
INTERGOVERNMENTAL CONTRACT

by and between

DOWNTOWN SAVANNAH AUTHORITY

and

MAYOR AND ALDERMEN
OF THE CITY OF SAVANNAH

dated as of September __, 2017

relating to the

DOWNTOWN SAVANNAH AUTHORITY (GEORGIA)
REVENUE BOND (CITY OF SAVANNAH STREET IMPROVEMENT PROJECT),
SERIES 2017

in the principal amount of \$6,585,000

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INTERGOVERNMENTAL CONTRACT

THIS INTERGOVERNMENTAL CONTRACT (this “**Contract**”), dated as of September __, 2017, made and entered into by and between the DOWNTOWN SAVANNAH AUTHORITY, an instrumentality of the State of Georgia and a public corporation thereof (the “**Authority**”), and the MAYOR AND ALDERMEN OF THE CITY OF SAVANNAH, a municipal corporation and a political subdivision of the State of Georgia (the “**City**”);

WITNESSETH:

WHEREAS, the Authority has been created pursuant to an amendment to the Constitution of the State of Georgia (Ga. Laws 1974, p. 1738) and the Authority's powers have been further defined pursuant to an act of the General Assembly of Georgia (Ga. Laws 1981, p. 4041) (collectively, the “**Act**”), and

WHEREAS, pursuant to Article IX, Section III, Paragraph I of the Constitution of the State of Georgia, any municipality or other political subdivision of the State of Georgia may contract for any period not exceeding fifty years with any public authority for joint services, for the provision of services or for the joint or separate use of facilities or equipment, provided such contracts deal with activities, services or facilities which the contracting parties are authorized by law to undertake or provide; and

WHEREAS, under the Act, the Authority is empowered to undertake “projects” which include the acquisition, construction, equipping, maintenance, and operation of any public project or other public facility and any and all other facilities useful or desirable in connection with such undertakings, all for the essential public purposes of development and promotion of public welfare, trade, commerce, etc., in the City of Savannah; and

WHEREAS, under the Act, the Authority is further empowered to make contracts for the construction of projects or with respect to the use of projects which it causes to be erected or acquired and to contract with the City upon such terms and for such purposes as may be deemed advisable for a term not exceeding 50 years; and

WHEREAS, under the Act, the Authority is authorized to provide for the issuance of its revenue bonds for the purpose of paying all or any part of the cost of one or more projects and for the purpose of refunding bonds previously issued; and

WHEREAS, the City is authorized to levy taxes, without limitation as to rate or amount, and to expend tax monies of the City and other available funds and to obligate the City to make payment to the Authority of the amounts, and upon such terms as are provided for in this Contract; and

WHEREAS, the Act provides that revenue bonds issued by the Authority shall not be deemed to constitute a debt of the State of Georgia or any municipality or political subdivision thereof which may contract with the Authority, and that no contract entered into by the Authority with any such municipality or political subdivision shall create a debt of such municipality or political subdivision within the meaning of Article IX, Section V, Paragraph I of the Constitution of the State of Georgia, but any such municipality or political subdivision may obligate itself to

make the payments required under such contract from money received from taxes and from any other source without creating a debt within the meaning of Article IX, Section V, Paragraph I of the Constitution of the State of Georgia; and

WHEREAS, in furtherance of the purposes of the Act, on behalf of and at the request of the City, and pursuant to a bond resolution adopted by the Authority on August 31, 2017 (the “**Resolution**”), the Authority proposes to issue its REVENUE BOND (CITY OF SAVANNAH STREET IMPROVEMENT PROJECT), SERIES 2017 (the “**Bond**”) in the principal amount of \$6,585,000 to provide funds and services for the purposes of (i) financing the acquisition and construction of improvements to Gwinnett Street in the downtown area of the City (the “**Project**”) and (ii) paying the expenses incurred in connection with the issuance of the Bond; and

WHEREAS, the Bond, which will be issued as a single instrument bond, shall contain such terms and provisions as provided in the Resolution; and

WHEREAS, the Authority and the City propose to enter into this Contract, pursuant to which the Authority will agree to issue the Bond to provide funds for the above-described purposes and to provide facilities and services for the citizens of the City, including the acquisition, construction, and equipping of the Project; and the City, in consideration of the Authority’s doing so, will agree to pay to the Authority from its general fund or from the proceeds of a tax levied on all taxable property located within the boundaries of the City, at such rate or rates as may be necessary to make the payments to the Authority for its services as called for pursuant to this Contract in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bond.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, covenants, and agreements hereinafter set forth, the Authority and the City hereby agree as follows; provided, that in the performance of the covenants and agreements of the Authority herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt of the Authority but shall be payable solely out of the proceeds derived from the sale of the Bond and the revenues and receipts derived from this Contract:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. All words and phrases defined in Section 101 of the Resolution shall have the same meanings in this Contract.

Section 1.02. Rules of Construction. The definitions referred to in Section 1.01 shall be equally applicable to both the singular and the plural forms of the terms therein defined and shall cover all genders.

“**Herein,**” “**hereby,**” “**hereunder,**” “**hereof,**” “**hereinbefore,**” “**hereinafter,**” “**this Contract,**” and other equivalent words refer to this Contract and not solely to the particular portion thereof in which any such word is used.

All references herein to particular Articles or Sections are references to Articles or Sections of this Contract unless otherwise specified.

[END OF ARTICLE I]

ARTICLE II

REPRESENTATIONS, WARRANTIES, AND AGREEMENTS

Section 2.01. Representations, Warranties, and Agreements of the Authority. The Authority represents, warrants, and agrees that:

(a) The Authority is a public body corporate and politic created and existing under the Act and, unless otherwise required by law, shall maintain its corporate existence so long as any Bond are Outstanding. Under the provisions of the Act, the Authority is authorized to enter into and carry out the transactions contemplated by this Contract and the Resolution;

(b) The Authority and the City heretofore have agreed that the Authority will provide financing and services for the undertakings described in the preamble to this Contract by the issuance of the Bond as set forth in the Resolution;

(c) There is no litigation or proceeding pending, or to the knowledge of the Authority threatened, against the Authority or against any other party which would have a material adverse effect on the right of the Authority to execute this Contract or the ability of the Authority to comply with any of its obligations under the Bond, this Contract, the Resolution, or any other documents contemplated to be executed by the Authority in connection with the issuance and delivery of the Bond;

(d) This Contract, upon execution of the same, will constitute the legal, valid, and binding obligation of the Authority in accordance with its terms, and performance by the Authority of its obligations hereunder will not violate, or result in a breach of any of the provisions of, or constitute a default under, any agreement or instrument to which the Authority is a party or by which the Authority is bound;

(e) The Authority has not made, done, executed, or suffered, and warrants that it will not make, do, execute, or suffer, any act or thing whereby the Authority's or the City's title to or interest in the Project will or may be impaired or encumbered in any manner except as permitted herein and the Resolution and except for acts or things done or permitted by the City; and

(f) Except as herein and in the Resolution provided, the Authority will not encumber any part of its interest in the Project or in the Revenues payable under this Contract or its rights under this Contract. The pledge made in the Resolution of the Revenues payable under this Contract constitutes a first and prior pledge of and lien on said Revenues and said pledge shall at no time be impaired by the Authority and the Revenues shall not otherwise be pledged.

Section 2.02. Representations, Warranties, and Agreements of the City. The City represents, warrants and agrees as follows:

(a) The City is a municipal corporation and a political subdivision of the State, having power to enter into and execute, deliver and perform this Contract, and, by proper action of its governing body, has authorized the execution and delivery of this Contract and the taking of any and all such actions as may be required on its part to carry out, give effect to, and consummate the transactions contemplated by this Contract and the Resolution, and no approval

or other action by any governmental authority, agency or other person is required in connection with the delivery and performance of this Contract by it except as shall have been obtained as of the date of delivery of the Bond;

(b) There is no litigation or proceeding pending, or to the knowledge of the City threatened, against or affecting the City, nor to the best of the knowledge of the City is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Contract or which, in any way, would adversely affect the validity or enforceability of the Bond, this Contract, the Resolution or any other documents contemplated to be executed in connection with the issuance and delivery of the Bond;

(c) This Contract, upon execution of the same, will constitute the legal, valid and binding obligation of the City enforceable in accordance with its terms, and performance by the City of its obligations hereunder will not violate, or result in a breach of any of the provisions of, or constitute a default under, any agreement or instrument to which the City is a party or by which the City is bound; and

(d) No actions will be taken by the City which shall in any way impair the exclusion of interest on any of the Bond from federal income taxation.

[END OF ARTICLE II]

ARTICLE III

ISSUANCE OF BOND

Section 3.01. The Bond. In order to provide funds for the purposes set forth in the preamble to this Contract, the Authority will, in accordance with the Act, issue the Bond, and all of the covenants, agreements, and provisions hereof shall, to the extent provided herein and in the Resolution, be for the benefit and security of the owner of the Bond.

Section 3.02. Date, Denomination, and Maturity. The Bond will be issued in registered form and will mature and be paid pursuant to the provisions of Article II of the Resolution. Interest on the Bond will be paid to the person or persons and in the manner stated in the Bond and in the Resolution, until the obligation of the Authority with respect to the payment of the principal of the Bond shall be discharged in accordance therewith.

Section 3.03. Obligations Relating to the Resolution and the Bond. The City agrees to perform all undertakings and obligations which are contemplated or required to be performed by the City pursuant to the provisions of the Resolution.

Section 3.04. Application of Bond Proceeds. At and upon the delivery of and payment for the Bond, the proceeds received therefrom shall be applied in accordance with the provisions of Section 511 of the Resolution.

[END OF ARTICLE III]

ARTICLE IV

FINANCING OF THE PROJECT; CONSTRUCTION

Section 4.01. The Project; Financing of the Project. The Authority, in providing its services hereunder, agrees to acquire and construct the Project, or to cause the Project to be acquired and constructed, with a portion of the proceeds of the Bond. The Authority hereby agrees to finance the cost of the Project in accordance with the provisions hereof and of the Act. The City agrees to make the payments provided for in Section 5.01 in accordance with the provisions of this Contract.

Section 4.02. Completion of the Project. The City, as sole and exclusive agent of the Authority, agrees to undertake the acquisition and construction of the Project in accordance with the Plans and Specifications; and the City hereby agrees to undertake and complete the Project on behalf of the Authority with due diligence. Payment therefor shall be made from the Construction Fund in accordance with the provisions of Section 4.03.

Section 4.03. Disbursements from the Construction Fund. The Authority hereby appoints the City as agent of the Authority to make disbursements from the Construction Fund to pay the Cost of Construction. Such disbursements shall be made only upon the execution and filing with the City of a requisition signed by the City Representative stating (i) the requisition number, (ii) the name and address of the person, firm or corporation (which may include the City) to whom payment is due or was made, (iii) the amount paid or to be paid, (iv) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Construction Fund, and (v) that each item for which payment is proposed to be made is a proper charge against the Construction Fund in accordance with the provisions of the Resolution and this Contract.

Section 4.04. Establishment of Completion Date. At such time as the Project is completed, the City shall so notify the Authority by a certificate executed by the City Representative. Such certificate shall establish the Completion Date and shall state that, except for any amounts retained by the City for any Cost of Construction not then due and payable or the liability for payment of which is being contested or disputed by the City (i) the Project has been completed substantially in accordance with the Plans and Specifications and all the Cost of Construction has been paid, (ii) all other facilities necessary in connection with the Project have been acquired, constructed and installed in accordance with the Plans and Specifications and (iii) payment has been made for all labor, services, materials, and supplies used in connection with the Project. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date thereof or which may subsequently come into being. Upon completion of the Project, title thereto shall vest in its entirety in the City.

Section 4.05. Completion of the Project if Construction Fund Insufficient. If money in the Construction Fund available for payment of the Cost of Construction is not sufficient to pay the Cost of Construction in full, the City shall use its best efforts to cause the Project to be completed and the City shall pay that portion of the Cost of Construction in excess of the money available therefor in the Construction Fund. The Authority does not make any warranty, either

express or implied, that the money which will be paid into the Construction Fund will be sufficient to pay all the Cost of Construction. If the City pays any portion of the Cost of Construction pursuant to this Section 4.05, it shall not be entitled to any reimbursement therefor from the Authority or from holders of any Bond, nor shall it be entitled to any diminution in or postponement of the payments required to be paid under Article V.

Section 4.06. Plans and Specifications. The Plans and Specifications are on file with the City, and any amendments thereto shall be filed with the City. The City may revise the Plans and Specifications at any time and from time to time prior to the Completion Date, provided that no such change shall render inaccurate any of the representations contained in this Contract.

Section 4.07. Investment of Money. Any money held as a part of the Construction Fund or Debt Service Fund shall be invested or reinvested as directed by the City Representative in accordance with Article VI of the Resolution.

Section 4.08. Tax Covenants. The City hereby covenants and represents to the Authority for the benefit of each holder of the Bond that:

(a) It will not expend the proceeds from the sale of the Bond nor take any other action which would cause the interest on the Bond to be included in the gross income of the owners thereof for federal income tax purposes.

(b) It will not make, or permit, any use of the proceeds from the issue and sale of the Bond which would cause the Bond to be classified as an “arbitrage bond” within the meaning of § 148(a) of the Code and any Treasury Regulations promulgated thereunder as such provisions may apply to obligations issued as of the date of issuance of the Bond.

(c) It will comply with, and take such action and make such payments as may be permitted or required by § 148(f) of the Code, to ensure that the Bond does not constitute an “arbitrage bond” within the meaning of § 148(a) of the Code.

(d) It will comply with all requirements of the Code that must be satisfied in order for the Bond to remain excluded from federal income taxes.

[END OF ARTICLE IV]

ARTICLE V

CONTRACT PAYMENTS BY THE CITY

Section 5.01. Contract Payments by the City. Pursuant to this Contract, the City agrees to provide funds sufficient to pay the following:

(a) the principal of, premium, if any, and interest due on the Bond, upon maturity, redemption, or otherwise. All such payments shall be made in accordance with the terms of the Home Office Payment Agreement in lawful money of the United States of America in immediately available funds on or before the date on which due;

(b) the reasonable fees of the Paying Agent and Bond Registrar as provided in the Resolution. Said fees and expenses shall be paid when due directly to the Paying Agent and Bond Registrar for its own account; and

(c) any payments which may be required by Section 4.08(c).

Each payment to be made by the City hereunder is to be made on a parity with every other payment hereunder.

Section 5.02. Credits. Any amounts in the Debt Service Fund prior to any date fixed for redemption of the Bond shall be credited against the payments due by the City under this Contract, and any amount in the Debt Service Fund on any redemption date in excess of the amount required to pay the principal of, redemption premium, if any, and interest on Bond on such date shall be applied as provided for in Section 505(b) of the Resolution.

If the Bond is called for redemption, any funds held in the Construction Fund shall be deposited in the Debt Service Fund and said funds together with all other amounts in the Construction Fund and the Debt Service Fund one Business Day prior to the redemption date shall be credited against the payments due by the City under Section 5.01(a).

Section 5.03. Place of Payments. The payments to be made pursuant to Section 5.01(a) shall be paid directly to the owner of the Bond pursuant to the terms of the Home Office Payment Agreement. The payments to be made pursuant to subsections (b) and (c) of Section 5.01 shall be paid directly to the party to whom such payment is to be made for its own use.

Section 5.04. Taxes and Other Governmental Charges. The City will pay promptly, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project.

Section 5.05. City's Obligations Unconditional.

(a) The obligations of the City to make payments required in this Article V on the dates and in the manner herein specified and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, regardless of any contingencies whatever and notwithstanding any circumstances or occurrences that may arise or take place hereafter, and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise. Until such time as the principal of and interest on the Bond shall have been paid or

provision for such payment shall have been made in accordance with the Resolution, the City (i) will not suspend or discontinue any payments for which provision is made in Section 5.01, (ii) will perform and observe all of its other covenants and agreements contained in this Contract, and (iii) will not terminate this Contract for any cause including, without limiting the generality of the foregoing, impossibility or illegality of performance on the part of the Authority of any of its obligations hereunder or under the Resolution, any acts or circumstances that may constitute failure of consideration, *force majeure*, destruction of or damage to the Project or any part thereof, frustration of purpose, the unavailability for use by the City on the date hereof or on any date hereafter of the Project, any change in the tax or other laws of the United States of America or the State of Georgia or any political subdivision thereof, 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 this Contract or out of the Resolution.

(b) The City will bear all risk of damage to, or destruction in whole or in part, of the Project or any part thereof including without limitation any loss, complete or partial, or interruption in the use or operation thereof or any manner or thing which for any reason interferes with, prevents or renders burdensome the use thereof or the compliance by the City with any of the terms of this Contract.

Section 5.06. City's Remedies. If the Authority shall fail to perform any of its agreements in this Contract, the City may institute such action against the Authority as the City may deem necessary to compel such performance so long as such action shall not affect, impair or diminish the obligation of the City to make the payments provided for herein, which obligation shall be absolute, unconditional and irrevocable. The City may at its own cost and expense, and in its own name, prosecute or defend any action or proceedings against third parties or take any other action which the City deems reasonably necessary to secure or protect its rights of possession and use of the Project, in which event the Authority agrees to cooperate fully with the City.

Section 5.07. Tax Levy to Make Payments. The City will exercise its power of taxation to the extent necessary to pay the amounts required to be paid hereunder and will make available and use for the payment of its obligations incurred hereunder all such taxes levied and collected for that purpose together with funds received from any other source. The City, in order to make such funds available for such purpose in each fiscal year, will in its general revenue, appropriation and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for in each fiscal year during the term of this Contract, include sums sufficient to satisfy the payments required to be made under this Contract, whether or not any other sums are included in such measure, until all payments required to be made hereby shall have been made in full. The obligation of the City to make the payments provided for pursuant to the terms of this Contract shall constitute a general obligation of the City and a pledge of the full faith and credit of the City to provide the funds required to fulfill such obligation.

Section 5.08. Prior Lien of the Bond. The Authority will not hereafter issue any other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenue derived from this Contract superior to the lien created in the Resolution for the payment of the Bond.

[END OF ARTICLE V]

ARTICLE VI

MAINTENANCE, REPAIR, AND MODIFICATION OF THE PROJECT BY CITY

Section 6.01. Maintenance and Repair. The City, at its own expense, will from time to time, in the discretion of the City, make all needed and proper repairs, replacements, additions, betterments, modifications and improvements to the Project so that the use thereof shall at all times be conducted properly.

Section 6.02. Removal of Equipment. Neither the Authority nor the City is under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary equipment or other personalty forming a part of the Project. In any instance where the City in its discretion determines that any items of such equipment or personalty have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the City may remove such items of such equipment or personalty, and the City may sell, trade, exchange, or otherwise dispose of such items, as a whole or in part, without any responsibility or accountability to the Authority, and upon such determination said equipment or personalty shall no longer be a part of the Project.

Section 6.03. Liens. Neither the Authority nor the City will permit any lien, debt, pledge, assessment, encumbrance, or charge ranking equally with or superior to the charge or lien created by the Resolution upon the payments provided for in Article V. All lawful claims and demands for labor, materials, supplies, or other charges or assessments which if unpaid might by law become a lien upon the Project will be promptly paid or discharged by the City, or adequate provisions will be made to satisfy and discharge the same promptly after the same shall accrue; provided, however, that the City may, at its own expense and in its own name and behalf or in the name and behalf of the Authority, in good faith and by appropriate legal proceedings contest any such lien, charge, or assessment and, in the event of such contest, may permit such lien, charge or assessment so contested to remain unpaid during the period of such contest and any appeal therefrom. The Authority will cooperate fully with the City in any such contest.

[END OF ARTICLE VI]

ARTICLE VII

INDEMNITY

Section 7.01. Indemnification; Immunity of Members of the Authority.

(a) During the term of this Contract, the City, at its own expense, shall handle to conclusion all claims and pay all judgments obtained against the City or the Authority by reason of (i) any injury to or death of any person or damage to property occurring on or about any facilities constituting the Project or any part thereof occasioned by or growing out of or arising or resulting from any tortious or negligent act on the part of the City, its agents or employees in connection with the operation, management or maintenance of any facilities constituting a part of the Project; (ii) any use, non-use, condition of, or defect in any facilities constituting a part of the Project; and (iii) any failure, breach, or default on the part of the City in the performance of or compliance with any of the obligations of the City under the terms of this Contract; provided, however, that the indemnity provided by this Section 7.01 shall be effective only to the extent that the amount of liability arising from any such loss shall exceed the proceeds available therefor obtained from insurance carried with respect to such loss.

(b) Notwithstanding the fact that it is the intention of the parties that the Authority shall not incur any pecuniary liability by reason of the terms of this Contract or the undertakings required of the Authority hereunder by reason of the issuance of the Bond, the adoption of the Resolution, or the performance of any act requested of the Authority by the City; nevertheless, if the Authority should incur any such pecuniary liability, then in that event, the City shall indemnify and hold the Authority harmless against all claims, demands, or causes of action arising therefrom and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and, upon notice from the Authority, the City shall defend the Authority in any such action or proceeding.

(c) No recourse shall be had for the enforcement of any obligation, covenant, or agreement of the Authority contained in this Contract or in the Bond or the Resolution for any claim based hereon or thereon against any member, officer, or employee of the Authority or of any successor thereto, in his individual capacity, either directly or through the Authority whether by virtue of any constitutional provision, statute, or rule of law. This Contract, the Bond, and the Resolution are solely corporate obligations, and no personal liability shall attach to or be incurred by, any member, officer, or employee of the Authority or of any successor thereto, either directly or by reason of the obligations, covenants or agreements entered into between the Authority and the City, and all personal liability of any character against every such member, officer, and employee is, by the execution of this Contract, expressly waived and released. The immunity of members, officers, and employees of the Authority under the provisions contained in this Section 7.01 shall survive the completion of the acquisition and construction of the facilities constituting the Project and the termination of this Contract.

[END OF ARTICLE VII]

ARTICLE VIII

DEFAULT; REMEDIES

Section 8.01. Events of Default Defined. The following shall be “events of default” under this Contract and the term “event of default” shall mean, whenever used in this Contract, any one of the following events:

(a) failure by the City to pay when due any amount required to be paid under Section 5.01(a);

(b) The City shall fail to perform any of the other agreements, conditions, covenants, or terms herein required to be performed by the City and such default shall continue for a period of thirty days after written notice has been given to the City by the Authority, the Paying Agent, or the Bondholders specifying such default and requesting that it be remedied, or within a greater number of days if such remedy has been undertaken and is being diligently pursued and more than thirty days is required for its completion; provided, however, that if, by reason of force majeure, the City is unable, in whole or in part, to perform the obligations on its part herein undertaken (other than the obligations relating to the payments to be made under Section 5.01(a)), the City shall not be deemed in default during the continuance of such inability to perform. The term *force majeure* shall mean, without limitation, acts of God; strikes; work stoppages or similar disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes, fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery or equipment; partial or entire failure of utilities, or any other cause or event not reasonably within the control of the City. The City will, however, use its best efforts to remedy, with all reasonable dispatch, the cause or causes preventing the City from carrying out such obligation; provided, that the settlement of strikes, work stoppages and similar disturbances shall be entirely within the discretion of the City and the City shall not be required to make settlement of such disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the City, unfavorable to the City; and

(c) An “Event of Default” shall have occurred under the Resolution.

Section 8.02. Remedies on Default.

(a) If an event of default referred to in Section 8.01 occurs and is continuing, then and in every such case any Bondholder may, by written notice to the City, take whatever action at law or in equity may appear necessary or desirable to enforce the performance and observance of the obligation, agreement or covenant of the City then in default under this Contract, whether for specific performance of any covenant or agreement contained herein or therein or in aid of the execution of any power herein granted. No remedy conferred upon or reserved to the Bondholders in this subsection (a) 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 this Contract and now or hereafter existing at law or in equity or by statute, subject to the provisions of the Resolution.

(b) No delay or omission to exercise any right or power accruing upon any event of default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bondholders to exercise any respective remedy reserved to them in this Article VIII, it shall not be necessary to give any notice, other than any notice required herein.

(c) Any amounts collected pursuant to action taken under subsection (a) of this Section 8.02 shall be applied in accordance with the Resolution to the extent the provisions of the Resolution relate to such amounts.

Section 8.03. Attorneys' Fees and Expenses. If the City should default under any of the provisions of this Contract and the owners of a majority in principal amount of the Bond Outstanding shall employ attorneys or incur other expenses for the collection of the amounts payable hereunder or the enforcement, performance, or observance of any obligation or agreement on the part of the City herein contained, the City will, on demand therefor, pay the amount of the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred.

Section 8.04. No Waiver of Breach. If any agreement contained herein 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 hereunder.

Section 8.05. City Authorized to Cure Default of the Authority. With regard to any default on the part of the Authority under this Contract or under the Resolution, the Authority hereby vests the City with full power, for the account of the Authority, to perform any obligation in remedy of such default in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such acts.

Section 8.06. Failure to Enforce Agreement Not a Waiver. The failure of the Authority or the Bondholders to enforce any agreement, condition, covenant, or term by reason of any default or breach by the City shall not be deemed to void or affect the right to enforce the same agreement, condition, covenant, or term on the occasion of any subsequent default or breach.

[END OF ARTICLE VIII]

ARTICLE IX

PREPAYMENT

Section 9.01. Optional Prepayment. The City shall have, and is hereby granted, subject to the provisions of the Resolution, the option to prepay all or any portion of the amounts payable under Section 5.01(a), at the times and under the conditions provided for in the Resolution, by taking the actions required by of the Resolution to effect the full redemption of the Bond.

Section 9.02. Exercise of Optional Prepayment. To exercise the option granted in Section 9.01, the City shall give written notice to the Authority and the Bond Registrar of the exercise of such option and a direction to effect redemption of the Bond, which notice shall specify therein (i) the maturity date of the Bond, (ii) the date of redemption, which date shall not be less than 45 days from the date the notice is given, (iii) the principal amount of the Bond to be redeemed, (iv) the applicable redemption price or prices and (v) the provision or provisions of the Resolution pursuant to which the Bond is to be redeemed.

Upon receipt of a notice given by the City pursuant to this Section 9.02, the Bond Registrar shall forthwith take or cause to be taken all actions necessary under the Resolution to effect the redemption of Bond in accordance with such notice.

[END OF ARTICLE IX]

ARTICLE X

TERM; MISCELLANEOUS

Section 10.01. Term of this Contract. This Contract shall be in full force and effect from the date of delivery hereof until such time as the Bond shall have been paid or provision for such payment shall have been made in accordance with the Resolution and all payments due or to become due to the Paying Agent and Bond Registrar have been made.

Section 10.02. Notices. All notices or other communications required or permitted to be given pursuant to this Contract shall be in writing and shall be considered as properly given if mailed by first-class United States mail, postage prepaid, registered or certified with return receipt requested, by overnight delivery, by delivering same in person to the intended addressee, or by prepaid telegram, telex or telecopy. Notice so mailed shall be effective three days after its deposit. Notice given in any other manner, including overnight delivery and telecopy, shall be effective only if and when received by the addressee. Each such notice or other communication given hereunder shall be given to all of the other parties. For purposes of notice, the addresses of the parties shall be as set forth herein; provided, however, that hereinafter either party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of notice to the other party in the manner set forth hereinabove.

If to the Authority:	Downtown Savannah Authority P. O. Box 1027 Savannah, Georgia 31402 Attention: Secretary
If to the City:	Mayor and Aldermen of the City of Savannah P. O. Box 1027 Savannah, Georgia 31402 Attention: City Manager
With a copy to:	W. Brooks Stillwell 6 East Bay Street Gamble Building, 3rd Floor Savannah, Georgia 31401
If to the Bond Registrar Paying Agent:	The Bank of New York Mellon Trust Company, N.A. 10161 Centurion Parkway North Jacksonville, Florida 32256 Attention: Corporate Trust Department

Section 10.03. Binding Effect. This Contract shall inure to the benefit of and shall be binding upon the Authority, the City and their respective successors and assigns.

Section 10.04. Severability. If any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.05. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in any fund after payment in full of the principal of, premium, if any, and interest on the Bond (or provision for payment shall have been made as provided for in the Resolution), the fees, charges and expenses of the Paying Agent and Bond Registrar and all other amounts required to be paid under the Resolution, shall be paid to the City.

Section 10.06. Delegation of Duties by the Authority. It is agreed that under the terms of this Contract and also under the terms of the Resolution, the Authority has delegated certain responsibilities to the City. The fact of such delegation shall be deemed a sufficient compliance by the Authority to satisfy the responsibilities so delegated and the Authority shall not be liable in any way by reason of acts done or omitted by the City or the City Representative. The Authority shall have the right at all times to act in reliance upon the authorization, representation or certification of the City Representative.

Section 10.07. [Reserved].

Section 10.08. Amendments, Changes, and Modifications. Subsequent to the initial issuance of Bond and prior to the payment in full of the Bond, this Contract may not be amended, changed, modified, or altered except as provided in Article IX of the Resolution.

Section 10.09. Execution Counterparts. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.10. Captions. The captions or headings in this Contract are for convenience only and in no way define, limit, or describe the scope or intent of any provisions of this Contract.

Section 10.11. Law Governing Construction of Contract. This Contract shall be governed by, and construed in accordance with, the laws of the State.

[END OF ARTICLE X]

IN WITNESS WHEREOF, the Authority and the City have caused this Contract to be executed in their respective names and their respective seals to be hereunto affixed and attested by their respective duly authorized officers, all as of the date first above written.

DOWNTOWN SAVANNAH AUTHORITY

(S E A L)

By: _____
Chairman

Attest: _____
Secretary-Treasurer

MAYOR AND ALDERMEN
OF THE CITY OF SAVANNAH

(S E A L)

By: _____
City Manager

Attest: _____
Clerk of Council