

**FIRST SUPPLEMENT TO INTERGOVERNMENTAL CONTRACT -  
RESERVOIR PROJECT**

This **FIRST SUPPLEMENT TO INTERGOVERNMENTAL CONTRACT - RESERVOIR PROJECT** (this "First Supplement") is entered into as of the 1<sup>st</sup> day of April, 2008, between **OCONEE COUNTY, GEORGIA** a political subdivision of the State of Georgia (the "County"), and **WALTON COUNTY WATER AND SEWERAGE AUTHORITY**, a body corporate and politic and an instrumentality of the State of Georgia (the "Authority").

**WHEREAS**, pursuant to a resolution of the Authority adopted on September 25, 2007 (the "Bond Resolution"), the Authority has authorized the issuance of Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Project) from time to time in one or more series in the aggregate principal amount outstanding at any time of not to exceed \$66,000,000 (the "Bonds"); and

**WHEREAS**, the County and the Authority have previously entered into an Intergovernmental Contract - Hard Labor Creek Reservoir Project, dated as of October 1, 2007 (the "Original Reservoir Contract"), pursuant to which the Authority has agreed to provide, or cause to be provided, certain services and facilities to the County, in exchange for which the County has agreed, subject to the terms of the Original Reservoir Contract, to pay amounts to the Authority or its assignee, which will be sufficient to pay amounts due on, among other obligations, the Bonds, and which amounts will be pledged to secure the payment of the Bonds; and

**WHEREAS**, pursuant to a supplemental resolution of the Authority adopted on March 25, 2008 (the "Supplemental Resolution"), the Authority has determined to issue a portion of the Bonds in the form of a series of bonds to be designated as "Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 (the "Series 2008 Bonds") to be issued in the aggregate principal amount of \$19,535,000 for the purpose of (i) financing or refinancing, in whole or in part, the cost of the acquisition, construction, and equipping of a new reservoir and related treatment, pumping and other facilities and other related facilities, including piping (the "Reservoir Project"); and (ii) paying all or a portion of the costs of issuance of the Series 2008 Bonds, including bond insurance premium; and

**WHEREAS**, the Series 2008 Bonds are proposed to be authorized and issued under a Trust Indenture, dated as of April 1, 2008 (the "Original Indenture"), between the Authority and Regions Bank, as trustee for the Series 2008 Bonds (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of April 1, 2008 (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"), between the Authority and the Trustee; and

**WHEREAS**, the County and the Authority propose to enter into this First Supplement to identify the Series 2008 Bonds as obligations secured by the Original Reservoir Contract with all the rights, benefits and securities granted thereunder and to provide for other related matters (the



Original Reservoir Contract, as supplemented by this First Supplement, the "Intergovernmental Contract");

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

1.

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

2.

This First Supplement shall become effective upon the date of issuance of the Series 2008 Bonds and shall continue in effect until the date when the principal of and the interest on all of the Series 2008 Bonds identified hereunder shall have been fully paid or shall be deemed to have been fully paid (within the meaning of the Indenture); but in no event shall the term of the Original Reservoir Contract, as supplemented by this First Supplement, extend for more than 50 years past the effective date of the Original Reservoir Contract.

3.

The Series 2008 Bonds are hereby identified as Bonds secured by the Original Reservoir Contract and shall have and be entitled to all the rights, benefits and securities granted thereunder. The Series 2008 Bonds shall mature on February 1, 2038, shall bear interest and shall be subject to mandatory sinking fund redemption and optional redemption as set forth on Exhibit A.

4.

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

5.

During the term of this Intergovernmental Contract, on or before the fifth Business Day prior to an optional payment date, the County shall pay directly to the Trustee an amount of money equal to the amount of principal and interest which will become due and payable with respect to the Series 2008 Certificates on the applicable optional payment date.

6.

During the term of this Intergovernmental Contract, should there be a shortfall in the Debt Service Reserve Fund as a result of a transfer of amounts from the Debt Service Reserve

Fund to the Sinking Fund to pay amounts due on any series of Bonds, the County shall make deposits to the Debt Service Reserve Fund in twelve equal monthly installments, such that the amounts so deposited, when added to the amounts on deposit in the Debt Service Reserve Fund will equal the Reserve Requirement.

7.

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

8.

The County may direct the Authority to effect an optional redemption under the Indenture. If the County does so direct, the County, in accordance with Section 7 hereof, must prepay sufficient amounts to the Authority to enable the Authority to effect such redemption.

9.

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

10.

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

11.

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

12.

The Original Contract is in all respects hereby ratified and confirmed.

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

OCONEE COUNTY, GEORGIA


By: Melvin G. Davis  
Chairman  
Board of Commissioners

Attest:

Genia M. Lindsey  
Clerk, Board of Commissioners

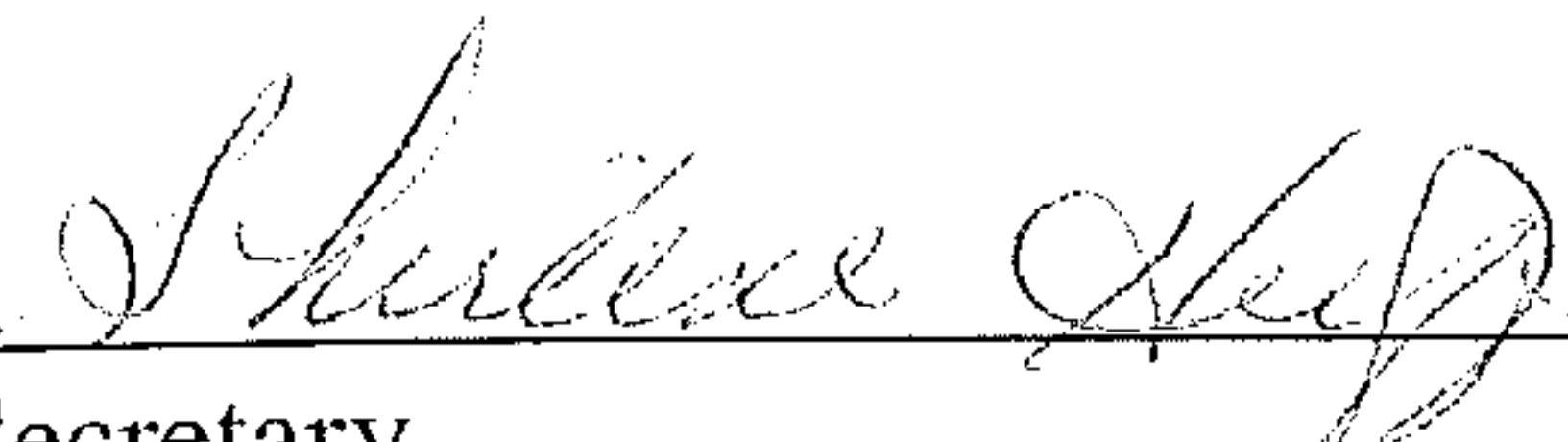


WALTON COUNTY WATER AND  
SEWERAGE AUTHORITY

By:   
Chairman

(SEAL)

Attest:

  
Secretary

BOND PRICING

Walton County Water and Sewerage Authority  
 Series 2008 (Oconee- Hard Labor Creek Project)

March 25, 2008

FINAL NUMBERS PENDING INS VERIFICATION

Preliminary/Subject to Change

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial 2015-2023:									
	02/01/2015	470,000	4.000%	3.390%	103.687				17,328.90
	02/01/2016	485,000	4.000%	3.590%	102.773				13,449.05
	02/01/2017	505,000	4.000%	3.800%	101.484				7,494.20
	02/01/2018	525,000	4.000%	3.970%	100.237				1,244.25
	02/01/2019	545,000	4.125%	4.170%	99.606				-2,147.30
	02/01/2020	570,000	4.250%	4.280%	99.718				-1,607.40
	02/01/2021	595,000	4.375%	4.375%	100.000				
	02/01/2022	620,000	4.250%	4.500%	97.441				-15,865.80
	02/01/2023	645,000	4.500%	4.590%	99.033				-6,237.15
		<u>4,960,000</u>							<u>13,658.75</u>
Term Bond 2028:									
	02/01/2024	675,000	5.000%	4.950%	100.378 C	4.969%	02/01/2018	100.000	2,551.50
	02/01/2025	710,000	5.000%	4.950%	100.378 C	4.969%	02/01/2018	100.000	2,683.80
	02/01/2026	745,000	5.000%	4.950%	100.378 C	4.969%	02/01/2018	100.000	2,816.10
	02/01/2027	780,000	5.000%	4.950%	100.378 C	4.969%	02/01/2018	100.000	2,948.40
	02/01/2028	820,000	5.000%	4.950%	100.378 C	4.969%	02/01/2018	100.000	3,099.60
		<u>3,730,000</u>							<u>14,099.40</u>
Term Bond 2038:									
	02/01/2029	860,000	5.000%	5.100%	98.468				-13,175.20
	02/01/2030	905,000	5.000%	5.100%	98.468				-13,864.60
	02/01/2031	950,000	5.000%	5.100%	98.468				-14,554.00
	02/01/2032	1,000,000	5.000%	5.100%	98.468				-15,320.00
	02/01/2033	1,050,000	5.000%	5.100%	98.468				-16,086.00
	02/01/2034	1,100,000	5.000%	5.100%	98.468				-16,852.00

BOND PRICING

Walton County Water and Sewerage Authority  
 Series 2008 (Oconee- Hard Labor Creek Project)

March 25, 2008

FINAL NUMBERS PENDING INS VERIFICATION

Preliminary/Subject to Change

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Term Bond 2038:									
	02/01/2035	1,155,000	5.000%	5.100%	98.468				-17,694.60
	02/01/2036	1,215,000	5.000%	5.100%	98.468				-18,613.80
	02/01/2037	1,275,000	5.000%	5.100%	98.468				-19,533.00
	02/01/2038	1,335,000	5.000%	5.100%	98.468				-20,452.20
		<u>10,845,000</u>							<u>-166,145.40</u>
		19,535,000							-138,387.25

Dated Date	04/02/2008
Delivery Date	04/02/2008
First Coupon	08/01/2008
Par Amount	19,535,000.00
Original Issue Discount	-138,387.25
Production	19,396,612.75
Underwriter's Discount	-67,395.75
Purchase Price	19,329,217.00
Accrued Interest	
Net Proceeds	19,329,217.00