors are urged to consult their own tax advisors before determining whether to purchase Series 2022 Bonds. The tax discussion herein under "**TAX MATTERS**" is not intended or written to be used, and cannot be used, for purposes of avoiding taxpayer penalties. This discussion was written to support the promotion or marketing of the Series 2022 Bonds.

**Other Tax Consequences to Investors.** There may be other federal, state, local, or foreign tax considerations applicable to the circumstances of a particular investor. Prospective investors are urged to consult their own tax advisors before determining whether to purchase Series 2022 Bonds. Purchasers of Series 2022 Bonds who are nonresident alien individuals, corporations that are not incorporated in the United States or under

the laws of the United States or of any state of the United States, or other non-United States persons should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes on income realized in respect to the Series 2022 Bonds.

### **Transportation Funding Act**

On May 4, 2015, the Governor of Georgia signed into law House Bill 170 (the “**Transportation Funding Act**”), which became effective July 1, 2015. The law eliminates the current State sales tax on gasoline and diesel and imposes a new per-gallon excise tax on motor fuel (the “**Excise Tax**”). The Excise Tax is subject to annual adjustments to account for inflation and the increasing fuel efficiency of new vehicles (which will be tied to increases in the Corporate Average Fuel Economy standard and the National Highway and Construction Cost index) and will initially be imposed at the rate of 26 cents per gallon for gasoline and 29 cents per gallon for diesel. Proceeds of the Excise Tax would be required to be spent on transportation related projects. The Transportation Funding Act generally allows local governments to continue to collect local sales and use tax (“**LOST**”), special purpose local option sales tax (“**SPLOST**”), sales tax for educational purposes (“**ESPLOST**”), homestead option sales tax (“**HOST**”), and municipal optional sales tax (“**MOST**”), if any, at the current 1% rate on the sale of motor fuel. However, if the retail price of motor fuel rises above \$3.00 per gallon, any increase above \$3.00 will not be subject to such 1% rate of tax. At this time, it is uncertain if the Transportation Funding Act will have an adverse impact on tax revenues of the Authority or the County.

### **NO BOND RATING**

The Authority has not and does not contemplate making application to any rating agency for assignment of a rating to the initial offering of the Series 2022 Bonds.

### **UNDERWRITING**

The Series 2022 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) pursuant to a Bond Purchase Agreement, among the Underwriter, the County and the Authority (the “**Bond Purchase Agreement**”). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase the Series 2022 Bonds at a purchase price of \$ \_\_\_\_\_ (the principal amount of the Series 2022 Bonds, plus original issue premium of \$ \_\_\_\_\_, less an Underwriter’s discount of \$ \_\_\_\_\_).

The initial public offering price of the Series 2022 Bonds may be changed from time to time by the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2022 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including, among others, the approval of certain legal matters by counsel.

The Underwriter has entered into an agreement with its affiliate, Vining-Sparks IBG, LLC (“**Vining-Sparks**”), for the distribution of certain municipal securities offerings at the original issue price. Pursuant to that distribution agreement, Vining-Sparks may purchase the Series 2022 Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any of the Series 2022 Bonds that Vining-Sparks sells.

### **CERTAIN RELATIONSHIPS**

Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel, has represented the Underwriter in matters unrelated to the issuance of Series 2022 Bonds, but is not representing the Underwriter in connection with the issuance of the Series 2022 Bonds.

## ADDITIONAL INFORMATION

The definitive forms of the Financing Documents and certain other documents and information as described herein are available upon request, prior to the delivery of the Series 2022 Bonds, from Stifel, Nicolaus & Company, Incorporated, 501 North Broadway, 8th Floor, St. Louis, Missouri 63012, telephone: (314) 342-4000, and after delivery of the Series 2022 Bonds upon payment to the County of a charge for copying, mailing and handling, from Oconee County, Georgia, P.O. Box 145, 23 North Main Street, Watkinsville, Georgia, Attention: Wes Geddings, telephone: (706) 769-2944, and will be provided to any prospective purchaser by requesting the same in writing by mail, email or fax, in electronic form upon payment by such prospective purchaser of the cost of complying with such request.

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

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2022 Bonds.

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**AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT**

The references herein to the Indenture, the Contract and the other documents related to the transactions contemplated therein are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Indenture, the Contract and such other documents.

The agreement of the Authority with the owners of the Series 2022 Bonds is fully set forth in the Indenture, and neither any advertisement of the Series 2022 Bonds, nor this Official Statement, is to be construed as constituting an agreement with the purchasers of the Series 2022 Bonds. Statements made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The execution and delivery of this Official Statement, and its distribution by the Underwriter, have been duly authorized and approved by the Authority and the County. The contents of this Official Statement are the responsibility of the County, except that the Authority is responsible for the statements contained under the section captioned “**THE AUTHORITY**” and the information with respect to the Authority under the section captioned “**LEGAL MATTERS – Pending Litigation**” herein and, with the exception of the foregoing information for which the Authority is responsible, the Authority makes no representation as to the accuracy or completeness of any information contained herein.

Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Series 2022 Bonds do not purport to be complete and are qualified in their entirety by reference thereto.

**OCONEE COUNTY INDUSTRIAL DEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Chairman of the Board of Directors

**OCONEE COUNTY, GEORGIA**

By: \_\_\_\_\_  
Chairman of the Board of Commissioners

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**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE COUNTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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***OCONEE COUNTY, GEORGIA***

***Annual Financial Report***

***For the fiscal year ended June 30, 2021***

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**OCONEE COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2021*

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**OCONEE COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2021*

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## Independent Auditor's Report

Honorable Chairman and  
Members of the Board of Commissioners  
Oconee County, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oconee County, Georgia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Oconee County, Georgia's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oconee County Board of Health or the Oconee County Tourism & Visitors Bureau, which represent 100% of the assets, 100% of the net position, and 100% of the revenues of the County's component units for the year ended June 30, 2021. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oconee County Board of Health and the Oconee County Tourism & Visitors Bureau, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oconee County, Georgia, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons of the General Fund and ARP Act Local Fiscal Recovery Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 14 and 88 through 95, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oconee County, Georgia's basic financial statements. The combining statements, the schedule of projects financed with special purpose local option sales tax, the schedule of state contractual assistance, and the community development block grant program project cost and source and application of funds schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements, the schedule of expenditures of federal awards, the schedule of projects financed with special purpose local option sales tax, the schedule of state contractual assistance, and the community development block grant program project cost and source and application of funds schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, the schedule of expenditures of federal awards, the schedule of projects financed with special purpose local option sales tax, the schedule of state contractual assistance, and the community development block grant program project cost and source and application of funds schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of Oconee County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oconee County, Georgia's internal control over financial reporting and compliance.

*Rushton, LLC*

Certified Public Accountants

Gainesville, Georgia  
November 30, 2021

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**MANAGEMENT DISCUSSION AND ANALYSIS**

**OCONEE COUNTY, GEORGIA  
YEAR ENDED JUNE 30, 2021**

**OCONEE COUNTY, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**

Management's discussion and analysis provides an objective and easily readable analysis of the government's financial activities. The analysis provides summary financial information for Oconee County and should be read in conjunction with the Government's financial statements.

Oconee County's government-wide financial statements, as described below, show an increasing net position indicating long-term stability. Oconee County's fund financial statements also show an increase in fund balance. Short term financial liquidity remains a strength of Oconee County. In summary, the County's financial position is strong. Oconee County continues to practice conservative fiscal policies.

**Overview of the Financial Statements**

Management's discussion and analysis' intention is to serve as an introduction to Oconee County Government's financial statements, which include government-wide and fund statements as well as notes to the financial statements. This report also contains other supplementary financial information in addition to the basic financial statements that may be of interest to the reader.

The Government's basic financial statements are comprised of three components:

1. Government-wide financial statements present an overall picture of the Government's financial position and results of operations.
2. Fund financial statements present financial information for the Government's major funds.
3. Notes to the financial statements provide additional information concerning the Government's finances that are not disclosed in the Government-wide or Fund financial statements.

**Government-Wide Financial Statements**

Government-wide financial statements are designed to provide a long-term broad overview of the economic position of Oconee County and are similar to private-sector financial statements. They include a statement of net position and a statement of activities. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by sales taxes, property taxes, federal and state grants, and charges for services and fines. Business-type activities are supported by charges to the users of those activities.

The Statement of Net Position shows the County's assets less its liabilities at June 30, 2021. The difference between these assets and liabilities is reported as net position. Assets, liabilities and net position are reported for all governmental activities separate from the assets, liabilities and

net position of business-type activities. Changes in net position over time may be helpful in identifying an improving or deteriorating financial position.

The Statement of Activities follows the Statement of Net Position and presents information showing how the net assets changed during the fiscal year. The statement presents all underlying events which give rise to the change, regardless of the timing of the related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in a future fiscal period.

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

Governmental activities reported in the statements include public safety, public works, general government, culture and recreation, judicial, housing and development, and health and welfare. Business-type activities financed by user charges include water and sewer, sanitation collection sites, and special facilities.

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been separated for specific activities or objectives. Like other state and local governments, Oconee County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and Generally Accepted Accounting Principles (GAAP). All funds of Oconee County government can be divided into three categories: governmental, proprietary and fiduciary funds.

Governmental Funds account for the same functions as those reported under the government-wide Statement of Net Position and Statement of Activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year. This has a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Oconee County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for government funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison. The county reports three major governmental funds – General Fund, ARP Act Local Fiscal Recovery Fund, and SPLOST 2015 Fund. The County's basic governmental fund financial statements are presented on pages 18-24 of this report.

Proprietary Funds report, in greater detail, the same information presented as business-type activities in the government-wide financial statements. The County's proprietary fund financial statements are presented on pages 25-29 of this report.

Fiduciary Funds are custodial funds held in a custodial nature outside the general county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the fiduciary funds are not available to support Oconee County Government's general programs. The accrual accounting used for fiduciary funds is much like that used for proprietary funds. Funds held by Oconee County for investment reflect in this section as a Custodial Fund. The county reports six custodial funds – Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court. (pages 30-31)

### **Notes to the Financial Statements**

The Notes provide additional detail concerning the financial activities and financial balances of the Government. Additional information about the accounting practices, investments, long-term debt and the pension plan are some of the items included in the Notes.

### **Required Supplementary Information**

The required supplementary information includes required schedules and information on the County's defined benefit pension plan and OPEB plan (pages 88-95).

### **Other Supplementary Information**

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

## **Financial Analysis of Oconee County**

### **Government – Wide Financial Analysis**

Table 1 & Table 2 depict comparative data for Oconee County, Georgia for the fiscal year ended June 30, 2020 and the fiscal year ended June 30, 2021. The comparative data highlights Government-wide net position (Table 1) and changes in net position (Table 2). Fiscal year ending 2021 shows an increase in the change in net position of \$8.19 million (Table 2) over the previous fiscal year.

Governmental activities net position increased \$3,351,964. (pg. 17) General revenues for the primary government consist mainly of sales taxes and property taxes. Other general revenues are business taxes and intangible taxes. General revenues increased \$5,027,053 for the primary government; the County experienced a digest increase, increased vehicle sales, and increases in local option sales tax collections. Total program revenues for primary government consist of charges for services, operating grants and contributions, and capital grants and contributions. Program revenues increased \$2,370,871 for the primary government due to operating grants &

contributions. Oconee County received federal grant funds totaling \$1,849,130 from the CARES Act Coronavirus Relief Fund. Program expense and transfers to business-type activities contributed to the overall net position increase of \$3.35 million.

Business-type activities net position increased \$4,833,034 (pg. 17) as a result of SPLOST transfers to the Water & Sewer Fund and Special Facilities Fund for projects. Charges for services and expenses were consistent with prior year.

Total program revenues for primary government consist of charges for services, operating grants and contributions, and capital grants and contributions. Overall program revenues increased from the previous fiscal year due to operating grants & contributions. General revenues for the primary government consist mainly of sales taxes and property taxes. Other general revenues are business taxes and intangible taxes. General revenues increased from the previous fiscal year. The County experienced a digest increase and increased vehicle sales resulting in increased property tax revenue.

### **Governmental Funds Financial Analysis**

Governmental funds provide information on near-term inflows, outflows and balances of spendable resources. In assessing Oconee County's financial requirements, unassigned fund balance is a particularly useful measure of net resources available for spending at the end of the fiscal year. The governmental fund types include: General Fund, Special Revenue Funds, and Capital Projects Funds.

As of June 30, 2021, Oconee County governmental funds reported combined fund balances of \$29,678,553, up from \$25,536,182, in the prior year, an increase of \$4,142,371. (pg. 20)

General Fund is the chief operating fund of the county. At June 30, 2021, total fund balance in the general fund was \$18,675,858, an increase of \$3,395,405 from the prior year's fund balance of \$15,280,453. (pg. 20) The fund balance remains strong, and the Board of Commissioners continue to take measures to maintain conservative expenditures by working closely with Elected Officials and Department Directors.

ARP Act Local Fiscal Recovery Fund is a special revenue fund used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund. As of June 30, 2021, Oconee County received \$3,911,959. This is 50% of Coronavirus State and Local Fiscal Recovery Funds to be received by the County. Funds are classified as unearned revenue on the governmental funds balance sheet until expended.

SPLOST 2015 Capital Projects Fund reflects funds collected with the 1% sales tax and expended for capital items that are in agreement with the referendum approved by the voters. Because projects often cross several years and involve design, land acquisition and construction phases, expenditures may vary widely from year to year. Costs expended yearly in capital projects funds are added to the County's construction-in-progress until the project is complete, and then depreciated over its useful life. Water and Sewer projects funded by SPLOST are treated as transfers out to the Water and Sewer Fund and accounted for as Capital Improvement Projects in the Water and Sewer Fund. In fiscal year 2021, SPLOST 2015 expenditures included fire station

No. 5's expansion, public safety vehicles and equipment, animal services' facility expansion, water system improvements, and the civic center expansion. The SPLOST 2015 total fund balance was \$7,137,906. (pg. 20)

In fiscal year 2020, the County issued \$8,210,000 Series 2020 General Obligation Taxable Refunding Bonds. The issue was to refund the Series 2011 General Obligation Refunding Bonds that refunded the original Series 2003 issue which provided proceeds to fund the creation of Oconee Veterans Park. The bond principal and interest payments are payable from SPLOST.

### **Proprietary Funds**

Proprietary Fund statements provide the same information as in the business activities column of the government-wide statements, but in greater detail, and on a fund basis for enterprise funds.

Enterprise Funds – At June 30, 2021, total net position amounted to \$93,635,094. (pg. 27) This includes a change in net position of \$4,833,034. Net position changes are a result of operations, non-operating revenues, depreciation, expenses, capital contributions, donated assets and grants. The funds in this category, Water and Sewer, Solid Waste, and Special Facilities Funds, receive revenue from such areas as user fees, licenses, permits, rent and donated infrastructure.

The County is a member of the Upper Oconee Basin Water Authority (UOBWA). As part of the Intergovernmental Agreement between the County and UOBWA, the County contributes 20.959% interest and principal payments due under Series 2015 bonds. Reconciliation is performed at the Authority's year-end (December 31) to determine the actual cost sharing by each member county. (Note 11)

In October 2007, the county entered into an Intergovernmental Contract with Walton County and the Walton County Water and Sewerage Authority (WCWSA) for a Reservoir Project. The County makes contract payments sufficient to pay the Series 2015 and 2016 debt service.

Phase I of the intergovernmental project with the Walton County Water & Sewerage Authority, also referred to as the Hard Labor Creek Reservoir project, was completed in 2017. The Hard Labor Creek Reservoir project consists of a dam, reservoir, raw water pumping station, pipeline and water treatment plant. It is anticipated that the Hard Labor Creek Reservoir Project will be complete in 2023.

During 2013, the County entered into a note payable with WCWSA and Georgia Environmental Finance Authority (GEFA). The note allowed for up to \$20,000,000 of borrowing, of which the County's share of 28.8% would be \$5,760,000. At year-end, the entire note balance had been drawn and was outstanding. In July 2014, the county entered into a second note payable with WCWSA and GEFA. The note allows for up to \$12,000,000 of borrowing of which the County's share of 28.8% would be \$3,456,000. At year-end, the total borrowed to date was \$7,922,734 of which the County is responsible for \$2,281,748. (Note 11)



Additionally, Oconee County is utilizing Water and Sewer Revenue Bonds to supplement SPLOST funding as a means to assist in providing for future infrastructure, water sources and sewer needs. In October of 2017, Series 2017A Revenue Bonds were issued for the purpose of financing the renovation and improvement of the Calls Creek Wastewater Reclamation Facility and the acquisition, construction and installation of additional water and sewer facilities and equipment. Series 2017B Refunding Bonds were issued to refund Series 2009 Revenue Bonds. The bond issues were for \$10,915,000 and \$1,765,000 respectively. In 2019, the County expended the Series 2017 bond proceeds and completed the Calls Creek Wastewater Reclamation Facility and the addition of the Dove Creek water storage facility.

Oconee County maintains a debt service coverage that exceeds the requirement by bond covenants, and maintains a Moody's rating of Aa2, high quality and very low credit risk. For a detailed overview of Oconee County's Capital Assets, the reader is referred to Notes to the Financial Statements, Note 9. For Long-term Debt Obligations, the reader is referred to Note 11.

### **Financial Highlights**

The local economy continues to grow in Oconee County during COVID-19. Unemployment continues to decrease in the Northeast Georgia region. The continued growth of sales tax revenue has supported the County's economy. The County continues to plan and promote prospective economic growth.

Oconee County's main revenue sources are sales taxes and property taxes. Sales tax revenues increased 20.52% in fiscal year 2021. In November 2014, the voters approved via referendum SPLOST 2015. The first collections were in October 2015 and the first distribution to the County was received in November 2015. Final collections for SPLOST 2015 will be distributed to the County in October 2021. Collections totaled \$46,207,264. SPLOST 2021 was approved by voters in November 2021 with a referendum total of \$64,648,250. Collections of SPLOST 2021 begin in October 2021 and the County will receive the first distribution in November 2021. The projected growth in sales tax is supported by economic planning and development in Oconee County; In August 2021, the Oconee County Industrial Development Authority, a blended component of Oconee County's financial statements, approved resolutions to secure a large retailer in the Epps Bridge Centre. The Epps Bridge Centre continues to be an epicenter for sales tax growth. The County continues to utilize SPLOST funds to retire GO Bond debt for Parks & Recreation, and for the development of infrastructure such as roads, water and sewer improvements. The 2021 SPLOST referendum also provides for broadband facilities and the issuance of GO Bond debt for the purpose of financing an Administrative Facility. The bonds were issued in August 2021 in preparation for construction. There was an increase in the property tax digest due to an increasing population and new homes. While the millage rate was maintained, the property tax digest increase caused property tax revenues to increase in 2021.

As a whole, the financial position of the Oconee County government is stable. At June 30, 2021, Oconee County's Governmental Funds Balance Sheet combined ending fund balances were \$29,678,553 (pg. 18), including an unassigned fund balance of \$9,156,355. (pg. 18)

The General Fund committed \$912,912 (pg. 18) for SR53/Mars Hill Road and assigned \$8,260,998 for capital projects.

Governmental funds report a \$7,675,166 restricted fund balance for capital projects, which include restrictions of the following funds: (pg. 18)

<b>Fund:</b>	<b>Balance:</b>	<b>Reference:</b>
<b>SPLOST 2004</b>	115,978	Exhibit C-1
<b>SPLOST 2015</b>	7,082,272	Exhibit A-3
<b>CDBG-Senior Center</b>	5	Exhibit C-1
<b>Hotel/Motel Tax</b>	248,610	Exhibit C-1
<b>Industrial Development Authority Projects</b>	228,301	Exhibit C-1
<b>Total</b>	<b>\$7,675,166</b>	

### **Capital Assets and Debt Administration**

Oconee County has invested \$216,695,542 in capital assets net of accumulated depreciation. These assets include land, water and sewer treatment and distribution systems, infrastructure, buildings, equipment, and vehicles. Major capital asset expenditures during the current fiscal year include the following:

- Malcom Bridge Rd. Roundabout at Malcom Bridge Elementary School
- Animal Services' Facility Expansion
- Fire Station No. 5 Expansion
- Civic Center Expansion
- Continued Water and Sewer System Expansion

On June 30, 2021, Oconee County had debt totaling \$61,420,723. This debt is comprised of capital leases of \$104,616, contracts of \$19,166,139, notes of \$8,041,748, bonds of \$33,207,235, and net premiums/discounts of \$900,985. (pg. 66) Changes in debt during the fiscal year are related to regularly scheduled principal payments.

Additional information on capital assets can be found in Note 9 to the financial statements and additional information on the County's long-term debt and other liabilities can be found in Notes 11, 12, and 13 to the financial statements.

### **Budget Variations**

The original General Fund budget for the fiscal year end June 30, 2021, reflected anticipated revenues and other financing sources and expenditures and other financing uses of \$31,247,892. The final budget for the fiscal year showed revenues and other financing sources and expenditures and other financing uses of \$38,500,964, while the actual results for fiscal year ending June 30, 2021 indicated revenues and other financing sources of \$38,613,299 and expenditures and other financing uses of \$35,217,894. (pg. 22-23) The overall variance to final budget was \$3,395,405 in excess of revenue over expenditures.

<b>General Fund Budget vs. Actual:</b>	<b>Revenues and Other Financing Sources:</b>	<b>Expenditures and Other Financing Uses:</b>	<b>Change in Fund Balance:</b>
<b>Original Budget</b>	31,247,892	31,247,892	\$0
<b>Final Budget</b>	38,500,964	38,500,964	\$0
<b>Actual Results</b>	38,613,299	35,217,894	3,395,405

The increase over budgeted revenues is related to local option sales tax increases, title ad valorem tax collected on vehicle sales and intangible tax collections.

### **Component Units**

Separately issued financial statements for the County’s discretely presented component units provide more detailed information about their financial position. These statements can be obtained by contacting these entities:

Oconee County Health Department  
1060 Experiment Station Road  
Post Office Box 222  
Watkinsville, Georgia 30677

Oconee County Tourism & Visitors Bureau  
21 North Main Street  
Watkinsville, Georgia 30677

**Oconee County, Georgia**  
**For the Year Ended June 30, 2021**

**Table 1**  
**Net Position**  
**(in Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
<b>Assets</b>						
Current & Other Assets	28.22	38.10	20.30	21.67	48.52	59.77
Capital Assets, Net	100.35	98.51	116.28	118.19	216.63	216.70
<b>Total Assets</b>	<b>128.57</b>	<b>136.61</b>	<b>136.58</b>	<b>139.86</b>	<b>265.15</b>	<b>276.47</b>
<b>Deferred Outflows of Resources</b>						
Deferred Amount on Debt Refunding	0.85	0.78	1.69	1.52	2.54	2.30
Deferred Outflow Related to Pensions	2.44	1.87	0.26	0.39	2.70	2.26
Deferred Outflow Related to OPEB	2.39	2.15	0.32	0.25	2.71	2.40
<b>Total Assets and Deferred Outflows</b>	<b>134.25</b>	<b>141.41</b>	<b>138.85</b>	<b>142.02</b>	<b>273.10</b>	<b>283.43</b>
<b>Liabilities</b>						
Current & Other Liabilities	2.55	8.16	2.12	2.91	4.67	11.07
Long-Term Liabilities						
Due Within One Year	1.51	2.25	2.43	2.53	3.94	4.78
Due in More Than One Year	35.59	32.20	45.31	42.56	80.90	74.76
<b>Total Liabilities</b>	<b>39.65</b>	<b>42.61</b>	<b>49.86</b>	<b>48.00</b>	<b>89.51</b>	<b>90.61</b>
<b>Deferred Inflows of Resources</b>						
Deferred Inflow Related to Pensions	1.24	2.12	0.17	0.35	1.41	2.47
Deferred Inflow Related to OPEB	0.19	0.16	0.02	0.04	0.21	0.20
<b>Total Liabilities and Deferred Inflows</b>	<b>41.08</b>	<b>44.89</b>	<b>50.05</b>	<b>48.39</b>	<b>91.13</b>	<b>93.28</b>
<b>Net Position</b>						
Net Investment in Capital Assets	88.71	88.95	76.73	79.76	165.44	168.71
Restricted						
Judicial	0.54	0.44	0.00	0.00	0.54	0.44
Public Safety	0.28	0.29	0.00	0.00	0.28	0.29
Public Works	0.68	0.14	0.00	0.00	0.68	0.14
Culture and Recreation	0.02	0.03	0.00	0.00	0.02	0.03
Housing and Development	0.12	0.10	0.00	0.00	0.12	0.10
Other Purposes	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	7.31	7.60	0.46	0.45	7.77	8.05
Debt Service	0.00	0.00	1.48	1.23	1.48	1.23
Unrestricted	(4.49)	(1.03)	10.13	12.20	5.64	11.17
<b>Total Net Position</b>	<b>93.17</b>	<b>96.52</b>	<b>88.80</b>	<b>93.64</b>	<b>181.97</b>	<b>190.16</b>

**Oconee County, Georgia**  
**For the Year Ended June 30, 2021**

**Table 2**  
**Changes in Net Position**  
**(in Millions)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2020	2021	2020	2021	2020	2021
<b>Revenue</b>						
<b>Program Revenues:</b>						
Charges for Services	4.84	5.10	11.60	11.61	16.44	16.71
Operating Grants & Contributions	1.18	3.12	0.00	0.00	1.18	3.12
Capital Grants & Contributions	2.05	2.22	0.39	0.57	2.44	2.79
<b>General Revenues:</b>						
Property Taxes	17.50	19.07	0.00	0.00	17.50	19.07
Sales Taxes	14.32	17.26	0.00	0.00	14.32	17.26
Insurance Premium Taxes	1.95	2.07	0.00	0.00	1.95	2.07
Intangible Taxes	0.74	1.03	0.00	0.00	0.74	1.03
Other	1.20	1.27	0.00	0.00	1.20	1.27
Interest and Investment Earnings	0.13	0.02	0.12	0.01	0.25	0.03
Gain on Disposal of Capital Asset	0.10	0.20	0.00	0.00	0.10	0.20
Rental Revenue	0.00	0.00	0.07	0.02	0.07	0.02
Other	0.27	0.32	0.07	0.07	0.34	0.39
<b>Total Revenues</b>	<b>44.28</b>	<b>51.68</b>	<b>12.25</b>	<b>12.28</b>	<b>56.53</b>	<b>63.96</b>
<b>Program Expenses</b>						
General Government	7.55	7.73	0.00	0.00	7.55	7.73
Judicial	2.80	2.81	0.00	0.00	2.80	2.81
Public Safety	12.24	12.46	0.00	0.00	12.24	12.46
Public Works	7.26	13.89	0.00	0.00	7.26	13.89
Health & Welfare	0.99	1.14	0.00	0.00	0.99	1.14
Culture & Recreation	4.26	4.27	0.00	0.00	4.26	4.27
Housing & Development	1.59	1.59	0.00	0.00	1.59	1.59
Interest & Fiscal Charges	0.60	0.38	0.00	0.00	0.60	0.38
Water & Sewer	0.00	0.00	10.67	10.29	10.67	10.29
Solid Waste	0.00	0.00	0.61	0.65	0.61	0.65
Special Facilities	0.00	0.00	0.50	0.56	0.50	0.56
<b>Total Expenses</b>	<b>37.29</b>	<b>44.27</b>	<b>11.78</b>	<b>11.50</b>	<b>49.07</b>	<b>55.77</b>
<b>Excess (Deficiency) Before Transfers &amp; Contributions</b>	<b>6.99</b>	<b>7.41</b>	<b>0.47</b>	<b>0.78</b>	<b>7.46</b>	<b>8.19</b>
Total Transfers	(1.17)	(4.06)	1.17	4.06	0.00	0.00
<b>Changes in Net Position</b>	<b>5.82</b>	<b>3.35</b>	<b>1.64</b>	<b>4.84</b>	<b>7.46</b>	<b>8.19</b>
<b>Net Position, Beginning</b>	<b>87.35</b>	<b>93.17</b>	<b>87.16</b>	<b>88.80</b>	<b>174.51</b>	<b>181.97</b>
<b>Net Position, Ending</b>	<b>93.17</b>	<b>96.52</b>	<b>88.80</b>	<b>93.64</b>	<b>181.97</b>	<b>190.16</b>

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***BASIC FINANCIAL STATEMENTS***

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
*June 30, 2021*

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 34,806,065	\$ 7,606,758	\$ 42,412,823	\$ 854,353
Certificates of deposit	704,907	0	704,907	0
Receivables (net)				
Accounts	83,641	1,391,742	1,475,383	35,677
Intergovernmental	609,462	27,810	637,272	0
Taxes	1,809,774	0	1,809,774	0
Prepaid items	222,264	15,716	237,980	1,493
Inventories	0	0	0	4,208
Restricted cash and cash equivalents	239,419	3,431,461	3,670,880	0
Internal balances	(375,342)	375,342	0	0
Total current assets	38,100,190	12,848,829	50,949,019	895,731
<b>Noncurrent assets</b>				
Investment - UOBWA (net)	0	8,814,138	8,814,138	0
Non-depreciable capital assets	27,223,005	20,798,118	48,021,123	0
Depreciable capital assets (net)	71,287,756	97,386,663	168,674,419	40,804
Total noncurrent assets	98,510,761	126,998,919	225,509,680	40,804
<b>Total assets</b>	136,610,951	139,847,748	276,458,699	936,535
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	778,747	1,524,569	2,303,316	0
Deferred outflows of resources - pension	1,877,688	386,274	2,263,962	165,971
Deferred outflows of resources - OPEB	2,149,860	245,807	2,395,667	99,396
<b>Total deferred outflows of resources</b>	4,806,295	2,156,650	6,962,945	265,367
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	3,535,558	760,613	4,296,171	41,848
Retainage	15,698	295,798	311,496	0
Interest	44,151	0	44,151	0
Accrued salaries and payroll liabilities	628,960	89,714	718,674	0
Unearned revenue	3,924,595	0	3,924,595	19,474
Compensated absences	693,173	117,264	810,437	8,794
Capital leases payable	53,593	0	53,593	0
Contracts payable	0	1,074,783	1,074,783	0
Bonds payable	1,505,000	0	1,505,000	0
Liabilities payable from restricted assets				
Interest payable	0	646,331	646,331	0
Customer deposits	10,240	1,108,628	1,118,868	0
Bonds payable	0	1,335,000	1,335,000	0
Total current liabilities	10,410,968	5,428,131	15,839,099	70,116



**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
*June 30, 2021*

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Noncurrent liabilities</b>				
Compensated absences	\$ 122,325	\$ 20,694	\$ 143,019	\$ 60,097
Net pension liability	6,451,516	785,993	7,237,509	703,645
Net OPEB liability	8,897,589	1,028,325	9,925,914	123,044
Capital leases payable	51,023	0	51,023	0
Contracts payable	0	20,024,112	20,024,112	0
Notes payable	0	4,946,030	4,946,030	0
Bonds payable	16,682,235	15,748,947	32,431,182	0
Total noncurrent liabilities	32,204,688	42,554,101	74,758,789	886,786
<b>Total liabilities</b>	42,615,656	47,982,232	90,597,888	956,902
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	2,118,340	345,317	2,463,657	3,746
Deferred inflows of resources - OPEB	162,140	41,755	203,895	178,401
Total deferred inflows of resources	2,280,480	387,072	2,667,552	182,147
<b>NET POSITION</b>				
Net investment in capital assets	88,950,579	79,757,556	168,708,135	40,804
Restricted for:				
Judicial	438,004	0	438,004	0
Public Safety	293,484	0	293,484	0
Public Works	136,658	0	136,658	0
Culture and Recreation	30,074	0	30,074	0
Housing and Development	105,454	0	105,454	0
Capital outlay	7,595,987	449,100	8,045,087	0
Debt service	0	1,227,402	1,227,402	0
Unrestricted	(1,029,130)	12,201,036	11,171,906	22,049
Total net position	\$ 96,521,110	\$ 93,635,094	\$ 190,156,204	\$ 62,853

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended June 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities					
General Government	\$ 7,726,709	\$ 1,462,551	\$ 24,012	\$ 330	\$ (6,239,816)
Judicial	2,808,945	492,451	582,308	0	(1,734,186)
Public Safety	12,462,138	1,534,524	2,031,351	100,089	(8,796,174)
Public Works	13,891,773	550,802	0	2,086,651	(11,254,320)
Health and Welfare	1,135,764	0	374,535	30,848	(730,381)
Culture and Recreation	4,272,839	904,220	19,510	0	(3,349,109)
Housing and Development	1,592,852	156,397	94,950	0	(1,341,505)
Interest on long-term debt	383,382	0	0	0	(383,382)
Total governmental activities	44,274,402	5,100,945	3,126,666	2,217,918	(33,828,873)
Business-type activities					
Water and Sewer	10,291,488	11,237,833	0	567,615	1,513,960
Solid Waste	657,738	318,570	0	0	(339,168)
Special Facilities	557,167	56,330	0	0	(500,837)
Total business-type activities	11,506,393	11,612,733	0	567,615	673,955
Total primary government	55,780,795	16,713,678	3,126,666	2,785,533	(33,154,918)
<b>Component Units</b>					
Oconee County Board of Health					
Health and Welfare	1,109,278	493,797	619,535	0	4,054
Oconee County Tourism & Visitors Bureau					
Housing and Development	71,306	10,700	60,620	0	14
Total component units	1,180,584	504,497	680,155	0	4,068
<b>Primary Government</b>					
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>	
<b>Change in net position</b>					
Net (expense) revenue	\$ (33,828,873)	\$ 673,955	\$ (33,154,918)	\$ 4,068	
General revenues					
Taxes					
Property	19,065,334	0	19,065,334	0	
Sales	17,262,592	0	17,262,592	0	
Insurance premium	2,070,474	0	2,070,474	0	
Intangible	1,036,025	0	1,036,025	0	
Other	1,274,526	0	1,274,526	0	
Interest and investment earnings	21,677	12,782	34,459	1,662	
Gain on sale of capital assets	195,194	0	195,194	0	
Rental revenue	0	18,162	18,162	0	
Other	317,521	65,629	383,150	158	
Transfers	(4,062,506)	4,062,506	0	0	
Total general revenues and transfers	37,180,837	4,159,079	41,339,916	1,820	
Change in net position	3,351,964	4,833,034	8,184,998	5,888	
Net position, July 1	93,169,146	88,802,060	181,971,206	56,965	
<b>Net position, June 30</b>	<b>\$ 96,521,110</b>	<b>\$ 93,635,094</b>	<b>\$ 190,156,204</b>	<b>\$ 62,853</b>	

**OCONEE COUNTY, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
*June 30, 2021*

	<u>General</u>	<u>ARP Act Local Fiscal Recovery</u>	<u>SPLOST 2015</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,352,951	\$ 3,911,959	\$ 6,884,273	\$ 2,656,882	\$ 34,806,065
Certificates of deposit	0	0	0	704,907	704,907
Receivables (net)					
Accounts	83,641	0	0	0	83,641
Intergovernmental	114,611	0	94,950	399,901	609,462
Taxes	1,003,766	0	792,514	13,494	1,809,774
Due from other funds	270,708	0	0	538,996	809,704
Prepaid items	212,369	0	55,634	9,895	277,898
Restricted cash and cash equivalents	10,240	0	878	228,301	239,419
<b>Total assets</b>	<u>\$ 23,048,286</u>	<u>\$ 3,911,959</u>	<u>\$ 7,828,249</u>	<u>\$ 4,552,376</u>	<u>\$ 39,340,870</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 3,051,644	\$ 0	\$ 128,511	\$ 355,403	\$ 3,535,558
Retainage payable	14,555	0	1,143	0	15,698
Customer deposits payable	10,240	0	0	0	10,240
Accrued salaries and payroll liabilities	566,356	0	0	62,604	628,960
Unearned revenue	0	3,911,959	0	12,636	3,924,595
Due to other funds	508,727	0	560,689	115,630	1,185,046
Total liabilities	<u>4,151,522</u>	<u>3,911,959</u>	<u>690,343</u>	<u>546,273</u>	<u>9,300,097</u>
<b>Deferred inflows of resources</b>					
Unavailable property taxes	220,906	0	0	886	221,792
Unavailable grant reimbursements	0	0	0	140,428	140,428
Total deferred inflows of resources	<u>220,906</u>	<u>0</u>	<u>0</u>	<u>141,314</u>	<u>362,220</u>
<b>Fund balances</b>					
Nonspendable prepaid items	212,369	0	55,634	9,895	277,898
Restricted for:					
Judicial	0	0	0	438,004	438,004
Public Safety	0	0	0	293,484	293,484
Public Works	126,033	0	0	10,625	136,658
Culture and Recreation	0	0	0	30,074	30,074
Housing and Development	0	0	0	105,454	105,454
Capital outlay	0	0	7,082,272	592,894	7,675,166
Committed for Public Works	912,912	0	0	0	912,912
Assigned to:					
Health and Welfare	0	0	0	451,712	451,712
Housing and Development	0	0	0	1,939,838	1,939,838
Capital outlay	8,260,998	0	0	0	8,260,998
Unassigned	9,163,546	0	0	(7,191)	9,156,355
Total fund balances	<u>18,675,858</u>	<u>0</u>	<u>7,137,906</u>	<u>3,864,789</u>	<u>29,678,553</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 23,048,286</u>	<u>\$ 3,911,959</u>	<u>\$ 7,828,249</u>	<u>\$ 4,552,376</u>	<u>\$ 39,340,870</u>

**OCONEE COUNTY, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
*June 30, 2021*

**Total fund balance - total governmental funds** \$ 29,678,553

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

Some assets are not financial resources and, therefore, are not reported in the funds. These are:

Capital assets, net of accumulated depreciation	98,510,761
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Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the funds.	362,220
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Deferred outflows and inflows of resources related to pensions, OPEB, and debt refundings are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred charges on refunding	\$ 778,747	
Deferred outflows of resources - pension	1,877,688	
Deferred outflows of resources - OPEB	2,149,860	
Deferred inflows of resources - pension	(2,118,340)	
Deferred inflows of resources - OPEB	<u>(162,140)</u>	2,525,815

Prepaid interest is reported in the governmental funds. On the statement of net position, the prepaid interest is netted against accrued interest.	(55,634)
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Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are:

Compensated absences	(815,498)	
Net pension liability	(6,451,516)	
Net OPEB liability	(8,897,589)	
Interest payable	(44,151)	
Capital leases payable	(104,616)	
Bonds payable	<u>(18,187,235)</u>	<u>(34,500,605)</u>

Net position of governmental activities	<u>\$ 96,521,110</u>
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**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
*For the fiscal year ended June 30, 2021*

	General	ARP Act Local Fiscal Recovery	SPLOST 2015	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>					
Taxes	\$ 31,131,010	\$ 0	\$ 9,184,275	\$ 337,162	\$ 40,652,447
Licenses and permits	852,241	0	0	0	852,241
Intergovernmental	2,722,648	0	94,950	831,748	3,649,346
Charges for services	2,735,326	0	0	1,030,841	3,766,167
Fines, fees and forfeitures	431,791	0	0	64,255	496,046
Interest	16,228	0	6,629	5,867	28,724
Contributions	100,692	0	0	128,711	229,403
Other	183,361	0	0	134,160	317,521
<b>Total revenues</b>	<b>38,173,297</b>	<b>0</b>	<b>9,285,854</b>	<b>2,532,744</b>	<b>49,991,895</b>
<b>EXPENDITURES</b>					
Current					
General Government	5,868,446	0	0	7,114	5,875,560
Judicial	2,086,015	0	0	676,043	2,762,058
Public Safety	9,313,925	0	0	2,122,296	11,436,221
Public Works	8,385,874	0	0	214,436	8,600,310
Health and Welfare	473,069	0	0	641,887	1,114,956
Culture and Recreation	3,414,822	0	0	8,301	3,423,123
Housing and Development	1,134,772	0	0	220,221	1,354,993
Capital Outlay	0	0	3,881,199	696,653	4,577,852
Intergovernmental	0	0	1,286,717	0	1,286,717
Debt Service	1,614,148	0	306,353	61,684	1,982,185
<b>Total expenditures</b>	<b>32,291,071</b>	<b>0</b>	<b>5,474,269</b>	<b>4,648,635</b>	<b>42,413,975</b>
Excess (deficiency) of revenues over (under) expenditures	5,882,226	0	3,811,585	(2,115,891)	7,577,920
Other financing sources (uses)					
Transfers in	15,368	0	0	2,186,679	2,202,047
Transfers out	(2,926,823)	0	(3,310,362)	(27,368)	(6,264,553)
Sale of capital assets	148,089	0	0	202,323	350,412
Issuance of capital leases	276,545	0	0	0	276,545
Total other financing sources (uses)	(2,486,821)	0	(3,310,362)	2,361,634	(3,435,549)
Net change in fund balances	3,395,405	0	501,223	245,743	4,142,371
Fund balances, July 1	15,280,453	0	6,636,683	3,619,046	25,536,182
<b>Fund balances, June 30</b>	<b>\$ 18,675,858</b>	<b>\$ 0</b>	<b>\$ 7,137,906</b>	<b>\$ 3,864,789</b>	<b>\$ 29,678,553</b>

**OCONEE COUNTY, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the fiscal year ended June 30, 2021**

**Net change in fund balances - total governmental funds** \$ 4,142,371

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 3,534,954	
Depreciation	<u>(6,555,550)</u>	(3,020,596)

In the statement of activities, the gain or loss on the sale or disposal of assets is reported, whereas in the governmental funds the proceeds from the sale increase financial resources.

Cost of assets disposed	(1,158,206)	
Related accumulated depreciation	<u>1,002,988</u>	(155,218)

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Cost of assets contributed from individuals	1,339,360	
Related accumulated depreciation	<u>0</u>	1,339,360

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue. 175,931

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	1,998,363	
Cost of benefits earned, net of employee contributions	<u>(1,598,944)</u>	399,419

Governmental funds report OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.

OPEB contributions	152,536	
Cost of benefits earned, net of employee contributions	<u>(1,002,819)</u>	(850,283)

The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Debt proceeds	(276,545)	
Debt principal payments	1,713,404	
Net change in deferred charges on refunding	(65,584)	
Net change in interest payable	<u>(49,017)</u>	1,322,258

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net change in compensated absences		<u>(1,278)</u>
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Change in net position of governmental activities		<u>\$ 3,351,964</u>
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**OCONEE COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 26,168,450	\$ 31,103,950	\$ 31,131,010	\$ 27,060
Licenses and permits	645,850	645,850	852,241	206,391
Intergovernmental	776,131	2,577,418	2,722,648	145,230
Charges for services	2,765,848	3,067,544	2,735,326	(332,218)
Fines, fees and forfeitures	454,000	471,605	431,791	(39,814)
Interest	75,000	75,000	16,228	(58,772)
Contributions	0	0	100,692	100,692
Other	61,067	122,551	183,361	60,810
<b>Total revenues</b>	<b>30,946,346</b>	<b>38,063,918</b>	<b>38,173,297</b>	<b>109,379</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Commission	655,121	658,911	640,499	18,412
Administration	615,850	646,474	607,773	38,701
Human resources	429,723	456,039	389,625	66,414
Finance	763,113	753,169	709,587	43,582
Board of elections	352,274	442,089	431,008	11,081
Information technology	723,365	792,368	727,847	64,521
Tax commissioner	580,470	597,257	568,329	28,928
Tax assessor	719,630	730,492	699,813	30,679
Operations	991,377	1,329,416	1,091,256	238,160
Board of equalization	10,000	4,619	2,709	1,910
Judicial				
Superior court	493,126	459,596	422,836	36,760
Clerk of courts	859,500	862,111	851,379	10,732
District attorney	28,930	28,930	27,675	1,255
Magistrate court	95,622	95,622	81,896	13,726
Probate court	575,401	584,214	558,468	25,746
Juvenile court	115,150	182,444	143,761	38,683
Grand jury	400	400	0	400
Public Safety				
Law enforcement	4,465,707	4,548,558	4,350,872	197,686
Jail	3,149,083	3,203,481	3,044,577	158,904
Public safety	1,679,474	1,996,901	1,881,611	115,290
Coroner	34,666	39,666	36,865	2,801
Public Works				
Public works	4,001,002	8,912,336	7,891,802	1,020,534
County facilities	529,643	538,454	494,072	44,382
Health and Welfare				
Joint governmental				
programs - health and welfare	329,203	473,778	473,069	709
Culture and Recreation				
Parks and recreation	3,254,570	3,283,418	2,854,669	428,749
Joint governmental programs - library	559,105	569,147	560,153	8,994
Housing and Development				
Community development	102,500	102,500	102,306	194
Joint governmental				
programs - development	183,189	185,414	151,732	33,682
Code enforcement	906,952	987,081	880,734	106,347

**OCONEE COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>EXPENDITURES (continued)</b>				
Debt service				
Public Safety				
Law enforcement	\$ 71,292	\$ 347,418	\$ 336,597	\$ 10,821
Jail	53,940	107,880	107,880	0
Housing and Development				
Community development	1,169,733	1,169,733	1,169,671	62
<b>Total expenditures</b>	<u>28,499,111</u>	<u>35,089,916</u>	<u>32,291,071</u>	<u>2,798,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,447,235</u>	<u>2,974,002</u>	<u>5,882,226</u>	<u>2,908,224</u>
Other financing sources (uses)				
Transfers in	25,000	25,000	15,368	(9,632)
Transfers out	(2,748,781)	(3,411,048)	(2,926,823)	484,225
Sale of capital assets	0	135,500	148,089	12,589
Issuance of capital leases	276,546	276,546	276,545	(1)
<b>Total other financing sources (uses)</b>	<u>(2,447,235)</u>	<u>(2,974,002)</u>	<u>(2,486,821)</u>	<u>487,181</u>
Net change in fund balance	0	0	3,395,405	3,395,405
Fund balances, July 1	0	0	15,280,453	15,280,453
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,675,858</u>	<u>\$ 18,675,858</u>



**OCONEE COUNTY, GEORGIA**  
**ARP ACT LOCAL FISCAL RECOVERY SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>EXPENDITURES</b>	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, July 1	0	0	0	0
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2021**

	Business-Type Activities			Totals
	Water and Sewer	Solid Waste	Special Facilities	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 7,604,518	\$ 760	\$ 1,480	\$ 7,606,758
Receivables (net)				
Accounts	1,387,782	1,160	2,800	1,391,742
Intergovernmental	27,810	0	0	27,810
Due from other funds	560,689	0	0	560,689
Prepaid items	12,038	1,283	2,395	15,716
Restricted cash and cash equivalents	3,431,461	0	0	3,431,461
Total current assets	13,024,298	3,203	6,675	13,034,176
<b>Noncurrent assets</b>				
Investment - UOBWA (net)	8,814,138	0	0	8,814,138
Non-depreciable capital assets	20,648,118	125,000	25,000	20,798,118
Depreciable capital assets (net)	94,949,999	146,843	2,289,821	97,386,663
Total noncurrent assets	124,412,255	271,843	2,314,821	126,998,919
<b>Total assets</b>	137,436,553	275,046	2,321,496	140,033,095
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	1,524,569	0	0	1,524,569
Deferred outflows of resources - pension	354,888	0	31,386	386,274
Deferred outflows of resources - OPEB	207,370	0	38,437	245,807
Total deferred outflows of resources	2,086,827	0	69,823	2,156,650
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	695,687	54,011	10,915	760,613
Retainage	295,798	0	0	295,798
Accrued salaries and payroll liabilities	68,115	7,141	14,458	89,714
Compensated absences	93,614	4,413	19,237	117,264
Due to other funds	185,347	0	0	185,347
Contracts payable	1,074,783	0	0	1,074,783
Liabilities payable from restricted assets				
Interest payable	646,331	0	0	646,331
Customer deposits	1,108,628	0	0	1,108,628
Bonds payable	1,335,000	0	0	1,335,000
Total current liabilities	5,503,303	65,565	44,610	5,613,478
<b>Noncurrent liabilities</b>				
Compensated absences	16,520	779	3,395	20,694
Net pension liability	678,154	0	107,839	785,993
Net OPEB liability	867,525	0	160,800	1,028,325
Contracts payable	20,024,112	0	0	20,024,112
Notes payable	4,946,030	0	0	4,946,030
Bonds payable	15,748,947	0	0	15,748,947
Total noncurrent liabilities	42,281,288	779	272,034	42,554,101
<b>Total liabilities</b>	47,784,591	66,344	316,644	48,167,579

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*June 30, 2021*

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Special Facilities</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	\$ 216,085	\$ 0	\$ 129,232	\$ 345,317
Deferred inflows of resources - OPEB	32,003	0	9,752	41,755
<b>Total deferred inflows of resources</b>	<b>248,088</b>	<b>0</b>	<b>138,984</b>	<b>387,072</b>
<b>NET POSITION</b>				
Net investment in capital assets	77,178,882	263,853	2,314,821	79,757,556
Restricted for capital outlay	449,100	0	0	449,100
Restricted for debt service	1,227,402	0	0	1,227,402
Unrestricted	12,635,317	(55,151)	(379,130)	12,201,036
<b>Total net position</b>	<b>\$ 91,490,701</b>	<b>\$ 208,702</b>	<b>\$ 1,935,691</b>	<b>\$ 93,635,094</b>

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
*For the fiscal year ended June 30, 2021*

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Special Facilities</b>	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 11,237,833	\$ 318,570	\$ 56,330	\$ 11,612,733
Rental revenue	0	0	18,162	18,162
Other	65,629	0	0	65,629
<b>Total operating revenues</b>	<b>11,303,462</b>	<b>318,570</b>	<b>74,492</b>	<b>11,696,524</b>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	3,657,483	503,921	78,602	4,240,006
Personal services	2,017,974	149,672	314,619	2,482,265
Depreciation	2,952,456	4,145	141,523	3,098,124
<b>Total operating expenses</b>	<b>8,627,913</b>	<b>657,738</b>	<b>534,744</b>	<b>9,820,395</b>
Operating income (loss)	2,675,549	(339,168)	(460,252)	1,876,129
Non-operating revenues (expenses)				
Interest revenue	12,782	0	0	12,782
Interest expense	(1,665,075)	0	0	(1,665,075)
Gain (loss) on disposal of assets	1,500	0	(22,423)	(20,923)
<b>Total non-operating revenues (expenses)</b>	<b>(1,650,793)</b>	<b>0</b>	<b>(22,423)</b>	<b>(1,673,216)</b>
Net income (loss) before capital contributions and transfers	1,024,756	(339,168)	(482,675)	202,913
Capital contributions	567,615	0	0	567,615
Net income (loss) before transfers	1,592,371	(339,168)	(482,675)	770,528
Transfers in (out)				
Transfers in	2,599,897	432,689	1,029,920	4,062,506
Change in net position	4,192,268	93,521	547,245	4,833,034
Net position, July 1	87,298,433	115,181	1,388,446	88,802,060
<b>Net position, June 30</b>	<b>\$ 91,490,701</b>	<b>\$ 208,702</b>	<b>\$ 1,935,691</b>	<b>\$ 93,635,094</b>

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended June 30, 2021

	Business-Type Activities			Totals
	Water and Sewer	Solid Waste	Special Facilities	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 11,314,935	\$ 320,689	\$ 71,692	\$ 11,707,316
Payments to suppliers	(3,813,741)	(496,038)	(71,694)	(4,381,473)
Payments to employees	(1,913,028)	(153,114)	(317,972)	(2,384,114)
Other receipts	65,629	0	0	65,629
Net cash provided (used) by operating activities	<u>5,653,795</u>	<u>(328,463)</u>	<u>(317,974)</u>	<u>5,007,358</u>
<b>Cash flows from non-capital financing activities:</b>				
Receipts from other funds	105,823	432,689	319,454	857,966
Receipts from other governments	0	10	0	10
Net cash provided (used) by non-capital financing activities	<u>105,823</u>	<u>432,699</u>	<u>319,454</u>	<u>857,976</u>
<b>Cash flows from capital and related financing activities:</b>				
Receipt of capital contributions	567,615	0	0	567,615
Receipts from other funds	2,150,583	0	710,466	2,861,049
Proceeds from sale of capital assets	1,500	0	0	1,500
Payments for acquisitions of capital assets	(3,305,754)	(107,318)	(710,466)	(4,123,538)
Payment of prior year capital related payables	(129,603)	0	0	(129,603)
Interest paid	(1,627,097)	0	0	(1,627,097)
Principal payments - contracts	(1,044,064)	0	0	(1,044,064)
Principal payments - bonds	(1,270,000)	0	0	(1,270,000)
Net cash provided (used) by capital and related financing activities	<u>(4,656,820)</u>	<u>(107,318)</u>	<u>0</u>	<u>(4,764,138)</u>
<b>Cash flows from investing activities</b>				
Interest received	<u>12,782</u>	<u>0</u>	<u>0</u>	<u>12,782</u>
Net increase (decrease) in cash and cash equivalents	1,115,580	(3,082)	1,480	1,113,978
Cash and cash equivalents, July 1	<u>9,920,399</u>	<u>3,842</u>	<u>0</u>	<u>9,924,241</u>
<b>Cash and cash equivalents, June 30</b>	<u><u>\$ 11,035,979</u></u>	<u><u>\$ 760</u></u>	<u><u>\$ 1,480</u></u>	<u><u>\$ 11,038,219</u></u>

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended June 30, 2021

	Business-Type Activities			Totals
	Water and Sewer	Solid Waste	Special Facilities	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 2,675,549	\$ (339,168)	\$ (460,252)	\$ 1,876,129
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	2,952,456	4,145	141,523	3,098,124
(Increase) decrease in accounts receivable	(144,864)	2,119	(2,800)	(145,545)
(Increase) decrease in intergovernmental receivable	94,178	0	0	94,178
(Increase) decrease in prepaid items	(583)	(200)	(106)	(889)
(Increase) decrease in deferred outflows of resources - pension	(138,226)	0	10,010	(128,216)
(Increase) decrease in deferred outflows of resources - OPEB	60,011	0	15,039	75,050
Increase (decrease) in accounts payable	(155,675)	8,083	7,014	(140,578)
Increase (decrease) in customer deposits	127,788	0	0	127,788
Increase (decrease) in accrued payroll liabilities	13,122	(3,442)	6,981	16,661
Increase (decrease) in net pension liability	71,769	0	(148,748)	(76,979)
Increase (decrease) in net OPEB liability	21,940	0	(744)	21,196
Increase (decrease) in deferred inflows of resources - pension	65,504	0	108,592	174,096
Increase (decrease) in deferred inflows of resources - OPEB	10,826	0	5,517	16,343
Total adjustments	2,978,246	10,705	142,278	3,131,229
Net cash provided (used) by operating activities	<u>\$ 5,653,795</u>	<u>\$ (328,463)</u>	<u>\$ (317,974)</u>	<u>\$ 5,007,358</u>
<b>Cash and cash equivalents reconciliation</b>				
Cash and cash equivalents	\$ 7,604,518	\$ 760	\$ 1,480	\$ 7,606,758
Restricted cash and cash equivalents	3,431,461	0	0	3,431,461
	<u>\$ 11,035,979</u>	<u>\$ 760</u>	<u>\$ 1,480</u>	<u>\$ 11,038,219</u>
<b>Noncash investing, capital, and financing activities:</b>				
Acquisition of capital assets through payables totaled \$898,407.				

**OCONEE COUNTY, GEORGIA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
*June 30, 2021*

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 617,790
Taxes receivable	645,197
<b>Total assets</b>	<b>1,262,987</b>
<b>LIABILITIES</b>	
Due to others	672,051
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	<b>\$ 590,936</b>

**OCONEE COUNTY, GEORGIA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the fiscal year ended June 30, 2021**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Taxes collected for other agencies	\$ 46,008,914
Court fees collected for other agencies	2,438,362
Court individual cases	381,016
Sheriff fees collected	400
Sheriff inmate account deposits	73,957
<b>Total additions</b>	<b>48,902,649</b>
<b>DEDUCTIONS</b>	
Taxes distributed to other agencies	46,008,914
Court fees distributed to other agencies	2,438,362
Payments to others	313,559
Payments from inmates to others	73,415
<b>Total deductions</b>	<b>48,834,250</b>
Change in net position	68,399
Net position, July 1 (original)	0
Prior period adjustments	522,537
Net position, July 1 (restated)	522,537
<b>Net position, June 30</b>	<b>\$ 590,936</b>



**OCONEE COUNTY, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**June 30, 2021**

	<b>Oconee County Board of Health</b>	<b>Oconee County Tourism &amp; Visitors Bureau</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 839,269	\$ 15,084	\$ 854,353
Accounts receivable (net)	35,677	0	35,677
Prepaid items	0	1,493	1,493
Inventory	0	4,208	4,208
Total current assets	874,946	20,785	895,731
<b>Noncurrent assets</b>			
Depreciable capital assets (net)	40,804	0	40,804
<b>Total assets</b>	<b>915,750</b>	<b>20,785</b>	<b>936,535</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	165,971	0	165,971
Deferred outflows of resources - OPEB	99,396	0	99,396
<b>Total deferred outflows of resources</b>	<b>265,367</b>	<b>0</b>	<b>265,367</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	35,409	6,439	41,848
Unearned revenue	19,474	0	19,474
Compensated absences	8,794	0	8,794
Total current liabilities	63,677	6,439	70,116
<b>Noncurrent liabilities</b>			
Compensated absences	60,097	0	60,097
Net pension liability	703,645	0	703,645
Net OPEB liability	123,044	0	123,044
Total noncurrent liabilities	886,786	0	886,786
<b>Total liabilities</b>	<b>950,463</b>	<b>6,439</b>	<b>956,902</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	3,746	0	3,746
Deferred inflows of resources - OPEB	178,401	0	178,401
<b>Total deferred inflows of resources</b>	<b>182,147</b>	<b>0</b>	<b>182,147</b>
<b>NET POSITION</b>			
Investment in capital assets	40,804	0	40,804
Unrestricted	7,703	14,346	22,049
<b>Total net position</b>	<b>\$ 48,507</b>	<b>\$ 14,346</b>	<b>\$ 62,853</b>

**OCONEE COUNTY, GEORGIA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
*For the fiscal year ended June 30, 2021*

	<b>Oconee County Board of Health</b>	<b>Oconee County Tourism &amp; Visitors Bureau</b>	<b>Totals</b>
<b>Expenses</b>			
Health and Welfare	\$ 1,109,278	\$ 0	\$ 1,109,278
Housing and Development	0	71,306	71,306
<b>Total expenses</b>	<u>1,109,278</u>	<u>71,306</u>	<u>1,180,584</u>
<b>Program revenues</b>			
Charges for services	493,797	10,700	504,497
Operating grants and contributions	619,535	60,620	680,155
Total program revenues	<u>1,113,332</u>	<u>71,320</u>	<u>1,184,652</u>
Net (expense) revenue	<u>4,054</u>	<u>14</u>	<u>4,068</u>
<b>General revenues</b>			
Interest	1,662	0	1,662
Miscellaneous	0	158	158
Total general revenues	<u>1,662</u>	<u>158</u>	<u>1,820</u>
Change in net position	5,716	172	5,888
Net position - beginning	<u>42,791</u>	<u>14,174</u>	<u>56,965</u>
<b>Net position - ending</b>	<u><u>\$ 48,507</u></u>	<u><u>\$ 14,346</u></u>	<u><u>\$ 62,853</u></u>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**1. Description of Government Unit**

Oconee County was incorporated under the laws of the State of Georgia in 1875. The County is governed by a five-member Board of Commissioners. Each commissioner is elected to a four-year term. The Chairman serves as the full-time Chief Executive Officer and the other four commissioners serve on a part-time basis. The Chairman is responsible for the daily operations of the County.

The County provides a full range of governmental services, including public safety, health and welfare services, recreational programs, public works, water and sewer services, and solid waste services.

**2. Summary of Significant Accounting Policies**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**B. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Oconee County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of component units have been included either as blended or discretely presented component units.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity, continued**

***Blended Component Units*** – Blended component units, although legally separate entities, are, in substance, part of the Government's operations.

Oconee County Industrial Development Authority – The financial operations of the Oconee County Industrial Development Authority (OCIDA) are presented in its stand-alone statements as governmental activities. The five voting members of the OCIDA include the Chairman of the Board of Commissioners, the President of the Oconee County Chamber of Commerce, the Mayor of the City of Watkinsville, and two at-large members appointed by the County Board of Commissioners. Substantially all of the financial operations of the Authority are subject to the prior approval of the Board of Commissioners. The OCIDA issued bonds which are payable only from payments by Oconee County pursuant to an intergovernmental agreement. Because substantially all of the debt of the OCIDA will be paid by resources of the County, the OCIDA is reported as a blended component unit. Separate financial statements are not issued.

***Discretely Presented Component Units*** – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government

Oconee County Board of Health – The Oconee County Board of Health was created by state legislative act in 1964 to provide various health and related programs such as immunization, family planning, and nutrition services. It operates under an Executive Officer and a seven member board comprised of the following: the Chairman of the Board of Commissioners, the Oconee County School Superintendent, and the Mayor of the City of Watkinsville, three at-large members appointed by the County, and one at-large member appointed by the City of Watkinsville. Because the County appoints a majority of the board members and provides funding, the Board of Health is reported as a discretely presented component unit of the County. Complete financial statements can be obtained from the Oconee County Board of Health, 160 Experiment Station Road, Watkinsville, Georgia 30677.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity, continued**

Oconee County Tourism & Visitors Bureau – The Oconee County Tourism & Visitors Bureau was established as a legally separate entity and operates pursuant to Section 501(c)(6) of the Internal Revenue Code. The Bureau was formed and organized to promote, solicit, and market the area's facilities, attractions, special events, and other appropriate businesses to encourage economic development through the attractions of visitors to Oconee County; and advocate for and assist with collaboration and cooperation between businesses and industries servicing visitors, conventions, and tourism in general. Oconee County appoints all seven members of the Bureau's board of directors. Because the County appoints a majority of the board members and provides funding, the Bureau is reported as a discretely presented component unit of the County. Complete financial statements can be obtained from the Oconee County Tourism & Visitors Bureau, 21 North Main Street, Watkinsville, Georgia 30677.

**C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units. While they are not considered to be major component units, they are nevertheless aggregated and shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

**General Fund** - The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

**ARP Act Local Fiscal Recovery Special Revenue Fund** – This fund is used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

**SPLOST 2015 Capital Projects Fund** – This fund is used to account for all special purpose local option sales tax revenues collected as a result of the County's 2015 SPLOST referendum, as well as specifically identified projects for which the SPLOST was established.

The County reports the following major proprietary funds:

**Water and Sewer Enterprise Fund** – This fund is used to account for the operation, maintenance, and development of the County's water and sewer system.

**Solid Waste Enterprise Fund** – This fund is used to account for the operation and maintenance of the County's landfill disposal sites and recycling.

**Special Facilities Enterprise Fund** – This fund is used to account for the operation, maintenance, and development of the County's Civic Center, William Daniell House, and the Eagle Tavern Museum, as well as economic development and tourism.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

Additionally, the County reports the following fund types:

**Governmental Fund Types**

***Special Revenue Funds*** - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

***Capital Projects Funds*** – This fund type is used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

**Fiduciary Fund Types**

***Custodial Funds*** - Custodial Funds are custodial in nature and are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held for others. Custodial funds are accounted for using the accrual basis of accounting.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**E. Measurement Focus and Basis of Accounting, continued**

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**F. Revenues and Expenditures/Expenses**

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Solid Waste and Waste-Water Facility Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**G. Budgets and Budgetary Accounting**

The County follows these procedures in establishing budgetary data reflected in the financial statements:

1. Prior to the May Board of Commissioners' meeting, department heads must submit their requests for budgets for the coming fiscal year.
2. The Board of Commissioners meets with each department head to discuss their requests and make necessary adjustments.
3. The revised requests are reviewed at the May Board of Commissioners' meeting.
4. The final budget is approved at the June Board of Commissioners' meeting.
5. Department heads may make lateral changes to the budget within their department. Any increase in total departmental budgets, however, must be approved by the Board of Commissioners.
6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles, but is adopted at the department level and presented as such in the financial statements. A reconciliation from the department level to current expenditures, debt service expenditures, and transfers out is provided. An annual budget is adopted for the General Fund, Special Revenue Funds, and Capital Projects Funds. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**H. Cash and Investments**

Cash and equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity at three months or less. Investments are reported at fair market value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital projects investments is included in the investment accounts.

**I. Intergovernmental Receivables**

Receivables from state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items. The costs of governmental fund-type prepaid items are recorded as expenditures when consumed rather than when purchased.

**K. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the County to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical costs nor related depreciation had historically been reported in the financial statements. The County has previously implemented the requirements for retroactive reporting of major general infrastructure assets acquired in 1981 forward. The County elected not to report general infrastructure assets placed into service prior to July 1, 1980.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**K. Capital Assets, continued**

Property, plant, and equipment with initial, individual costs that equal or exceed \$10,000 are recorded as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	<b>Useful Life in Years</b>
Land	N/A
Infrastructure	15-50
Water and sewer distribution system	20-50
Buildings and improvements	10-50
Equipment, furniture and vehicles	4-20

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County reports deferred outflows of resources for deferred charges on refundings and their defined benefit pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**L. Deferred Outflows/Inflows of Resources, continued**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grant reimbursements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources related to their defined benefit pension and OPEB plans.

**M. Net Position Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**N. Fund Balance Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**O. Restricted Assets and Restricted Net Position**

Restricted assets represent certain resources restricted by funding source or required to be set aside for the repayment of debt. They are maintained in a separate bank account and their use is limited.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

**P. Fund Balances – Governmental Funds**

Oconee County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at the end of the current fiscal year by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

**Restricted** – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

**Committed** – includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision making authority. The Board of Commissioners (the County's highest level of authority) has authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of a resolution. The passage of the resolution must take place prior to the end of the applicable fiscal year. If the actual amount of the commitment is not available by the end of the fiscal year, the resolution, must state the process or formula to calculate the actual amount as soon as information is available. Commitments may be changed or lifted only by the Board taking the same formal action that imposed the constraint originally.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**P. Fund Balances – Governmental Funds, continued**

**Assigned** – includes amounts that are intended to be used by the County for a specific purpose. Intent can only be expressed by the Board of Commissioners or their designee. An assignment of fund balance requires the majority vote of the Board. Through board action, the Board of Commissioners has authorized the Finance Director to assign fund balances.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report this category of fund balance.

When an expenditure is incurred for the purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the County to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the County that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

**Q. Compensation for Future Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from County service. Accumulated unpaid vacation pay amounts are accrued when incurred by the County in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**2. Summary of Significant Accounting Policies (continued)**

**R. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as prepaid bond insurance premiums, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**S. Pension and OPEB Plans**

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

**T. Capital Contributions**

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**3. Deposit and Investment Risk**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

**Interest Rate Risk**

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

**Concentration of Credit Risk**

The County has no formal policy on the amount the County may invest in any one issuer.

**Foreign currency risk**

The County has no investments denominated in a foreign currency.

**Credit Risk**

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The County has no investment policy that would further limit its investment choices. Investments are reported at fair value.

The County participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA §36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**3. Deposit and Investment Risk (continued)**

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAs by Standard & Poor's. The weighted average maturity at the end of the current fiscal year was 36 days. At the end of the current fiscal year, the County's balance in Georgia Fund 1 was \$20,338,056.

**4. Accounts Receivable**

Net accounts receivable at the end of the current fiscal year consist of the following:

<b>Primary Government:</b>		
General Fund		\$ 83,641
Water and Sewer Enterprise Fund	\$ 1,458,981	
Less: Allowance for Uncollectibles	<u>(71,199)</u>	1,387,782
Solid Waste Enterprise Fund		1,160
Special Facilities Enterprise Fund		<u>2,800</u>
Total primary government		<u><u>\$ 1,475,383</u></u>
<b>Component Units:</b>		
Oconee County Board of Health		<u><u>\$ 35,677</u></u>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**5. Intergovernmental Receivables**

Intergovernmental receivables at the end of the current fiscal year consist of the following:

<b>Primary Government:</b>	
General Fund	\$ 114,611
SPLOST 2015 Capital Projects Fund	94,950
Water and Sewer Enterprise Fund	27,810
Nonmajor Governmental Funds	<u>399,901</u>
Total primary government	<u><u>\$ 637,272</u></u>

**6. Property Taxes**

Property tax rates are set by the Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1<sup>st</sup> each year. Property taxes for digest year 2020, based upon the assessments of January 1, 2020, were levied on August 25, 2020, billed on September 25, 2020, and due on November 30, 2020. Tax liens may be issued 90 days after the due date.

**7. Interfund Receivables and Payables**

A summary of interfund receivables and payables at the end of the current fiscal year is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water and Sewer	\$ 185,347
	Nonmajor Governmental	85,361
Water and Sewer	SPLOST 2015	560,689
Nonmajor Governmental	General	508,727
	Nonmajor Governmental	<u>30,269</u>
		<u><u>\$ 1,370,393</u></u>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**7. Interfund Receivables and Payables (continued)**

The balances reported as Due to/Due from represent loans between funds. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**8. Interfund Transfers**

A summary of interfund transfers for the current fiscal year is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 2,174,679
	Solid Waste	432,689
	Special Facilities	319,455
SPLOST 2015	Water and Sewer	2,599,897
	Special Facilities	710,465
Nonmajor Governmental	General	15,368
	Nonmajor Governmental	12,000
		<u>\$ 6,264,553</u>

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**9. Capital Assets**

Capital asset activity for the primary government for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 23,101,161	\$ 0	\$ (82,237)	\$ 23,018,924
Construction in progress	1,638,194	1,895,901	(2,034,649)	1,499,446
Intangibles	2,477,715	226,920	0	2,704,635
Total non-depreciable assets	<u>27,217,070</u>	<u>2,122,821</u>	<u>(2,116,886)</u>	<u>27,223,005</u>
Depreciable assets				
Infrastructure	124,606,643	1,828,249	(90,230)	126,344,662
Buildings and improvements	54,405,625	1,334,451	0	55,740,076
Equipment, furniture and vehicles	20,403,876	1,623,442	(985,739)	21,041,579
Total depreciable assets	<u>199,416,144</u>	<u>4,786,142</u>	<u>(1,075,969)</u>	<u>203,126,317</u>
Less accumulated depreciation				
Infrastructure	(89,877,604)	(3,651,960)	27,090	(93,502,474)
Buildings and improvements	(20,307,755)	(1,770,280)	0	(22,078,035)
Equipment, furniture and vehicles	(16,100,640)	(1,133,310)	975,898	(16,258,052)
Total accumulated depreciation	<u>(126,285,999)</u>	<u>(6,555,550)</u>	<u>1,002,988</u>	<u>(131,838,561)</u>
Total depreciable assets, net	<u>73,130,145</u>	<u>(1,769,408)</u>	<u>(72,981)</u>	<u>71,287,756</u>
Governmental activities capital assets, net	<u>\$ 100,347,215</u>	<u>\$ 353,413</u>	<u>\$ (2,189,867)</u>	<u>\$ 98,510,761</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 14,558,521	\$ 0	\$ 0	\$ 14,558,521
Construction in progress	3,442,926	3,743,966	(1,154,906)	6,031,986
Intangibles	207,611	0	0	207,611
Total non-depreciable assets	<u>18,209,058</u>	<u>3,743,966</u>	<u>(1,154,906)</u>	<u>20,798,118</u>
Depreciable assets				
Treatment and distribution system	129,938,079	1,008,790	0	130,946,869
Land improvements	44,866	145,345	0	190,211
Buildings and improvements	3,174,553	1,044,745	(70,067)	4,149,231
Equipment, furniture and vehicles	1,661,466	234,005	(12,030)	1,883,441
Total depreciable assets	<u>134,818,964</u>	<u>2,432,885</u>	<u>(82,097)</u>	<u>137,169,752</u>
Less accumulated depreciation				
Treatment and distribution system	(33,781,692)	(2,810,469)	0	(36,592,161)
Land improvements	(37,278)	(4,572)	0	(41,850)
Buildings and improvements	(1,741,339)	(137,486)	47,644	(1,831,181)
Equipment, furniture and vehicles	(1,184,330)	(145,597)	12,030	(1,317,897)
Total accumulated depreciation	<u>(36,744,639)</u>	<u>(3,098,124)</u>	<u>59,674</u>	<u>(39,783,089)</u>
Total depreciable assets, net	<u>98,074,325</u>	<u>(665,239)</u>	<u>(22,423)</u>	<u>97,386,663</u>
Business-type activities capital assets, net	<u>\$ 116,283,383</u>	<u>\$ 3,078,727</u>	<u>\$ (1,177,329)</u>	<u>\$ 118,184,781</u>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**9. Capital Assets (continued)**

Capital asset activity for the discretely presented component units for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Oconee County Board of Health</b>				
Depreciable assets				
Office and Medical Equipment	\$ 129,520	\$ 0	\$ 0	\$ 129,520
Less accumulated depreciation				
Office and Medical Equipment	(76,018)	(12,698)	0	(88,716)
Oconee County Board of Health capital assets, net	<u>\$ 53,502</u>	<u>\$ (12,698)</u>	<u>\$ 0</u>	<u>\$ 40,804</u>

Depreciation expense was charged to functions/programs as follows:

**Primary Government:**

**Governmental activities**

General Government	\$ 574,110
Judicial	28,178
Public Safety	1,245,581
Public Works	3,650,765
Health and Welfare	6,635
Culture and Recreation	808,172
Housing and Development	242,109
	<u>6,555,550</u>
Total depreciation expense for governmental activities	<u>6,555,550</u>

**Business-type activities**

Water and Sewer	2,952,456
Solid Waste	4,145
Special Facilities	141,523
	<u>3,098,124</u>
Total depreciation expense for business-type activities	<u>3,098,124</u>

Total depreciation expense for primary government	<u>\$ 9,653,674</u>
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**Component units:**

Oconee County Board of Health	<u>\$ 12,698</u>
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**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**10. Capital Lease Agreements**

The County has entered into lease agreements to finance the acquisition of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Two leases were paid in full in the current fiscal year. The remaining lease bears interest at 3.96% and requires monthly payments through June 2023. The principal balance of the lease at the end of the current fiscal year is \$104,616 for governmental activities. At the end of the current fiscal year, the County had \$257,129 of equipment, with associated accumulated depreciation of \$158,504, financed under the capital lease. Current fiscal year depreciation expense on the remaining leased assets totaled \$51,426.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments at the end of the current fiscal year:

<b>Fiscal Year Ending June 30,</b>	<b>Activities</b>
2022	\$ 56,770
2023	52,039
	108,809
Less amounts representing interest	(4,193)
Present value of minimum lease payments	\$ 104,616

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt**

**Governmental Activities**

**Installment Sale Agreements from Direct Borrowings**

In July 2018, the County entered into a \$215,760 installment sale agreement. The proceeds were used to purchase a camera system for the jail. The installment agreement is payable in four annual payments and the interest rate is 0%. The installment sale agreement will be liquidated by the General Fund. The remaining principal balance was paid in full in the current fiscal year.

In July 2018, the County entered into a \$48,810 installment sale agreement. The proceeds were used to purchase tasers for the Sheriff's Department. The installment sale agreement is payable in five annual payments and the interest rate is 0%. The installment sale agreement will be liquidated by the General Fund. The remaining principal balance was paid in full in the current fiscal year.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt (continued)**

**Governmental Activities**

**Revenue Bonds**

Revenue bonds have been issued for the Oconee County Industrial Development Authority and are comprised of the following individual issue:

- The Oconee County Industrial Development Authority issued \$10,380,000 Series 2012 Revenue Bonds, with a discount of \$11,879. The bonds were issued to provide incentives for a large private employer to locate a factory within the County. The bonds are due in annual principal payments on March 1 beginning in 2015 with semi-annual interest payments (2.00% to 3.70%) due on March 1 and September 1. The bond principal and interest payments are payable through the proceeds of intergovernmental contracts which call for the County to make all of the required debt service payments. Pursuant to this contract, the County has agreed to assess property taxes sufficient to make all of the required debt service payments provided that the necessary taxes will not exceed one mill per dollar of assessed value. A portion of the bonds was refunded with the issuance of the Oconee County Industrial Development Authority Taxable Revenue Refunding Bond, Series 2020. The remaining balance at the end of the current fiscal year was \$475,000.

The annual requirements to amortize Oconee County Industrial Development Authority revenue bonds at the end of the current fiscal year are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 475,000	\$ 10,688	\$ 485,688

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt (continued)**

**Governmental Activities, continued**

**Bonds from Direct Placements**

Bonds from direct placements have been issued and are comprised of the following individual issues:

- The County issued \$8,210,000 Series 2020 Oconee County, Georgia General Obligation Taxable Refunding Bond, with issue costs of \$161,918, for net proceeds to the County of \$8,048,082. The bond was issued to provide funds to advance refund \$7,640,000 of the Series 2011 Oconee County, Georgia General Obligation Refunding Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$564,429. This difference, reported in the financial statements in deferred outflow of resources as a deferred charge on refunding, is being charged to operations through fiscal year 2033 using the straight line method. The bond is due in annual principal payments on January 1 beginning in 2021 with semi-annual interest payments (1.395%) due on January 1 and July 1. The bond principal and interest payments are payable first from a one percent sales and use tax (SPLOST) received by the County. To the extent the proceeds from the sales and use tax are insufficient to make such payments, the principal and interest on the bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the County subject to taxation for general obligation bond purposes. The remaining balance at the end of the current fiscal year was \$7,980,000.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt (continued)**

**Governmental Activities, continued**

**Bonds from Direct Placements, continued**

- The Oconee County Industrial Development Authority issued \$4,285,000 Series 2016 Taxable Revenue Refunding Bond. The bond was issued to provide funds to finance the acquisition, construction, reconstruction, improvement, betterment, or extension of certain economic development road projects to be sold to the County upon completion. The bond is due in annual principal payments on November 1 beginning in 2017 with semi-annual interest payments (2.38%) due on May 1 and November 1. The bond principal and interest payments are payable through the proceeds of an intergovernmental contract which calls for the County to make all of the required debt service payments. Pursuant to this contract, the County has agreed to assess property taxes sufficient to make all of the required debt service payments provided that the necessary taxes will not exceed one mill per dollar of assessed value. Upon the occurrence of an event of default, the bondholder may declare the payments to be made to be immediately due and payable. The remaining balance at the end of the current fiscal year was \$1,942,235.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt (continued)**

**Governmental Activities, continued**

**Bonds from Direct Placements, continued**

- The Oconee County Industrial Development Authority issued \$7,790,000 Series 2020 Taxable Revenue Refunding Bond. The bond was issued to provide funds to refund the Oconee County Industrial Development Authority Revenue Bonds, Series 2012, maturing in the years 2021 and 2023 through 2034. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$290,833. This difference, reported in the financial statements in deferred outflow of resources as a deferred charge on refunding, is being charged to operations through fiscal year 2034 using the straight line method. The bond is due in annual principal payments on March 1 beginning in 2022 with semi-annual interest payments (1.25%) due on March 1 and September 1. The bond principal and interest payments are payable through the proceeds of an intergovernmental contract which calls for the County to make all of the required debt service payments. Pursuant to this contract, the County has agreed to assess property taxes sufficient to make all of the required debt service payments provided that the necessary taxes will not exceed one mill per dollar of assessed value. Upon the occurrence of an event of default, the bondholder may pursue any available remedy provided by the contract, as well as any available remedy at law or in equity to enforce the payment of the principal installments of and interest on the bond. The remaining balance at the end of the current fiscal year was \$7,790,000.

The annual requirements to amortize bonds from direct placements at the end of the current fiscal year are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,030,000	\$ 250,390	\$ 1,280,390
2023	1,655,000	230,076	1,885,076
2024	1,755,000	202,955	1,957,955
2025	1,757,235	174,695	1,931,930
2026	1,285,000	152,087	1,437,087
2027-2031	6,715,000	499,858	7,214,858
2032-2034	3,515,000	82,219	3,597,219
Totals	<u>\$ 17,712,235</u>	<u>\$ 1,592,280</u>	<u>\$ 19,304,515</u>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt (continued)**

**Business-Type Activities**

**Contracts Payable**

In April 2015, the UOBWA issued a total of \$29,980,000 of its Series 2015 Revenue Refunding Bonds (Series 2015 Bonds) which advance refunded the Series 2005 Bonds and provided additional working capital for UOBWA. The County signed an intergovernmental agreement, which requires the County to make monthly interest and principal payments to UOBWA for its 20.959% share of the interest and principal payments due under the Series 2015 Bonds. The original principal of the County's share payable under this agreement is \$6,283,508. The monthly principal payments will range from \$37,115 to \$53,620 and the interest payments will accrue at a weighted average yield of 2.06%.

The County's share of the difference between UOBWA's carrying value of the Series 2005 bonds as of the refunding date and the issuance price of the Series 2015 Bonds was \$352,272 and is reported in deferred outflow of resources as a deferred charge on refunding on the Water and Sewer Fund statement of net position. This amount will be amortized to interest expense over the life of the Series 2015 Bonds.

In October 2007, Oconee County entered into an Intergovernmental Contract-Reservoir Project with Walton County and the Walton County Water and Sewerage Authority (WCWSA). This contract indicated that WCWSA would issue the Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000. Under the terms of the Contract, the County agreed to pay the Authority amounts sufficient to pay the debt service on the Series 2008 Bonds. The County intends to make the contract payments with moneys derived from its water and sewerage system. However, the County System Revenues have not been pledged as security for the Contract Payments or the Series 2008 Bonds. In the event that the County System Revenues are insufficient to make the contract payments, the County has agreed to levy an ad valorem property tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purposes in order to make the Contract Payments. The Series 2008 Bonds were partially refunded with the issuance of the Series 2015 Bonds and the refunding of the Series 2008 Bonds was completed with the issuance of the Series 2016 Bonds (discussed below).

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Contracts Payable, continued**

During July 2015, the WCWSA completed a partial advance refunding for \$8,140,000 of the Series 2008 Bonds by issuing \$8,425,000 of its Series 2015 Bonds at a premium of \$769,090. The County signed an intergovernmental contract for these bonds that is substantially the same as the one related to the Series 2008 Bonds. The refunding of this portion of the Series 2008 Bonds resulted in a deferred charge of \$1,113,677 that will be amortized to interest expense using the straight-line method over the life of the Series 2015 Bonds. The Series 2015 Bonds bear interest at rates ranging from 2% to 4% and mature at dates ranging from 2016 to 2035. The contract payable that obligates the County to make the debt service payments required by the Series 2015 Bonds is subordinate to the County's revenue bonds described below.

During October 2016, the WCWSA completed its refunding of the Series 2008 Bonds by issuing \$9,465,000 of its Series 2016 Bonds at a premium of \$1,351,577. The County again signed an intergovernmental agreement requiring that the County make contract payments sufficient to pay the debt service on the Series 2016 Bonds. The remaining outstanding Series 2008 Bonds had a carrying value of \$10,464,994 and a reacquisition price of \$11,068,847 resulting in a deferred charge of \$603,853. The deferred charge will be amortized to interest expense using the straight-line method over the life of the Series 2016 Bonds. The Series 2016 Bonds bear interest at rates ranging from 2% to 5% and mature at dates ranging from 2017 to 2038. The contract payable that obligates the County to make the debt service payments required by the Series 2016 Bonds is subordinate to the County's revenue bonds described below.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Contracts Payable, continued**

The annual requirements to amortize contracts payable at the end of the current fiscal year are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,074,783	\$ 815,603	\$ 1,890,386
2023	1,123,646	769,310	1,892,956
2024	1,168,557	719,837	1,888,394
2025	1,228,708	665,733	1,894,441
2026	1,287,003	605,085	1,892,088
2027-2031	5,053,442	2,235,921	7,289,363
2032-2036	5,590,000	1,220,000	6,810,000
2037-2038	2,640,000	159,400	2,799,400
Totals	<u>\$ 19,166,139</u>	<u>\$ 7,190,889</u>	<u>\$ 26,357,028</u>

**Notes from Direct Borrowings**

The Walton County Water and Sewer Authority entered into a note payable with the Georgia Environmental Finance Authority (GEFA) during 2013. Oconee County is obligated to pay 28.8% of the amounts payable under that note pursuant to the intergovernmental agreement that establishes the Hard Labor Creek Reservoir Project (HLC). The note allows for up to \$20,000,000 of borrowing, of which the County's share would be \$5,760,000. At the end of the current fiscal year, the entire note balance had been drawn and was outstanding. The note calls for no interest to be accrued or paid during the construction period, which originally continued until August 2016. GEFA modified the note multiple time to extend the period that the note does not accrue interest until April 1, 2023. From that date, the note accrues interest at 1%. No debt service payments are due until the note matures at December 31, 2052. All accrued interest and the principal are due at maturity.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Notes from Direct Borrowings, continued**

During July 2014, WCWSA entered into a second note payable with GEFA which allows for \$12,000,000 of borrowing, of which the County's share would be \$3,456,000. At the end of the current fiscal year, WCWSA had drawn \$7,922,734 on the note and the County's 28.8% share was \$2,281,748. All of the money drawn to date was still outstanding at the end of the current fiscal year. GEFA modified the note multiple times so that no interest accrues until February 1, 2018. The modification then calls for the note to accrue 1% interest from February 1, 2018 until April 1, 2023, when the interest rate increases to 2%. All of the interest that accrues between February 2018 and April 2023 will be capitalized into the note balance. From May 1, 2023, the County will make 60 monthly interest only payments. The County will then make 419 equal monthly principal and interest payments.

Because the notes bear interest at rates that differ substantially from the market interest rate available to the County, the accounting standards require that the County discount the required debt service payments using the County's market yield on debt with similar terms. The County estimated that the market yield that it would be required to pay would be 3% and used this rate to calculate the discount on this debt. The discounts will be amortized to interest expense over the life of the notes.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Revenue Bonds**

Revenue bonds have been issued and are comprised of the following individual issues:

- The County issued \$6,740,000 Series 2012 Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds. The bonds were issued at a premium of \$1,295,000 with issuance costs of \$177,500. The bonds were issued to advance refund \$7,390,000 of the remaining outstanding balance of the Series 2003 Oconee County, Georgia Water and Sewerage Revenue Bonds. The bonds are due in annual principal payments on September 1 beginning in 2012 with semi-annual interest payments (2.00% to 5.00%) due on March 1 and September 1. The bonds are secured by a lien on the net revenues of the County's water and sewer system. Upon the occurrence of an event of default, the bondholders may declare the payments to be made to be immediately due and payable. The remaining balance at the end of the current fiscal year was \$4,105,000.
  
- The County issued \$10,915,000 Series 2017A and \$1,765,000 Series 2017B Oconee County, Georgia Water and Sewerage Revenue Bonds. The bonds were issued at a premium of \$2,239,307 with issuance costs of \$287,663. The bonds were issued to finance the renovation and improvement costs of the water and sewer system and to advance refund \$1,735,000 of the remaining outstanding balance of the Series 2009 Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds. The bonds are due in annual principal payments on September 1 beginning in 2018 with semi-annual interest payments (1.70% to 2.92%) due on March 1 and September 1. The bonds are secured by a lien on the net revenues of the County's water and sewer system. Upon the occurrence of an event of default, the bondholders may declare the payments to be made to be immediately due and payable. The remaining balance at the end of the current fiscal year was \$10,915,000.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**11. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Revenue Bonds, continued**

The annual requirements to amortize revenue bonds payable at the end of the current fiscal year are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,335,000	\$ 717,625	\$ 2,052,625
2023	1,400,000	649,250	2,049,250
2024	1,370,000	580,000	1,950,000
2025	550,000	532,000	1,082,000
2026	580,000	503,750	1,083,750
2027-2031	3,380,000	2,040,750	5,420,750
2032-2036	4,340,000	1,080,000	5,420,000
2037-2038	2,065,000	104,625	2,169,625
Totals	<u>\$ 15,020,000</u>	<u>\$ 6,208,000</u>	<u>\$ 21,228,000</u>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**12. Long-Term Liabilities**

**Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the current fiscal year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Capital leases payable	\$ 161,040	\$ 276,545	\$ 332,969	\$ 104,616	\$ 53,593
Installment sale agreements from direct borrowings	137,670	0	137,670	0	0
Bonds payable	475,000	0	0	475,000	475,000
Bonds from direct placements	18,955,000	0	1,242,765	17,712,235	1,030,000
Compensated absences	814,220	693,365	692,087	815,498	693,173
Total governmental activities	<u>\$ 20,542,930</u>	<u>\$ 969,910</u>	<u>\$ 2,405,491</u>	<u>\$ 19,107,349</u>	<u>\$ 2,251,766</u>
<b>Business-type activities</b>					
Contracts payable	\$ 20,210,203	\$ 0	\$ 1,044,064	\$ 19,166,139	\$ 1,074,783
Contract premiums	2,093,283	0	160,527	1,932,756	0
Notes from direct borrowings	8,041,748	0	0	8,041,748	0
Note discounts	(3,193,361)	0	(97,643)	(3,095,718)	0
Bonds payable	16,290,000	0	1,270,000	15,020,000	1,335,000
Bond premiums	2,292,828	0	228,881	2,063,947	0
Compensated absences	137,221	117,375	116,638	137,958	117,264
Total business-type activities	<u>\$ 45,871,922</u>	<u>\$ 117,375</u>	<u>\$ 2,722,467</u>	<u>\$ 43,266,830</u>	<u>\$ 2,527,047</u>
<b>Component Units</b>					
Oconee County Board of Health					
Compensated absences	<u>\$ 66,345</u>	<u>\$ 38,105</u>	<u>\$ 35,559</u>	<u>\$ 68,891</u>	<u>\$ 8,794</u>

In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. Compensated absences of the Oconee County Board of Health are liquidated by the Oconee County Board of Health. The total interest incurred and charged to expense for the current fiscal year was \$383,382 for the governmental activities and \$1,665,075 for the business-type activities.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. Conduit Debt**

The Oconee County Industrial Development Authority (OCIDA), a blended component unit of the County, has issued several industrial revenue bonds that were used to finance the cost of the acquisition, equipping and improvement of certain land and buildings located in Oconee County, Georgia. The total amount of industrial revenue bonds outstanding at year end was \$65,437,289, made up of four issues with original balances totaling \$74,767,663. The Authority receives an annual administrative fee of \$10,000 in connection with the issuance of the Series 2012 Bonds and \$25,000 in connection with the issuance of the Series 2018 Bonds. This fee is reported as other income in the financial statements. Although this debt bears the name of the Oconee County Industrial Development Authority, the Authority has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt was issued. Therefore, no liability has been reflected in the financial statements for this debt.

**14. Landfill Closure and Post-Closure Care Costs**

The Oconee County landfill received no solid waste after October 8, 1993. It currently operates only as a transfer station and was officially declared closed by the EPD in 1996. Thus, the County is only responsible for minor monitoring of the closed facility and is not subject to GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, which is based on the EPA rule that establishes thirty-year post-closure care requirements for landfills that accept solid waste after October 9, 1993.

During fiscal year 2016, the County obtained a permit from EPD to accept inert waste. The assured cost is defined as the sum of closure plus post-closure plus corrective action care cost. Closure costs are estimated at \$316,814. The annual post-closure care costs are estimated at \$32,483. The 30-year post-closure care cost estimate is \$974,477. Therefore, the total financial assurance required is \$1,291,290.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. Restricted, Committed, and Assigned Fund Balances**

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds at the end of the current fiscal year:

	<u>General</u>	<u>SPLOST 2015</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Restricted for:</b>				
Judicial				
Law library operations	\$ 0	\$ 0	\$ 201,200	\$ 201,200
Victim services	0	0	209,805	209,805
Judicial activities	0	0	26,999	26,999
Public Safety				
Drug abuse treatment and education	0	0	97,528	97,528
Public safety activities	0	0	195,956	195,956
Public Works				
Road maintenance and construction	126,033	0	0	126,033
Public works activities	0	0	10,625	10,625
Culture and recreation				
Parks and recreation	0	0	30,074	30,074
Housing and Development				
Tourism promotion	0	0	100,436	100,436
Tourism product development	0	0	5,018	5,018
Capital projects	0	7,082,272	592,894	7,675,166
	<u>\$ 126,033</u>	<u>\$ 7,082,272</u>	<u>\$ 1,470,535</u>	<u>\$ 8,678,840</u>
<b>Committed for:</b>				
Public Works				
Road maintenance and construction	\$ 912,912	\$ 0	\$ 0	\$ 912,912
	<u>\$ 912,912</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 912,912</u>
<b>Assigned to:</b>				
Health and welfare				
Senior services	\$ 0	\$ 0	\$ 451,712	\$ 451,712
Housing and Development				
Economic development	0	0	1,939,838	1,939,838
Capital projects	8,260,998	0	0	8,260,998
	<u>\$ 8,260,998</u>	<u>\$ 0</u>	<u>\$ 2,391,550</u>	<u>\$ 10,652,548</u>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. Net Investment in Capital Assets**

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current fiscal year:

	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 230,349,322	\$ 157,967,870
Accumulated depreciation	(131,838,561)	(39,783,089)
Book value	98,510,761	118,184,781
Capital-related accounts payable	(109,254)	(602,609)
Capital-related retainages payable	(15,698)	(295,798)
Capital-related capital leases payable	(104,616)	0
Capital-related contracts payable	0	(17,296,374)
Capital-related notes payable	0	(4,946,030)
Capital-related bonds payable	(9,922,235)	(17,083,947)
Deferred charges on refunding	512,442	1,348,433
Unspent debt proceeds	79,179	449,100
Net investment in capital assets	<u>\$ 88,950,579</u>	<u>\$ 79,757,556</u>

**17. Retirement Plans**

**County Defined Benefit Pension Plan**

*Plan Description.* The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (GEBCorp). The ACCG, in its role as the Plan sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCORP at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**17. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

Control over the operation and administration of the plan is vested with ACCG along with custody of the plan assets. The plan provides that the County has no liability with respect to payments or benefits or otherwise under the plan except to pay over to ACCG such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the County but shall be allocated to employees. All full-time County employees are eligible to participate in the Plan after completing three years of service.

There are no loans to any of the County officials or other "party-in-interest," and there are no prohibited transactions. The plan assets do not include any securities or investments in Oconee County. The funds are managed by independent money managers.

At January 1, 2020, the date of the most recent actuarial valuation, there were 431 participants consisting of the following:

Retirees, beneficiaries and disablees receiving benefits	100
Terminated vested participants entitled to but not yet receiving benefits	137
Active participants	<u>194</u>
Total number of participants	<u><u>431</u></u>

*Benefits Provided.* The plan provides retirement and death benefits. Benefits are fully vested after ten years of service. Participants employed before August 2010 become eligible to retire at age 65 with 5 years of participation in the Plan. Employees hired after August 2010 must have 10 years of service to be eligible to retire with benefits from the Plan. Upon eligibility to retire, participants are entitled to an annual benefit of 2% of the average annual compensation multiplied by the participant's years of service, payable as a life annuity. Average annual compensation is based on the highest average of the participant's compensation over two consecutive plan years during the ten plan years preceding the participant's date of retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**17. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

*Contributions.* Employees make no contributions to the plan. The County is required to contribute the amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law, using the basis described in the annual valuation report. The County's actual contributions for the current fiscal year were \$2,241,866, or 25.30% of covered payroll of \$8,860,368. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At the end of the current fiscal year, the County reported a net pension liability of \$7,237,509. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. For governmental activities, the net pension liability is liquidated in the General Fund. For the current fiscal year, the County recognized pension expense of \$1,811,346.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**17. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

The components of the net pension liability are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<b>Balances at 12/31/19</b>	\$ 33,499,581	\$ 24,337,782	\$ 9,161,799
<b>Changes for the year:</b>			
Service cost	763,562	0	763,562
Interest	2,299,029	0	2,299,029
Liability experience (gain) / loss	454,558	0	454,558
Assumption change	60,535	0	60,535
Employer contributions	0	2,241,866	(2,241,866)
Net investment income	0	3,443,414	(3,443,414)
Benefit payments	(1,312,630)	(1,312,630)	0
Administrative expense	0	(61,462)	61,462
Other changes	0	(121,844)	121,844
<b>Net changes</b>	<u>2,265,054</u>	<u>4,189,344</u>	<u>(1,924,290)</u>
<b>Balances at 12/31/20</b>	<u>\$ 35,764,635</u>	<u>\$ 28,527,126</u>	<u>\$ 7,237,509</u>

Plan fiduciary net position as a percentage of the total pension liability	79.76%
Covered payroll	\$ 9,426,119
Net pension liability as a percentage of covered payroll	76.78%

At the end of the current fiscal year, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 894,045	\$ (113,242)
Changes in participant fund allocation	0	0
Net difference between projected and actual earnings on pension plan investments	157,514	(157,514)
Changes of assumptions	0	(2,192,901)
	1,212,403	0
Totals	<u>\$ 2,263,962</u>	<u>\$ (2,463,657)</u>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**17. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

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

<b>Fiscal Year Ending June 30</b>	
2022	\$ 285,869
2023	298,260
2024	(541,182)
2025	<u>(242,642)</u>
Totals	<u>\$ (199,695)</u>

*Actuarial Assumptions.* The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Projected salary increases	4.50% per year with an age based scale
Cost of living adjustments	N/A
Net investment rate of return	7.00%

Healthy mortality rates were based on the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA to 2020. Disabled mortality rates were derived from the 1985 CIDA Table Class 1.

The mortality and economic actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study conducted in February 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**17. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

The pension plan's target asset allocation as of December 31, 2020 is summarized in the following table:

	<b>Target Allocation</b>	<b>Range</b>
Fixed Income	30%	25%-35%
Large Cap	30%	25%-35%
Mid Cap	5%	2.5%-10%
Small Cap	5%	2.5%-10%
REIT	5%	2.5%-10%
International	15%	10%-20%
Multi Cap	5%	2.5%-10%
Global Allocation	5%	2.5%-10%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00 percent) or one percentage-point higher (8.00 percent) than the current rate:

	<b>Discount Rate</b>	<b>Net Pension Liability</b>
1% decrease	6.00%	\$ 12,139,885
Current discount rate	7.00%	7,237,509
1% increase	8.00%	3,167,296

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Association County Commissioners of Georgia Benefit System financial report.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**17. Retirement Plans (continued)**

**County Defined Contribution Plan**

The County has also established the Oconee County 401(a) Defined Contribution Plan through adoption of the ACCG 401(a) Defined Contribution Program. The plan was established to provide benefits at retirement to Oconee County employees. There are no employee or employer contributions at this time. The County has delegated certain administrative responsibilities to ACCG, or its designee. Plan provisions are established and may be amended by the Board of Commissioners.

**County Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is administered by an independent third party plan administrator.

In accordance with GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the assets and liabilities of the County's Deferred Compensation Plan are not included within the County's financial statements.

**Other Plans**

In addition to the plan above, various County employees are covered under the following plans, which are considered to be special funding situations: Georgia Firefighters' Pension Fund, Georgia State Employees' Retirement System (ERS), Peace Officers' Annuity and Benefit Fund of Georgia, Probate Judges' Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**17. Retirement Plans (continued)**

**Oconee County Board of Health Retirement Plan**

Eligible employees of the Oconee County Board of Health participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system. During the current fiscal year, the Department contributed \$106,203. At the end of the current fiscal year, the Department reported a liability in the amount of \$703,645 for its proportionate share (0.016694%) of the net pension liability. The Department recognized pension expense of \$150,172 for the current fiscal year. Further information regarding the plan can be obtained from Department's annual audit report by contacting the administrative offices of the Oconee County Health Department, 1060 Experiment Station Road, Watkinsville, GA 30677.

**18. Other Post-Employment Benefits**

**County Plan**

*Plan Description.* The County provides postretirement health care benefits under the Oconee County Health Care Plan to former employees who retired prior to 2010, certain former employees who retired in 2010 and 2011 and current employees (employed prior to January 1, 2018) who remain insured by the County's health plan throughout their employment with the County through at least age 60 provided that the employee has at least 10 years of service. The plan is a single-employer defined-benefit other post-employment benefit (OPEB) plan administered by the County. The plan is closed to new entrants and employees must have been employed prior to January 1, 2018 to be eligible to participate in the plan. The plan is a single employer plan, and it does not issue a separately available financial report. The County contributes toward retiree health costs on the authority of a resolution by the Board of Commissioners. Any plan amendments would similarly be approved by a resolution of the Board of Commissioners.

At June 30, 2020, the date of the most recent actuarial valuation, membership consisted of the following:

Active members	233
Retired members	62
Total membership	<u>295</u>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**18. Other Post-Employment Benefits (continued)**

**County Plan, continued**

*Benefits Provided.* The County allows eligible former employees to continue to participate in the County's health insurance plan until they become eligible for Medicare and pays an amount equal to the cost of a Medicare Supplement Premium toward the retiree's health benefit. The difference between the cost of the health benefit, on a composite (non-age adjusted basis) and the County's contribution is paid by the retiree. The County pays around \$230 per month towards a retiree's Medicare supplement premium after the retiree becomes eligible for Medicare. Dependent cost is the responsibility of the retiree, but neither retirees nor current employees contribute toward the plan.

*Contributions.* The County has not elected to advance fund the OPEB plan, but rather maintains the OPEB plan on a "pay-as-you-go" basis, in that premiums are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds.

*OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.* At the end of the current fiscal year, the County reported a net OPEB liability of \$9,925,914. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined and measured from actuarial valuations using data as of June 30, 2020. For governmental activities, the net OPEB liability is liquidated in the General Fund. During the current fiscal year, the County recognized OPEB expense of \$1,136,782.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**18. Other Post-Employment Benefits (continued)**

**County Plan, continued**

The components of the net OPEB liability are as follows:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
<b>Balances at 6/30/2020</b>	\$ 9,270,241	\$ 0	\$ 9,270,241
Changes for the year:			
Service cost	523,709	0	523,709
Interest	202,961	0	202,961
Assumption changes	102,914	0	102,914
Contributions - employer	0	173,911	(173,911)
Benefit payments	(173,911)	(173,911)	0
Net changes	655,673	0	655,673
<b>Balances at 6/30/2021</b>	<b>\$ 9,925,914</b>	<b>\$ 0</b>	<b>\$ 9,925,914</b>

Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered-employee payroll	\$ 9,923,804
Plan net OPEB liability as a percentage of covered-employee payroll	100.02%

At the end of the current fiscal year, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 0	\$ (180,880)
Changes in participant fund allocation	23,015	(23,015)
Changes of assumptions	2,372,652	0
Totals	<b>\$ 2,395,667</b>	<b>\$ (203,895)</b>

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**18. Other Post-Employment Benefits (continued)**

**County Plan, continued**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending June 30,</b>	
2022	\$ 410,112
2023	410,112
2024	410,112
2025	410,112
2026	410,112
Thereafter	<u>141,212</u>
Totals	<u><u>\$ 2,191,772</u></u>

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary scale	4.50% per year with an aged based scale
Actuarial cost method	Entry age normal
Discount rate	2.16%, 2.21% at prior measurement date
Healthcare cost trend rates	Pre-Medicare: 7.0% trended down to 4.5% by 2030 Medicare: 7.0% trended down to 4.5% by 2030
Mortality rates	Pub-2010 50% General & 50% Public Safety Headcount-weighted with Scale AA to 2021
Disabled mortality rates	1985 CIDA Table Class 1
Turnover	Vaughn Select and Ultimate Table through age 54
Utilization	75% utilization based on plan experience and input from the plan sponsor
Marriage assumption	Based on plan experience over the last 5 years, it was assumed that 10% of the population would be married with males being three years older than females.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**18. Other Post-Employment Benefits (continued)**

**County Plan, continued**

The demographic actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of a February 2019 experience study and review of recent plan experience done concurrently with the June 30, 2020 valuation.

*Development of Long-Term Rate.* Since the County funds this plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax-exempt municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Municipal Bond Index Rate used for this purpose is the last week of June Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer ([www.bondbuyer.com](http://www.bondbuyer.com)). The Municipal Bond Index Rate as of the measurement date was 2.16%.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (1.16%) or one percentage-point higher (2.16%) than the current rate. Also, shown is the net OPEB liability as if it were calculated using healthcare cost trend rates that were one percentage point lower or one percentage point higher than the current healthcare trend rates:

<u>Discount Rate</u>		<u>Net OPEB Liability</u>
1% decrease	1.16%	\$ 11,452,863
Current discount rate	2.16%	9,925,914
1% increase	3.16%	8,666,529
		<b>Net OPEB Liability</b>
<u>Healthcare Cost Trend Rates</u>		<u>Net OPEB Liability</u>
1% decrease		\$ 8,347,376
Current discount rate		9,925,914
1% increase		11,947,708

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**18. Other Post-Employment Benefits (continued)**

**County Plan, continued**

*OPEB Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued GASB Statement No. 75 Report for The Oconee County Health Care Plan.

**Oconee County Board of Health OPEB Plans**

Eligible employees of the Oconee County Board of Health are provided OPEB through the State of Georgia OPEB Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan and life insurance through the SEAD-OPEB Fund, a cost-sharing multiple-employer defined benefit other post-employment benefit plan. During the current fiscal year, the Department contributed \$27,673. At the end of the current fiscal year, the Department reported a net liability in the amount of \$123,044 for its proportionate share (0.015449% for the State of Georgia OPEB Fund and 0.017893% for the SEAD-OPEB Fund) of the net OPEB liability. The Department recognized OPEB expense of (\$60,968) for the current fiscal year. Further information regarding the plans can be obtained from the administrative offices of the Oconee County Health Department, 1060 Experiment Station Road, Watkinsville, GA 30677.

**19. Hotel/Motel Lodging Tax**

To begin the fiscal year, the County levied a 6% lodging tax in accordance with OCGA §48-13-51(a)(4). Effective January 1, 2021, the County levied a 6% lodging tax in accordance with OCGA §48-13-51(b). A summary of the transactions for the current fiscal year follows:

Lodging Tax Receipts	\$ 122,726
Disbursements for promotion of trade and tourism	\$ 60,620 49% of tax receipts

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**20. Tax Abatements**

The County can enter into ad valorem property tax abatement agreements with the Oconee County Industrial Development Authority (“the Authority”) under OCGA §36-62 by participating with the Authority and local businesses through a bond-lease transaction. Under this arrangement, the Authority issues revenue bonds. The proceeds of the bonds enable the Authority to take title to the applicant’s economic development project. The project is then leased or rented by the Authority to the applicant and the applicant pays rents that repay the bonds. The purpose of tax abatements through this authority is to create community employment and community investment. Eligibility for this program is individually considered based on the employment and investment commitment made by the applicant.

For the current fiscal year, the County abated ad valorem property taxes totaling \$159,307 through an agreement. The following agreement exceeds 25 percent of the total amount abated:

- A local manufacturing plant had tax abatements of \$159,307. The appraised value of leasehold interests is discounted using the agreement’s rate schedule. By meeting community job and community investment goals each year, the manufacturer continues to be eligible for tax abatements. If there is a shortfall in meeting the established criteria, 100% of abated taxes in the year of the shortfall will be due.

**21. Joint Ventures**

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC) and is required to pay annual dues thereto. During the current fiscal year, the County paid \$31,691 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Financial statements for NEGRC can be obtained at 305 Research Drive, Athens, Georgia 30605-2795.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**21. Joint Ventures (continued)**

The County, along with three other counties, is a member of the Upper Oconee Basin Water Authority (UOBWA). The purpose of this venture was to construct a reservoir and water treatment plant that would provide water for the counties involved. Each government is responsible for a pro-rata share of the costs based on population. In April 2015, the UOBWA issued \$29.98 million of Series 2015 Revenue Refunding Bonds. These bonds were issued to advance refund the Series 2005 Water Revenue Refunding Bonds. In March 2005, the UOBWA issued \$48,155,000 of Water Revenue Refunding Bonds, Series 2005. The proceeds of the bonds were used to advance refund the Series 1997 Bonds maturing in the years 2009 and thereafter and to pay certain expenses incident to the issuance of the bonds. The County's share of the bond debt is 20.929%. An investment in UOBWA and an offsetting contract payable were recorded in the Oconee County Water and Sewer Fund to recognize this investment and obligation. The County is reducing the contract payable through monthly payments made from the Water and Sewer Fund which are more fully described in long-term debt note. The investment costs are amortized over the useful lives of the underlying assets of the investment. Approximately 10% of the total investment costs represent the investment into the land, 50% represent the investment into the reservoir, which has a useful life of 100 years, and 40% represent the investment into the treatment plant, which has a useful life of 50 years. Investment in UOBWA at the end of the current fiscal year consisted of the following:

Initial cash costs	\$	70,221
Contract payable for 20.959% of revenue bond liability		11,787,064
Additional cash investments		41,250
		11,898,535
Accumulated amortization		(3,084,397)
Investment in UOBWA, net	\$	8,814,138

Financial statements for the Upper Oconee Basin Water Authority can be obtained at the Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605-2795.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**22. Risk Financing Activities**

Material estimates have been made by management about the historical cost of capital assets and the life of the depreciated capital assets. Management has used a conservative approach on these estimates.

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agent and attorneys to represent the County in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against the members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Settled claims in the past three years have not exceeded the coverages.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**22. Risk Financing Activities (continued)**

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At the end of the current fiscal year, the County has no losses that are probable or estimable and accordingly has not recognized any liability.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the County, its performance, and its financial results.

**23. Commitments and Contingencies**

**Commitments**

At the end of the current fiscal year, contractual commitments on uncompleted contracts totaled \$4,124,465.

**Contingencies**

Oconee County participates in a number of revenue sharing grants. Expenditures financed by revenue sharing grants are subject to a compliance audit by the grantor or its representative. If expenditures are disallowed due to noncompliance with program regulations, the County may be required to reimburse the grantor government. The County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the County.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**23. Commitments and Contingencies (continued)**

**Contingencies, continued**

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

**24. Subsequent Events**

On August 10, 2021, the County issued \$12,500,000 of General Obligation Bonds, Series 2021, with interest rates ranging from 3.00% to 4.00%. The net proceeds were \$14,872,947 (\$12,500,000 par plus \$2,664,140 premium less \$291,193 of issuance costs and underwriters' discount). The proceeds from the bonds are to be used to fund a portion of the 2021 SPLOST projects. The bond principal and interest payments are payable first from a one percent sales and use tax (SPLOST) received by the County. To the extent the proceeds from the sales and use tax are insufficient to make such payments, the principal and interest on the bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the County subject to taxation for general obligation bond purposes.

**25. Changes in Beginning Balances**

**Fiduciary Funds**

**Custodial Funds**

Prior period adjustments have been made to adjust beginning net position in the Sheriff, Superior Court, Probate Court, and Magistrate Court Custodial Funds. These adjustments were required due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, and increased beginning net position in the Sheriff Custodial Fund by \$19,858, increased beginning net position in the Superior Court Custodial Fund by \$291,653, increased beginning net position in the Probate Court Custodial Fund by \$124,129, and increased beginning net position in the Magistrate Court Department Custodial Fund by \$86,897.

The net effect of these adjustments increased beginning net position of the Custodial Funds by \$522,537.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2021*

**26. New Accounting Pronouncements**

The County implemented GASB Statement No. 84, *Fiduciary Activities*, effective for the County's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2019.



***REQUIRED SUPPLEMENTARY INFORMATION***

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2021**  
**(Unaudited)**

	Fiscal Year End		
	2021	2020	2019
<b>Total pension liability</b>			
Service cost	\$ 763,562	\$ 663,430	\$ 678,069
Interest	2,299,029	2,066,670	1,948,926
Liability experience (gain) / loss	454,558	374,857	952,491
Assumption change	60,535	1,498,663	298,321
Benefit payments, including refunds of employee contributions	(1,312,630)	(1,255,798)	(1,215,562)
Net change in total pension liability	2,265,054	3,347,822	2,662,245
Total pension liability - beginning	33,499,581	30,151,759	27,489,514
<b>Total pension liability - ending (a)</b>	<b>\$ 35,764,635</b>	<b>\$ 33,499,581</b>	<b>\$ 30,151,759</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 2,241,866	\$ 2,061,322	\$ 1,969,963
Net investment income	3,443,414	4,072,030	(1,040,521)
Benefit payments, including refunds of employee contributions	(1,312,630)	(1,255,798)	(1,215,562)
Administrative expense	(61,462)	(57,095)	(43,795)
Other	(121,844)	(115,945)	(25,000)
Net change in plan fiduciary net position	4,189,344	4,704,514	(354,915)
Plan fiduciary net position - beginning	24,337,782	19,633,268	19,988,183
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 28,527,126</b>	<b>\$ 24,337,782</b>	<b>\$ 19,633,268</b>
<b>Net pension liability - ending : (a) - (b)</b>	<b>\$ 7,237,509</b>	<b>\$ 9,161,799</b>	<b>\$ 10,518,491</b>
Plan's fiduciary net position as a percentage of the total pension liability	79.76%	72.65%	65.11%
Covered payroll	\$ 9,426,119	\$ 8,523,879	\$ 8,099,621
Net pension liability as a percentage of covered payroll	76.78%	107.48%	129.86%

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior to 2015 are not reported.

**Fiscal Year End**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 658,214	\$ 654,950	\$ 660,206	\$ 662,925
1,842,908	1,790,320	1,630,194	1,534,234
64,686	(627,429)	(95,391)	0
58,794	833,028	945,358	0
<u>(1,109,036)</u>	<u>(1,095,712)</u>	<u>(914,999)</u>	<u>(920,393)</u>
1,515,566	1,555,157	2,225,368	1,276,766
<u>25,973,948</u>	<u>24,418,791</u>	<u>22,193,423</u>	<u>20,916,657</u>
<u>\$ 27,489,514</u>	<u>\$ 25,973,948</u>	<u>\$ 24,418,791</u>	<u>\$ 22,193,423</u>
\$ 1,789,897	\$ 1,732,389	\$ 1,716,341	\$ 1,781,612
2,597,610	1,029,641	152,431	849,702
(1,109,036)	(1,095,712)	(914,999)	(920,393)
(39,969)	(44,504)	(44,145)	(41,842)
<u>(77,237)</u>	<u>(68,060)</u>	<u>(167,210)</u>	<u>(50,610)</u>
3,161,265	1,553,754	742,418	1,618,469
<u>16,826,918</u>	<u>15,273,164</u>	<u>14,530,746</u>	<u>12,912,277</u>
<u>\$ 19,988,183</u>	<u>\$ 16,826,918</u>	<u>\$ 15,273,164</u>	<u>\$ 14,530,746</u>
<u>\$ 7,501,331</u>	<u>\$ 9,147,030</u>	<u>\$ 9,145,627</u>	<u>\$ 7,662,677</u>
72.71%	64.78%	62.55%	65.47%
\$ 7,788,152	\$ 7,986,368	\$ 8,439,900	\$ 8,409,345
96.32%	114.53%	108.36%	91.12%

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2021**  
**(Unaudited)**

	<b>Fiscal Year End</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Actuarially determined contribution	\$ 2,042,837	\$ 1,857,591	\$ 1,779,777
Contributions in relation to the actuarially determined contribution	<u>(2,241,866)</u>	<u>(2,061,322)</u>	<u>(1,969,963)</u>
Contribution deficiency (excess)	<u>\$ (199,029)</u>	<u>\$ (203,731)</u>	<u>\$ (190,186)</u>
Covered payroll	\$ 8,860,368	\$ 8,856,225	\$ 8,099,621
Contributions as a percentage of covered payroll	25.30%	23.28%	24.32%

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior to 2015 are not reported.

**Fiscal Year End**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,776,367	\$ 1,675,242	\$ 1,623,896	\$ 1,754,892
<u>(1,789,897)</u>	<u>(1,732,389)</u>	<u>(1,716,341)</u>	<u>(1,781,612)</u>
<u>\$ (13,530)</u>	<u>\$ (57,147)</u>	<u>\$ (92,445)</u>	<u>\$ (26,720)</u>
\$ 7,788,152	\$ 7,986,368	\$ 8,439,900	\$ 8,409,345
22.98%	21.69%	20.34%	21.19%

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2021**  
**(Unaudited)**

	Fiscal Year End			
	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service cost	\$ 523,709	\$ 257,798	\$ 236,374	\$ 236,374
Interest	202,961	209,936	209,441	209,443
Differences between expected and actual experience	0	(249,007)	0	0
Assumption changes	102,914	3,144,011	0	0
Benefit payments	<u>(173,911)</u>	<u>(179,766)</u>	<u>(143,764)</u>	<u>(143,764)</u>
Net change in total OPEB liability	655,673	3,182,972	302,051	302,053
Total OPEB liability - beginning	<u>9,270,241</u>	<u>6,087,269</u>	<u>5,785,218</u>	<u>5,483,165</u>
<b>Total OPEB liability - ending (a)</b>	<b><u>\$ 9,925,914</u></b>	<b><u>\$ 9,270,241</u></b>	<b><u>\$ 6,087,269</u></b>	<b><u>\$ 5,785,218</u></b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 173,911	\$ 179,766	\$ 143,764	\$ 143,764
Benefit payments	<u>(173,911)</u>	<u>(179,766)</u>	<u>(143,764)</u>	<u>(143,764)</u>
Net change in plan fiduciary net position	0	0	0	0
Plan fiduciary net position - beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>Net OPEB liability - ending : (a) - (b)</b>	<b><u>\$ 9,925,914</u></b>	<b><u>\$ 9,270,241</u></b>	<b><u>\$ 6,087,269</u></b>	<b><u>\$ 5,785,218</u></b>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 9,923,804	\$ 10,655,772	\$ 9,661,589	\$ 9,661,589
Net OPEB liability as a percentage of covered-employee payroll	100.02%	87.00%	63.00%	59.88%

Note: Fiscal year 2018 was the first year of implementation. Therefore, fiscal years prior to 2018 are not reported.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2021**

**Pension Plan**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2020, with an interest adjustment to the fiscal year.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Entry age normal

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 15 years

Asset valuation method = Smoothed market value with a 5-year smoothing period

Net investment rate of return = 7.00%

Projected salary increases = 4.50% per year with an age based scale

Cost of living adjustments = N/A

Normal retirement age for inactive vested participants = Employed prior to August 2010 is age 65 with 5 years of vesting service; employed after August 2010 is age 65 with 10 years of vesting service

Mortality = Healthy mortality rates were based on the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA to 2020. Disabled mortality rates were derived from the 1985 CIDA Table Class 1.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2021**

**Pension Plan (continued)**

**3. Changes in Benefits**

There have been no substantive changes since the last actuarial valuation.

**4. Changes of Assumptions**

The mortality table improvements for the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA is projected to 2020 instead of 2019.

**OPEB Plan**

**1. Valuation Date**

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined and measured from actuarial valuations using data as of June 30, 2020.

**2. Methods and Assumptions Used to Determine Contribution Rates**

No assets are accumulated in a trust to pay benefits.

Actuarial cost method = Entry age normal

Discount rate = 2.16%, 2.21% at prior measurement date

Healthcare cost trend rates = 7.0% trended down to 4.5% by 2030

Mortality rates = Pub-2010 50% General & 50% Public Safety Headcount-weighted with Scale AA to 2021

Disabled mortality rates = 1985 CIDA Table Class 1



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2021**

**OPEB Plan (continued)**

**2. Methods and Assumptions Used to Determine Contribution Rates (continued)**

Turnover = Vaughn Select and Ultimate Table through age 54

Utilization = 75% utilization based on plan experience and input from the plan sponsor

Marriage assumption = Based on plan experience over the last 5 years, it was assumed that 10% of the population would be married with males being three years older than females.

**3. Changes in Benefits**

There have been no benefit changes since the prior measurement date.

**4. Changes of Assumptions**

Mortality improvement scale changed from Scale AA projected to 2020 to Scale AA projected to 2021.

Discount rate changed from 2.21% to 2.16%.

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**COMBINING STATEMENTS**  
***Nonmajor Governmental Funds***

## ***SPECIAL REVENUE FUNDS***

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Council on Aging Fund – This fund is used to account for the activity relating to the County's senior center.

Law Library Fund – This fund is used to account for the funds used for the purpose of providing a law library for use by the County courts.

Confiscated Assets Fund – This fund is used to account for the cash received either from a cash confiscation or cash received from the sale of capital assets acquired from a drug raid.

Drug Abuse Treatment & Education Fund – This fund is used to account for the cash received from surcharges added to the base fine and collected by the courts. Funds are expended for drug abuse treatment and education programs or a drug/DUI court.

Special Revenue Fund – This fund is used to account for the receipt of donations to the County for various uses and projects, as well as other funding paid to the County with specified purposes set forth for the funding.

Victim Services & Forfeited Property Fund – This fund is used to account for the receipt of the additional court costs assessed for the purpose of assisting victims and to cover the related salary costs.

E-911 Fund – This fund is used to account for the fiscal activity related to the imposition, collection, and uses of the E-911 emergency telephone system fees.

Multiple Grant Fund – This fund is used to account for the fiscal activity related to various small grants awarded to the County.

Special Lighting District Fund – This fund is used to account for the fiscal activity relating to providing of street lighting services within the County.

Hotel/Motel Tax Fund – This fund is used to account for the hotel/motel taxes collected as required by general law that are legally restricted for promotion of trade and tourism in the County.

Industrial Development Authority Fund – This fund is used to account for the General Fund of the Oconee County Industrial Development Authority, which meets the criteria of a blended component unit, and is included in Oconee County's report as though it were not a separate legal entity.

## ***CAPITAL PROJECTS FUNDS***

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

SPLOST 2004 Fund – This fund is used to account for capital projects financed from SPLOST funds.

SPLOST 2009 Fund – This fund is used to account for capital projects financed from SPLOST funds.

Local Resources Fund – This fund is used to account for the acquisition of capital facilities.

Industrial Development Authority Parkway Blvd Fund – This fund is used to account for all of the funds received and expended related to the Authority's issuance of its Series 2012 and Series 2016 revenue bonds.

CDBG-Senior Center Fund – This fund is used to account for financial resources to be used for construction costs for the Senior Center financed by grant revenues.

**OCONEE COUNTY, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2021**

	Special Revenue						
	Council on Aging	Law Library	Confiscated Assets	Drug Abuse Treatment & Education Fund	Special Revenue	Victims Services & Forfeited Property	E-911
<b>ASSETS</b>							
Cash and cash equivalents	\$ 476,159	\$ 203,952	\$ 22,857	\$ 97,528	\$ 239,033	\$ 253,788	\$ 0
Certificates of deposit	0	0	0	0	0	0	0
Receivables (net)							
Intergovernmental	55,203	0	0	0	0	140,559	153,925
Taxes	0	0	0	0	0	0	0
Due from other funds	0	0	0	0	38,275	0	134,914
Prepaid items	2,704	0	0	0	0	0	6,234
Restricted cash and cash equivalents	0	0	0	0	0	0	0
<b>Total assets</b>	<b>\$ 534,066</b>	<b>\$ 203,952</b>	<b>\$ 22,857</b>	<b>\$ 97,528</b>	<b>\$ 277,308</b>	<b>\$ 394,347</b>	<b>\$ 295,073</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 5,425	\$ 0	\$ 0	\$ 0	\$ 22,115	\$ 44,114	\$ 249,917
Accrued salaries and payroll liabilities	12,364	0	0	0	0	0	45,156
Unearned revenue	0	0	0	0	0	0	0
Due to other funds	61,861	2,752	0	0	14,396	0	0
<b>Total liabilities</b>	<b>79,650</b>	<b>2,752</b>	<b>0</b>	<b>0</b>	<b>36,511</b>	<b>44,114</b>	<b>295,073</b>
<b>Deferred inflows of resources</b>							
Unavailable property taxes	0	0	0	0	0	0	0
Unavailable grant reimbursements	0	0	0	0	0	140,428	0
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140,428</b>	<b>0</b>
<b>Fund balances</b>							
Nonspendable prepaid items	2,704	0	0	0	0	0	6,234
Restricted for:							
Judicial	0	201,200	0	0	26,999	209,805	0
Public Safety	0	0	22,857	97,528	173,099	0	0
Public Works	0	0	0	0	10,625	0	0
Culture and Recreation	0	0	0	0	30,074	0	0
Housing and Development	0	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
Assigned to:							
Health and Welfare	451,712	0	0	0	0	0	0
Housing and Development	0	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0	(6,234)
<b>Total fund balances</b>	<b>454,416</b>	<b>201,200</b>	<b>22,857</b>	<b>97,528</b>	<b>240,797</b>	<b>209,805</b>	<b>0</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 534,066</b>	<b>\$ 203,952</b>	<b>\$ 22,857</b>	<b>\$ 97,528</b>	<b>\$ 277,308</b>	<b>\$ 394,347</b>	<b>\$ 295,073</b>

Special Revenue				Capital Projects					Total Nonmajor Governmental Funds
Multiple Grant	Special Lighting District	Hotel/Motel Tax	Industrial Development Authority	SPLOST 2004	SPLOST 2009	Local Resources Capital Projects	Industrial Development Authority Parkway Blvd	CDBG- Senior Center	
\$ 0	\$ 176	\$ 0	\$ 1,234,931	\$ 125,978	\$ 0	\$ 0	\$ 0	\$ 2,480	\$ 2,656,882
0	0	0	704,907	0	0	0	0	0	704,907
48,158	0	0	0	0	0	0	0	2,056	399,901
0	1,109	12,385	0	0	0	0	0	0	13,494
2,000	17,566	346,229	0	0	0	12	0	0	538,996
0	0	957	0	0	0	0	0	0	9,895
0	0	0	150,000	0	0	0	78,301	0	228,301
<u>\$ 50,158</u>	<u>\$ 18,851</u>	<u>\$ 359,571</u>	<u>\$ 2,089,838</u>	<u>\$ 125,978</u>	<u>\$ 0</u>	<u>\$ 12</u>	<u>\$ 78,301</u>	<u>\$ 4,536</u>	<u>\$ 4,552,376</u>
\$ 3,376	\$ 17,965	\$ 423	\$ 0	\$ 10,000	\$ 0	\$ 12	\$ 0	\$ 2,056	\$ 355,403
0	0	5,084	0	0	0	0	0	0	62,604
12,636	0	0	0	0	0	0	0	0	12,636
<u>34,146</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,475</u>	<u>115,630</u>
<u>50,158</u>	<u>17,965</u>	<u>5,507</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>12</u>	<u>0</u>	<u>4,531</u>	<u>546,273</u>
0	886	0	0	0	0	0	0	0	886
0	0	0	0	0	0	0	0	0	140,428
0	886	0	0	0	0	0	0	0	141,314
0	0	957	0	0	0	0	0	0	9,895
0	0	0	0	0	0	0	0	0	438,004
0	0	0	0	0	0	0	0	0	293,484
0	0	0	0	0	0	0	0	0	10,625
0	0	0	0	0	0	0	0	0	30,074
0	0	105,454	0	0	0	0	0	0	105,454
0	0	248,610	150,000	115,978	0	0	78,301	5	592,894
0	0	0	0	0	0	0	0	0	451,712
0	0	0	1,939,838	0	0	0	0	0	1,939,838
0	0	(957)	0	0	0	0	0	0	(7,191)
0	0	354,064	2,089,838	115,978	0	0	78,301	5	3,864,789
<u>\$ 50,158</u>	<u>\$ 18,851</u>	<u>\$ 359,571</u>	<u>\$ 2,089,838</u>	<u>\$ 125,978</u>	<u>\$ 0</u>	<u>\$ 12</u>	<u>\$ 78,301</u>	<u>\$ 4,536</u>	<u>\$ 4,552,376</u>

**OCONEE COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the fiscal year ended June 30, 2021**

	Special Revenue						
	Council on Aging	Law Library	Confiscated Assets	Drug Abuse Treatment & Education Fund	Special Revenue	Victims Services & Forfeited Property	E-911
<b>REVENUES</b>							
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	309,671	0	0	0	7,745	367,881	0
Charges for services	0	0	0	0	41,497	0	914,344
Fines, fees, and forfeitures	0	20,292	11,297	10,500	0	22,166	0
Interest	72	192	2	0	154	0	0
Contributions	16,864	0	0	0	111,847	0	0
Other	0	0	0	0	0	0	0
<b>Total revenues</b>	<b>326,607</b>	<b>20,484</b>	<b>11,299</b>	<b>10,500</b>	<b>161,243</b>	<b>390,047</b>	<b>914,344</b>
<b>EXPENDITURES</b>							
Current							
General Government	0	0	0	0	7,114	0	0
Judicial	0	4,858	0	0	9,423	661,762	0
Public Safety	0	0	11,251	9,423	100,327	0	1,954,692
Public Works	0	0	0	0	0	0	0
Health and Welfare	591,887	0	0	0	0	0	0
Culture and Recreation	0	0	0	0	8,301	0	0
Housing and Development	0	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
Debt service	0	0	0	0	0	0	61,684
<b>Total expenditures</b>	<b>591,887</b>	<b>4,858</b>	<b>11,251</b>	<b>9,423</b>	<b>125,165</b>	<b>661,762</b>	<b>2,016,376</b>
Excess (deficiency) of revenues over (under) expenditures	(265,280)	15,626	48	1,077	36,078	(271,715)	(1,102,032)
Other financing sources (uses)							
Transfers in	412,825	0	0	0	16,655	146,250	1,102,032
Transfers out	0	0	0	(15,000)	(12,368)	0	0
Sale of capital assets	0	0	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>412,825</b>	<b>0</b>	<b>0</b>	<b>(15,000)</b>	<b>4,287</b>	<b>146,250</b>	<b>1,102,032</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	147,545	15,626	48	(13,923)	40,365	(125,465)	0
Fund balances, July 1	306,871	185,574	22,809	111,451	200,432	335,270	0
<b>Fund balances, June 30</b>	<b>\$ 454,416</b>	<b>\$ 201,200</b>	<b>\$ 22,857</b>	<b>\$ 97,528</b>	<b>\$ 240,797</b>	<b>\$ 209,805</b>	<b>\$ 0</b>



Special Revenue				Capital Projects					Total
Multiple Grant	Special Lighting District	Hotel/Motel Tax	Industrial Development Authority	SPLOST 2004	SPLOST 2009	Local Resources Capital Projects	Industrial Development Authority Parkway Blvd	CDBG-Senior Center	Nonmajor Governmental Funds
\$ 0	\$ 214,436	\$ 122,726	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 337,162
115,603	0	0	0	0	0	0	0	30,848	831,748
0	0	0	75,000	0	0	0	0	0	1,030,841
0	0	0	0	0	0	0	0	0	64,255
0	0	0	5,029	330	88	0	0	0	5,867
0	0	0	0	0	0	0	0	0	128,711
0	0	0	134,160	0	0	0	0	0	134,160
<u>115,603</u>	<u>214,436</u>	<u>122,726</u>	<u>214,189</u>	<u>330</u>	<u>88</u>	<u>0</u>	<u>0</u>	<u>30,848</u>	<u>2,532,744</u>
0	0	0	0	0	0	0	0	0	7,114
0	0	0	0	0	0	0	0	0	676,043
46,603	0	0	0	0	0	0	0	0	2,122,296
0	214,436	0	0	0	0	0	0	0	214,436
50,000	0	0	0	0	0	0	0	0	641,887
0	0	0	0	0	0	0	0	0	8,301
0	0	213,142	7,079	0	0	0	0	0	220,221
0	0	0	0	40,581	215,722	409,507	0	30,843	696,653
0	0	0	0	0	0	0	0	0	61,684
<u>96,603</u>	<u>214,436</u>	<u>213,142</u>	<u>7,079</u>	<u>40,581</u>	<u>215,722</u>	<u>409,507</u>	<u>0</u>	<u>30,843</u>	<u>4,648,635</u>
<u>19,000</u>	<u>0</u>	<u>(90,416)</u>	<u>207,110</u>	<u>(40,251)</u>	<u>(215,634)</u>	<u>(409,507)</u>	<u>0</u>	<u>5</u>	<u>(2,115,891)</u>
2,000	0	97,410	0	0	0	409,507	0	0	2,186,679
0	0	0	0	0	0	0	0	0	(27,368)
0	0	0	202,323	0	0	0	0	0	202,323
<u>2,000</u>	<u>0</u>	<u>97,410</u>	<u>202,323</u>	<u>0</u>	<u>0</u>	<u>409,507</u>	<u>0</u>	<u>0</u>	<u>2,361,634</u>
21,000	0	6,994	409,433	(40,251)	(215,634)	0	0	5	245,743
<u>(21,000)</u>	<u>0</u>	<u>347,070</u>	<u>1,680,405</u>	<u>156,229</u>	<u>215,634</u>	<u>0</u>	<u>78,301</u>	<u>0</u>	<u>3,619,046</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 354,064</u>	<u>\$ 2,089,838</u>	<u>\$ 115,978</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 78,301</u>	<u>\$ 5</u>	<u>\$ 3,864,789</u>

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### ***CUSTODIAL FUNDS***

These funds are used to account for assets held by the County as a custodian to be expended in accordance with the conditions of its custodial capacity.

Tax Commissioner - This fund accounts for assets and related liabilities for the collection of taxes and tag and title fees.

Sheriff - This fund accounts for deposits held for incarcerated inmates.

Superior Court, Probate Court, Magistrate Court, and Juvenile Court - These funds account for assets and related liabilities for the collection of court related fees.

**OCONEE COUNTY, GEORGIA  
CUSTODIAL FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2021**

	<u>Tax Commissioner</u>	<u>Sheriff</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,156	\$ 20,800
Taxes receivable	<u>645,197</u>	<u>0</u>
Total assets	<u>660,353</u>	<u>20,800</u>
<b>LIABILITIES</b>		
Due to others	<u>660,353</u>	<u>0</u>
<b>NET POSITION</b>		
Restricted for individuals, organizations, and other governments	<u>\$ 0</u>	<u>\$ 20,800</u>

<b>Superior Court</b>	<b>Probate Court</b>	<b>Magistrate Court</b>	<b>Juvenile Court</b>	<b>Total Custodial Funds</b>
\$ 421,484 0	\$ 55,254 0	\$ 104,688 0	\$ 408 0	\$ 617,790 645,197
421,484	55,254	104,688	408	1,262,987
5,354	599	5,337	408	672,051
<u>\$ 416,130</u>	<u>\$ 54,655</u>	<u>\$ 99,351</u>	<u>\$ 0</u>	<u>\$ 590,936</u>

**OCONEE COUNTY, GEORGIA  
CUSTODIAL FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the fiscal year ended June 30, 2021**

	<b>Tax Commissioner</b>	<b>Sheriff</b>
<b>ADDITIONS</b>		
Taxes collected for other agencies	\$ 46,008,914	\$ 0
Court fees collected for other agencies	0	0
Court individual cases	0	0
Sheriff fees collected	0	400
Sheriff inmate account deposits	0	73,957
	<b>46,008,914</b>	<b>74,357</b>
<b>Total additions</b>	<b>46,008,914</b>	<b>74,357</b>
<b>DEDUCTIONS</b>		
Taxes distributed to other agencies	46,008,914	0
Court fees distributed to other agencies	0	0
Payments to others	0	0
Payments from inmates to others	0	73,415
	<b>46,008,914</b>	<b>73,415</b>
<b>Total deductions</b>	<b>46,008,914</b>	<b>73,415</b>
Change in net position	0	942
Net position, July 1 (original)	0	0
Prior period adjustments	0	19,858
Net position, July 1 (restated)	0	19,858
<b>Net position, June 30</b>	<b>\$ 0</b>	<b>\$ 20,800</b>

<b>Superior Court</b>	<b>Probate Court</b>	<b>Magistrate Court</b>	<b>Juvenile Court</b>	<b>Total Custodial Funds</b>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,008,914
2,186,857	215,785	25,331	10,389	2,438,362
254,885	83,927	42,204	0	381,016
0	0	0	0	400
0	0	0	0	73,957
<u>2,441,742</u>	<u>299,712</u>	<u>67,535</u>	<u>10,389</u>	<u>48,902,649</u>
0	0	0	0	46,008,914
2,186,857	215,785	25,331	10,389	2,438,362
130,408	153,401	29,750	0	313,559
0	0	0	0	73,415
<u>2,317,265</u>	<u>369,186</u>	<u>55,081</u>	<u>10,389</u>	<u>48,834,250</u>
<u>124,477</u>	<u>(69,474)</u>	<u>12,454</u>	<u>0</u>	<u>68,399</u>
0	0	0	0	0
<u>291,653</u>	<u>124,129</u>	<u>86,897</u>	<u>0</u>	<u>522,537</u>
<u>291,653</u>	<u>124,129</u>	<u>86,897</u>	<u>0</u>	<u>522,537</u>
<u>\$ 416,130</u>	<u>\$ 54,655</u>	<u>\$ 99,351</u>	<u>\$ 0</u>	<u>\$ 590,936</u>

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***SINGLE AUDIT SECTION***

This section contains reports required by the Uniform Guidance and grantor agencies

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards**

Honorable Chairman and  
Members of the Board of Commissioners  
Oconee County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oconee County, Georgia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Oconee County, Georgia's basic financial statements and have issued our report thereon dated November 30, 2021. Our report includes a reference to other auditors who audited the financial statements of the Oconee County Board of Health and the Oconee County Tourism & Visitors Bureau as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Oconee County, Georgia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oconee County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Oconee County, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oconee County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Oconee County, Georgia's Responses to Findings**

Oconee County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Oconee County, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Oconee County, Georgia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rushion, LLC*

Certified Public Accountants

Gainesville, Georgia

November 30, 2021

**Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Honorable Chairman and  
Members of the Board of Commissioners  
Oconee County, Georgia

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

We have audited Oconee County, Georgia’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oconee County, Georgia’s major federal programs for the year ended June 30, 2021. Oconee County, Georgia’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Oconee County, Georgia’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Oconee County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

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

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

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

### Purpose of this Report

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

*Rushton, LLC*

Certified Public Accountants

Gainesville, Georgia  
November 30, 2021

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2021**

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Number</u>	<u>Expenditures</u>
<b>Department of Housing and Urban Development</b>			
Passed through the Georgia Department of Community Affairs: Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	20p-y-108-1-6151	\$ 30,843
<b>Department of Justice</b>			
Passed through the Criminal Justice Coordinating Council: Crime Victim Assistance	16.575	C18-8-263 C18-8-264 C19-8-102 C19-8-103	10,993 80,980 25,008 148,070 <u>265,051</u>
Violence Against Women Formula Grants	16.588	W19-8-027 W19-8-028 W19-8-030 W20-8-034 W20-8-035	34,054 35,432 33,343 81,116 59,312 <u>243,257</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	N/A	<u>22,650</u>
Total Department of Justice			<u>530,958</u>
<b>Department of Transportation</b>			
<u>Highway Safety Cluster</u>			
Passed through the Georgia Governor's Office of Highway Safety: National Priority Safety Programs	20.616	GA-2020-FAST	<u>20,000</u>
<b>Department of the Treasury</b>			
Passed through the Georgia Governor's Office of Planning and Budget: COVID-19 Coronavirus Relief Fund	21.019	14643-CRF	<u>1,849,130</u>

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2021**

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Number</u>	<u>Expenditures</u>
<b>Department of Health and Human Services</b>			
<u>Aging Cluster</u>			
Passed through Northeast Georgia Regional Commission:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	FY 2021	\$ 5,371
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	FY 2021	72,470
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	FY 2021	41,205
COVID-19 Nutrition Services Incentive Program	93.053	FY 2021	<u>35,632</u>
Total Aging Cluster of Programs			154,678
Passed through Northeast Georgia Regional Commission:			
Social Services Block Grant	93.667	FY 2021	<u>4,391</u>
Total Department of Health and Human Services			<u>159,069</u>
<b>Department of Homeland Security</b>			
Passed through the Georgia Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4338-DR-GA	4,633
Emergency Management Performance Grants	97.042	OEM20	<u>20,065</u>
Total Department of Homeland Security			<u>24,698</u>
<b>Total Federal Awards</b>			<u><u>\$ 2,614,698</u></u>

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2021**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Oconee County, Georgia, under programs for the federal government for the fiscal year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. De Minimis Indirect Cost Rate**

Oconee County, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

**4. Payments to Subrecipients**

For the current fiscal year, Oconee County, Georgia did not pass federal funds through to subrecipients.

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended June 30, 2021**

**1. Summary of the Auditor's Results**

**A. Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	None reported

**B. Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
21.019 COVID-19 Coronavirus Relief Fund	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended June 30, 2021**

**2. Financial Statement Findings and Responses**

**A. Current Year Audit Findings**

**2021-001**

*Condition:* While performing procedures at the Clerk of Court's office, we noted appropriate segregation of duties does not exist. The Clerk prepares and signs all checks, records all transactions, reconciles all bank statements, and performs any required voided transactions.

*Criteria:* Segregation of employees' duties is a common practice in an effective internal control structure. Segregation of duties is when specific employee functions related to important accounting areas (such as cash receipting and cash disbursements) are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets.

*Effect:* Failure to maintain adequate segregation of duties exposes the assets of the County to greater risk of misappropriation.

*Cause:* Segregation of duties could be improved in the Clerk of Court's office.

*Recommendation:* Segregation of duties should be implemented to the extent practical and accounting records should be reviewed by responsible officials on a regular basis.

*Management Response:* Management has provided a copy of this finding to the appropriate Elected Officials and they concur with this finding. Action was taken immediately upon receipt of this comment from our auditors.

**B. Prior Year Audit Findings Follow-Ups**

None reported

**3. Federal Award Findings and Questioned Costs**

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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***STATE REPORTING SECTION***

This section contains additional reports required by the State of Georgia.

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended June 30, 2021**

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<b><u>2004 Referendum</u></b>					
Water & Sewer Improvements	\$ 6,000,000	\$ 6,970,000	\$ 6,970,000	\$ 0	\$ 6,970,000
Recreational & Cultural Facilities	5,000,000	5,031,350	5,031,350	0	5,031,350
Roads	6,000,000	6,276,264	6,276,264	0	6,276,264
Jail Expansion	1,300,000	1,389,670	1,389,670	0	1,389,670
Emergency Operations Center	600,000	681,721	681,721	0	681,721
Fire Station Project	1,500,000	1,500,000	1,500,000	0	1,500,000
County Facilities Expansion and Renovation	4,600,000	4,853,577	4,697,348	40,581	4,737,929
<b>Total</b>	<b>\$ 25,000,000</b>	<b>\$ 26,702,582</b>	<b>\$ 26,546,353</b>	<b>\$ 40,581</b>	<b>\$ 26,586,934</b>
<b><u>2009 Referendum</u></b>					
Recreation Facilities - General Obligation Debt Retirement	\$ 4,847,985	\$ 4,053,402	\$ 4,053,402	\$ 0	\$ 4,053,402
County Jail and Emergency Operation Center - 911	6,059,981	5,857,522	5,857,522	0	5,857,522
Water & Sewer Facilities	6,884,176	4,212,355	4,212,355	0	4,212,355
Roads, Streets & Bridges	8,080,020	6,755,704	6,755,704	0	6,755,704
Recreational, Historic and Scenic Facilities	1,110,999	928,906	713,188	215,722	928,910
Fire Station Facilities and Equipment	3,939,014	3,293,401	3,293,401	0	3,293,401
Communication Facilities	3,232,001	3,454,937	3,454,937	0	3,454,937
Farmland Protection	504,984	467,215	467,215	0	467,215
City of Watkinsville	3,227,960	2,698,891	2,698,891	0	2,698,891
Town of Bogart	1,616,000	1,351,134	1,351,134	0	1,351,134
Town of North High Shoals	674,680	564,099	564,099	0	564,099
Town of Bishop	222,200	185,781	185,781	0	185,781
<b>Total</b>	<b>\$ 40,400,000</b>	<b>\$ 33,823,347</b>	<b>\$ 33,607,629</b>	<b>\$ 215,722</b>	<b>\$ 33,823,351</b>

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended June 30, 2021**

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<b>2015 Referendum</b>					
Recreation Facilities - General					
Obligation Debt Retirement	\$ 5,592,000	\$ 5,592,000	\$ 3,441,510	\$ 306,353	\$ 3,747,863
Water & Sewer Facilities	12,100,000	12,100,000	3,274,291	2,599,897	5,874,188
Roads, Streets & Bridges	12,000,000	12,000,000	7,784,725	1,815,275	9,600,000
Farmland Protection	500,000	500,000	415,574	0	415,574
Fire Station and Rescue					
Facilities and Equipment	3,019,500	3,019,500	1,410,993	593,551	2,004,544
Civic Center Facilities	1,500,000	1,500,000	456,441	615,515	1,071,956
Historic and Scenic Facilities	250,000	250,000	0	0	0
Library Facilities	2,000,000	2,000,000	265,178	0	265,178
General County Facilities	2,000,000	2,000,000	983,175	576,471	1,559,646
Animal Control Facilities	750,000	750,000	52,000	568,325	620,325
Economic Development Facilities	850,000	850,000	0	0	0
Recreational and Park Facilities	3,158,000	3,158,000	2,752,455	0	2,752,455
Law Enforcement Facilities					
and Equipment	3,100,000	3,100,000	2,123,747	270,997	2,394,744
Technology Facilities	475,000	475,000	229,417	56,580	285,997
City of Watkinsville	4,746,500	4,746,500	2,991,446	792,603	3,784,049
Town of Bogart	1,496,000	1,496,000	942,842	249,812	1,192,654
Town of North High Shoals	1,089,000	1,089,000	686,335	181,849	868,184
Town of Bishop	374,000	374,000	235,712	62,453	298,165
<b>Total</b>	<b>\$ 55,000,000</b>	<b>\$ 55,000,000</b>	<b>\$ 28,045,841</b>	<b>\$ 8,689,681</b>	<b>\$ 36,735,522</b>
Civic Center Facilities Expenditures Financed by Intergovernmental Revenues				94,950	
Total Expenditures and Transfers Out in SPLOST 2015 Capital Projects Fund				<u>\$ 8,784,631</u>	

\* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF STATE CONTRACTUAL ASSISTANCE**  
*For the fiscal year ended June 30, 2021*

<u>State Program Name</u>	<u>Grant Period</u>	<u>Contract Number</u>	<u>State Expenditures</u>	<u>Amount Received</u>	<u>Amount Due from State</u>
Family Connection	07/01/20 to 06/30/21	93-2021000129	\$ 48,000	\$ 35,375	\$ 12,625



**OCONEE COUNTY, GEORGIA**  
**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**  
**PROJECT COST SCHEDULE**  
**RECIPIENT NAME: OCONEE COUNTY, GEORGIA**  
**GRANT AWARD NUMBER: 20p-y-108-1-6151**  
**For the fiscal year ended June 30, 2021**

<b>Program Activity</b>	<b>CDBG Activity Number</b>	<b>Latest Approved Budget</b>	<b>Accumulated CDBG Expenditures to Date</b>	<b>Accumulated Expenditures to Date (Other Funds)</b>	<b>Grand Total of Expenditures to Date</b>	<b>Questioned Costs (if applicable)</b>
Senior Centers	P-03A-00	693,875	0	0	0	0
Architecture - Senior Centers	S-03A-00	41,125	30,843	0	30,843	0
Administration	A-21A-00	15,000	0	0	0	0
		750,000	30,843	0	30,843	0

**OCONEE COUNTY, GEORGIA  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
SOURCE AND APPLICATION OF FUNDS SCHEDULE  
RECIPIENT NAME: OCONEE COUNTY, GEORGIA  
GRANT AWARD NUMBER: 20p-y-108-1-6151  
For the fiscal year ended June 30, 2021  
(Cumulative)**

I. Total Fiscal Year 2021 CDBG Funds Awarded to Recipient:	\$	750,000
II. Total Amount Drawn Down by Recipient from DCA:	\$	30,843
III. Less CDBG Funds Expended by Recipient:		(30,843)
IV. Amount of Fiscal Year 2021 CDBG Funds Held by Recipient:	\$	0

**APPENDIX B**  
**REVENUE STUDY**

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# OCONEE COUNTY COSTCO PROJECT MARKET ANALYSIS AND REVENUE STUDY

Oconee County, Georgia  
January 14, 2022

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## SECTION I – OVERVIEW AND SUMMARY OF FINDINGS

### **Project Overview**

The Costco Project (the “Project” or the “Costco Project”) will be located at 5550 Parkway Boulevard within the Athens-Clarke County, Georgia Metropolitan Statistical Area (the “Athens-Clarke County MSA”). The Athens-Clarke County MSA is an area consisting of four counties – Clarke, Madison, Oconee, and Oglethorpe – in northeastern Georgia anchored by the City of Athens. The location of the Project is shown on the map on the following page.

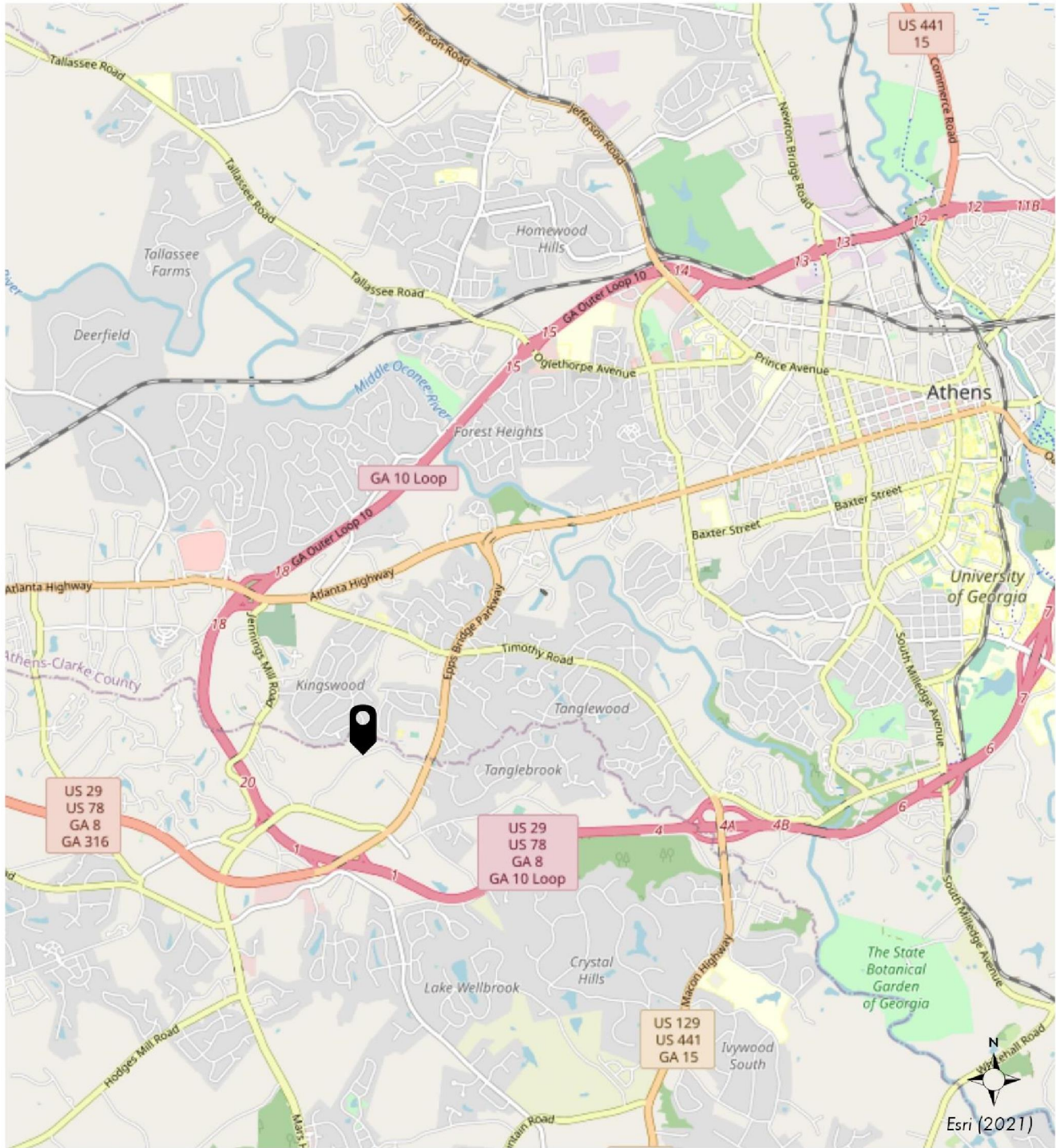
The Series 2022 Bonds are limited obligations of the Authority payable solely from and are secured by a transfer, pledge and assignment of and a grant of a security interest in the trust estate created pursuant to the Indenture (the “Trust Estate”) to the Trustee and in favor of the holders of the Series 2022 Bonds, as provided in the Indenture. The Trust Estate includes the payments to be made by the County pursuant to an Intergovernmental Contract, dated as of February 2, 2022 (the “Contract”), between the Authority and the County. Under the Contract, the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the payments required by the Contract (the “Contract Payments”); provided, however, that such tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County (the “Statutory Tax”). The Contract Payments shall be paid on a monthly basis and each monthly Contract Payment shall be equal and limited to the County’s portion of the Local Option Sales Tax reported to be collected at the Costco Project for the previous month.

The purpose of this Report is to develop an estimation of the annual sales volume and associated Local Option Sales Tax revenues associated with the Project.

## PROJECT LOCATION

Costco

Oconee County, Georgia



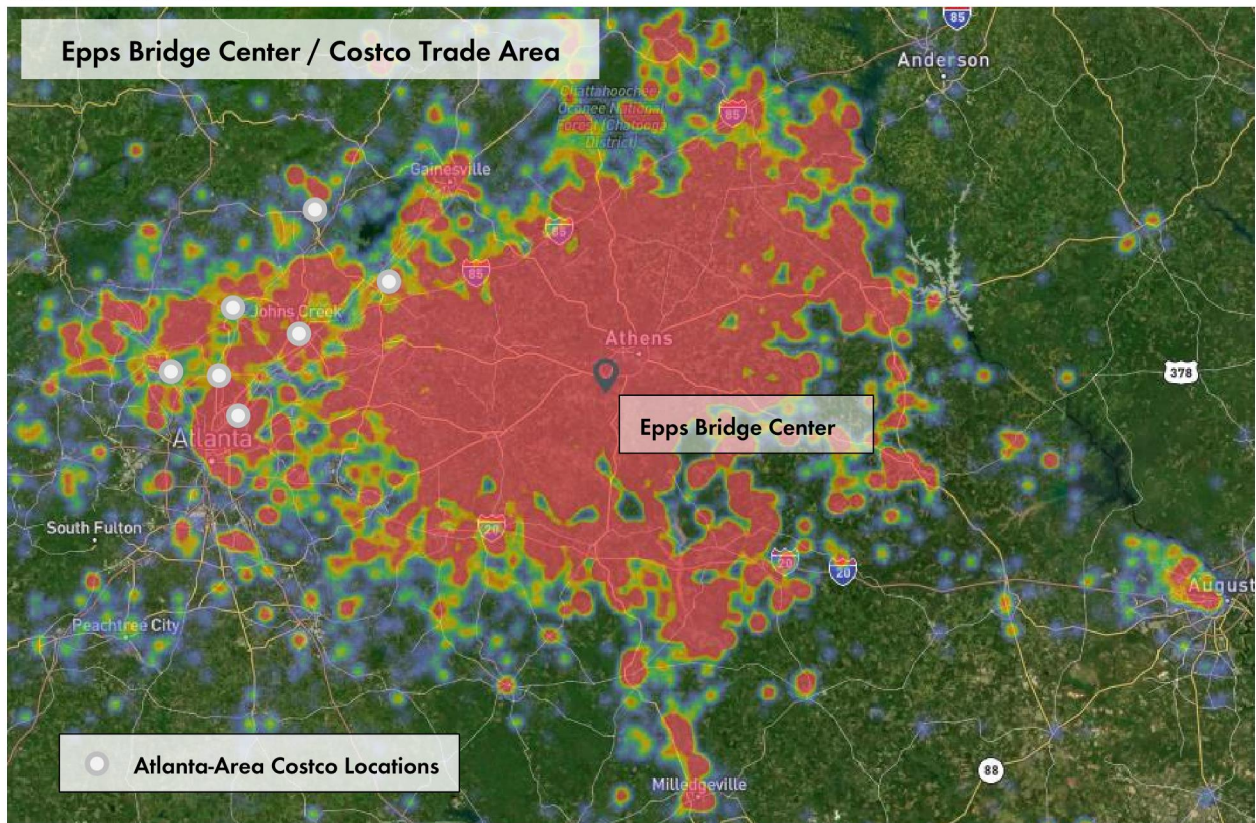


## SECTION II - DEMOGRAPHIC ANALYSIS

### Location of Project

The Project is located in Oconee County, Georgia (“Oconee County”) near Exit 1 of GA-10-Loop; a 4 minute drive from University Parkway (Ga-316), and an 11 minute drive time from Atlanta Highway (Ga-10) and Epps Bridge Parkway (Ga-316). The nearby Epps Bridge Parkway is actually the most traveled road in Oconee County with more than 33,000 vehicles per day, according to Oconee County figures.

### Trade Area Overview

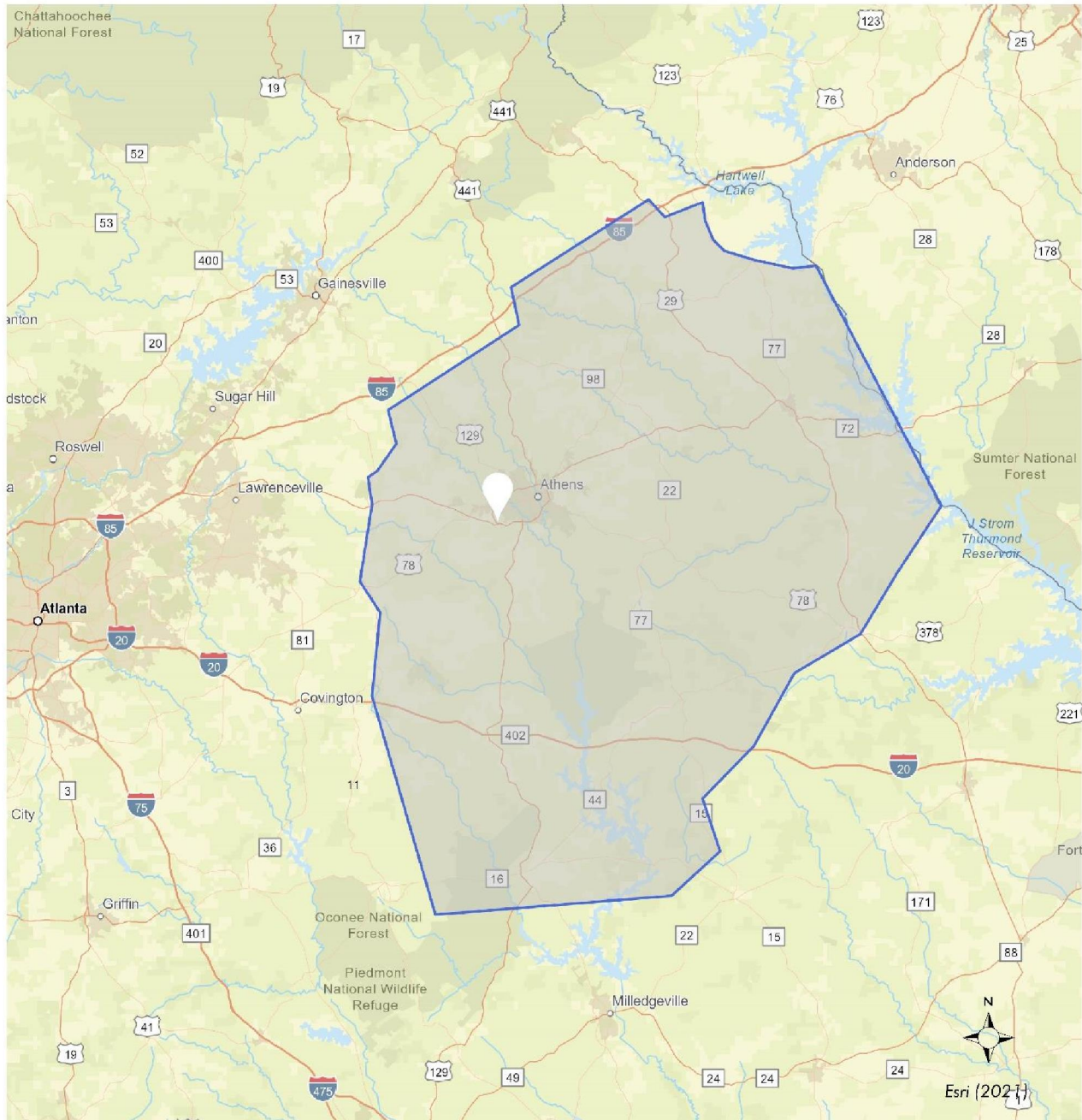


The image above shows the trade area associated with the Epps Bridge Center, in which the Costco Project is anticipated to be located. This trade area is based on the locations of visitors to the shopping center. The Epps Bridge Center saw approximately 4.78 million visitors over the past 12 months from approximately 820,700 individuals making approximately 5.8 visits each. The Primary Trade Area (“PTA”) for the Project differs from the Epps Bridge Center trade area as it doesn’t extend as far to the west as a result of the presence of competing Costco club stores in the Atlanta area.

# TRADE AREA

## Costco Project

### Oconee County, Georgia



 Primary Trade Area

**PCAV**PLANNERS LLC

## Population and Households

Clarke County's population has grown 1.4 percent annually between 2010 and 2021 reaching 128,638 residents. The Athens-Clarke County MSA comprises four counties – Clarke, Madison, Oconee, and Oglethorpe – in northeastern Georgia anchored by the City of Athens was home to approximately 218,378 residents in 2021, making it the 212<sup>th</sup> most populous metropolitan area by size in the United States out of 384 Metropolitan Statistical Areas (MSAs). The Athens-Clarke County MSA is growing and increased in size by 1.5 percent annually between 2000 and 2021. Within the PTA, the number of residents grew by 1.6 percent annually between 2000 and 2021. In 2021, the area was home to 437,590 residents.

Population growth is expected to continue in upcoming years by 0.9 percent annually in the PTA. If the number of residents within the PTA increases according to this estimate, an additional 21,000 residents will create demand for more than 8,200 new housing units by 2026.

### Population Trends

	Primary Trade Area	Clarke County	Oconee County	Athens-Clarke County MSA	Georgia
<i>Population Totals</i>					
2000 Population	327,592	100,348	26,225	166,079	8,186,453
2010 Population	387,216	115,442	32,808	192,541	9,687,653
2021 Population	437,590	128,638	40,871	218,378	10,815,378
2026 Population (Est.)	458,594	134,296	44,963	229,863	11,392,648
<i>Population Density</i>					
Area (Square Miles)	3,749	118	186	1,025	59,425
Residents per Square Mile (2000)	87	850	141	162	138
Residents per Square Mile (2010)	103	978	176	188	163
Residents per Square Mile (2020)	117	1,090	220	213	182
<i>Population Change</i>					
Annual Pop Growth Rate 2000 - 2021	1.6%	1.4%	2.5%	1.5%	1.6%
Annual Pop Growth Rate (Est.) 2021 - 2026	0.9%	0.9%	1.9%	1.0%	1.0%
<i>Household Size</i>					
2021 Household Size	2.55	2.35	2.81	2.49	2.63
<i>Housing Units Needed</i>					
Est. Additional Residents by 2026	21,004	5,658	4,092	11,485	577,270
Housing Units Needed	8,237	2,408	1,456	4,612	219,494

Source: U.S. Census, ESRI

<b>Population by Age</b>					
	<b>Primary Trade Area</b>	<b>Athens-Clarke County</b>	<b>Oconee County</b>	<b>Athens-Clarke County MSA</b>	<b>Georgia</b>
<i>Population by Age</i>					
2021 Median Age	36.7	27.5	41.1	37.3	37.6
Children (0 - 14 Years)	17.4%	14.5%	18.7%	16.0%	19.5%
Youth (15 - 24 Years)	16.8%	30.8%	12.7%	22.9%	13.4%
Adults (25 - 64 Years)	49.4%	43.7%	53.2%	47.7%	53.1%
Seniors (65 and over)	16.6%	11.0%	15.5%	13.2%	14.1%

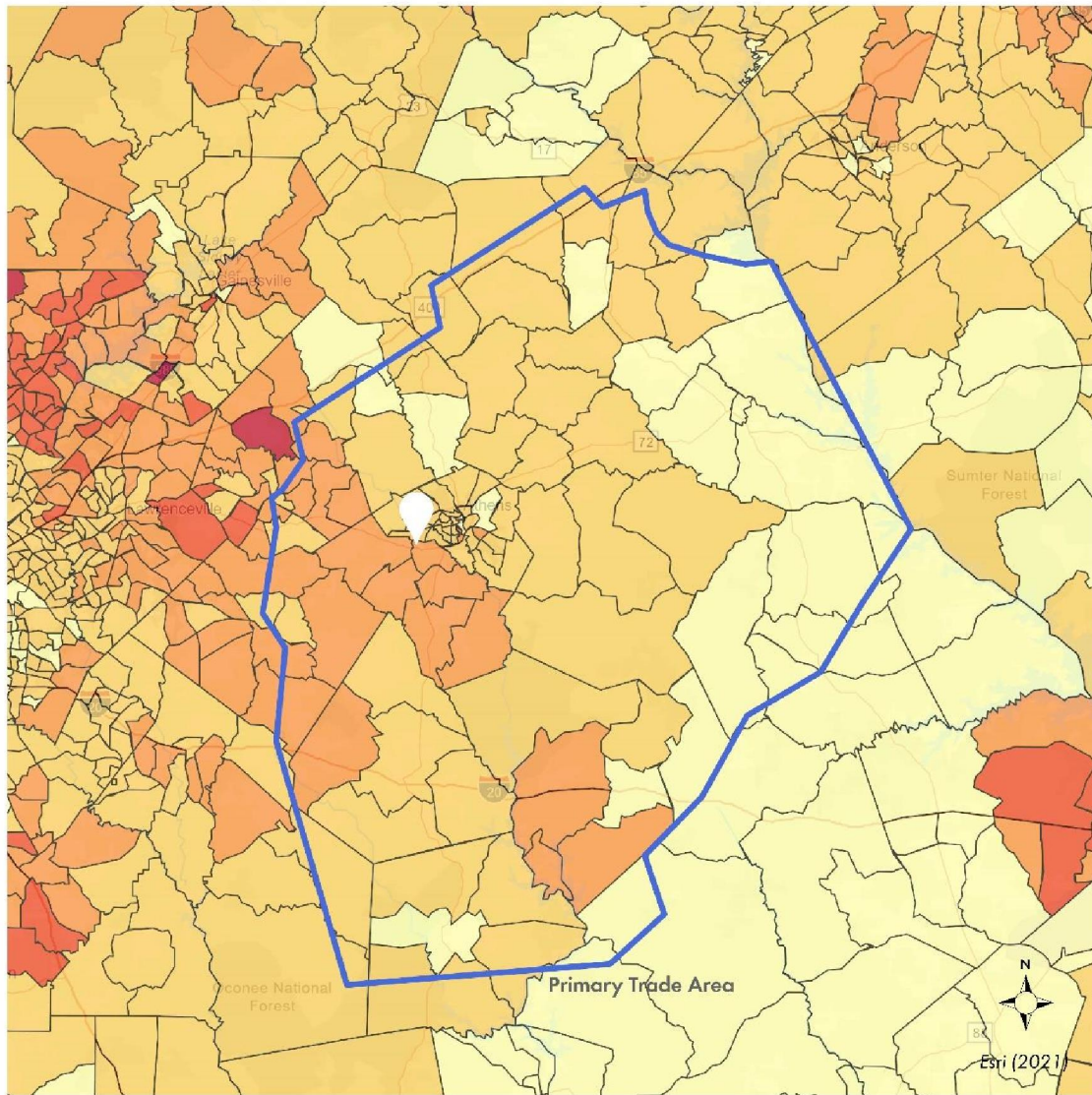
Source: ESRI

The map on the following pages show forecasted population growth for the trade areas in the next five years.

### 2020 - 2025 POPULATION GROWTH

Costco Project

Oconee County, Georgia



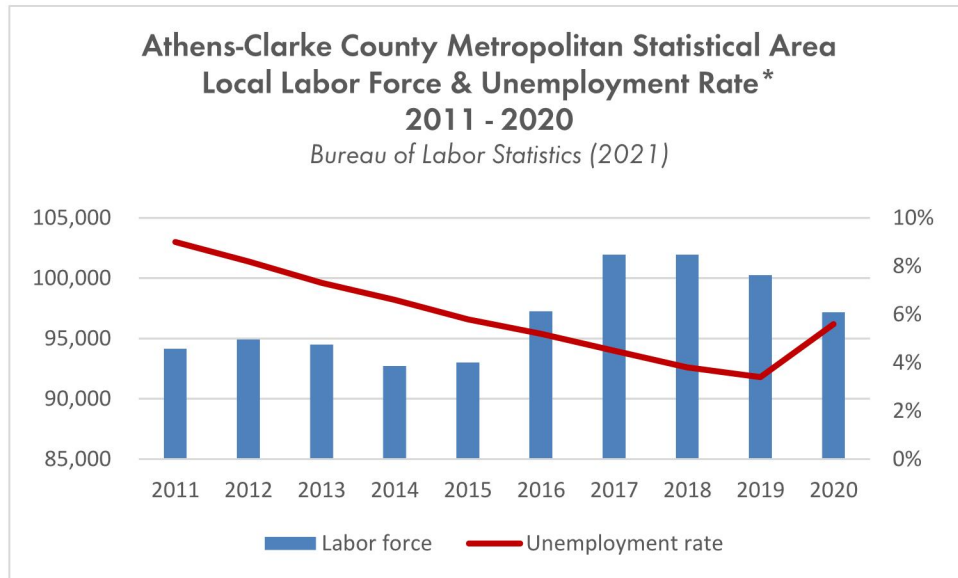
2021 - 2026 Growth Rate by Census Tract

**PCAV**PLANNERS<sub>LLC</sub>



**Employment**

Prior to the COVID-19 pandemic the Athens-Clark County MSA had an unemployment rate of 3.4 percent, which was the Athens-Clark County MSA’s lowest recorded rate dating back a decade. The chart below shows the total labor force and unemployment rate since 2011. The Athens-Clarke County MSA’s labor force has increased by about 3,034 workers during this time, while unemployment fell from about 9 percent to 5.6 percent, indicating that Athens-Clark County MSA’s economy has been growing and adding new jobs.

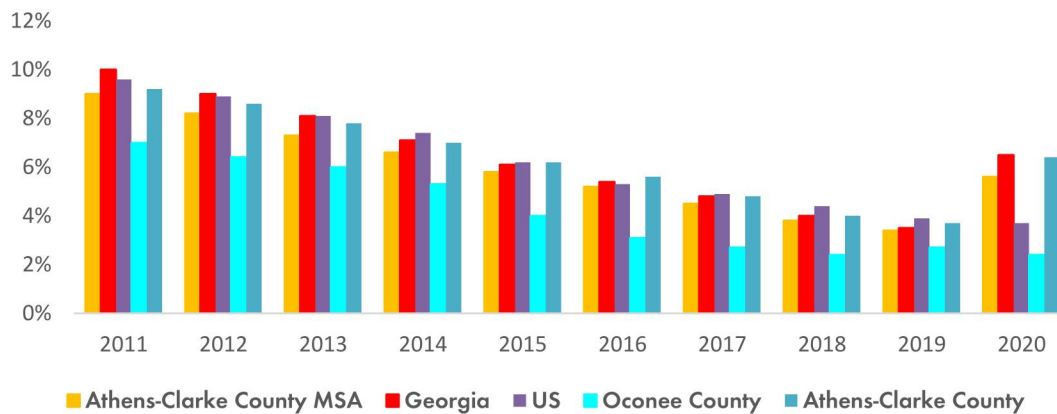


\*The unemployment rate is an annual average

A comparison of local, state, and national trends found that unemployment in Oconee County is traditionally less than that of the Athens-Clarke County MSA and lower than that of the nation. However, as a result of the COVID-19 pandemic in April 2020, unemployment rates rose sharply both nationally, locally, and within the State of Georgia. After reaching a peak unemployment rate of 11.2 percent in the Athens-Clarke County MSA the rate was 4.8 percent at the end of 2020 and the most recent figure is 3.4 percent as of March 2021, which is well below the national rate of 8.1%. Overall, except for the rise in unemployment as a result of the COVID-19 pandemic, the local employment trends within the Athens-Clarke County MSA are positive and a major driver for population growth and investment in the region.

### Local, State, and National Unemployment Comparison 2011 - 2020

Bureau of Labor Statistics (2021)



### Income

The median household income in Oconee County is \$89,434, which is significantly higher than that of the PTA, City of Athens, Athens-Clarke County MSA, and the State of Georgia overall. Median household incomes are expected to increase roughly on par with annual inflation over the next five years. The map on the following page shows median household income within the PTA.

Household Income					
	Primary Trade Area	Athens-Clarke County	Oconee County	Athens-Clarke County MSA	Georgia
<i>Income by Range</i>					
Less than \$25,000	25.2%	28.9%	8.4%	24.1%	20.0%
\$25,000 to \$49,999	23.2%	27.2%	18.3%	24.8%	22.0%
\$50,000 to \$74,999	17.4%	15.0%	16.3%	16.6%	17.7%
\$75,000 to \$99,999	11.7%	11.2%	10.8%	11.6%	12.5%
\$100,000 to \$149,999	12.7%	9.6%	23.0%	12.8%	14.6%
\$150,000 or more	9.8%	8.0%	23.1%	10.2%	13.3%
<i>Median Household Income</i>					
2021 Per Capita Income	\$27,716	\$25,672	\$40,583	\$28,377	\$31,691
2021 Median Household Income	\$51,545	\$42,715	\$89,434	\$51,126	\$59,084
<i>Household Income Trends</i>					
2026 Median Household Income (Est.)	\$56,745	\$46,561	\$99,981	\$55,197	\$64,433
2021 - 2026 Estimated Annual Increase	1.9%	1.7%	2.3%	1.5%	1.7%

Source: U.S. Census, ESRI

## SECTION III – DEVELOPMENT ANALYSIS

### Development Overview

The Project consists of an approximately 155,146 square-foot membership warehouse facility and related structures, facilities and parking which may include, among other things, a vehicle fuel facility (the “Costco Store”), within the Epps Bridge Centre retail shopping center in the southwest part of the City of Athens. While the Costco Store may include a fuel facility, the construction of such facility as part of the Costco Store is not assured and so this analysis does not include fuel sales associated with the Costco Store. The store is anticipated to open in June 2022.

### Costco Profile

Net sales for Costco Wholesale Corporation (“Costco”) for fiscal 2021 totaled \$192 billion, an increase of 18%, with a comparable-store sales increase of 16%. In addition, Costco surpassed 111 million members worldwide, contributing to membership revenue of \$3.877 billion. Currently, Costco Corporation operates 815 warehouses. The warehouse club chain also operates e-commerce websites in the United States, Canada, the U.K., Mexico, Korea, Taiwan, Japan and Australia.

### Competing Retailers

The closest Costco Corporation club locations are located between 37 and 47 miles from the proposed Project. Using cellular-phone tracking data we determined the PTA for the Costco Store and compared the PTA with that of the closest Costco club 37-miles away. The trade areas for these two clubs overlap slightly such that the Project may cannibalize only approximately 3.5% of sales from the nearest other Costco club.<sup>1</sup>

In preparing our analysis, we reviewed data associated with trade area’s for clubs in the top quartile of performance alongside the PTA for the Costco Store. Top-performing club retail locations are in relatively more dense areas, with more households and higher populations per square-mile and, overall, higher populations and higher proportions of high-wage households. The charts on the following page show comparisons of the Costco Store with the trade area characteristics associated with the top quartile of other clubs.

### Population Overview

Shopping Center	Trade Area Size (Square Miles)	Trade Area Population	Population Density (Per Square Mile)
Epps Bridge Centre Costco Club Store PTA	3,749 miles	437,590	117
Costco Wholesale - Top 25% performing stores	82 miles	422,469	5,150

Source: Placer.ai

<sup>1</sup> Placer.ai



Cellular phone data for the past 6 months indicates that 344,500 customers generated 1.29 million visits with an average number of visits per person to the Costco club in Duluth, Georgia of 3.75. The average stay is 49 minutes. Peak visitation occurs between 1:00 and 2:00 pm with Saturday being the busiest day of the week. The majority of visitors are coming from home (50.2%).

The Costco club on the Mall of Georgia Boulevard had similar visitation trends but with slightly less volume. Between November 2020 and April 2021 314,900 customers generated 1.16 million visits with an average of 3.69 visits per customer. The average stay was 46 minutes.

Loyal customers are considered those who made a minimum of two visits in the previous six months whereas casual customers visit only once during the same time period. A comparison of loyal and casual showed that loyal customers generated 1.15 million visits vs. casual customers who accounted for 1.03 million visits.

### SECTION IV - REVENUE PROJECTIONS

The geographic extent of the PTA for the planned Costco Store includes a population that is typical for a top-25% Costco club. However, this population is much less dense than the population of a trade area for a top 25% Costco club. For this reason, this analysis takes a somewhat conservative approach to forecasting sales volumes. An average, mature Costco club averages approximately \$217 million in sales (including gasoline sales). An average Costco club that opened more recently, in the year 2020, generated approximately \$152 million in sales (including gasoline). In the year 2023 (the first full-year of operations) gross sales of \$132 million are estimated and taxable sales of \$115.8 million are estimated based on a review of the PTA and customer base fundamentals associated with other Costco clubs in the State of Georgia as compared with Costco clubs nationwide and do not assume a fuel facility at the premises. Gasoline sales average 9% of sales and so the addition of these sales to the Costco Store would indicate estimated gross sales of \$145 million.

**Table 1**  
**Costco Club Warehouse Store Sales Volume Trends**

Year	Number of Costco Clubs Opened	Average Sales per Costco Club Warehouse (in millions)										
2021	20											\$140
2020	13										\$132	\$152
2019	20									\$129	\$138	\$172
2018	21							\$116	\$119	\$141	\$172	
2017	26						\$121	\$142	\$158	\$176	\$206	
2016	29						\$87	\$97	\$118	\$131	\$145	\$173
2015	23					\$83	\$85	\$94	\$112	\$122	\$136	\$163
2014	30			\$108	\$109	\$109	\$115	\$125	\$140	\$144	\$155	\$182
2013	26		\$99	\$109	\$113	\$116	\$124	\$137	\$144	\$158	\$186	
2012 & Before	15	\$155	\$163	\$169	\$170	\$169	\$175	\$188	\$195	\$205	\$232	
Totals	815	\$146	\$155	\$160	\$164	\$162	\$159	\$163	\$176	\$182	\$192	\$217

Notes:  
 First year sales annualized  
 Source: Costco FY 2021 Annual Report

Table 1, above, shows average sales volumes for Costco clubs across all Costco club stores. This information shows strong year-over-year growth in sales volumes at Costco club stores. Table 2, below, translates the sales information in Table 1 into annual growth rates in sales volumes at average Costco club locations.

**Table 2**  
**Costco Club Warehouse Store Year-Over-Year Changes in Sales Volume**

Year	Number of Costco Clubs Opened	Year-Over-Year Changes in Sales Volume									Average Annual Change	
2021	20										n/a	
2020	13									115%	115%	
2019	20									107%	125%	116%
2018	21							103%	118%	122%	114%	
2017	26						117%	111%	111%	117%	114%	
2016	29						111%	122%	111%	111%	119%	115%
2015	23					102%	111%	119%	109%	111%	120%	112%
2014	30			101%	106%	109%	112%	103%	108%	117%	108%	
2013	26		110%	104%	103%	107%	110%	105%	110%	118%	108%	
2012 &	15	105%	104%	101%	99%	104%	107%	104%	105%	113%	105%	
Totals	815	106%	103%	103%	99%	98%	103%	108%	103%	105%	113%	104%
Fiscal Year		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	

Source: Costco FY 2021 Annual Report

**Table 3**  
**Estimated Taxable Costco Sales Volume**  
 Oconee County, GA

Component	Anticipated Opening Year	Size (Sq.Ft.)	Sales Per Sq.Ft.	Estimated Sales Volume	2022	2023	2024	2025	2026	2027	2028	2029
Costco	2022	155,146	\$ 851	Gross Sales	\$ 52,800,000	\$ 132,000,000	\$ 142,560,000	\$ 152,539,200	\$ 163,216,944	\$ 174,642,130	\$ 185,120,658	\$ 196,227,897
			\$ 104	Wholesale Sales	\$ 7,920,000	\$ 16,200,000	\$ 17,280,000	\$ 18,489,600	\$ 19,783,872	\$ 21,168,743	\$ 22,438,868	\$ 23,785,200
			\$ 746	Taxable Sales	\$ 44,880,000	\$ 115,800,000	\$ 125,280,000	\$ 134,049,600	\$ 143,433,072	\$ 153,473,387	\$ 162,681,790	\$ 172,442,698
<b>Totals</b>				<b>\$ 44,880,000</b>	<b>\$ 115,800,000</b>	<b>\$ 125,280,000</b>	<b>\$ 134,049,600</b>	<b>\$ 143,433,072</b>	<b>\$ 153,473,387</b>	<b>\$ 162,681,790</b>	<b>\$ 172,442,698</b>	

NOTES:  
 Sales growth assumptions: 8% in 2024, then 7% through 2027, 6% through 2030 and then at an average annual rate of 3% from 2031 to 2047.

Table 3, above, shows the estimated gross, wholesale, and taxable sales volume for the planned Costco Store. These estimates are based on reviews of Costco Corporation annual reports, trade area demographics, and other information associated with Costco club stores in the State of Georgia that helped us understand the portions of Costco club sales that are wholesale sales and taxable sales.

Sales growth in the first several years of operations are based on information provided by Costco in their annual reports that describes average store sales growth over time. Sales are estimated to grow 8% in 2024, then 7% through 2027, 6% through 2030 and then at an average annual rate of 3% from 2031 to 2047.

Table 4, below, shows the estimated Local Option Sales Tax revenue to be collected at the Costco Project. The Contract Payments that secure the Series 2022 Bonds are limited by the amount of the Local Option Sales Tax reported to be collected at the Costco Project in the prior month but are actually paid by the County with the Statutory Tax (which is limited to one mill). See the Section in the Official Statement captioned “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS.” Estimated taxable sales are projected to grow 8% each year through 2025, 7% through 2027, 6% through 2030 and then at an average annual rate of 3% from 2031 to 2050.

**Table 4**  
**Estimated Local Option Sales Tax Revenue**  
Oconee County, GA

Calendar Year	Estimated Taxable Sales	County Share of Local Option Sales Tax	Estimated Revenue
2022	\$ 44,880,000	0.8845%	\$ 396,964
2023	\$ 115,800,000	0.8845%	\$ 1,024,251
2024	\$ 125,280,000	0.8845%	\$ 1,108,102
2025	\$ 134,049,600	0.8845%	\$ 1,185,669
2026	\$ 143,433,072	0.8845%	\$ 1,268,666
2027	\$ 153,473,387	0.8845%	\$ 1,357,472
2028	\$ 162,681,790	0.8845%	\$ 1,438,920
2029	\$ 172,442,698	0.8845%	\$ 1,525,256
2030	\$ 182,789,260	0.8845%	\$ 1,616,771
2031	\$ 188,272,937	0.8845%	\$ 1,665,274
2032	\$ 193,921,125	0.8845%	\$ 1,715,232
2033	\$ 199,738,759	0.8845%	\$ 1,766,689
2034	\$ 205,730,922	0.8845%	\$ 1,819,690
2035	\$ 211,902,850	0.8845%	\$ 1,874,281
2036	\$ 218,259,935	0.8845%	\$ 1,930,509
2037	\$ 224,807,733	0.8845%	\$ 1,988,424
2038	\$ 231,551,965	0.8845%	\$ 2,048,077
2039	\$ 238,498,524	0.8845%	\$ 2,109,519
2040	\$ 245,653,480	0.8845%	\$ 2,172,805
2041	\$ 253,023,084	0.8845%	\$ 2,237,989
2042	\$ 260,613,777	0.8845%	\$ 2,305,129
2043	\$ 268,432,190	0.8845%	\$ 2,374,283
2044	\$ 276,485,156	0.8845%	\$ 2,445,511
2045	\$ 284,779,710	0.8845%	\$ 2,518,877
2046	\$ 293,323,102	0.8845%	\$ 2,594,443
2047	\$ 302,122,795	0.8845%	\$ 2,672,276

Estimated taxable sales are projected to grow 8% in 2024, then 7% through 2027, 6% through 2030 and then at an average annual rate of 3% from 2031 to 2047.

## SECTION V - CONDITIONS AND ASSUMPTIONS

The conditions and assumptions that apply to the development and statutory actual value estimates in this document are stated throughout. A negative change in the conditions that form the basis of the assumptions used in developing the projections contained in this report could adversely affect the estimates of the statutory actual values associated with anticipated development. In order to project future development, market values, and assessed values, certain assumptions must be made with regard to actions, both internal and external to the Project, such as actions by private businesses and land-owners, national and local economic conditions, public support, and legislative changes. The contents of this document are forward-looking and involve certain assumptions and judgments regarding uncertainties in the future.

The ability to achieve the development and value estimates presented in this evaluation is contingent upon the timing and probability of a number of complex conditions being met in the future and certain assumptions holding true. PGAV makes no assertions as to the degree of impact that changes in any of these conditions would have upon the value estimates and development projections included herein. Any event or action that alters an assumed event, assumption, or condition used to achieve the projections contained herein shall be considered a cause to void all projections contained in this report. These assumptions include such conditions as listed below.

### ***Continued Public Support***

The successful ongoing administration of the statutory mechanisms generating revenues associated with the Project will require the commitment of Oconee County and other involved government entities.

### ***Court Action***

The results of future court decisions, unknown at this time, which could impact, either positively or negatively, the future performance of the Project as envisioned.

### ***Natural Disasters***

Future success of the Project could be affected by fires, floods, storms, or other “acts of God” that could interrupt, halt or otherwise disturb development activity as described herein.

***Economic and Market Stability***

At the time of this report's writing, the COVID-19 pandemic persists. Vaccines are in distribution to the general population and cases are diminishing; however, disruptions, caused by the pandemic, to the economy overall and supply chains in particular may take a up to a year or more to be ameliorated as local, state and federal government entities deploy resources to help communities recover and as people return to the workforce.

National, regional, and local economic stability will need to continue to recover and prevail over the life of the Project and the timeline of development described herein and continue to support the need for residential, retail, medical office, and commercial office uses within the Project. In addition, prolonged labor strikes or terrorist attacks at the national, regional, or local level could adversely affect the business environment or business productivity at this location.

## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of the Indenture. The statements made herein relating to such document are summaries and do not purport to be complete. A copy of the Indenture is on file at the principal corporate trust office of the Trustee. The following summary is qualified in its entirety by express reference to such document.

#### DEFINITIONS

Set forth below is a summary of certain of the defined terms used in the Indenture and in this summary of the provisions thereof. Reference is made to such document for the full definition of all terms and for the definition of capitalized terms used herein but not defined herein.

“2022 Project” shall mean the land, as described in Exhibit A of the Contract, which was acquired with the proceeds of the Series 2022 Bonds and is to be used as an economic development project.

“Additional Bonds” shall mean additional revenue bonds issued pursuant to the Indenture.

“Amendment” shall mean the local constitutional amendment creating the Authority (1962 Ga. Laws 871), as amended (1977 Ga. Laws 1582), as continued (1987 Ga. Laws 3562), as amended.

“Authority” shall mean the Oconee County Industrial Development Authority, its successors and assigns.

“Authorized County Representative” shall mean the person or persons at the time designated from time to time in writing to the Trustee and the Authority by a certificate signed by an authorized signatory of the County to represent the County, which certificate shall set forth the specimen signature of such person or persons.

“Bond Owner” or “Owner of Bonds” or “Owners” or “owners” or “registered owners” shall mean the Person(s) in whose name(s) any Bond or Bonds are registered from time to time in accordance with the Indenture.

“Bonds” shall mean the Series 2022 Bonds and any Additional Bonds.

“Business Day” shall mean any day excluding Saturday, Sunday or any day which shall be in the City of New York, New York and the State in which the Trustee’s principal office or Designated Office is located, a legal holiday or a day on which banking institutions are authorized or obligated by law or administrative order to close or any business day that the payment system of the U.S. Federal Reserve is not operational.

“Contract” shall mean the Intergovernmental Contract, dated as of February 2, 2022, between the Authority and the County, as amended.

“Contract Payments” shall mean the payments received by the Authority from the County pursuant to the Contract.

“Counsel” shall mean a lawyer duly admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, or any law firm, who or which, as the case may be, is not unsatisfactory to any recipient of the opinion required to be rendered by such Counsel.

“County” shall mean Oconee County, Georgia.

“Debt Service Reserve Fund” shall mean the fund of such name established pursuant to the Indenture.

“Debt Service Reserve Requirement” shall mean (1) an amount equal to \$1,000,000\*, plus (2) with respect to any series of Additional Bonds that are entitled to the benefit of the Debt Service Reserve Fund, the amount specified in the supplemental indenture authorizing such Additional Bonds.

“Designated Office” when referring to the Trustee shall mean the office of the Trustee so designated by written notice to the Authority and the County, which initially shall be as follows: Regions Bank, 1180 West Peachtree Street, Suite 1200, Atlanta, GA 30309, Attention: Corporate Trust Office.

“Fiscal Year” shall mean the twelve-month period designated by the County as its fiscal year, and initially means the period commencing on July 1 of each calendar year and ending on June 30 of the following calendar year, unless changed by the County and certified to the Trustee in writing by an Authorized County Representative.

“Government Obligations” shall mean only (a) direct obligations of the United States of America (“Treasuries”) or obligations the payment of the principal of and interest on which are unconditionally guaranteed as to full and timely payment by the United States of America, (b) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated or (c) pre-refunded municipal obligations which are rated in the highest rating category of a Rating Agency.

“Indenture” shall mean the Trust Indenture, dated as of February 2, 2022, between the Authority and the Trustee, as amended.

“Interest Payment Date” shall mean March 1 and September 1 of each year, commencing September 1, 2022.

“Investment Securities” shall mean anyone or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

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

(2) bonds or obligations of such county, municipal corporation, school district, political subdivision, authority, or body or bonds or obligations of the State of Georgia or other states or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

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

(4) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

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\* Preliminary, subject to change.



(5) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(6) certificates of deposit of national or state banks located within this state which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within this state which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within this state or with a trust office within this state, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or other states or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations described in (3) above, obligations of the agencies and instrumentalities of the United States government described in (4) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in (5) above;

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

(a) The portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in paragraphs (3) and (4) above and repurchase agreements fully collateralized by any such obligations;

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

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

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

(8) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall

permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys.

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

“Maximum Debt Service Reserve Amount” shall mean the Debt Service Reserve Requirement, plus \$500,000.\*

“Outstanding” in connection with any Bonds, shall mean as of the time in question, all Bonds which have been authenticated and delivered under the Indenture, except:

- (a) Bonds theretofore canceled or required to be canceled pursuant to the Indenture;
- (b) Bonds deemed to have been paid in accordance with the Indenture; and
- (c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to the Indenture.

In determining whether the registered owners of a requisite aggregate principal amount of Bonds outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which, to the actual knowledge of a Responsible Officer of the Trustee, are held by or on behalf of the Authority shall be disregarded for the purposes of any such determination unless all such Bonds are so owned.

“Paying Agent” shall mean (a) the bank or trust company meeting the qualifications of the Paying Agent under the Indenture and which accepts the responsibilities and duties of the Paying Agent under the Indenture pursuant to a written agreement among the Trustee, the Authority, the County and the bank or trust company agreeing to serve as the Paying Agent or (b) the Trustee.

“Project Fund” shall mean the fund of such name established pursuant to the Indenture.

“Rating Agency” shall mean S&P Global Ratings, a business unit of Standard & Poor’s Ratings Financial Services LLC, or Moody’s Investors Service, Inc., whichever has provided and is maintaining a rating for the Bonds, and their respective successors and assigns. If any such corporation which has provided a rating for the Bonds shall no longer perform the functions of a securities rating service, such corporation shall thereafter be deemed to refer to any other nationally recognized rating service which provides a rating for the Bonds, as shall be designated in writing by the County, upon notice to the Trustee and the Authority.

“Revenue Fund” shall mean the fund of the same name established pursuant to the Indenture.

“Series 2012 Contract” shall mean the Intergovernmental Contract, dated as of March 1, 2012, between the Authority and the County, entered into in connection with the issuance of the Series 2012 Bonds.

“Series 2020 Contract” shall mean the Intergovernmental Contract, dated as of May 1, 2020, between the Authority and the County, entered into in connection with the issuance of the Series 2020 Bond.

“Series 2012 Bonds” shall mean the Authority’s Revenue Bonds (Economic Development Projects), Series 2012.

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\* Preliminary, subject to change.

“Series 2020 Bond” shall mean the Authority’s Taxable Revenue Bond (Economic Development Projects), Series 2020.

“Series 2022 Bonds” shall mean the Authority’s Taxable Revenue Bonds (Economic Development Project), Series 2022, issued or authorized to be issued under the Indenture.

“Sinking Fund” shall mean the fund of the same name established pursuant to the Indenture.

“Statutory Tax” shall mean the *ad valorem* property tax authorized to be levied in accordance with Official Code of Georgia Annotated, Section 48-5-220(20) to provide financial assistance to the Authority for the purpose of developing trade, commerce, industry, and employment opportunities; provided, however, that the tax for such purpose shall not exceed one mill per dollar upon the assessed value of taxable property in the County.

“Trustee” shall mean Regions Bank, its successors and assigns.

“Trust Estate” shall mean the Trust Estate as defined in the granting clauses of the Indenture.

“Value” shall mean the value of any investments determined by acceptable industry standards used by the Trustee.

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## THE INDENTURE

### Issuance of Additional Bonds or Obligations.

The Authority covenants that no other Bonds or other obligations of any kind or nature will hereafter be issued which are payable from or enjoy a lien on the Contract Payments prior to the lien created for the payment of the Series 2022 Bonds.

The lien created under the Contract on the Statutory Tax will be on parity with the liens created under the 2012 Contract and the 2020 Contract on the Statutory Tax for the benefit of the Series 2012 Bonds, the Series 2020 Bond and any Additional Bonds or other obligations authorized to be issued under the Indenture.

Additional Bonds or obligations of any kind or nature may be issued ranking on a parity as to lien on the Contract Payments on a parity with the Series 2022 Bonds authorized in the Indenture to be issued or the lien of the tax moneys produced by the Statutory Tax, provided the each of the following conditions are met:

(a) The County's pledge of its taxing power derived from the one mill levy (or such greater amount as may hereafter be authorized by applicable law) prescribed by Official Code of Georgia Annotated, Section 48-5-220(20), produces an amount that is at least 1.30 times the maximum annual debt service coming due on the outstanding Series 2012 Bonds, the Series 2020 Bond, the Bonds (including any Additional Bonds) or proposed other obligations in any Sinking Fund Year. For the purpose of calculating the coverage test of this paragraph (a), the maximum annual debt service for the Series 2022 Bonds in any Sinking Fund Year shall be \$2,287,477.

(b) There shall be no default in the payment of principal of or interest on any Bond currently existing.

(c) A new intergovernmental contract shall have been entered into between the Authority and the County to ensure payment by the County of amounts sufficient to pay the principal of and interest on the Additional Bonds or obligations proposed to be issued as the same become due and payable.

(d) The Authority shall pass proper proceedings reciting that all of the above requirements have been met, shall authorize the issuance of the Additional Bonds or obligations and shall provide in such proceedings, among other things, the dated date of such Additional Bonds or obligations, the rate or rates of interest and maturity dates, as well as the registration and redemption provisions, if any. The interest on the Additional Bonds or obligations of any such issue shall fall due on March 1 and September 1 of each year, and the Additional Bonds or obligations shall mature in installments on March 1, but, as to principal, not necessarily in each year or in equal installments. Any such proceeding or proceedings shall restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of the Indenture.

(e) the Sinking Fund and the Debt Service Reserve Fund must be at their proper respective balance as required under the Indenture.

(f) the Debt Service Reserve Fund shall be funded in an amount sufficient to equal the Debt Service Reserve Requirement for the Bonds.

(g) the Authority shall receive an opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds or obligations have been met and that such Additional Bonds or obligations constitute the valid and legally binding obligations of the Authority.

(h) the Authority and the Trustee shall receive such other certificates, statements, opinions, receipts and documents as the Authority or the Trustee shall reasonably require for the delivery of Additional Bonds.

Except as provided in the Indenture, the Authority will not otherwise issue any bonds or obligations on a parity with the Bonds, but the Authority may issue bonds or obligations specifically subordinate and junior to the Bonds provided that if at any time the Authority shall be in default with respect to any payments due on the Bonds the Authority shall make no payments of either principal or interest on said junior bonds or obligations until such default or defaults be cured, and provided that such junior bonds have the same payment dates as the Outstanding Bonds.

**Optional Redemption of Series 2022 Bonds.**

The Series 2022 Bonds maturing on or after \_\_\_\_\_ 1, 20\_\_\_\_ may be redeemed prior to their respective maturities at the option of the Authority, at the direction of the County, either in whole or in part at any time (in such order of maturities as may be specified by the County) not earlier than \_\_\_\_\_ 1, 20\_\_\_\_ in the manner and subject to the provisions of the Indenture, at 100% of the principal thereof, plus accrued interest to the redemption date.

Any provision in the Indenture to the contrary notwithstanding, the notice required for redemption pursuant to the Indenture shall state that it is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds called for redemption, and such notice and optional redemption shall be of no effect if by no later than the scheduled redemption date, sufficient moneys to redeem such Bonds are not on deposit with and available to the Trustee.

**Special Mandatory/ Super-Sinker Redemption.**

The Series 2022 Bonds are subject to special mandatory redemption, in order of maturity, in whole or in part, on any Interest Payment Date, commencing September 1, 2022 (or if such date is not a Business Day, the immediately preceding Business Day), at a redemption price of 100% of the principal amount being redeemed, together with accrued interest thereon to the date fixed for redemption, in an amount equal to the amount which is on deposit in the Redemption Account of the Sinking Fund forty-five days prior to each Interest Payment Date.

The Series 2022 Bonds are subject to special mandatory redemption by the Authority, in whole but not in part, on any date if moneys in the Interest Account of the Sinking Fund, the Principal Account of the Sinking Fund, the Redemption Account of the Sinking Fund and the Debt Service Reserve Fund are sufficient to redeem all Series 2022 Bonds at a redemption price of 100% of the Series 2022 Bonds Outstanding, together with accrued interest thereon to the date fixed for redemption.

**Selection of Bonds to be Redeemed.**

If less than all of the Bonds of a single maturity are to be redeemed, any Bond of such maturity Outstanding in a denomination of greater than \$5,000 may be called for partial redemption in the principal amount of \$5,000 or any integral multiple thereof, and for the purpose of determining the Bonds to be redeemed or the amount of any such Bond in a principal amount in excess of \$5,000 to be partially redeemed, the Trustee shall treat the entire principal amount of the Bonds of such maturity then Outstanding as if the same were separate Bonds of \$5,000 each and shall assign separate numbers to each for the purpose of determining the particular Bonds or the principal amount of any such Bond in a denomination greater than \$5,000 to be redeemed by lot.

### **Partially Redeemed Bonds.**

In case any Bond shall be redeemed in part only, upon the surrender of such Bond for partial redemption, the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the owner thereof a Bond or Bonds of the same maturity and interest rate, in any authorized denominations, for the unredeemed portion of such partially-redeemed Bond. Any Bond, a portion of which has been redeemed as contemplated by the Indenture, shall be considered to be Outstanding only in an amount reduced by the portion thereof so redeemed whether or not it has been surrendered as aforesaid.

### **Notice of Redemption.**

Notice of redemption (unless waived) shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date to the owners of Bonds to be redeemed at the addresses appearing in the registration books maintained by the Trustee.

All official notices of redemption pursuant to the Indenture shall be dated and shall state:

- (i) the redemption date,
- (ii) the redemption price,
- (iii) if less than all Outstanding Bonds are to be redeemed, the identification number, maturity date and, in the case of the partial redemption of any Bond, the respective principal amounts of the Bonds to be redeemed,
- (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the payment office of the Trustee or such other office as the Trustee may designate.

In addition to the foregoing notice, the Trustee shall give further notice by first class mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and by facsimile to one or more national information services that disseminate notices of redemption of obligations such as the Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed, (ii) the date of issue of the Bonds as originally issued, (iii) the rate of interest borne by each Bond being redeemed, (iv) the maturity date of each Bond being redeemed, and (v) any other descriptive information needed to identify accurately the Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Registered Owners of the Bonds as above prescribed.

The Authority, the County and the Trustee may agree as to any additional or other means of giving notices of redemption with respect to the Bonds. Provided that notice is mailed as provided in the Indenture, neither failure of any Owner of a Bond to receive such notice, nor any defect therein, shall affect the validity of the proceedings to redeem any Bond as to which proper notice was mailed. For any optional redemptions, any notice of redemption shall state any condition to such redemption.

With respect to all Bonds redeemed pursuant to the Indenture, upon the payment of the redemption price of Bonds being redeemed, each check issued for such purpose shall bear or be accompanied by the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check, or upon

payment of the redemption price by electronic transfer of immediately available federal funds, the Trustee shall use its best efforts to include on such electronic transfer the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of the electronic transfer.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified in the Indenture only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

#### **Establishment of Project Fund.**

Under the Indenture, there is created by the Authority and ordered established with Regions Bank, Atlanta, Georgia (the "Project Fund Custodian") a special trust fund to be designated "Oconee County Industrial Development Authority Project Fund (Economic Development Project) - 2022." There shall be deposited with the Project Fund Custodian for the credit of the Project Fund, the amounts specified in the Indenture, and any other funds acquired for this purpose by gift, donation, grant or otherwise. All moneys deposited into the Project Fund shall be held in trust by the Project Fund Custodian separate from other deposits of the Authority.

The moneys in the Project Fund shall be held by the Project Fund Custodian and withdrawn and applied to pay the costs of acquiring or causing the acquisition of the 2022 Project. Any moneys in the Project Fund not presently needed for the payment of current obligations may be invested in Permitted Investments upon the written direction of an authorized representative of the County, and proper evidence of the same being delivered to the Project Fund Custodian. Any such securities shall be held by the Project Fund Custodian for the account of the Project Fund until maturity or until sold, and at maturity or upon such sale, the proceeds received therefrom, including interest income and premium, if any, shall be immediately deposited into the Project Fund and shall be disbursed in the manner and for the purposes hereinafter set forth.

All disbursements from the Project Fund shall be made by the Trustee, but before it shall make any such disbursements there shall be filed with the Trustee a requisition substantially in the form attached as Exhibit B to the Indenture.

The Trustee is entitled to disburse moneys from the Project Fund upon the receipt of a facsimile of the aforementioned requisition. The Trustee shall not be required to receive original requisitions.

#### **Completion of the Project.**

The 2022 Project shall be acquired on the date of issuance of the Series 2022 Bonds.

#### **Establishment of Sinking Fund.**

Under the Indenture, there is created and established with the Trustee a special trust fund for the benefit of the owners of the Bonds which is designated the "Oconee County Industrial Development Authority Sinking Fund (Economic Development Project) - 2022" (the "Sinking Fund"), which shall be held in trust by the Trustee separate and apart from all other deposits or funds. There are under the Indenture created within the Sinking Fund three accounts to be designated as follows: the "Interest Account," the "Principal Account," and the "Redemption Account." The Authority may establish from time to time additional accounts or sub-accounts in the Sinking Fund.

There shall be deposited into the Interest Account in the Sinking Fund (a) the amount specified in the Indenture to pay capitalized interest on the Series 2022 Bonds through \_\_\_\_\_1, 20\_\_\_\_, (b) the amounts which are transferred in accordance with the Indenture with respect to the payment of interest on the Series 2022 Bonds on any Interest Payment Date, (c) excess moneys in the Costs of Issuance Fund which are transferred in

accordance with the Indenture, and (d) excess moneys in the Debt Service Reserve Fund which are transferred in accordance with the Indenture.

There shall be deposited into the Principal Account in the Sinking Fund the amounts which are transferred in accordance with the Indenture with respect to the payment of principal on the Series 2022 Bonds on any maturity date. There shall be deposited into the Redemption Account in the Sinking Fund (a) the amounts which are transferred in accordance with the Indenture with respect to special mandatory sinking-fund redemption, (b) excess monies from the Project Fund as provided in the Indenture, (c) monies required to be transferred to the Redemption Account pursuant to the Indenture; and (d) the amounts paid by the County pursuant to the Contract with respect to any optional redemption of the Bonds. In the event that there is a deficiency in the Sinking Fund on the date principal of, interest or redemption premium (if any) on the Bonds is due, the amount of such deficiency shall be paid from the Debt Service Reserve Fund.

#### **Establishment of Debt Service Reserve Fund.**

Under the Indenture, there is created and established with the Trustee a special trust fund for the benefit of the owners of the Series 2022 Bonds which is designated the “Oconee County Industrial Development Authority Debt Service Reserve Fund (Economic Development Project) - 2022” (the “Debt Service Reserve Fund”), which shall be held in trust by the Trustee separate and apart from all other deposits and funds.

Except as provided below or elsewhere in the Indenture, moneys in the Debt Service Reserve Fund shall only be applied to the payment of principal of, redemption premium (if any) and interest on the Series 2022 Bonds. If, on any date on which payment of the principal, redemption premium (if any) or interest on the Series 2022 Bonds is due, whether at maturity, upon redemption prior to maturity, upon acceleration, or otherwise, and the amount on deposit in the Principal or Interest Accounts of the Sinking Fund is insufficient to make such payment, the Trustee, without any further instruction or direction, shall transfer from the Debt Service Reserve Fund to the Principal or Interest Accounts of the Sinking Fund amounts sufficient to pay any such deficiency.

Moneys in the Debt Service Reserve Fund may be invested at the written direction of the County as provided in the Indenture. Any earnings or other income from the investment of moneys in the Debt Service Reserve Fund shall be deposited in the Interest Account of the Sinking Fund. In the event the moneys and the Value of investments in the Debt Service Reserve Fund shall exceed the Maximum Debt Service Reserve Amount, then on the next succeeding Interest Payment Date, the Trustee shall transfer to the Interest Account of the Sinking Fund, the amount of any such excess. In addition, in connection with any redemption or defeasance, in whole or in part, of the Series 2022 Bonds, if, on the date of such redemption or defeasance, the moneys and Value of investments in the Debt Service Reserve Fund exceed the Maximum Debt Service Reserve Amount (taking into account such redemption or defeasance), such excess shall be transferred on the date of such redemption or defeasance at the written direction of the Authorized County Representative for any purpose for which the County shall have delivered to the Trustee and the Authority an opinion of Bond Counsel to the effect that such use of the excess moneys is authorized or permitted under the terms of the Amendment. Any deficiency in the Debt Service Reserve Fund which arises as a result of a draw on the Debt Service Reserve Fund shall be restored by the Authority as provided in the Indenture until the Debt Service Reserve Fund is restored to an amount equal to the Debt Service Reserve Requirement. The Trustee is under the Indenture authorized, without any further direction or instruction from the Authorized County Representative, to liquidate investments in the Debt Service Reserve Fund to the extent required to make disbursements therefrom as provided in the Indenture.

#### **Establishment of Revenue Fund.**

Under the Indenture, there is created and established with the Trustee a special trust fund for the benefit of the owners of the Bonds which is designated the “Oconee County Industrial Development Authority Revenue Fund (Economic Development Project) - 2022” (the “Revenue Fund”), which shall be held in trust by the Trustee



separate and apart from all other deposits and funds. The Revenue Fund shall be funded in accordance with the Contract.

On the 40<sup>th</sup> day prior to each Interest Payment Date, moneys in the Revenue Fund shall be applied by the Trustee to the extent necessary for the purposes and for the following amounts as follows:

*First*, transfer to the Interest Account of the Sinking Fund, and prior to any application of moneys withdrawn from the Debt Service Reserve Fund, an amount sufficient to pay the interest coming due on the Bonds on the next succeeding Interest Payment Date and any additional accrued but unpaid interest (taking into account moneys then on deposit in the Interest Account of the Sinking Fund for capitalized interest on the Series 2022 Bonds or transferred to the Interest Account of the Sinking Fund pursuant to the Indenture);

*Second*, transfer to the Principal Account of the Sinking Fund, and prior to any application of moneys withdrawn from the Debt Service Reserve Fund, an amount sufficient to pay any principal coming due on the Bonds on any maturity date;

*Third*, transfer to the Debt Service Reserve Fund such amount as may be required to restore any deficiency in such fund up to the Debt Service Reserve Requirement; and

*Fourth*, transfer all remaining amounts to the Redemption Account of the Sinking Fund, which shall be applied to the payment of the principal of and accrued interest on the Bonds which are subject to redemption pursuant to the special mandatory sinking fund redemption provisions of the Indenture.

To the extent that moneys in the Revenue Fund from the Contract Payments are insufficient to satisfy the requirements set forth in items *First* and *Second* above on the 40<sup>th</sup> day prior the each Interest Payment Date, the Trustee will give notice to the Authority and the County.

### **Investments.**

Subject to the provisions of any law then in effect to the contrary, under the Indenture the Trustee shall invest to the extent reasonably possible all moneys on deposit in (a) the Project Fund and the Cost of Issuance Fund in Investment Securities specified from time to time by written direction from an Authorized County Representative, and (b) the Sinking Fund, the Debt Service Reserve Fund and the Revenue Fund in Government Obligations or any other investments permitted under the laws of the State by written direction from an Authorized County Representative. Investments in the Debt Service Reserve Fund shall be valued at fair market value and marked to market at least once per year. Investments in the Debt Service Reserve Fund may not have maturities extending beyond five years. Such investments shall be made so as to mature or be subject to redemption (without penalty) at the option of the owner thereof on or prior to the date or dates that the Authority anticipates that moneys therefrom will be required. The Trustee may trade with itself or its affiliates in the purchase and sale of such Investment Securities and the Trustee shall not be liable or responsible for any loss resulting from any such investment. Such Investment Securities shall be registered in the name of the Trustee except as may be otherwise contemplated by any other provision of the Indenture. The Trustee may invest in Investment Securities through its own trust department or bond department and moneys may be deposited in time deposits of, or certificates of deposit issued by, the Trustee or its affiliates if such deposits or certificates of deposit otherwise qualify as Investment Securities and may charge its ordinary and customary fees for such trades. The Trustee shall not be responsible for any loss on any investment of moneys pursuant to the Indenture.

The Trustee shall, without further direction from the County, sell such Investment Securities as and when required to make any payment for the purpose for which such investments are held. Each investment shall be credited to the fund or account for which it is held, subject to any other provision of the Indenture directing some other credit or disposition thereof, and the income, profits and revenues or losses on such Investment

Securities shall be credited to the fund or account for which such investment was made unless otherwise provided in the Indenture.

The Trustee shall not be responsible for monitoring or determining the yield on any investment, and may rely conclusively upon the County as to any such determination. The Trustee shall not be responsible for the failure of any moneys to be invested at a yield not in excess of the yield on the Bonds so long as such monies are invested in accordance with the directions of an Authorized County Representative.

The Trustee may conclusively rely upon the County's written instructions as to both the suitability and legality of all investments directed under the Indenture. In the absence of written investment instructions from an Authorized County Representative, the Trustee shall not be responsible or liable for keeping any moneys held by it under the Indenture fully invested. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. Confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered.

#### **Payment of Principal, Interest and Premium.**

Under the Indenture the Authority covenants that it will promptly pay, or cause to be paid, the principal of, premium (if any) and the interest on the Bonds at the places, on the dates and in the manner provided in the Indenture and in the Bonds, according to the true intent and meaning thereof, but only from the Trust Estate. The Authority further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in the Indenture, the Contract, in the Bonds or in any proceedings of the Authority pertaining thereto. The Authority represents and warrants that it is duly authorized under the Constitution and laws of the State, particularly the Amendment, to issue the Bonds authorized by the Indenture and to enter into the Indenture and the Contract and to pledge the Trust Estate in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds initially issued under the Indenture and the adoption of the Indenture has been duly and effectively taken; and that the Bonds in the hands of the registered owners thereof are and will be valid and enforceable limited obligations of the Authority according to their terms.

Neither the State nor any political subdivision thereof shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Bonds, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever that may be undertaken by the Authority, and none of the Bonds shall be construed to constitute a debt or a pledge of the faith and credit of the State or any political subdivision thereof, including the County, within the meaning of any constitutional or statutory provision whatsoever, and shall not directly, indirectly or contingently obligate the State or any of its political subdivisions to levy or to pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof; nor shall any breach of any such pledge, mortgage, obligation or agreement impose any pecuniary liability upon any member, officer, employee or agent of the Authority, or any charge upon the general credit of the Authority, or any pecuniary liability upon the Authority payable from any moneys, revenues, payments, and proceeds other than the Trust Estate.

#### **Events of Default; Acceleration of Maturity.**

Anyone or more of the following events shall be an "event of default" under the Indenture:

- (a) failure to make payment of the principal or redemption price of any Bond when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise;
- (b) failure to make payment of any installment of interest on any Bond when same shall become due and payable;
- (c) the occurrence of an event of default under the Contract;

(d) failure of the Authority to duly and punctually perform any other of the covenants, conditions, agreements and provisions on its part contained in the Bonds or in the Indenture, which failure shall continue for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the Authority and the County by the Trustee; provided, however, if the failure stated in such notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if it is possible to correct such failure and corrective action is instituted by the Authority within the applicable period and is diligently pursued until such failure is corrected;

If such an event of default shall occur, then in each and every such case, subject to the following provisions of the Indenture, the Trustee may, and upon the written request of the owners of a majority of the Outstanding principal amount of Bonds affected by each event of default, the Trustee shall, upon receiving indemnity or security satisfactory to it, proceed to protect and enforce its rights and the rights of the owners of the Bonds by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power in the Indenture granted or for any enforcement of any proper legal or equitable remedy as the Trustee, being advised by Counsel, shall deem most effectual to protect and enforce the rights aforesaid.

#### **Notice of Default.**

The Trustee shall, within 30 days after the occurrence of an event of default of which the Trustee has notice, mail to the owners of the Bonds notice of all events of default known to the Trustee unless such defaults shall have been cured before the giving of such notice; provided that except in the case of default in the payment of principal of (or premium, if any) or interest on any of the Bonds, the Trustee shall be protected in withholding such notice from the owners of the Bonds if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the best interests of the owners of the Bonds.

#### **Termination of Proceedings by the Trustee.**

In case any proceedings taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case the Authority, the Trustee, the County and the owners of the Bonds shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken;

#### **Right of Bond Owners to Control Proceedings.**

The owners of a majority of the Outstanding principal amount of the Bonds shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture in respect of the Bonds; provided that such direction shall not be otherwise than in accordance with law and the Trustee shall be indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred therein or thereby.

#### **Right of Bond Owners to Institute Suit.**

No owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture, or for any other remedy under the Indenture or on the Bonds unless (a) such owner previously shall have given to the Trustee written notice of an event of default as hereinabove provided, (b) the owner, or owners, of a majority of the Outstanding principal amount of the Bonds shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit, or proceeding in its name;

(c) there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby; and (d) the Trustee shall have refused or neglected to comply with such request within a reasonable period of time; and such notification, request, offer of indemnity and refusal or neglect are by the Indenture declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or for any other remedy under the Indenture. The parties to the Indenture intend that no one or more owners of the Bonds shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture, except in the manner in the Indenture provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of all owners of the Outstanding Bonds.

Nothing contained in the Indenture shall, however, affect or impair the right of any owner of a Bond, which is absolute and unconditional, to enforce the payment of the principal of and interest on such owner's Bonds out of the moneys provided for such payment, or the obligation of the Authority to pay the same out of the sources pledged hereto, at the time and place expressed in the Indenture.

#### **Suits by Trustee.**

All rights of action under the Indenture, or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds, or the production thereof on the trial or other proceeding relative thereto, and any such suit, or proceeding, instituted by the Trustee shall be brought in its name for the ratable benefit of the owners of the Bonds affected by such suit or proceeding, subject to the provisions of the Indenture.

#### **Remedies Cumulative.**

No remedy in the Indenture conferred upon or reserved to the Trustee or to the owners of the of the Bonds 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 under the Indenture or now or hereafter existing at law or in equity or by statute. When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

#### **Waiver of Default.**

No delay or omission of the Trustee or of any of the owners of any Bond to exercise any right or power shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy granted the Indenture to the Trustee and the owners of the Bonds, respectively, may be exercised from time to time, and as often as may be deemed expedient.

#### **Application of Moneys After Default.**

The Authority covenants that if an event of default shall happen and shall not have been remedied, the Trustee shall apply all moneys, securities and funds received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture as follows and in the following order:

- (i) Fees, Charges, Expenses and Liabilities of Trustee – to the payment of the reasonable and proper fees, charges, expenses and liabilities of the Trustee (including collection fees and counsel fees, costs and expenses of the Trustee);
- (ii) Principal or Redemption Price and Interest – to the payment of the interest and principal or redemption price then due on the Bonds, as follows:

(a) Unless the principal of an Bonds shall have become due and payable, an such moneys shall be applied

*First:* to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

*Second:* to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

*Third:* to the payment of the redemption premium on and the principal of any Bonds called for redemption pursuant to the provisions of the Indenture.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; provided, however, that nothing in the Indenture shall be construed to permit the Trustee to fail to liquidate investment obligations in the Sinking Fund and to apply amounts credited to such funds to the payment of debt service on the Bonds when due. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Authority, to the County, to any owner of a Bond or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and of the endorsement to be entered on each Bond on which payment shall be made, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement, or some other procedure deemed satisfactory by the Trustee.

### **Discharge of Indebtedness.**

(a) If (1) the Authority or the County, shall pay or cause to be paid to the owners of the Bonds the principal, redemption premium (if any) and interest to become due thereon at the times and in the manner stipulated therein and in the Indenture, (2) all fees and expenses of the Trustee then due and owing or accrued and all fees and expenses to accrue until the payment in full of the Bonds shall have been paid or provided for to the satisfaction of the Trustee, and (3) the Authority and the County shall keep, perform and observe all and

singular the covenants and promises in the Bonds, the Contract and the Indenture expressed as to be kept, performed and observed by it or on its part, then, these presents and the rights granted by the Indenture shall cease, determine and be discharged, and thereupon the Trustee shall cancel and discharge the Indenture and execute and deliver to the Authority and the County such instruments in writing as shall be requisite to evidence such cancellation and discharge. If the Authority or the County shall pay or cause to be paid to the owners of all Outstanding Bonds of a particular maturity or series, the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Authority to the owners of such Bonds shall thereupon cease, terminate and become discharged and satisfied.

(b) Bonds (or such portion thereof as is to be defeased) shall be deemed to be paid within the meaning of the Indenture and no longer Outstanding under the Indenture if there shall be delivered to the Trustee by the Authority or by the County on behalf of the Authority (i) non-callable Government Obligations that, with interest, mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal and redemption premiums (if any) when due on the Bonds (or such portion thereof with respect to which such deposit is made) (“Permitted Defeasance Investments”) or cash, (ii) a report of an independent firm of nationally recognized certified public accountants (the “Accountant”) verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or Redemption Date (the “Verification”), and (iii) an escrow deposit agreement; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in the Indenture or irrevocable arrangements satisfactory to the Trustee shall have been made for the giving thereof.

The County may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered under the Indenture which the County may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

#### **Supplemental Indentures Not Requiring Consent of Bond Owners.**

The Authority and the Trustee from time to time and at any time, subject to the conditions and restrictions in the Indenture contained and to the written consent of the County, may enter into an indenture or indentures supplemental to the Indenture, which indenture or indentures thereafter shall form a part of the Indenture, for anyone or more or all of the following purposes:

(a) to add to the covenants and agreements of the Authority in the Indenture contained, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power in the Indenture reserved to or conferred upon the Authority;

(b) to make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision, contained in the Indenture as may be requested or required by any nationally recognized rating agency, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable and not inconsistent with the Indenture, as evidenced by a certificate delivered to the Trustee at its Designated Office;

(c) to modify, amend or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification of the Indenture and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or any state securities or trust indenture law and, if they so determine, to add to the Indenture, or any indenture supplemental to the Indenture, such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute or such state securities or trust indenture law;

(d) to grant additional rights and powers to the Trustee;

(e) to create such accounts or subaccounts within the funds and accounts created under the Indenture as the County shall deem necessary or desirable to enable the County to account for expenditures of Bond proceeds or as otherwise shall be requested by the County;

(f) to provide for, or modify existing provisions with respect to, a Book-Entry System of registration for the Bonds; or

(g) to provide for the issuance of Additional Bonds pursuant to the Indenture.

Any supplemental indenture authorized by the provisions of the Indenture may be executed by the Authority and the Trustee without the consent of or notice to the owners of any of the Bonds at the time Outstanding, notwithstanding any of the provisions of the Indenture.

### **Supplemental Indentures Requiring Consent of Bond Owners.**

With the consent (evidenced as provided in the Indenture) of the owners of not less than a majority of the Outstanding principal amount of the Bonds and the written consent of the County, the Authority and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture; provided, however, that no such supplemental indenture shall (1) extend the fixed maturity of any Bond or reduce the rate of interest thereon or extend the time for payment of interest, or reduce the amount of the principal thereof, or reduce or extend the time for payment of any premium payable on the redemption thereof, without the consent of the owners of each Bond so affected, or (2) reduce the aforesaid percentage of owners of Bonds required to approve any such supplemental indenture, or (3) deprive the owners of the Bonds (except as aforesaid) of the lien created by the Indenture, without the consent of the owners of all the Bonds then Outstanding.

### **Supplemental Contract.**

The Authority and the County may from time to time and at any time, with the consent of the Trustee, enter into a supplemental intergovernmental contract for anyone or more of the following purposes:

(a) to add to the covenants and agreements of the County contained therein, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power in the Indenture reserved to or conferred upon the County;

(b) to make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision, contained in the Contract, or in regard to matters or questions arising under the Contract, as the Authority and the County may deem necessary or desirable and not inconsistent therewith and which shall not adversely and materially affect the interest of the registered owners of the Bonds;

(c) to make any changes in the Contract required in connection with a supplemental indenture authorized under the Indenture;

(d) to grant additional rights and powers to the Trustee or the Authority; or

(e) to provide for the issuance of Additional Bonds or other obligations pursuant to the Indenture.

Any supplemental intergovernmental contract authorized by the foregoing provisions of the Indenture may be executed by the Authority and the County without the consent of or notice to the owners of any of the Bonds at the time Outstanding, notwithstanding any other provision of the Indenture. All other supplemental intergovernmental contracts shall be subject to the same notice and approval requirements required for supplemental indentures the Indenture.

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## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE CONTRACT

The following is a summary of the Contract. The statements made herein relating to such document are summaries and do not purport to be complete. A copy of the Contract is on file at the principal corporate trust office of the Trustee. The following summary is qualified in its entirety by express reference to such document.

### DEFINITIONS

In addition to the words and terms elsewhere defined in the Indenture, the following words and terms as used in the Contract shall have the following meanings unless the context or use indicates another or different meaning or intent and such definitions shall be equally applicable to both the singular and plural forms of the words and terms defined in the Contract:

“Local Option Sales Tax” shall mean any sales and use taxes collected pursuant to O.C.G.A. §48-8-80 et seq.

“Series 2012 Contract” shall mean the Intergovernmental Contract, dated as of March 1, 2012, between the Authority and the County, entered into in connection with the issuance of the Series 2012 Bonds.

“Series 2020 Contract” shall mean the Intergovernmental Contract, dated as of May 1, 2020, between the Authority and the County, entered into in connection with the issuance of the Series 2020 Bond.

“Series 2012 Bonds” shall mean the Authority’s Revenue Bonds (Economic Development Projects), Series 2012.

“Series 2020 Bond” shall mean the Authority’s Taxable Revenue Bond (Economic Development Projects), Series 2020.

“State” shall mean the State of Georgia.

“Statutory Tax” shall mean the ad valorem tax authorized to be levied by the County pursuant to O.C.G.A. §48-5-220(20) to provide financial assistance to the Authority for the purpose of developing trade, commerce, industry, and employment opportunities; provided, however, that the tax for such purpose shall not exceed one mill per dollar upon the assessed value of taxable property in the County.

### CONTRACT

#### **Agreement to Issue the Series 2022 Bonds.**

In order to provide funds, as provided in the Indenture to acquire or cause the acquisition of the 2022 Project, pay capitalized interest on the Series 2022 Bonds, fund a debt service reserve fund and pay the costs incident thereto, the Authority will issue the Series 2022 Bonds, and all of the covenants, agreements and provisions of the Contract shall, to the extent provided in the Contract and in the Indenture, be for the benefit and security of the Bondowner. The Authority has delivered a certified copy of the Indenture to the County.

#### **Effective Date of the Contract; Duration of Term; Sale of Project.**

The Contract shall become effective as of February 2, 2022 and the interests created by the Contract shall then begin, and, subject to the other provisions of the Contract, shall expire on March 1, 2048, or if at said time and on said date the Contract Payments have not been paid when due then on such date as such payments shall have been made, but in no event in excess of fifty (50) years from the date of the Contract. Notwithstanding

the foregoing, the provisions of the Contract relating to payment of attorney's fees and expenses in the event of default shall expire fifty (50) years from the date of the Contract.

### **Contract Payments.**

On or prior to first day of each month (each a "Contract Payment Date"), commencing the first day of the month following the filing of the first of the monthly sales and use tax returns required to be filed with the Department of Revenue of the State of Georgia (the "Sales and Use Tax Returns") for any Local Option Sales and Use Tax generated at the Premises and ending on March 1, 2048, the County shall make the payments with respect to the Series 2022 Bonds to the Authority (the "Contract Payments"). The Contract Payments shall be made by payment directly to the Revenue Fund Custodian for deposit into the Revenue Fund.

The Contract Payments shall be paid monthly from the general fund of the County and shall be in amount equal to the County's previous month's portion of Local Option Sales Tax reported to be collected at the Premises; provided, however, that such amounts paid shall not be paid from the revenues of such Local Option Sales Tax collected.

The Authority shall cause Costco Wholesale Corporation or any other owner or operator of the Premises to provide the Authority and the Trustee the monthly sales and use tax returns required to be filed with Department of Revenue of the State of Georgia (the "Sales and Use Tax Returns") for the Local Option Sales Tax generated at the Premises. The amount of each Contract Payment shall equal the amount of Local Option Sales Tax generated at the Premises as provided in the previous month's Sales and Use Tax Return, multiplied by the County's percentage share of the Local Option Sales Tax (currently 88.45%).

Notwithstanding the foregoing, on an annual basis, the Contract Payments together with any other principal and interest amounts due on the Series 2012 Bonds, the Series 2020 Bond and any other obligations secured by the Statutory Tax as authorized to be issued pursuant to the Indenture shall not exceed one mill per dollar upon the assessed value of taxable property in the County in accordance with the Statutory Tax (or such greater amount as may hereafter be authorized by applicable law).

In the event that the amount of the Statutory Tax collected by the County in any year is insufficient to pay (1) the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds or other obligations authorized to be issued under the Indenture and (2) the County's portion of the Local Option Sales Tax reported to be collected at the Costco Project, the amount of the Statutory Tax for such year will be applied to the payment of the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds and then, the remaining amount will be applied to the payment of the Series 2022 Bonds as the Contract Payments due in such year.

In addition to the Contract Payments described above, the County agrees to pay to the Trustee until the principal and interest on the Series 2022 Bonds shall have been paid in full (a) an amount equal to the annual fee of the Trustee for the services of the Trustee rendered and its expenses incurred under the Indenture and (b) the reasonable fees and charges of the Trustee and any other paying agent for acting as paying agent and as bond registrar and reasonable fees of Trustee's counsel as provided in the Indenture, as and when the same become due.

### **Budget and Tax Levy to Pay Contract Payments.**

The obligations of the County to make the Contract Payments when due under the Contract, and to perform its other obligations thereunder, are absolute and unconditional general obligations of the County, and the County by the Contract pledges its full faith and credit and taxing power to such payment and performance, subject to the millage limitation discussed below. In the event the amount of funds lawfully available to the County is not sufficient to pay the Contract Payments when due in any year, the County shall levy an ad valorem tax, on all property located within the limits of the County subject to taxation for such purposes, as now existent and as same may hereafter be extended, at such rate or rates as may be necessary to produce in each calendar

year revenues which shall be sufficient to fulfill the County's obligations under the Contract, provided, however, that such tax shall not exceed one mill per dollar upon the assessed value of taxable property in the County in accordance with the Official Code of Georgia Annotated, Section 48-5-220(20) (or such greater amount as may hereafter be authorized by applicable law), from which revenues there shall be appropriated, sums sufficient to pay in full when due the obligations in the Contract contracted to be paid by the County including specifically the obligation to make the Contract Payments as provided in the Contract. The County by the Contract creates a lien on any and all revenues realized by it pursuant to the provisions of this subparagraph of the Contract to enable it to make the Contract Payments required pursuant to the Contract and such lien is superior to any that can hereafter be made; provided, however, the County may create a lien on a parity with the lien created in the Contract in connection with the issuance of Additional Bonds.

The County further covenants and agrees that in order to make funds available for such purpose, it will, in its general revenue, appropriation and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to satisfy any such Contract Payments that may be required to be made, whether or not any other sums are included in such measure, until all payments so required to be made shall have been made in full. Subject to the one mill limitation described in paragraph (a) above, the obligation of the County to make the Contract Payments shall constitute a general obligation of the County, and nothing in the Contract contained, shall be construed as limiting the right of the County to make the payments called for by the Contract out of any funds lawfully available to it for such purposes, from whatever source derived (including general funds).

In the event for any reason any such provision or appropriation is not made as provided in the preceding subsection (b), then the fiscal officers of the County are hereby authorized and directed to set up as an appropriation on their accounts in the appropriate fiscal year the amounts required to pay the obligations which may be due from the general funds of the County, subject to the one mill limitation described in paragraph (a) above. The amount of such appropriation shall be due and payable and shall be expended for the purpose of paying any such obligations, and such appropriation shall have the same legal status as if the County had included the amount of the appropriation in its general revenue, appropriation and budgetary measures, and the fiscal officers of the County shall make such Contract Payments to the Sinking Fund Custodian for deposit to the Sinking Fund if for any reason the payment of such obligations shall not otherwise have been made.

#### **Obligations of County Under the Contract Absolute and Unconditional.**

The obligations of the County to make the Contract Payments and to perform and observe any and all of the other covenants and agreements on its part contained in the Contract shall be absolute and unconditional irrespective of any defense or any rights of set off, recoupment, or counterclaim it may otherwise have against the Authority. Until such time as all amounts owing under the Contract have been paid or provision for the payment thereof shall have been made in accordance with the Indenture and of the Contract, the County (a) will not suspend, abate, reduce, abrogate, diminish, postpone, modify or discontinue the Contract Payments provided for in the Contract, (b) will perform and observe all of its other agreements contained in the Contract, and (c) will not terminate the Term of the Contract or its obligations under the Contract for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, failure of title in and to the Premises (as defined in the Contract) or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Premises, the taking by eminent domain of title to or the use of all or any part of the Premises, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either, any declaration or finding that the Series 2022 Bonds are unenforceable or invalid, the invalidity of any provision of the Contract, or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Contract or the Indenture. Nothing contained in the Contract shall be construed to release the Authority from the performance of any of the agreements on its part contained in the Contract or in the Indenture; and if the Authority should fail to perform any such agreement, the County may institute such action against the Authority as the County may deem necessary to compel performance or recover its damages for nonperformance as long as such action shall not do

violence to or adversely affect the agreements on the part of the County contained in the Contract and to make the Contract Payments specified in the Contract. The County may, however, at its own cost and expense and in its own name, prosecute or defend any action or proceeding or take any other action involving third persons which the County deems reasonably necessary in order to insure the acquisition, construction and equipping of the Premises or to secure or protect its rights under the Contract, and in such event the Authority hereby agrees to cooperate to the extent required.

### **Enforcement of Obligations.**

The obligation of the County to make Contract Payments under the Contract may be enforced by (a) the Authority, (b) the owners of the Series 2022 Bonds, in accordance with the applicable provisions of the Indenture and independently of the Authority or (c) such receiver or receivers as may be appointed pursuant to the Indenture or applicable law. The covenants and agreements under the Contract, including specifically the obligation to make the Contract Payments, shall be enforceable by specific performance; it being acknowledged and agreed by the Authority and the County that no other remedy at law is adequate to protect the interests of the parties to the Contract.

### **Ownership; Operation of the 2022 Project and Operating Expenses.**

The 2022 Project (as described in Exhibit A attached to the Contract ) shall initially be owned by the Authority and leased to Epps Bridge Centre II CWC, L.L.C. (the “Company”), pursuant to a Lease Agreement, dated as of February 2, 2022, between the Authority and the Company (the “Lease Agreement”). Pursuant to the Lease Agreement, the Company shall acquire, construct and install, or cause to be acquired, constructed and installed, certain buildings, facilities and other renovations and improvements on the 2022 Project (the “Improvements” and, together with the 2022 Project, the “Premises”). The Company shall be required to pay all costs of operating and maintaining the Premises. Neither the Authority nor the County shall receive any revenues from the operation of the Premises. Pursuant to the Lease Agreement, the Company shall be required to acquire the 2022 Project if the Improvements have not been completed by November 2, 2023 and has the option to purchase the Premises at any time throughout the term of the Lease Agreement. The proceeds from the sale of the 2022 Project or Premises pursuant to the Lease Agreement shall be deposited by the Authority into the Redemption Account of the Sinking Fund (as defined in the Indenture) and used to redeem the Series 2022 Bonds pursuant to the terms of the Indenture.

### **Liens on Contract or Statutory Tax.**

Except as in the Contract provided and as provided in the Series 2012 Bond Resolution, the Series 2020 Bond Resolution and the Indenture, the County will not create or suffer to create any lien on the Contract, the Contract Payments or the moneys derived from the Statutory Tax.

The lien created under the Contract on the Statutory Tax will be on parity with the liens created under the 2012 Contract and the 2020 Contract on the Statutory Tax for the benefit of the Series 2012 Bonds and the Series 2020 Bond.

### **Monthly Sales Tax Reports.**

The Authority shall cause Costco Wholesale Corporation or any other owner or operator of the Premises to provide the Authority and the Trustee with any Sales and Use Tax Returns required to be reported for any Local Option Sales Tax generated at the Premises.

### **Events of Default Defined.**

The following shall be “events of default” under the Contract and the terms “event of default” or “default” shall mean, whenever they are used in the Contract, any one or more of the following events:

(a) Failure by the County to make the Contract Payments required to be paid under the Contract at the times specified therein;

(b) Failure by the County or the Authority to observe and perform any covenant, condition or agreement of the Contract on its part to be observed or performed, other than as referred to in subsection (a) above, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the defaulting party by the nondefaulting party or a Bondholder; provided, however, if the failure stated in the notice cannot be corrected within the period specified in the Contract, the nondefaulting party will not unreasonably withhold its consent to an extension of such time if it is possible to correct such failure and corrective action is instituted by the defaulting party within the applicable period and diligently pursued until the default is corrected; provided further that such extension shall not exceed six (6) months;

(c) Any representation or warranty shall be found to be untrue; and

(d) An “event of default” shall have occurred under the Indenture.

Notwithstanding the foregoing, a breach of the covenant contained in the Contract shall not be deemed an event of default under the Contract, and the sole remedy shall be an action to compel performance.

#### **Remedies on Default.**

Whenever any event of default referred to in the Contract shall have happened and be subsisting, the nondefaulting party, or the Bondholders as provided in the Indenture, may take any one or more of the following remedial steps:

(a) The Bondholders may require the Authority to furnish copies of all books and records of the County pertaining to the 2022 Project;

(b) The nondefaulting party or the Bondholders may take whatever action at law or in equity may appear necessary or desirable to collect the Contract Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County or the Authority under the Contract;

(c) The Bondholders may require any depository under the Indenture to turn over to the Sinking Fund Custodian any moneys held in any of the Funds; and

(d) The Bondholders may exercise any remedies provided for in the Indenture and the Revenue Bond Law.

Any amounts collected pursuant to action taken under the Contract be paid into the Sinking Fund and applied in accordance with the provisions of the Indenture or, if payment in full of the outstanding Series 2022 Bonds has been made (or provision for payment thereof has been made in accordance with the provisions of the Indenture), to the County.

#### **No Remedy Exclusive.**

No remedy in the Contract conferred upon or reserved to the Authority or the Bondholders is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Contract or now or hereafter existing at law or in

equity or by statute. No delay or omission to exercise any right or power accruing upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Bondholders to exercise any remedy reserved to it in this Article of the Contract, it shall not be necessary to give any notice, other than such notice or notices as may be in the Contract expressly required. Such rights and remedies as are given to the Authority under the Contract shall also extend to the Bondholders, and the holders of the Series 2022 Bonds shall be deemed third party beneficiaries of all covenants and agreements in the Contract contained.

**No Additional Waiver Implied by one Waiver.**

If any agreement contained in the Contract should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Contract.

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

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**CONTINUING DISCLOSURE UNDERTAKING**

**Dated February \_\_\_\_\_, 2022**

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**By**

**OCONEE COUNTY, GEORGIA**

**relating to**

**\$ \_\_\_\_\_**  
**OCONEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**TAXABLE REVENUE BONDS**  
**(ECONOMIC DEVELOPMENT PROJECT)**  
**SERIES 2022**

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## CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking dated February \_\_\_\_\_, 2022 (the “**Continuing Disclosure Undertaking**”), is executed and delivered by the **OCONEE COUNTY, GEORGIA** (the “**County**”).

### RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the County in connection with the issuance by the Oconee County Industrial Development Authority (the “**Authority**”) of \$\_\_\_\_\_ original principal amount of Taxable Revenue Bonds (Economic Development Project), Series 2022 (the “**Series 2022 Bonds**”), pursuant to a Trust Indenture dated as of February 2, 2022 (the “**Indenture**”) between the County and Regions Bank, Atlanta, Georgia.

2. The County is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Series 2022 Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”). The County is the only “**obligated person**” (as defined by the Rule) with responsibility for continuing disclosure hereunder.

In consideration of the covenants and agreements herein, the County covenants and agrees as follows:

**Section 1. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report filed by the County pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

“**Beneficial Owner**” means any registered owner of any Series 2022 Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2022 Bonds (including persons holding Series 2022 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2022 Bonds for federal income tax purposes.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

“**Financial Obligation**” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Fiscal Year**” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the County as the Fiscal Year of the County for financial reporting purposes.

“**Material Events**” means any of the events listed in **Section 3(a)** of this Continuing Disclosure Undertaking.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Official Statement**” means the Official Statement dated January \_\_\_\_, 2022 used in connection with the offering and sale of the Series 2022 Bonds.

“**Participating Underwriter**” means Stifel, Nicolaus & Company, Incorporated, as the underwriter of the Series 2022 Bonds required to comply with the Rule in connection with offering of the Series 2022 Bonds.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**Semi-Annual Report**” means document or set of documents, in the form of **Exhibit B** attached hereto.

“**Semi-Annual Report Date**” means the date which is not later than each December 31 and June 30, commencing June 30, 2022.

“**Semi-Annual Reporting Period**” means the period from (a) June 1 through November 30 and (b) December 1 through May 31 of each year.

## **Section 2. Provision of Annual Reports and Semi-Annual Reports.**

- (a) The County shall, not later than 270 days after the end of the County’s Fiscal Year, commencing with the Fiscal Year ending June 30, 2022, provide to the MSRB, through EMMA, the following financial information and operating data (the “**Annual Report**”):
- (1) The audited financial statements of the County for the prior Fiscal Year, prepared in accordance with accounting principles described in the notes to the financial statements included in Appendix A of the final Official Statement relating to the Series 2022 Bonds. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
  - (2) Information relating to the County and its operations set forth in the tables under the following sections in the final Official Statement: “**COUNTY AD VALOREM TAXATION – Historical Property Tax Data**” and “**– Ten Largest Taxpayers.**”
  - (3) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the County is an “obligated person” (as defined by the Rule), which have been filed with the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it

must be available from the MSRB on EMMA. The County shall clearly identify each such other document so included by reference.

- (4) In each case, the Annual Report may be filed as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section. If the County's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3** of this Continuing Disclosure Undertaking.
- (b) If the County fails to file the Annual Report by the date specified in subsection (a) for providing the Annual Report to the MSRB, the County in a timely manner shall file a notice substantially in the form attached hereto as **Exhibit A** with the MSRB, which notice shall be given by the County in accordance with **Section 3** hereof.
- (c) The County shall file the Semi-Annual Report with the MSRB no later than each Semi-Annual Report Date. If the County fails to file a Semi-Annual Report with the MSRB by a Semi-Annual Report Date, the County in a timely manner shall file a notice in substantially the form attached hereto as **Exhibit A** with the MSRB, which notice shall be given by the County in accordance with **Section 3** hereof.
- (d) In addition to the foregoing requirements of this Section, the County agrees to provide copies of the most recent Annual Report and/or Semi-Annual Report to any requesting Bondowner or prospective Bondowner, but only after the same have been delivered to the MSRB.

**Section 3. Reporting of Material Events.** No later than 10 Business Days after the occurrence of any of the following events, the County shall give, or cause to be given notice of the occurrence of any of the following events with respect to the Series 2022 Bonds ("**Material Events**"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and, whether or not material, tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, or the entry into a definitive

- agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) the appointment of a successor or additional trustee, whether or not material, or the change of name of a trustee, if material;
  - (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
  - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the Material Events identified above, the term “security” or “securities” means the Bond or Bonds, respectively, and “obligated person” means the County.

**Section 4. Termination of Reporting Obligation.** The County’s obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2022 Bonds. If the County’s obligations under this Continuing Disclosure Undertaking or the Indenture are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the County, and the County shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Series 2022 Bonds, the County shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

**Section 5. Designated Agents.** The County may, from time to time, appoint or engage a third party (a “**Dissemination Agent**”) to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report or the Semi-Annual Report) prepared by the County pursuant to this Continuing Disclosure Undertaking.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Undertaking, the County may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the County with its written opinion that the undertaking of the County contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, (a) notice of such change shall be given in the same manner as for a Material Event under **Section 3** and (b) the County shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County.

**Section 7. Additional Information.** Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report, Semi-Annual Report or notice of occurrence of a

Material Event, in addition to that which is required by this Continuing Disclosure Undertaking. If the County chooses to include any information in any Annual Report, Semi-Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Undertaking, the County shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 8. Default.** Any failure by the parties to perform in accordance with this Continuing Disclosure Undertaking shall not constitute an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of an Event of Default shall not apply to any such failure. If any of the parties fail to comply with this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause such party to comply with its obligations hereunder.

**Section 9. Beneficiaries.** This Continuing Disclosure Undertaking shall inure solely to the benefit of the County, the Participating Underwriter, and Beneficial Owners from time to time of the Series 2022 Bonds, and shall create no rights in any other person or entity.

**Section 10. Severability.** If any provision in this Continuing Disclosure Undertaking shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 11. Counterparts.** This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 12. Electronic Transactions.** The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 13. Governing Law.** This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Georgia.

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**IN WITNESS WHEREOF**, the County has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

**OCONEE COUNTY, GEORGIA**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE [ANNUAL][SEMI-ANNUAL] REPORT**

**Name of Issuer:** Oconee County Industrial Development Authority

**Name of Bond Issue:** \$ \_\_\_\_\_ Oconee County Industrial Development Authority Taxable Revenue Bonds (Economic Development Project), Series 2022 (the “**Series 2022 Bonds**”)

**Date of Issuance:** February \_\_\_\_\_, 2022

**6-Digit CUSIP Number to which this [Annual][Semi-Annual] Report relates:**

**NOTICE IS HEREBY GIVEN** that Oconee County, Georgia (the “**County**”) has not filed [an Annual][a Semi-Annual] Report with respect to the above-named Series 2022 Bonds as required by the Continuing Disclosure Undertaking dated February \_\_\_\_\_, 2022, of the County. The County anticipates that the [Annual][Semi-Annual] Report will be filed by \_\_\_\_\_.

**Dated:** \_\_\_\_\_, \_\_\_\_\_

**OCONEE COUNTY, GEORGIA**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT B**

**FORM OF SEMI-ANNUAL REPORT**

**Name of Issuer:** Oconee County Industrial Development Authority

**Name of Bond Issue:** \$\_\_\_\_\_ Oconee County Industrial Development Authority Taxable Revenue Bonds (Economic Development Project), Series 2022 (the “**Series 2022 Bonds**”)

**Date of Issuance:** February \_\_\_, 2022

**6-Digit CUSIP Number to which this Semi-Annual Report relates:**

This report is prepared and delivered pursuant to the Continuing Disclosure Undertaking of Oconee County, Georgia (the “**County**”) dated February \_\_\_, 2022.

Date of Semi-Annual Report: \_\_\_\_\_, 20\_\_.  
 Semi-Annual Reporting Period From June 1 to November 30, 20\_\_  
 or from December 1 to May 31, 20\_\_

**1. Updates on Costco Project.**

- (a) Date on which building permit issued to Costco: \_\_\_\_\_
- (b) Date on which certificate of occupancy issued to Costco: \_\_\_\_\_

**2. Contract Payment Deposits to Revenue Fund.** The following is the amount by month of Contract Payments deposited into the Revenue Fund by the County pursuant to the terms of the Contract since [the date of the Continuing Disclosure Undertaking] [the date of the last Semi-Annual Report]:

<u>Collection Year</u>	<u>Month in which Contract Payments Deposited</u>	<u>Contract Payments Deposits</u>
<b>2022</b>	February	
	March	
	April	
	May	
	<b>Subtotal</b>	
	June	
	July	
	August	
	September	
	October	
	November	
<b>2023</b>	<b>Total</b>	
	December	
	January	

<u>Collection Year</u>	<u>Month in which Contract Payments Deposited</u>	<u>Contract Payments Deposits</u>
	February	
	March	
	April	
	May	
	<b>Subtotal</b>	
	June	
	July	
	August	
	September	
	October	
	November	
	<b>Total</b>	

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(1) County to add Collection Years, Months in which Contract Payments Deposited and Contract Payments Deposits to chart for so long as the Bonds are outstanding.

5. **Series 2022 Bond Redemptions.**

(a) Series 2022 Bond Redemptions:

Amount of Series 2022 Bonds redeemed during the Semi-Annual Reporting Period referred to above:

\$ \_\_\_\_\_ ( \_\_\_\_ Term Bond)  
 \$ \_\_\_\_\_ ( \_\_\_\_ Term Bond)

(b) Cumulative Redemptions of Series 2022 Bonds To-Date:

\$ \_\_\_\_\_ ( \_\_\_\_ Term Bond)  
 \$ \_\_\_\_\_ ( \_\_\_\_ Term Bond)

**APPENDIX F**

**FORM OF BOND COUNSEL OPINION**

Oconee County Industrial Development Authority  
Watkinsville, Georgia

Oconee County, Georgia  
Watkinsville, Georgia

Regions Bank  
Atlanta, Georgia

Stifel Nicolaus & Company, Incorporated  
St. Louis, Missouri

Re: \$ \_\_\_\_\_ Oconee County Industrial Development Authority Taxable Revenue  
Bonds (Economic Development Project), Series 2022

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Oconee County Industrial Development Authority (the “Authority”) of \$ \_\_\_\_\_ in aggregate principal amount of its Taxable Revenue Bonds (Economic Development Project), Series 2022 (the “Series 2022 Bonds”), pursuant to a Trust Indenture, dated as of February 2, 2022, between the Authority and Regions Bank, as trustee (the “Trustee”). We have examined the law and such certified proceedings, including a certified copy of the validation proceeding with respect to the Series 2022 Bonds concluded in the Superior Court of Oconee County, Georgia, and such papers as we deem necessary to render this opinion.

The Series 2022 Bonds are being issued for the purpose of providing funds to (i) acquire land for an economic development project located in the County (the “Project”), as more fully described in the Contract (defined below), (ii) pay capitalized interest on the Series 2022 Bonds, (iii) fund a debt service reserve fund, and (iv) pay the costs of issuing the Series 2022 Bonds.

The Authority and the County have entered into an Intergovernmental Contract, dated as of February 2, 2022 (the “Contract”), under which the Authority has agreed to issue the Series 2022 Bonds to provide funds to acquire the Project, and the County has agreed, among other things, to pay to the Authority for its facilities and services certain amounts as described therein (the “Contract Payments”) and to levy and collect an annual tax in accordance with O.C.G.A. Section 48-5-220(20) in order to pay the Contract Payments.

The Series 2022 Bonds do not constitute a debt or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the County. The Series 2022 Bonds shall not be payable from, nor a charge upon, any funds other than the funds pledged to the payment thereof under the Indenture, which includes the moneys to be received from the County under the Contract. No holder of the Series 2022 Bonds shall ever have the right to compel the exercise of the taxing power of the State of Georgia or any political subdivision thereof, including the County, to pay the Series 2022 Bonds or the interest thereon, except as may be authorized by law and required by the Contract and other documents related thereto, or to enforce payment thereof against any property of the State of Georgia or any political subdivision thereof, including the County, nor shall the Series 2022 Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the foregoing.

As to questions material to our opinion, we have relied upon representations and covenants of the Authority and the County and certified proceedings and other certifications of public officials furnished to us by or on behalf of the County or the Authority without undertaking to verify the same by independent investigation.

In all such examinations, we have assumed the genuineness of signatures on original documents, and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing public body corporate and politic with power to enter into and to perform its obligations under the Indenture and the Contract, and to issue the Series 2022 Bonds.

2. The County is a political subdivision of the State of Georgia with power to enter into and to perform its obligations under the Contract.

3. The Indenture has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority, enforceable against the Authority.

4. The Contract has been duly authorized, executed and delivered by the Authority and the County, and constitutes a legal, valid and binding obligation of the Authority and the County, enforceable against the Authority and the County.

5. The Series 2022 Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority payable solely from amounts pledged to the payment of the Series 2022 Bonds pursuant to the Indenture. Under the terms of the Indenture, the Authority has validly pledged the Contract and the Contract Payments to the payment of the Series 2022 Bonds.

6. Under existing statutes, the interest on the Series 2022 Bonds is exempt from all present state income taxation within the State of Georgia.

We express no opinion regarding tax consequences arising with respect to the Series 2022 Bonds other than as expressly set forth herein.

The rights of the holder of the Series 2022 Bonds and the enforceability thereof and of the Indenture and the Contract may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally or principles or equity applicable to the availability of specific performance or other equitable relief.

We have not been engaged to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2022 Bonds (except to the extent, if any, state in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement).

This opinion is given as of the date hereof and we assume no obligations to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

This opinion letter is solely for your benefit and it is not to be used, circulated, quoted or otherwise relied upon by any other person, or by you for any other purpose, without our express written consent in each instance.

Very truly yours,

GRAY, PANNELL & WOODWARD LLP

By: \_\_\_\_\_  
A Partner

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## APPENDIX G

### CERTAIN INFORMATION REGARDING OCONEE COUNTY, GEORGIA

The information regarding the County included as **Appendix G** is included solely to provide certain economic and demographic information regarding the larger area in which Costco Project is anticipated to be located. The Series 2022 Bonds and the interest thereon, are not general obligations of the County and are secured solely by and payable solely from the Trust Estate, which includes the Contract Payments to be paid by the County under the Contract, as provided in the Indenture. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS**” herein.

### THE COUNTY

#### Introduction

The County is a political subdivision of the State of Georgia created by the Constitution of the State of Georgia in 1875. The County encompasses 186 square miles and, in addition to Watkinsville, includes the municipalities of Bogart, Bishop and North High Shoals. The City of Watkinsville is the County seat. Watkinsville is located approximately 6 miles south of Athens and 53 miles east of the City of Atlanta. It is bordered by Athens-Clarke, Oglethorpe, Morgan, Greene and Walton Counties.

The County is governed by, and generally acts through, a Board of Commissioners consisting of five-members, who are elected at large and serve staggered four-year terms. Information concerning the current members of the Board of Commissioners is set forth below:

<u>Member</u>	<u>Occupation</u>	<u>Expiration of Term of Office</u>
John Daniell, <i>Chairman</i>	Chairman, Board of Commissioners	December 31, 2024
Mark Saxon	Retired – U.S. Army	December 31, 2024
Mark Thomas	Businessman	December 31, 2024
Chuck Horton	Government official and Retired Police Chief	December 31, 2022
Amrey Harden	Retired, Bank President	December 31, 2022

**Services.** The County provides a full range of services to its citizens, including garbage collection, parks and recreation, water supply, sewer treatment, and roads and infrastructure maintenance. All services, except for water supply and sewer treatment, and components of solid waste and civic center are paid primarily by tax revenues.

**Employees, Employer Relations and Labor Organizations.** The County employs approximately 255 full-time and 280 part-time and seasonal persons in all departments of the government. No employees of the County are represented by labor organizations or are covered by collective bargaining agreements, and the County is not aware of any union organization efforts at the present time.

#### Demographic Information

The following information is provided to give prospective investors an overview of certain demographic information of the County. These statistics have not been adjusted to reflect population or economic trends and are not to be relied upon as a representation or guarantee of the County.

**Population.** The following table reflects the population estimates for the County, the State and the United States for the years ended December 31, 2016 through 2020 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2020	41,799	10,711,908	331,449,281
2019	40,280	10,617,423	328,239,523
2018	39,478	10,511,131	326,687,501
2017	38,122	10,410,330	324,985,539
2016	36,929	10,301,890	322,941,311

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

### Per Capita Income

The following table reflects the estimated per capita income figures for the County, the State of Georgia and the United States for the years ended December 31, 2016 through 2020 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2020	\$71,768	\$51,780	\$59,510
2019	71,604	48,765	56,047
2018	66,432	46,882	54,098
2017	63,844	45,045	51,811
2016	59,760	43,074	49,812

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

### Median Home Value

The following table shows the estimate median home value for the County, the State and the United States for the calendar years 2015 through 2019 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2019	\$286,600	\$202,500	\$240,500
2018	268,100	189,900	229,700
2017	252,000	173,700	217,600
2016	242,000	166,800	205,000
2015	235,700	159,300	194,500

Source: U.S. Bureau of Census; American Community Survey 5- Year Estimates

### Labor Statistics

The following table reflects the total labor force in the County, together with the unemployment rates for the County, the State of Georgia and the United States for the years ended December 31, 2016 through 2020.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
County Labor Force	18,472	19,648	20,121	20,054	19,208
County Unemployment Rate	4.1%	3.6%	3.0%	2.6%	3.8%
State Unemployment Rate	5.4%	4.8%	4.0%	3.5%	6.5%
United States Unemployment Rate	4.9%	4.4%	3.9%	3.7%	8.1%

Source: Georgia Department of Labor, Workforce Information & Analysis, Local Area Unemployment Statistics Unit.



## Building Permits Summary

Set forth below are the numbers of residential and commercial building permits and the value of those permits for the years 2017 through 2021.

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2021	248	\$136,529,205	106	\$14,928,173
2020	260	142,967,982	87	43,444,201
2019	240	93,867,055	104	82,924,566
2018	317	117,867,055	143	38,362,967
2017	335	133,803,270	141	46,223,734

Source: Oconee County Code Enforcement.

## Category of Land Use

Set forth below are the types of land use within the County for the last five years, computed based on the number of acres of real property in the County of the various categories for ad valorem property tax purposes.<sup>(1)</sup>

<u>Year</u>	<u>Residential</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Conservation<sup>(2)</sup></u>	<u>Other<sup>(3)</sup></u>
2020	17.97%	12.06%	2.13%	0.67%	66.51%	0.67%
2019	17.78	13.36	2.12	0.67	65.13	0.95
2018	17.95	12.32	2.14	0.67	66.18	0.74
2017	17.84	11.79	2.27	0.65	64.72	2.72
2016	18.37	11.57	2.33	0.64	65.84	1.25

<sup>(1)</sup> Percentages are based on the number of acres of real property set aside for each purpose. The total acreage of all real property subject to ad valorem taxation located in the County is approximately 107,325 acres. This figure does not include the acreage of real property that is exempt from ad valorem property taxation. See **“COUNTY AD VALOREM TAXATION – Property Subject to Taxation.”**

<sup>(2)</sup> A large proportion of amounts constituting real property on Oconee County’s general tax digest is designated as Conservation Use property. See **“COUNTY AD VALOREM TAXATION – Conservation Use Property.”**

<sup>(3)</sup> Includes forest land, timber 100% and preferential.

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

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## Ten Largest Employers

Set forth below are the ten largest employers located in the County in 2021, their industries and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial conditions of the companies listed below.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
1. Oconee County School District	Government – Education	873
2. Oconee County	Government	434
3. Walmart SuperCenter	Retail	375
4. Benson’s Bakery	Retail	300
5. Zaxby’s Franchising Inc.	Franchisor & Licensor	300
6. Kroger	Grocery Store	240
7. Board of Regents of University System of Georgia	Government - Education	200
8. University of North Georgia	Government – Education	175
9. Texas Roadhouse	Restaurant	175
10. Lowe’s Home Improvement Warehouse	Retail	165

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Source: Oconee County Industrial Development Authority.

[Remainder of page intentionally left blank]

## Industry Mix

The following table shows the industry mix for the County area for the second quarter of 2021, the latest information available. The table is intended to provide information regarding the types of industries employing residents of the County and the compensation paid to those employees. The table does not provide information with respect to all industries and firms. It is based upon and includes only those industries and firms that participate in the State Unemployment Insurance Program.

<u>Industry</u>	<u>Number of Firms</u>	<u>Average Monthly Employment</u>	<u>Average Weekly Wages</u>
Agriculture, Forestry, Mining, Quarrying	26	217	\$916
Mining	2	**	**
Construction	139	647	1,036
Manufacturing	39	661	1,054
Services:			
Utilities	2	**	**
Wholesale Trade	50	1,315	1,061
Retail Trade	109	1,906	619
Transportation and Warehousing	17	112	944
Information	14	**	**
Finance and Insurance	96	387	1,343
Real Estate and Rental and Leasing	74	189	815
Professional Scientific/Technical Services	185	903	1,153
Management of Companies and Enterprises	6	566	1,402
Administrative and Waste Services	93	866	772
Educational Services	27	637	691
Health Care and Social Services	160	1,863	884
Arts, Entertainment, and Recreation	21	114	449
Accommodation and Food Services	77	1,594	333
Other Services (except government)	80	560	853
Unclassified – industry not assigned	82	53	935
Federal Government	8	59	1,229
State Government	6	32	478
Local Government	16	1,490	90
Total All Industries	<u>1,329</u>	<u>14,295</u>	<u>\$851</u>

Source: Georgia Department of Labor.

\*\* Denotes confidential data relating to individual employers and cannot be released.

## Banking Deposits

The following table contains the number of banking institutions and the total banking deposits held within the County (in thousands) for all FDIC-insured institutions in the County for the last five fiscal years ended June 30 (the most current information available).

<u>Year</u>	<u>Institutions</u>	<u>Deposits</u>
2021	11	\$1,446,749
2020	11	1,237,257
2019	12	1,052,529
2018	10	959,286
2017	8	902,832

Source: Federal Depository Insurance Corporation.

## Other Information Concerning the County

Quality healthcare is provided to the County's residents at Athens Regional Medical Center and St. Mary's Hospital, two regional hospitals servicing individuals within the surrounding counties. Additionally, hospitals are present in Barrow, Jackson, Morgan and Walton counties to provide less acute medical attention to local residents.

Additional medical facilities in the County include Reddy Urgent Care (1061 Dunwoody Road) which provides an emergency room alternative with extended hours. Also available is Regional First Care, affiliated with Athens Regional Medical System. St. Mary's Health Care operates an Alzheimer's and dementia unit. This facility was constructed adjacent to the Highland Hills Retirement Center. St. Mary's also has a number of services provided at The Exchange. This facility offers outpatient diagnostic services, outpatient rehabilitation, a wellness center, a sleep disorder center, and an outpatient lab collection center.

The County has six elementary/primary, two middle, and two high schools within the county which include: Colham Ferry Elementary School, High Shoals Elementary School, Malcolm Bridge Elementary School, Oconee County Elementary School, Oconee County Primary School, Rocky Branch Elementary School, Malcolm Bridge Middle School, Oconee County Middle School, Oconee County High School, and North Oconee High School, employing approximately 449 teachers and enrolling approximately 6,418 students.

There are three private schools located within the County that provide exceptional preschool through 12<sup>th</sup> grade educational opportunities: Athens Academy, Prince Avenue Christian School and Westminster Christian Academy.

Gainesville College, a two-year member of the University System of Georgia, has a Watkinsville satellite campus for individuals seeking degrees or academic credits, but does offer some four-year degree options. The University of Georgia, the flagship institution in the University System, is located just miles away in Athens, Georgia. Athens Technical College also provides a wide range of associate degree, diploma, and technical certificate programs to prepare individuals for success in a chosen field.

A number of recreational opportunities are available within the County. There are four athletic complexes within the County, as well as several parks. At present, the majority of programs overseen by the recreation department occur at Oconee Veteran's Park on Hwy. 53 west of Watkinsville. This new complex consists of baseball/softball fields, tennis courts, walking track, multi-purpose facility, senior citizens center, and the veterans' memorial. Herman C. Michael Park has a gymnasium, tennis courts, softball fields, baseball fields, and a walking track.

Heritage Park is located along U.S. Highway 441 in southern Oconee County. This facility has capability for livestock events and houses the historic Central School. There are also a number of public parks and areas within the community which enhance the quality of life within the County. Harris Shoals Park (located behind Watkinsville City Hall) is a wonderful facility that affords playground equipment for children, a picnic pavilion, a walking track, and a baseball field for public use. Additionally, a softball field and playground are available for use in North High Shoals. In the town of Bogart (in northwestern Oconee County), another recreational complex exists. This facility includes baseball and softball fields, a walking track, playground and picnic pavilion.

There are three golf courses located entirely or partially within the County. The courses include Jennings Mill Country Club, Lane Creek Golf Club and The Georgia Club. In July 2009, Oconee County's first hotel, Spring Hill Suites opened on Daniels Bridge Road. Featuring 99 rooms, the hotel is equipped with numerous amenities and features three meeting rooms. Additionally, Ashford Manor Bed & Breakfast is located in downtown Watkinsville and has six themed rooms. The Luxury Inn is a motel located along US 441 Business in southern Watkinsville.

The County has access to Atlanta's Hartsfield-Jackson International Airport for domestic and international travel; the nation's busiest airport is located 70 miles from the County. Regional travel can be accommodated from the Athens-Ben Epps Airport located approximately 10 miles away from Watkinsville.

## **COUNTY FINANCIAL INFORMATION**

### **Accounting System and Policies**

The County is required by Georgia law to prepare and adopt an annual budget for the conduct of the County's affairs. The budget is prepared annually for review by the Board of Commissioners of the County. The Board of Commissioners of the County adopts the budget prior to the beginning of the fiscal year. A financial reporting system which provides timely and accurate reporting of revenues and expenses is used by the County.

Note 2 of the financial statements of the County included as Appendix A contains a detailed discussion of the County's significant accounting policies.

### **Five Year General Fund History**

Set forth below is an historical, comparative summary of the revenues, expenditures, and changes in fund balance of the County's General Fund for the past five fiscal years. Information in the following table for fiscal years 2017 to 2021 has been extracted from audited financial statements of the County for the years ended June 30, 2017 to 2021. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the County for the fiscal years shown. See "**COUNTY FINANCIAL INFORMATION – Accounting System and Policies**" herein. For more complete information, reference is made to the audited financial statements of the County for fiscal years 2017 through 2020, copies of which are available from the County upon request, and the audited financial statements of the County for fiscal year 2021, a copy of which is attached hereto as Exhibit A.

**Oconee County, Georgia  
General Fund History**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>REVENUES</b>					
Taxes	\$ 21,868,005	\$ 23,604,653	\$ 25,503,140	\$ 27,747,203	\$ 31,131,010
Licenses and Permits	780,751	843,434	808,598	746,876	852,241
Intergovernmental	3,019,859	711,091	1,133,842	1,365,252	2,722,648
Charges for Services	2,594,752	2,652,279	2,876,540	2,579,725	2,735,326
Fines and Forfeitures	434,606	496,027	544,363	505,697	431,791
Investment Income	33,449	91,626	208,991	116,182	16,228
Contributions and Donations	6,596	210	9,220	4,052	100,692
Miscellaneous Income	137,640	99,439	144,558	138,089	183,361
Total Revenues	<u>\$ 28,875,658</u>	<u>\$ 28,498,759</u>	<u>\$ 31,229,252</u>	<u>\$ 33,203,076</u>	<u>\$ 38,173,297</u>
<b>EXPENDITURES</b>					
General Government	5,195,908	5,452,293	5,502,219	5,352,807	5,868,446
Judicial	1,839,504	2,036,288	2,034,250	2,002,638	2,086,015
Public Safety	7,355,422	8,880,033	9,534,257	8,832,246	9,313,925
Public Works	6,750,818	3,896,991	7,341,614	4,995,208	8,385,874
Health and Welfare	287,883	310,862	318,618	326,622	473,069
Culture and Recreation	3,177,049	3,134,160	3,469,835	3,354,909	3,414,822
Housing and Development	1,154,225	1,119,909	1,109,210	1,161,406	1,134,772
Debt Service:					
Principal	425,000	870,000	953,030	973,870	1,614,148
Interest	392,866	358,402	338,997	319,707	
Total Expenditures	<u>26,578,675</u>	<u>26,058,938</u>	<u>30,602,030</u>	<u>27,319,413</u>	<u>32,291,071</u>
Revenue Over (Under) Expenditures	<u>2,296,983</u>	<u>2,439,821</u>	<u>627,222</u>	<u>5,883,663</u>	<u>5,882,226</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Long-Term Debt	--	--	48,810	--	--
Proceeds from Sale of Capital	46,835	1,823,035	13,988	1,400	148,089
Operating Transfer In	32,500	353,646	15,226	15,447	15,368
Operating Transfers Out	<u>(2,136,318)</u>	<u>(1,877,574)</u>	<u>(2,556,221)</u>	<u>(2,569,530)</u>	<u>(2,926,823)</u>
Total Other Financing (Uses)	<u>(2,056,983)</u>	<u>299,107</u>	<u>(2,478,197)</u>	<u>(2,552,683)</u>	<u>(2,486,821)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	240,000	2,738,928	(1,850,975)	3,330,980	3,395,405
FUND BALANCE, beginning of year	10,821,520	11,061,520	13,800,448	11,949,473	15,280,453
FUND BALANCE, end of year	<u>\$ 11,061,520</u>	<u>\$ 13,800,448</u>	<u>\$ 11,949,473</u>	<u>\$ 15,280,453</u>	<u>\$ 18,675,858</u>

**Budget**

Set forth below is a summary of the County's adopted budget for its General Fund for the year ending June 30, 2022. This budget is based upon certain assumptions and estimates of the County regarding future events, transactions, and circumstances. Realization of the results projected in this budget will depend upon implementation by management of the County of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budgets set forth below.

**Adopted General Fund Budget  
Fiscal Year Ending June 30, 2022  
(Non-GAAP Budgetary Basis of Accounting)**

	<b>2022</b>
<b>Revenues:</b>	
Taxes	\$28,750,399
Licenses and Permits	694,600
Intergovernmental	697,400
Charges for Services	2,023,425
Fines and Forfeitures	416,100
Investment Income	11,188
Contribution and Donations	750
Miscellaneous	72,367
Total Revenues	<u>\$32,666,229</u>
<b>Expenditures:</b>	
General Government	\$6,288,998
Judicial	2,228,794
Public Safety	9,577,123
Public Works	4,959,589
Health and Welfare	338,973
Culture and Recreation	3,532,747
Housing and Development	2,389,495
Total Expenditures	<u>\$29,315,719</u>
<b>Excess Revenues Over (Under) Expenditures:</b>	<b>\$3,350,510</b>
<b>Other Financing Sources (Uses):</b>	
Other Financing Sources	\$25,000
Other Financing Uses	(3,375,510)
Total Other Financing Sources (Uses)	<u>\$(3,350,510)</u>
<b>Net Change in Fund Balance:</b>	
Fund Balance, Beginning of Year	\$15,280,453
Fund Balance, End of Year	\$15,280,453

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The County has not conformed to its General Fund budget in many instances for the fiscal years ended June 30, 2017 through 2021. Set forth below is a summary of unfavorable variances between budgeted and actual amounts for the fiscal years ended June 30, 2017 through 2021.

**GENERAL FUND UNFAVORABLE VARIANCES  
(GAAP Budgetary Basis of Accounting)**

	Year Ended June 30,				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Revenues:</b>					
Taxes	\$(121,782)	\$(51,207)	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	(26,174)	--
Intergovernmental	--	--	--	--	--
Charges for services	--	--	--	(201,845)	(332,218)
Fines and forfeitures	--	--	--	--	(39,814)
Interest	--	--	--	--	(58,772)
Contributions	--	--	--	--	--
Other	--	--	--	--	--
Total revenues	(121,782)	(51,207)	--	(228,019)	(430,807)
<b>Expenditures:</b>					
Current Operating:					
General Government	--	--	--	--	--
Judicial	--	--	--	--	--
Public Safety	--	--	--	--	--
Public Works	--	--	--	--	--
Health and welfare	--	--	--	--	--
Culture/recreation	--	--	--	--	--
Housing and Development	--	--	--	--	--
Total operating expenditures	--	--	--	--	--
<b>Current:</b>					
General Government	--	--	--	--	--
Public Safety	--	--	--	--	--
Judicial	--	--	--	--	--
Public Works	--	--	--	--	--
Health and welfare	--	--	--	--	--
Culture/recreation	--	--	--	--	--
Debt Service	--	--	--	--	--
Total Expenditures	--	--	--	--	--
Excess (deficiency) of revenues over (under) expenditures	--	--	--	--	--
Other Financing Sources (Uses)					
Transfers In	--	(54)	(3,774)	(3,553)	--
Transfers Out	--	--	--	--	--
Sale of Capital Assets	--	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--	--
Net change in fund balance	--	--	--	--	--



The County expects to conform to its adopted budget for its General Fund for fiscal year 2022.

### **Employee Benefits**

For detailed information regarding the County's pensions and employee retirement plans, see Note 17 to the County's financial statements included as **Appendix A** hereto.

### **Investment of Moneys**

Section 36-82-7 of the Official Code of Georgia Annotated provides that the proceeds of the Series 2022 Bonds may be invested and reinvested in the following investments, and no others:

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

(2) bonds or obligations of such county, municipal corporation, school district, political subdivision, authority, or body or bonds or obligations of the State of Georgia or other states or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

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

(4) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(5) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(6) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia or with a trust office within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or other states or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations described in (3) above, obligations of the

agencies and instrumentalities of the United States government described in (4) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in (5) above;

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

(A) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in paragraphs (3) and (4) above and repurchase agreements fully collateralized by any such obligations;

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

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

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

(8) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys.

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

In addition, Section 36-83-4(a)(1) of the Official Code of Georgia Annotated authorizes the governing authority of the County, or the financial officer of the County to whom investment authority is delegated, to invest and reinvest any money subject to its control and jurisdiction in:

(1) obligations of the State of Georgia or of other states;

(2) obligations issued by the United States government;

(3) obligations fully insured or guaranteed by the United States government or a United States government agency;

(4) obligations of any corporation of the United States government;

(5) prime bankers' acceptances;

(6) the local government investment pool established by Section 36-83-8 of the Official Code of Georgia Annotated;

- (7) repurchase agreements; and
- (8) obligations of other political subdivisions of the State of Georgia.

Paragraph VI of Section V of Article IX of the Constitution of the State of Georgia requires the proceeds of the tax assessed and collected to pay the principal of and interest on the Series 2022 Bonds, together with any other moneys collected for this purpose, to be placed in a sinking fund to be used exclusively for paying the principal of and interest on the Series 2022 Bonds and to be held and kept separate and apart from all other revenues collected by the County.

Section 36-80-3 of the Official Code of Georgia Annotated provides that the governing body of the County, or the financial officer of the County to whom investment authority is delegated pursuant to Section 36-80-4 of the Official Code of Georgia Annotated, may invest and reinvest money subject to its control and jurisdiction in:

- (1) obligations of the United States and of its agencies and instrumentalities;
- (2) bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities; and
- (3) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

Section 45-8-14 of the Official Code of Georgia Annotated provides that the Board of Commissioners of Oconee County shall designate one or more solvent banks, insured federal savings and loan associations, or insured state chartered building and loan associations as depositories of moneys belonging to the County. Section 45-8-12 of the Official Code of Georgia Annotated prohibits the County from having on deposit at any one time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by federal deposit insurance, or by pledged securities, with a market value of not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. Section 45-8-11 of the Official Code of Georgia Annotated allows the Finance Director of the County, in his or her discretion, to waive the requirement for security in the case of operating funds placed in demand deposit checking accounts.

The County presently deposits its general funds with Oconee State Bank, Watkinsville, Georgia. The County may, in its discretion, but subject to the provisions of Georgia law described in the above paragraph, deposit these funds with other financial institutions.

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## COUNTY DEBT STRUCTURE

### Summary of County Debt By Category

Set forth below is information concerning the tax-supported debt of the County following the issuance of the Series 2022 Bonds. In addition to the County's debt obligations, property owners in the County are responsible for any debt obligations of other taxing entities in the proportion to which the jurisdiction of the County overlaps such entities. Also set forth below is the estimated overlapping tax-supported debt of such overlapping entities as of July 1, 2021. Although the County has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity which has this information available, and the amounts are based on information supplied by others. The information set forth below should be read in conjunction with the County's financial statements included as Appendix A hereto.

<u>Category of Debt</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to County</u>	<u>Amount Applicable to County</u>
<u>Direct Debt</u>			
County			
<i>Intergovernmental Contract</i> <sup>(1)</sup>			
Oconee County Industrial Development Authority (2012) <sup>(2)</sup>	\$475,000	100%	\$475,000
Oconee County Industrial Development Authority (2016) <sup>(2)</sup>	2,955,000	100%	2,955,000
Oconee County Industrial Development Authority (2020) <sup>(2)</sup>	7,790,000	100%	7,790,000
Series 2022 Bonds <sup>(3)</sup>	16,000,000*	100%	16,000,000*
Oconee County (Hard Labor Creek Reservoir Project) (2015) <sup>(5)</sup>	8,290,000	100%	8,290,000
Oconee County (Hard Labor Creek Reservoir Project) (2016) <sup>(5)</sup>	7,420,000	100%	7,420,000
Upper Oconee Basin Water Authority (2015AB) <sup>(6)</sup>	19,738,599.75	20.929%	3,960,202
Walton County Water and Sewer Authority (GEFA) <sup>(7)</sup>	27,922,734	28.8%	8,041,748
<i>Capital Lease</i>	1,200,000	100%	1,200,000
<i>General Obligation Bonds</i> <sup>(8)</sup>			
Series 2020 Bond	7,980,000	100%	7,980,000
Series 2022 Bonds	<u>12,500,000</u>	100%	<u>12,500,000</u>
Total Direct Debt	<u>\$76,611,951.05*</u>		<u>\$112,271,333.75*</u>
<u>Overlapping Debt</u>			
Oconee County School District			
<i>General Obligation</i> <sup>(8)</sup>			
Series 2022 Bonds	\$49,000,000	100%	\$49,000,000
Total Overlapping Debt	<u>\$49,000,000</u>		<u>\$49,000,000</u>
TOTAL DIRECT AND OVERLAPPING	<u>\$125,611,951.05*</u>		<u>\$161,271,333.75*</u>

(1) Intergovernmental contracts under Georgia law, while not "debt," are binding obligations of the governmental entity to make payments.

- (2) Includes intergovernmental contracts with the Oconee County Industrial Development Authority for the Oconee County Industrial Development Authority Taxable Revenue Bonds (Economic Development Projects), Series 2012 (the “Series 2012 Bonds”), the Oconee County Industrial Development Authority Revenue Bond (Oconee County Economic Development Project), Series 2016, and the Oconee County Industrial Development Authority Taxable Refunding Revenue Bond (Economic Development Project), Series 2020 (the “Series 2020 Bond”). Under the intergovernmental contracts for the Series 2012 Bonds and the Series 2020 Bond, the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the payments required by such contracts; provided, however, that such tax shall not exceed one mill per dollar, or such greater millage as may hereafter be prescribed by applicable law, upon the assessed value of taxable property in the County in accordance with O.C.G.A. §48-5-220(20).
- (3) Under the intergovernmental contract for the Series 2022 Bonds, the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the payments required by such contracts; provided, however, that such tax shall not exceed one mill per dollar, or such greater millage as may hereafter be prescribed by applicable law, upon the assessed value of taxable property in the County in accordance with O.C.G.A. §48-5-220(20) and the amount of the payments to be made under the intergovernmental contract shall be limited to the reported local option sales tax collections at the Costco Project.
- (4) Simultaneously with the issuance of the Series 2022 Bonds, the Authority anticipates that it will issue and deliver its Subordinate Taxable Revenue Note (Economic Development Project), Series 2022 as payment for a portion of the purchase price for the land that that the Authority is purchasing from the Developer in connection with the issuance of the Series 2022 Bonds. Payment of the principal of and interest on the Series 2022 Subordinate Note will not be made until the principal of and interest on the Series 2022 Bonds have been paid in full.
- (5) Includes intergovernmental contracts with the Walton County Water and Sewerage Authority for the Walton County Water and Sewerage Authority Refunding Revenue Bonds (Oconee – Hard Labor Creek Reservoir Project), Series 2015 and the Walton County Water and Sewerage Authority Revenue Bonds (Oconee – Hard Labor Creek Reservoir Project), Series 2016 (collectively, the “Hard Labor Creek Bonds”). It is intent that the principal and interest on the Hard Labor Creek Bonds will be paid from the revenues of the County’s water and sewer system. The County will not collect ad valorem taxes to pay the Hard Labor Creek Bonds unless the revenues of the water and sewer system are insufficient.
- (6) Includes an intergovernmental contract with the Upper Oconee Basin Water Authority in connection with the Upper Oconee Basin Water Authority Revenue Bonds, Series 2015A (the “UOBWA Series 2015A Bonds”), the Upper Oconee Basin Water Authority Taxable Revenue Bonds, Series 2015B (the “UOBWA Series 2015B Bonds” and, together, with the UOBWA Series 2015A Bonds, the “UOBWA Bonds”). The County is obligated to pay 20.929% of the debt service for the UOBWA Bonds. It is intent that the principal and interest on the UOBWA Bonds will be paid from the revenues of the Upper Oconee Basin Water Authority’s respective water systems. The County will not collect ad valorem taxes to pay the UOBWA Bonds unless the revenues of the respective water systems are insufficient.
- (7) The Walton County Water and Sewer Authority (WCWSA) entered into a note payable with the Georgia Environmental Finance Authority (GEFA) during 2013. The County is obligated to pay 28.8% of the amounts payable under that note pursuant to an intergovernmental agreement that establishes the Hard Labor Creek Reservoir Project (HLC). The note allows for up to \$20,000,000 of borrowing, of which the County’s share would be \$5,760,000. The entire note balance has been drawn and is outstanding. In 2014, WCWSA entered into a second note payable with GEFA which allows for \$12,000,000 of borrowing, of which the County’s share would be \$3,456,000. WCWSA had drawn \$7,922,734 on the note and the County’s share was \$2,281,748. All money drawn to date is still outstanding at the end of the current fiscal year.
- (8) General obligation bonds are general obligations of the governmental entity to which its full faith and credit and tax powers are pledged.

There has never been a default in payment of the principal of or interest on any debt obligations of the County.

**Proposed Debt**

The County does not anticipate the need to issue any additional long-term indebtedness in the next three years.

**Tax Supported Debt Ratios**

The following table sets forth certain debt ratios, and assuming the issuance of the Series 2022 Bonds.

	<b>Direct Tax Supported Debt</b>	<b>Overlapping Debt</b>	<b>Overall Tax Supported Debt</b>
Per Capita Debt <sup>(1)</sup>	\$1,832.87	\$1,172.28	\$3,005.14
Percentage of Gross Tax Digest <sup>(2)</sup>	2.89%	1.85%	4.74%
Percentage of Estimated Fair Market Value <sup>(3)</sup>	1.16%	0.74%	1.90%
Per Capita Debt as Percentage of Per Capita Income <sup>(4)</sup>	2.55%	1.63%	4.19%

- (1) Based upon 2020 population figure of 41,799.
- (2) Based upon 2020 Gross Tax Digest of \$2,647,784,398.
- (3) Based on 2020 estimated fair market value of \$6,618,936,757.
- (4) Based upon 2020 per capita income figure of \$71,768.

**Limitations on County Debt**

The Constitution of the State of Georgia provides that the County may not incur long-term obligations payable out of general property taxes without the approval of a majority of the qualified voters of the County voting at an election called to approve the obligations, in addition, under the Constitution of the State of Georgia, the County may not incur long-term obligations payable out of general property taxes in excess of 10 percent of the assessed value of all taxable property within the County.

Short-term obligations (those payable within the same fiscal year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations are not subject to the legal limitations described above. In addition, refunded obligations cease to count against the County’s debt limitations.

As computed in the table below, based on its 2021 net M&O digest, the County could incur (upon necessary voter approval) approximately \$198,627,832 of long-term obligations payable out of general property taxes (or general obligation bonds).

**Computation of Legal Debt Margin**

	<b>2021</b>
Net M&O Digest	\$2,066,078,324
Debt Limit (10% of Assessed Value of Taxable Property)	\$206,606,832
<b>Less:</b> Amount of General Obligation Debt Outstanding Applicable to Debt Limit	\$7,980,000
Legal Debt Margin	\$198,627,832

**Property Tax Levies and Collections**

The following table reflects the tax levy and collection record on property in the County for the last five fiscal years.

Applicable Collection Period/ Fiscal Year	Current Year Tax Levy <sup>(1)</sup>	Current Year Tax Levy	Tax Collections <sup>(2)</sup> (During Applicable Collection Period/Fiscal Year)			Total Tax Collections	Collections from the Current Year <sup>(1)</sup> Tax Levy as a % of the Current Year <sup>1</sup> Tax Levy	Total Tax Collections as a % of the Current Year <sup>(1)</sup> Tax Levy
			Collections from Current Year <sup>(1)</sup> Tax Levy	Collections from Prior Years' Tax Levies	=			
2021	2020	\$15,305,125	\$15,118,267	+ \$93,027	=	\$15,211,294	98.78%	99.39%
2020	2019	14,242,233	14,155,565	+ 23,970	=	14,139,536	99.28	99.28
2019	2018	12,927,899	12,842,135	+ 66,509	=	12,908,644	99.34	99.85
2018	2017	11,856,668	11,755,363	+ 53,378	=	11,808,741	99.15	99.60
2017	2016	10,954,781	10,891,036	+ 27,095	=	10,918,130	99.42	99.67

<sup>(1)</sup> Current Year relates to the Calendar Year prior to the applicable Fiscal Year of collections. For example, for the collection period Fiscal Year 2020, Current Year relates to Calendar Year 2019.

<sup>(2)</sup> Tax collection amounts shown are net of a collection fee of 2.50% paid to the County.

Source: Oconee County Tax Commissioner.

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