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March 3, 2016

Oconee County Industrial Development Authority Watkinsville, Georgia

Oconee County, Georgia Watkinsville, Georgia

South State Bank Athens, Georgia

Re: \$4,285,000 Oconee County Industrial Development Authority Revenue Bond (Oconee County Economic Development Project), Series 2016

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Oconee County Industrial Development Authority (the "Authority") of \$4,285,000 in principal amount of its Revenue Bond (Oconee County Economic Development Project), Series 2016 (the "Series 2016 Bond"). We have examined the law and such certified proceedings, including a certified copy of the validation proceeding with respect to the Series 2016 Bond concluded in the Superior Court of Oconee County, Georgia, and such papers as we deem necessary to render this opinion.

The Series 2016 Bond is being issued pursuant to a resolution adopted by the Authority on February 8, 2016 (the "Bond Resolution"), for the purpose of providing funds to (i) finance the cost of acquiring, constructing, reconstructing, improving, bettering, or extending certain road projects in Oconee County, Georgia (the "Project"), and (ii) pay the costs of issuing the Series 2016 Bond.

The Authority and the County have entered into an Intergovernmental Contract, dated as of March 1, 2016 (the "Contract"), under which the Authority has agreed to issue the Series 2016 Bond to provide funds to acquire, construct, reconstruct, improve, better, or extend the Project and to acquire and construct the Project and sell it to the County, and the County has agreed, among other things, to pay to the Authority for its services funds sufficient to pay the principal of and interest on the Series 2016 Bond as and when the same become due and payable (the "Contract Payments"). Under the terms of the Contract, the County has agreed to levy a tax, if necessary, unlimited as to rate or amount on all taxable property located in the County, sufficient to make the payments required to be made pursuant to the Contract.

The Series 2016 Bond does 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 2016 Bond shall not be payable from, nor a charge upon, any funds other than the moneys to be received from the County under the Contract and pledged to the payment thereof under the Bond Resolution. No holder of the Series 2016 Bond 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 2016 Bond 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 2016 Bond 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 Bond Resolution and the Contract, and to issue the Series 2016 Bond.
- 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 Bond Resolution had been duly adopted 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. Pursuant to the Contract, the County is obligated to levy an ad valorem property tax on all property in the County subject to such tax, unlimited as to rate or amount in order to pay the Contract Payments.
- 5. The Series 2016 Bond has been duly authorized, executed and delivered by the Authority and is a valid and binding limited obligation of the Authority payable solely from the Contract Payments. Under the terms of the Bond Resolution, the Authority has validly pledged the Contract and the Contract Payments to the payment of the Series 2016 Bond.

- The interest on the Series 2016 Bond is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for purposes of computing alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2016 Bond in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the County have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2016 Bond in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2016 Bond. We express no opinion with respect to any other federal income tax consequences arising with respect to the Series 2016 Bond.
- 7. Under existing statutes, the interest on the Series 2016 Bond is exempt from all present state income taxation within the State of Georgia.

The rights of the holder of the Series 2016 Bond and the enforceability thereof and of the Bond Resolution 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.

Very truly yours,

GRAY, PANNELL & WOODWARD LLP

By:

Partner