

MAYOR AND ALDERMEN OF THE  
CITY OF SAVANNAH, GEORGIA

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MASTER BOND RESOLUTION

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Adopted June 11, 2026

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PROVIDING FOR ISSUANCE OF  
CITY OF SAVANNAH (GEORGIA)  
WATER AND SEWER REVENUE BONDS

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## MASTER BOND RESOLUTION

**THIS MASTER BOND RESOLUTION (THIS “RESOLUTION”), ADOPTED JUNE 11, 2026, BY THE MAYOR AND ALDERMEN OF THE CITY OF SAVANNAH (THE “CITY” OR THE “ISSUER”), PROVIDING FOR THE ISSUANCE OF CITY OF SAVANNAH (GEORGIA) WATER AND SEWER REVENUE BONDS, IN ONE OR MORE SERIES TO FINANCE OR REFINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE WATER AND SEWER SYSTEM (THE “SYSTEM”) FOR THE CITY; PROVIDING FOR THE ISSUANCE OF ADDITIONAL BONDS AND INCURRENCE OF OTHER OBLIGATIONS; PROVIDING FOR PAYMENT OF SUCH BONDS AND OBLIGATIONS FROM CERTAIN REVENUES OF THE SYSTEM; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH, INCLUDING, BUT NOT LIMITED TO A RATE COVENANT AND COVENANTS REGARDING DEFAULTS AND REMEDIES; AND PROVIDING FOR OTHER MATTERS.**

### PREAMBLE

1. Under and by virtue of authority of the Revenue Bond Law, codified in O.C.G.A. § 36-82-60, *et seq.*, the Constitution of the State of Georgia, the general laws of the State of Georgia, and the laws of the State of Georgia relating to the City, a municipal corporation of the State of Georgia, the City is authorized to issue its revenue bonds payable from revenue derived from the operation and ownership of its existing combined artesian well water, surface water, and sanitary sewer system (the “**System**”), and the City is authorized to improve the System for its own use and for the use of public and private consumers both within and without the territorial limits of the City. The City is further authorized to prescribe and revise rates and collect fees, tolls and charges for the services and facilities furnished by the System and, in anticipation of the collection of revenues from the System, to issue revenue bonds to finance or refinance, in whole or in part, the cost of any such improvements and to pay the expenses incident thereto and to refund revenue bonds previously issued.

2. Capitalized terms used but not otherwise defined in this Preamble shall have the meanings given such terms in Article II of this Resolution.

3. The City, pursuant to a resolution adopted December 5, 1985, as supplemented by a resolution also adopted on December 5, 1985, as amended by a resolution adopted on October 9, 1997, as further amended by a resolution adopted on March 20, 2003, as further amended by a resolution adopted on August 27, 2009, as further amended by a resolution adopted on April 17, 2014, as further amended by a resolution adopted on December 10, 2015 (collectively, the “**Prior Bond Resolutions**”), have heretofore issued certain water and sewer revenue bonds to finance or refinance improvements to the System. As of the date of this Resolution, the City has the following revenue bonds outstanding which were authorized under the provisions of the Prior Bond Resolutions:

(a) CITY OF SAVANNAH WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2014, issued in the original aggregate principal amount of \$17,690,000 (the “**Series**”

**2014 Bonds**”). The Series 2014 Bonds are currently outstanding in the aggregate principal amount of \$4,225,000 and mature on December 1 in the years and amounts, and bear interest at the rates shown as follows:

<u>Principal Amount</u>	<u>Due in the Year</u>	<u>Interest Rate</u>
\$1,020,000	2026	3.00%
1,050,000	2027	3.00
1,075,000	2028	3.00
1,110,000	2029	3.00

The Series 2014 Bonds that are outstanding are subject to optional redemption at any time at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

(b) CITY OF SAVANNAH WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2016 issued in the original principal amount of \$21,255,000 (the “**Series 2016 Bond**”). The Series 2016 Bond is payable in fully amortized payments of principal and interest on the first day of each month, bearing interest at 2.15% per annum, and matures on August 1, 2029. The Series 2016 Bond is not subject to redemption prior to its maturity, but such provision may be waived by the registered owner of the Series 2016 Bond.

4. After due study, investigation and consideration, the City has now determined that it is necessary and desirable to acquire, construct, and equip additions, extensions, and improvements to the System, substantially in accordance with engineering plans and specifications prepared by the Issuer’s consulting engineers. Such additions, extensions, and improvements include, but are not limited to, the following capital improvement projects: water treatment facilities and water distribution systems, AMI Water Meter Technology, (Supervisory Control and Data Acquisition) SCADA systems, sanitary sewer conveyance systems, as well as various upgrade and expansion projects related to multiple City wastewater treatment plant (WWTP) facilities (collectively, the “**2026 Projects**”) which are detailed in the plans and specifications prepared by the Issuer’s consulting engineers which have been considered and approved by the Governing Body through the adoption of the annual capital improvement plan and other supplemental budget resolutions as considered during the fiscal year from time to time, both prior to and simultaneously with the adoption of this Resolution and which are, by this reference, incorporated herein and made a part hereof as fully as if physically attached hereto.

5. In order to finance the costs of the 2026 Projects, the City proposes to issue its CITY OF SAVANNAH (GEORGIA) WATER AND SEWER REVENUE BONDS, in the maximum principal amount of \$357,500,000, to be issued in one or more series, in accordance with the terms of this Resolution (the “**Revenue Bonds**”). The Revenue Bonds will be secured by a first and prior pledge of and charge on the Net Revenues of the System, on parity to any other charge or lien which may hereafter be created thereon.

6. The City anticipates future capital needs in addition to the 2026 Projects and in accordance with the terms of this Resolution will provide for the issuance of additional bonds to be issued on a parity or subordinate basis with the Revenue Bonds. The City has now determined,

in order to revise and expand on the authorizing provisions for the issuance of its water and sewer revenue bonds, and in the incurrence of other obligations relating to the System by the City, that it is now necessary and desirable to adopt this Master Bond Resolution.

7. The Governing Body of the City has studied its existing rate structure for the System and has projected that certain user fees for the System will need to be increased over the next four years to provide the Net Revenues sufficient to secure the Revenue Bonds and future additional bonds. Rate increases for the 2026 Fiscal Year were approved by the Governing Body as part of an ordinance that went into effect on January 1, 2026. Additional rate increases were included in the 2026 adopted budget and will be presented to Governing Body each year as part of the annual budget process. The Governing Body of the City will take required legislative action each year to provide for future rate increases to maintain the Net Revenues required under this Master Bond Resolution.

8. Prior to the issuance and delivery of the Revenue Bonds authorized under the provisions of this Resolution, the City will provide for the refunding and/or defeasance of the outstanding Series 2014 Bonds and the Series 2016 Bond and will terminate and extinguish any and all charges or liens against the System under the provisions of the Prior Bond Resolutions.

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Mayor and Aldermen of the City of Savannah in public meeting properly and lawfully called and assembled, and it is hereby resolved by authority of the same, as follows:

## ARTICLE I

### AUTHORITY FOR THIS RESOLUTION

**Section 101. Authority for this Resolution.** This Resolution is adopted pursuant to the Revenue Bond Law of Georgia, codified in O.C.G.A. § 36-82-60, *et. seq.*, the Constitution of the State of Georgia, the general laws of the State of Georgia, and the laws of the State of Georgia relating to the Issuer.

[End of Article I]

## ARTICLE II

### DEFINITIONS

**Section 201. Definitions.** As used herein, unless the context otherwise requires:

**“Additional Bonds”** means additional obligations, including, without limitation, Commercial Paper Obligations, issued in compliance with the terms, conditions and limitations contained in Article XII hereof which will have an equal lien on the Net Revenues in the manner and to the extent herein provided, and rank equally in all other respects with the Revenue Bonds except with respect to amounts held in any separate account created in the Construction Fund pursuant to Article VII hereof and with respect to amounts held in any separate account or accounts in the Debt Service Reserve Account, which amounts shall be held only for the benefit of the Holders of the Bonds for which such accounts were created.

**“Amortization Installment”** means the funds deposited in the Debt Service Account in a given Bond Year that are required for the payment at maturity or redemption of all or a portion of any Term Bond, as the case may be, within a Series of Bonds, as established by resolution of the Issuer at or before the delivery of that Series of Bonds.

**“Annual Budget”** means the budget, as amended and supplemented from time to time, prepared by the Issuer for each Fiscal Year in accordance with Section 1104 hereof.

**“Authorized Depository”** means any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by the Issuer as a depository, having a combined capital, surplus and undivided profits of at least \$50,000,000, which is authorized under Georgia law to be a depository of municipal funds and which has qualified with all applicable state and federal requirements concerning the receipt of Issuer funds.

**“Bond Counsel”** means nationally recognized legal counsel experienced in matters relating to the validity of, and the exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions.

**“Bond Insurer”** means, with respect to any Series of Bonds, the issuer of a municipal bond insurance policy insuring all or a portion of the payment, when due, of the principal of and interest on such Series of Bonds.

**“Bond Obligation”** means, as of the date of computation, the sum of: (i) the principal amount of all Current Interest Bonds then Outstanding and (ii) the Compounded Amount on any Capital Appreciation Bonds then Outstanding.

**“Bond Year”** means the 12-month consecutive period beginning on the second day of December and ending on the first day of December in the subsequent calendar year; provided that when such term is used to describe the period during which deposits are to be made pursuant to Section 902 to amortize principal and interest on the Bonds maturing or becoming subject to redemption, or the Debt Service Requirement, the principal amount of, and interest on, Bonds maturing or becoming subject to redemption, on December 1 of any year shall be deemed to

mature, become subject to redemption, or be due for payment on the last day of the preceding Fiscal Year.

“**Bondholder**,” “**Holder**,” “**Owner**,” “**holder**” or “**owner**” means the registered owner (or their authorized representative) of Bonds.

“**Bonds**” means the Revenue Bonds and any Additional Bonds.

“**Book-Entry Bonds**” means those Bonds to which the provision of Section 613 hereof apply.

“**Business Day**,” unless otherwise provided by a supplemental resolution with respect to a particular Series of Bonds, means a day on which banking business is transacted in the city or cities in which the Paying Agent (if an Authorized Depository) has its designated corporate trust offices, on which the New York Stock Exchange is open and on which the Issuer is open to transact business.

“**Capital Appreciation Bonds**” means Bonds that bear interest, compounded semiannually, that is payable only at maturity or upon redemption prior to maturity in amounts determined by reference to the Compounded Amounts, and which may be either Serial Bonds or Term Bonds. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or prior to redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion, and after such conversion date shall be treated as having a principal amount equal to their accreted value on the conversion date.

“**Chief Financial Officer**” means the Chief Financial Officer of the City.

“**City Manager**” means the City Manager of the City or such other officer of the Issuer designated by the Governing Body as the chief administrative officer of the Issuer who oversees the day-to-day operations of the Issuer.

“**Clerk of Council**” means the Clerk of Council of the Issuer, or any such other person who is duly authorized to act on his or her behalf.

“**Code**” means the Internal Revenue Code of 1986, as amended, or any corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context thereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final regulations, temporary regulations and proposed regulations), the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings) and applicable court decisions.

“**Commercial Paper Obligations**” means all of the Bonds (which may be designated as notes or other obligations) of a Series or a proportionate maturity thereof with a maturity of less than 271 days so designated by the Issuer by a supplemental resolution prior to the issuance thereof.

**“Composite Reserve Account”** means the account in the Debt Service Reserve Account established pursuant to Section 901 hereof.

**“Composite Reserve Requirement”** means an amount equal to the least of (i) the Maximum Debt Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the Composite Reserve Account, (ii) 125% of the average Debt Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the Composite Reserve Account, or (iii) 10% of the aggregate principal amount of all Series of Bonds Outstanding hereunder that are secured by the Composite Reserve Account, *provided, however*, that in determining the aggregate principal amount of Bonds Outstanding for the purposes of this clause (iii), the issue price of Bonds (net of pre-issuance accrued interest) shall be substituted for the aggregate stated original principal amount of those Bonds if such Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity, such amount to be calculated at the time of issuance of Bonds secured by the Composite Reserve Account and on the last day of each Bond Year.

**“Compounded Amounts”** means the principal amount of the Capital Appreciation Bonds plus the amount of interest that has accreted on such Bonds, compounded semiannually, to the date of calculation, determined by reference to accretion tables contained in each such Bond or an offering document or official statement with respect thereto. The Compounded Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Compounded Amount for such Bonds as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Compounded Amount for such preceding date and the Compounded Amount for such Bonds as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a year of twelve 30-day months.

**“Construction Fund”** means the Construction Fund established pursuant to Article VII hereof.

**“Cost of Operation and Maintenance”** means the reasonable and necessary costs of operating, maintaining and repairing the System, including salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of the System, the cost of materials and supplies, rentals of leased property, real or personal, insurance premiums, audit fees, a reasonable allowance for working capital, and such other proper charges as may be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practice, but before making provision for depreciation and other nonoperating expenses including, but not limited to, amortization and interest expense.

**“Cost”** or **“Cost of the Projects,”** with respect to the 2026 Projects or each Project subsequently authorized pursuant to subsequent resolutions of the Issuer, shall include all items of cost with respect to such Project to be financed with proceeds of Bonds issued hereunder (including reimbursement to the Issuer in connection with items previously incurred in anticipation of the issuance of the Bonds). Without intending to limit the forgoing, Cost of the Projects shall include, without limitation: (i) all direct costs of the Project described in the plans and specifications for such Project; (ii) all costs of planning, designing, acquiring, constructing, financing, commissioning and placing such Projects in operation; (iii) all costs of issuance of Bonds, including the cost of bond insurance, any Reserve Product, any Credit Facility, any Liquidity

Facility, fees and expenses of bond counsel, underwriters and underwriters' counsel, purchaser and purchaser's counsel, counsel for the Issuer, special tax counsel, financial advisors, printing costs and Rating Agency fees, initial acceptance fees of paying agents, registrars, trustees and depositaries, and any other costs of issuance of Bonds; (iv) the cost of any lands or interests therein and all of the properties deemed necessary or convenient for the maintenance and operation of the Projects; (v) all other engineering, legal and financial costs and expenses; (vi) all expenses for estimates of costs and of projections of future revenues; (vii) costs of obtaining governmental and regulatory permits, licenses, covenants and approvals; (viii) all fees of special advisors and consultants associated with one or more aspects of the Projects or the financing thereof; (ix) all costs relating to claims or judgments arising out of the construction of the System; (x) all federal, state and local taxes and payments in lieu of taxes required to be paid in connection with the acquisition and construction of the System; (xi) all amounts required to be paid by this Resolution or any supplemental resolution authorizing the issuance of Bonds into the Debt Service Reserve Account upon the issuance of any Series of Bonds; (xii) the payment of all principal, premium, if any, and interest when due, of any Bonds of any Series or other evidences of indebtedness issued to finance a portion of the cost of the Projects, whether at the maturity thereof or at the due date of interest or upon redemption thereof; (xiii) interest on Bonds of any Series prior to and during construction of any Project for which such Bonds were issued, and for such additional periods as the Issuer may reasonably determine to be necessary for the placing of such Projects in operation; (xiv) the reimbursement to the Issuer of all such costs of any Project that have been advanced by the Issuer from its available funds before the delivery of a Series of Bonds issued to finance such costs; (xv) the principal, premium, if any, interest, and costs related thereto, payable with respect to any note or other obligation issued by the Issuer to pay any part of the Cost of the Project; (xvi) all amounts required to be rebated to the United States of America in order to preserve the exclusion from gross income for federal income tax purposes of interest on Bonds other than Taxable Bonds; and (xvii) such other costs and expenses which shall be necessary or incidental to the financing herein authorized and the construction and acquisition of the Projects and the placing of same in operation.

**“Credit Facility”** means a line of credit, letter of credit, bond insurance policy, guaranty or similar credit enhancement device or arrangement (including, without limitation, any reimbursement arrangement relating thereto) providing support for the payment of the principal of and interest on one or more Series of Bonds. A Credit Facility also may be a Liquidity Facility.

**“Credit Facility Provider”** means the issuer of a Credit Facility. A Credit Facility Provider also may be a Liquidity Facility Provider.

**“Current Interest Bonds”** means Bonds that bear interest which is payable periodically prior to, rather than solely at, the maturity of the Bonds.

**“Dated Date”** means the date established by a resolution authorizing the issuance of a Series of Bonds.

**“Debt Service Coverage Ratio”** means the quotient determined by dividing the Income Available for Debt Service by the Debt Service Requirement, and may be expressed as a fractional, decimal, or percentage result.

**“Debt Service Account”** means the Debt Service Account established pursuant to Section 901 hereof.

**“Debt Service Reserve Account”** means the Debt Service Reserve Account established pursuant to Section 901 hereof.

**“Debt Service Offset”** means the receipts of the Issuer that are not included in Gross Revenues and are legally available to pay principal of and interest on Bonds, including without limitation any federal interest subsidy payments. Any Debt Service Offset shall be deposited directly to the Debt Service Account upon receipt by the Issuer.

**“Debt Service Requirement”** means, for a given Bond Year, the remainder after subtracting (i) any accrued and capitalized interest for that year that has been set aside in the Revenue Fund or in a separate account or subaccount in the Construction Fund for that purpose, concurrently with the issuance of Bonds hereunder and (ii) any Debt Service Offset, from the sum of:

(a) The amount required to pay the interest coming due on Bonds during that Bond Year,

(b) The amount required to pay the principal of Serial Bonds and the principal of Term Bonds maturing in that Bond Year that are not included in the Amortization Installments for such Term Bonds; and

(c) The Amortization Installments for all series of Term Bonds for that Bond Year.

(1) For purpose of the rate covenant contained in Section 1105 of this Resolution, and for purposes of determining the Reserve Requirement pursuant to Sections 902 and 905 of this Resolution, the interest rate on Variable Rate Bonds for the Bond Year in which such calculation is made, or for any following Bond Year, as the case may be, shall be established by a supplemental resolution providing for the issuance of such Variable Rate Bonds.

(2) For purposes of determining the Maximum Debt Service Requirement or the Debt Service Requirement for the issuance of Additional Bonds pursuant to Section 1202 of this Resolution, the interest rate on Variable Rate Bonds Outstanding on the date of calculation shall be the same as the interest rate used for the rate covenant as described in paragraph (1) of this definition, and the interest rate on Variable Rate Bonds proposed to be issued under the provisions of Section 1202, shall be established by a supplemental resolution providing for the issuance of such Variable Rate Bonds.

(3) If Bonds are subject to purchase by the Issuer at the option of the Bondholder, the optional “put” date or dates shall be ignored and the stated maturity dates of such Bonds shall be used for the purposes of this calculation.

(4) For purposes of calculating the Debt Service Requirement with respect to Commercial Paper Obligations, only the interest component of such

Commercial Paper Obligations and the principal component of the Commercial Paper Obligations that the Issuer reasonably expects to retire and not to pay with the proceeds of roll-over Commercial Paper Obligations in such Bond Year (as reflected in the Annual Budget and/or a certificate of the Chief Financial Officer) shall be included in the calculation of the Debt Service Requirement. The interest rate on the Commercial Paper Obligations shall be computed in the same manner as the computation of interest on Variable Rate Bonds as described above.

**“Defeasance Obligations”** means: (i) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, and (ii) obligations of, and obligations guaranteed by, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Corporation, or the Federal Home Loan Bank system.

**“Depository”** means DTC as securities depository for the Revenue Bonds and, if so designated by supplemental resolution, any Additional Bonds issued hereunder, until a successor depository is appointed pursuant to Section 613 hereof and thereafter means the successor securities depository appointed pursuant to this Resolution.

**“DTC”** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as Depository for the Revenue Bonds and any subsequent Series of Bonds issued hereunder, as designated by supplemental resolution or any successor Depository designated by supplemental resolution for any Bonds.

**“DTC Participant”** means those broker dealers, banks and other financial institutions reflected as such on the books of DTC.

**“Fiscal Year”** means the period commencing on January 1 of each year and ending on the succeeding December 31, or such other consecutive 12-month period as may be hereafter designated as the fiscal year of the Issuer.

**“Governing Body”** means the Savannah City Council.

**“Gross Revenues”** means all income and revenues derived from the ownership and operation of the System, including income from the investment of funds to be deposited in the Revenue Fund, and any proceeds from business interruption insurance, but shall not include (i) income from investments irrevocably pledged to the payment of any Bonds issued or to be refunded under any refunding plan of the Issuer, (ii) proceeds from the sale of any Bonds or other obligations of the Issuer and the earnings thereon (other than the earnings on proceeds deposited in reserve funds), (iii) moneys received by the Issuer from federal, state or local governmental grants or stipends that by their terms are restricted from being used in the manner that Gross Revenues are to be applied hereunder, (iv) payments made under Credit Facilities issued to pay or secure the payment of a particular Series of Bonds, (v) insurance or condemnation proceeds other than business interruption insurance, and (vi) any Debt Service Offset.

**“Income Available for Debt Service”** means, for any period of 12 consecutive calendar months for which such determination is made, Net Revenues; provided, however, that no

determination thereof shall take into account (a) a gain or loss resulting from the extinguishment of Bonds, (b) the sale, exchange or other disposition of capital assets not made in the ordinary course of business, (c) unrealized gains or losses, or (d) earnings on the Construction Fund.

“**Issuer**” or “**City**” means the Mayor and Aldermen of the City of Savannah, a municipal corporation of the State of Georgia and a governmental body as defined by the Revenue Bond Law.

“**Liquidity Facility**” means a line of credit, letter of credit, standby bond purchase agreement or similar enhancement device or arrangement creating a source to be drawn upon by the Issuer to pay the purchase price of one or more Series of Bonds upon a mandatory or optional tender for payment. A Liquidity Facility may also be a Credit Facility.

“**Liquidity Facility Provider**” means the issuer of a Liquidity Facility. A Liquidity Facility Provider also may be a Credit Facility Provider.

“**Mayor**” means the Mayor of City.

“**Maximum Annual Debt Service Coverage Ratio**” means the quotient determined by dividing Income Available for Debt Service by the Maximum Debt Service Requirement and may be expressed as a fractional, decimal, or percentage result.

“**Maximum Debt Service Requirement**” means, as of any particular date of calculation, the largest aggregate Debt Service Requirement for all Outstanding Bonds for any remaining Bond Year, except that with respect to any Bonds for which Amortization Installments have been established, the amount of principal scheduled to come due on the final maturity date with respect to such Bonds shall be reduced by the aggregate principal amount of such Bonds that are to be redeemed or paid from Amortization Installments to be made in prior Bond Years.

“**Net Revenues**” means, with respect to any Fiscal Year, the remainder of the Gross Revenues, after deducting the Cost of Operation and Maintenance for such Fiscal Year, and all other amounts, including investments thereof, held in the funds and accounts described hereunder, except funds held in the Rebate Fund and except funds held in an account in the Construction Fund or in the Debt Service Reserve Account for a specific Series of Bonds, which will be held solely for the Series of Bonds for which such account was created.

“**No Adverse Effect Opinion**” means an opinion of Bond Counsel that a particular event, plan of action or circumstance will not cause, in and of itself, interest on any Bonds issued hereunder to become includable in the gross income of the holders thereof for federal income tax purposes. A No Adverse Effect Opinion will not be required with respect to any Series of Bonds which were issued as Taxable Bonds.

“**O.C.G.A.**” means Official Code of Georgia Annotated.

“**Outstanding**” or “**Bonds outstanding**” or “**Outstanding Bonds**” means all Bonds that have been issued pursuant to this Resolution except:

(1) Bonds paid at maturity or as a result of redemption prior to maturity, or which have been cancelled after purchase in the open market by the Issuer;

(2) Bonds for the payment or redemption of which, pursuant to, and subject to the provisions of, Article XIV hereof, Defeasance Obligations shall have been theretofore irrevocably set aside in a special account with the Paying Agent or an Authorized Depository acting as an escrow agent (whether upon or prior to the maturity or redemption date of any such Bonds) in an amount which will be sufficient, together with earnings on such Defeasance Obligations, to pay the principal of and interest on such Bonds at maturity or the principal of, interest on and premium, if any, upon their earlier redemption; provided that, if such Bonds are to be redeemed before the maturity thereof, irrevocable and unconditional notice of such redemption shall have been given according to the requirements of this Resolution or irrevocable instructions directing the timely publication of such notice and directing the payment of the principal of, premium, if any, and interest on all Bonds at such redemption dates shall have been given to the Paying Agent or such escrow agent; and

(3) Bonds which are deemed paid pursuant to Section 606 hereof or Section 608 hereof, or in lieu of which other Bonds have been issued under Section 605 hereof.

**“Paying Agent”** means the Issuer or any Authorized Depository designated by the Issuer to serve as a Paying Agent or place of payment for any one or more Series of Bonds issued hereunder that shall have agreed to arrange for the timely payment of the principal of, interest on and premium, if any, with respect to the Bonds to the registered owners thereof, from funds made available therefor by the Issuer, and any successors designated pursuant to this Resolution. All Paying Agents appointed hereunder, if other than the Issuer, shall have a combined capital, surplus and undivided profits of at least \$50,000,000.

**“Payment Date”** means, as the context may require, any date on which a payment of principal and/or interest on any Bonds Outstanding is due hereunder, including, without limitation, any date of redemption of Bonds.

**“Permitted Investments”** means:

(a) with respect to bond proceeds, any investments currently authorized by O.C.G.A. § 36-82-7, or as subsequently amended, which currently consist of the following:

(1) The local government investment pool created in O.C.G.A. § 36-83-8; and

(2) The following securities:

A. Bonds or obligations of any municipal corporation, school district, political subdivision, authority, or body or bonds or obligations of the State or other states;

B. Bonds or other obligations of the United States of America or of subsidiary corporations of the United States government, which are fully guaranteed by such government;

C. 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, Federal National Mortgage Corporation, Federal Home Loan Mortgage Corporation, 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;

D. Bonds or other obligations issued by any public housing agency or municipal corporation in the United States of America, which such bonds or obligations are fully secured as to 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 of America which are fully secured as to payment of both principal and interest by a requisition, loan or payment agreement with the United States government;

E. Certificates of deposit of national or state banks located within the 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 the 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 proceeds of the Bonds. 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, or with a trust office within the State or with a trust office within the 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 or other states or of any City or municipal corporation in the State, obligations of the United States of America or subsidiary corporations included in subparagraph (B) above, obligations of the agencies and instrumentalities of the United States government included in subparagraph (C) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in subparagraph (D) above;

F. 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:

(1) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in subparagraphs (B) and (C) above and repurchase agreements fully collateralized by any such obligations;

(2) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(3) 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

(4) 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; and

G. 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.

(b) With respect to money which does not consist of bond proceeds, if and to the extent the same are at the time legal under State law:

(i) any of the investments authorized by O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4, or as subsequently amended, which currently consist of the following:

A. Obligations of the United States of America and of its agencies and instrumentalities, or obligations fully insured or guaranteed by the United States government or by one of its agencies.

B. Obligations of any corporation of the United States government.

C. Bonds or certificates of indebtedness of the State and of its agencies and instrumentalities, or of other states.

D. Obligations of other political subdivisions of the State.

E. 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 or the United States of America which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

F. Prime bankers' acceptances.

G. Repurchase agreements.

H. The local government investment pool established by O.C.G.A. § 36-83-8; and

(ii) any other investments to the extent at the time hereafter permitted by the applicable law of the State for the investment of public funds.

**“Project”** or **“Projects”** means the construction or acquisition of additions, extensions and improvements and repairs to and replacements of various components of any portion of the System, as described from time to time by resolution of the Issuer, or the refunding of obligations issued or incurred for such purpose.

**“2026 Projects”** means the 2026 Projects described in the Preamble hereof and further detailed in the engineering plans and specifications and in the Issuer’s water and sewer capital plan.

**“Project Superintendent”** means the person designated by the City Manager to have responsibility to supervise the acquisition, construction and equipping of the Projects and any successor to such person.

**“Qualified Independent Consultant”** means any one or more qualified and recognized independent consultants determined by the Issuer as having favorable repute, skill and experience with respect to the acts and duties required of a Qualified Independent Consultant by a particular section or one or more sections hereof, as shall be retained by the Issuer from time to time for the purposes hereof.

**“Rating Agency”** means any nationally recognized securities rating agency.

**“Rebate Amount”** means the excess of the amount earned on all nonpurpose investments (as defined in Section 148(f)(6) of the Code) over the amount that would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the applicable Series of Bonds, plus any income attributable to such excess, but shall not include any amount exempted by Section 148 of the Code thereof.

**“Rebate Fund”** means the fund of that name created by Section 901 hereof.

**“Rebate Year”** means a one year period (or shorter period from the date of first issuance of Bonds hereunder) that ends at the close of business on June 30 of each calendar year.

**“Record Date”** means the date specified as such in Section 602(d) hereof.

**“Registrar”** means the Issuer or any agent (including the Paying Agent) designated from time to time by the Issuer, by resolution, to maintain the registration books for the Bonds issued hereunder or to perform other duties with respect to registering the transfer of Bonds.

**“Renewal and Extension Fund”** means the fund of that name created by Section 901 hereof.

**“Revenue Bond Law”** means the Revenue Bond Law of the State, codified in O.C.G.A. § 36-82-60 through § 36-82-85, as amended.

**“Revenue Bonds”** means the Issuer’s WATER AND SEWER REVENUE BONDS, to be issued in one or more series in the maximum principal amount of \$357,500,000, authorized to be issued hereunder.

**“Reserve Product”** means an insurance policy, a surety bond or a letter of credit or other credit facility issued by a Reserve Product Provider used in lieu of a cash deposit in an account in the Debt Service Reserve Account and meeting the terms and conditions of Section 902(a)(4) hereof.

**“Reserve Product Provider”** means a reputable and nationally recognized bond insurance provider or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of and interest on bond issues by public entities results in such issues (as of the delivery date of the Reserve Product) being rated in one of the three highest rating categories by any Rating Agency.

**“Reserve Requirement”** means, with respect to the Composite Reserve Account, the Composite Reserve Requirement, and, with respect to each Series of Bonds issued hereunder that is not secured by the Composite Reserve Account, the amount of money, if any, or available amount of Reserve Product, if any, or any combination thereof, required by subsequent resolution adopted prior to the issuance of such Series of Bonds to be deposited in the separate account in the Debt Service Reserve Account with respect to such Series of Bonds pursuant to Section 902 hereof, if the reserve established with respect to such Series of Bonds is available for use only with respect to such Series of Bonds.

**“Serial Bonds”** means all Bonds of a Series other than Term Bonds.

**“Series”** means any portion of the Bonds of an issue authenticated and delivered in a single transaction, payable from an identical source of revenue and identified pursuant to the supplemental resolution authorizing such Bonds as a separate Series of Bonds, regardless of variations in maturity, interest rate, Amortization Installments or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution of a series of Bonds issued pursuant to this Resolution.

**“SIFMA Municipal Index”** means the Securities Industry and Financial Markets Association Municipal Swap Index as of the most recent date for which such index was published, or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., a Thompson Financial Services Company, or its successor, or as otherwise designated by Securities Industry and Financial Markets Association or any successor thereto; *provided, however*, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then “SIFMA Municipal Index” shall mean such other reasonably comparable index selected by the Issuer.

**“State”** means the State of Georgia.

**“Subordinate Debt”** means any bond, note or other indebtedness or obligation authorized by resolution of the Issuer and designated in such resolution as constituting “Subordinate Debt”

hereunder, which shall be payable from, and secured by a lien upon, Net Revenues subject and subordinate to Bonds issued hereunder.

“**System**” means the Issuer’s Water and Sewer System.

“**Taxable Bonds**” means Bonds for which the interest on which is not intended at the time of the issuance thereof to be excludable from the gross income of the holders thereof for federal tax purposes.

“**Term Bonds**” means Bonds of a Series for which Amortization Installments are established, and such other Bonds of a Series so designated by supplemental resolution of the Issuer adopted on or before the date of delivery of such Bonds.

“**Trustee**” has the meaning provided in Section 1302 hereof.

“**Variable Rate Bonds**” means Bonds issued with a variable, adjustable, convertible or other similar interest rate, which rate cannot be ascertained and determined at the time of issuance for the entire term of such Bonds.

**Section 202. Rules of Construction.** Unless the context clearly indicates to the contrary:

(a) Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms, corporations or other entities including governments or governmental bodies.

(b) “herein,” “hereby,” “hereunder,” “hereof,” “hereinbefore,” “hereinafter” and other equivalent words refer to this Resolution and not solely to the particular portion thereof in which any such word is used.

(c) any pronoun used herein shall be deemed to cover all natural persons;

(d) all references herein to particular Articles or Sections are references to Articles or Sections of this Resolution; and

(e) The titles preceding each Section or this Resolution are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provisions of this Resolution.

[End of Article II]

## ARTICLE III

### FINDINGS

**Section 301. Findings.** It is hereby ascertained, determined and declared that:

(a) The Issuer now owns, operates and maintains the System and derives Gross Revenues therefrom.

(b) Prior to the issuance and delivery of the Revenue Bonds authorized under the provisions of this Resolution, the City will provide for the refunding and/or defeasance of the outstanding Series 2014 Bonds and the Series 2016 Bond and will terminate and extinguish any and all charges or liens against the System under the provisions of the Prior Bond Resolutions. Upon the issuance of the Revenue Bonds authorized under the provisions of this Resolution and any Additional Bonds (collectively, the “**Bonds**”), there will not be any outstanding obligations of the Issuer secured by the Net Revenues of the System. The Bonds authorized under this Resolution will be secured by a first and prior pledge of and charge on the Net Revenues of the System, and on parity to any other charge or lien which may hereafter be created thereon in accordance with this Resolution.

(c) All Gross Revenues will be deposited into the Revenue Fund. The principal of, interest on and premium, if any, with respect to the Bonds and all required debt service, reserve and other payments with respect thereto shall be payable solely from moneys deposited in the Revenue Fund, and in the manner and to the extent provided pursuant to this Resolution, which the Issuer has full authority to irrevocably pledge. The Issuer shall never be required to levy taxes on any property to pay the principal of, interest on or any premium with respect to the Bonds or to make any of the required debt service, reserve or other payments required herein, and the Bonds shall not constitute a lien on any property owned by or situated within the limits of the Issuer except the Net Revenues as expressly provided herein.

[End of Article III]

## ARTICLE IV

### AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF PROJECTS; COST OF PROJECTS

**Section 401. Authorization of 2026 Projects.** The Issuer hereby authorizes the 2026 Projects described in the Preamble hereof and in the engineering plans and specifications and the Issuer's water and sewer capital plan for the 2026 Projects. Projects in addition to the 2026 Projects to be financed with proceeds of Bonds shall be defined and described by subsequent resolutions of the Issuer, the description of which Projects also may be modified as provided in the resolution authorizing the Bonds financing such Projects.

**Section 402. Cost of the Projects.**

(a) Proceeds received from the sale of the Revenue Bonds are hereby authorized to be used to fund the 2026 Projects or to reimburse the Issuer for eligible costs previously incurred by the Issuer for the 2026 Projects.

(b) Proceeds received from the sale of one or more subsequent Series of Bonds are hereby authorized to be used to fund the acquisition, construction, and equipping of the System, to refinance, in whole or in part, outstanding obligations of the System (the proceeds of which financed the acquisition, construction and equipping of the System) or to reimburse the Issuer for costs previously incurred by the Issuer for Projects, all as described in subsequent resolutions authorizing the issuance of a Series of Bonds.

[End of Article IV]

## ARTICLE V

### RESOLUTION TO CONSTITUTE CONTRACT

#### Section 501. Resolution to Constitute Contract.

In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, and the issuance of a Reserve Product by a Reserve Product Provider or a Credit Facility by a Credit Facility Provider, from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer, the Bondholders, the Reserve Product Provider, and any Credit Facility Provider. The covenants and agreements herein set forth to be performed by the Issuer shall be first for the equal benefit, protection, and security of the Bondholders and all Bonds shall be of equal rank and without preference, priority, or distinction over any other thereof, except as expressly provided herein, and second, for the equal and proportionate benefit, protection, and security of all Reserve Product Providers, without preferences, priority, or distinction over any other thereof.

[End of Article V]

## ARTICLE VI

### AUTHORIZATION, DESCRIPTION, FORM AND TERMS OF BONDS

#### **Section 601. Authority for Issuance of Bonds; Terms of the Revenue Bonds.**

(a) Subject and pursuant to the provisions hereof, Bonds to be known as CITY OF SAVANNAH (GEORGIA) WATER AND SEWER REVENUE BONDS are hereby authorized to be issued for the purpose of financing or refinancing the Cost of the Projects, with other or different descriptive words intended to delineate the purpose for the issuance of the Bonds. Bonds may be issued in one or more series and the name and series designation of such Bonds may be changed to reflect the date and sequence of issuance and the particular terms thereof. The terms of a Series of Bonds shall be set forth in a supplemental resolution to be adopted by the Issuer prior to the issuance and delivery of a Series of Bonds.

(b) Proceeds from the sale of the Revenue Bonds may also be used by the Issuer, in its discretion, to fund capitalized interest on the Revenue Bonds, purchase a municipal bond insurance policy, and fund the Reserve Requirement (either with cash, investments or Reserve Products) if a Reserve Requirement is established for the Revenue Bonds pursuant to a supplemental resolution to be adopted by the Issuer prior to the issuance and delivery of the Revenue Bonds. The Revenue Bonds may be issued in one or more series, and the name and series designation of such Bonds may be changed to reflect the date and sequence of issuance and the particular terms thereof. The Revenue Bonds shall bear interest, payable semi-annually at a rate or rates per annum not to exceed six percent (6.00%) per annum, shall be paid in full not later than December 1, 2058, shall have maximum annual principal and interest payments of \$25,975,000, and shall mature in the years and principal amounts to be set forth in a supplemental resolution to be adopted by the Issuer prior to the issuance and delivery of a series of the Revenue Bonds.

#### **Section 602. Description of Bonds.**

(a) The Bonds authorized hereunder may be issued in one or more Series that may be delivered from time to time. The Bonds may be issued as obligations the interest on which is excludable from gross income for federal tax purposes, as Taxable Bonds, as fixed rate bonds, as Variable Rate Bonds, as Capital Appreciation Bonds, as Current Interest Bonds, as Commercial Paper Obligations, or any combination of two of more types of Bonds.

(b) The Issuer by supplemental resolution shall authorize such Series and specify the following:

- (1) the authorized principal amount of such Series;
- (2) the Projects to be financed with the proceeds thereof;

(3) the date and terms of maturity or maturities of the Bonds of such Series, whether such Bonds are Taxable Bonds, Variable Rate Bonds, fixed rate Bonds, Capital Appreciation Bonds, Current Interest Bonds, Commercial Paper Obligations, or any combination of two of more types of Bonds, or the payment of the Bonds on the demand

of the holder, provided that each maturity date shall be December 1 (or, in the event of semiannual maturities of principal, June 1 and December 1) unless otherwise expressly provided by subsequent resolution;

(4) the interest rate or rates of the Bonds of such series, which may include variable, dual, adjustable, convertible or other rates, original issue discounts, compound interest, Capital Appreciation Bonds and zero interest rate bonds, *provided* that the average net interest cost rate on each such Series shall never exceed for such Series the maximum interest rate permitted by law in effect at the time such Series are issued, and *provided* further that in the event original issue discount, zero interest rate, Capital Appreciation Bonds or similar Bonds are issued, only the original principal amount of such Bonds shall be deemed issued on the date of issuance for the purposes of the maximum amount of Bonds authorized hereunder or under a supplemental resolution;

(5) the denominations, numbering, lettering and series designation of such Series of Bonds, provided, however, that the Bonds shall be in denominations of \$5,000 or any integral multiple thereof, or in the case of Capital Appreciation Bonds, in denominations of \$5,000 due at maturity or any integral multiple thereof, or any other denomination as designated by subsequent resolution;

(6) the Paying Agent and place or places of payment of such Bonds;

(7) the redemption prices for such Series of Bonds and any terms of redemption or any formula for accretion upon redemption not inconsistent with the provisions of this Resolution which may include mandatory redemption at the election of the holder or registered owner thereof;

(8) the amount and date of each Amortization Installment, if any, for such Series of Bonds, *provided* that each Amortization Installment shall fall due on June 1 or December 1, of a Bond Year, unless otherwise expressly provided by subsequent resolution;

(9) the use of proceeds of such Series of Bonds, including deposits required to be made into the Construction Fund and the Debt Service Reserve Account, if any; and

(10) the Reserve Requirement, if any, and any other terms or provisions applicable to the Series of Bonds, not inconsistent with the provisions of this Resolution.

The supplemental resolution shall designate whether or not such Series of Bonds shall be secured by the Composite Reserve Account. All of the foregoing may be added by supplemental resolution or resolutions adopted at any time and from time to time prior to the issuance of such Series of Bonds. Unless otherwise so provided, each Bond shall bear interest from the later of the Dated Date or the most recent interest Payment Date to which interest has been paid, until payment of the principal sum or until provision for the payment thereof on or after the maturity or redemption date has been duly provided for and, unless otherwise so provided, interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve thirty-day months.

(c) All Bonds hereunder shall be in registered form, in substantially the form set forth in Exhibit A hereto; shall be numbered from one upward per Series, preceded by the letter "R" and

may contain such other designations as the Issuer may specify by supplemental resolution; and shall be payable in lawful money of the United States of America. In the case of Current Interest Bonds, interest thereon shall be payable by mail to the Holder thereof, *provided, however*, that (i) so long as the ownership of such Bonds is maintained in a Book-Entry-Only system by a securities depository, such payment shall be made by automatic funds transfer (“wire”) to such securities depository or its nominee; and (ii) if such Bonds are not maintained in a Book-Entry-Only system by a securities depository, upon written request of the registered owner of \$1,000,000 or more in principal amount of Bonds delivered 15 days prior to an interest Payment Date, interest may be paid when due by wire in immediately available funds to the bank account number of a bank within the continental United States of America designated in writing by such bondholder to the Paying Agent, on a form acceptable to it. Any such written election may state that it will apply to all subsequent payments due with respect to the Bonds held by such registered owner until a subsequent written notice is filed.

(d) Unless otherwise provided by subsequent resolution authorizing a Series of Bonds, interest will be paid to the Holders of Bonds as their addresses may appear on the registration books of the Issuer at the close of business on the fifteenth day, whether or not a Business Day, of the month next preceding the interest Payment Date (the “**Record Date**”), irrespective of any transfer or exchange of a Bond subsequent to such Record Date and prior to the next succeeding interest Payment Date, unless the Issuer shall be in default in payment of interest due on such interest Payment Date. Unless otherwise provided by subsequent resolution authorizing a Series of Bonds, in the event of any such default, such defaulted interest shall be payable to the persons in whose names the Bonds are registered at the close of business on a special record date (which date also shall be the date for the payment of such defaulted interest) as established by notice by deposit in the U.S. mail, postage prepaid, by the Issuer to the Holders of the Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth day, whether or not a Business Day, preceding the date of mailing. Principal of Current Interest Bonds and principal of and any accreted interest on Capital Appreciation Bonds, shall be payable at maturity or earlier redemption thereof as provided herein upon presentation and surrender of such Bonds at the designated office of the Registrar by check or draft unless otherwise provided by subsequent resolution.

(e) If any date for payment of the principal of, premium, if any, or interest on any Bond is not a Business Day, then, unless otherwise provided by subsequent resolution with respect to a series of Bonds, the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

(f) The form of Bonds may provide that the Holder of any such Bond may demand that the Issuer purchase such Bond by payment of principal and interest within a stated period after delivering notice to a designated agent for the Issuer and providing a copy of the notice with the tender of the Bond to such agent. The designated agent for the Issuer, in accordance with the terms of a remarketing or replacement agreement, may provide for the resale or redelivery of the Bonds on behalf of the Issuer at a price provided for in the agreement. If the Bonds shall not be resold or redelivered within a stated period, the agent for the Issuer may be authorized to draw upon a previously executed Credit Facility or Liquidity Facility between the Issuer and one or more banks or other financial or lending institutions permitting the Issuer to borrow funds to pay for the purchase of Bonds to which such Credit Facility or Liquidity Facility shall pertain. The

particular form or forms of such demand provisions, the period or periods for payment of principal and interest after delivery of notice, the appointment of the agent for the Issuer, the terms and provisions of the remarketing or replacement agreement, and the terms and provisions of the Credit Facility or Liquidity Facility shall be as designated by a supplemental resolution of the Issuer pertaining to each Series of Bonds to which such terms and provisions are applicable, prior to the sale and delivery thereof.

**Section 603. Execution of Bonds.** The Bonds shall be executed in the name of the Issuer by the Mayor, the seal of the Issuer shall be imprinted, reproduced or lithographed on the Bonds and attested to and countersigned by the Clerk of Council. The signatures of the Mayor and the Clerk of Council on the Bonds may be by facsimile, but one of such officers shall sign his or her manual signature on the Bonds unless the Issuer appoints an authenticating agent, registrar, transfer agent or trustee who shall be authorized and directed to cause one of its duly authorized officers to manually execute the Bonds. If any officer whose signature appears on the Bonds ceases to hold office before the delivery of the Bonds, his or her signature shall nevertheless be valid and sufficient for all purposes. In addition, any Bond may bear the signature of, or may be signed by, such persons as at the actual time of execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond or the date of delivery thereof such persons may not have been such officers.

**Section 604. Registration.**

(a) The Issuer shall establish a system of registration with respect to any Series or all Series of Bonds issued hereunder and may issue thereunder certificated registered public obligations (represented by instruments) or uncertificated registered public obligations (not represented by instruments) commonly known as book-entry obligations (which shall be subject to the provisions of Section 613), combinations thereof, or such other obligations as then may be permitted by law. The Issuer shall appoint such Registrars, transfer agents, depositories or other agents as may be necessary to cause the registration, registration of transfer, or reissuance of the Bonds within a commercially reasonable time according to the then-current industry standards and to cause the timely payment of interest, principal and premium, if any, payable with respect to the Bonds. Registration and registration of transfer of the Bonds shall be subject to the terms set forth below and those set forth in the forms of the Bonds referred to in Section 610 hereof. Any such system may be effective for any Series then Outstanding or subsequently to be issued, provided however, that if the Issuer adopts a system for the issuance of uncertificated registered public obligations, it may permit thereunder the conversion, at the option of a holder of any Bond then Outstanding, of a certificated registered public obligation to an uncertificated registered public obligation, and the reconversion of the same. A list of the names and addresses of the Holders of the Bonds shall be maintained at all times by the Registrar and shall be made available to any Bondholder requesting same during normal business hours.

(b) The registration of the Bonds may be transferred upon the registration books therefor upon delivery to the Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Holder of such Bonds or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of such Bonds, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of the Bonds, the Registrar shall enter the transfer of ownership in the registration books from the Bonds at the

earliest practical time in accordance with the provisions of this Resolution and shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) of the same maturity and of authorized denomination or denominations for the same aggregate principal amount and payable from the same sources of funds. Unless otherwise provided by supplemental resolution with respect to any Series of Bonds issued hereunder, neither the Issuer nor the Registrar shall be required to register the transfer of any Bond during the period commencing on the fifteenth day of the month next preceding an interest Payment Date on the Bonds and ending on such interest Payment Date, or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Registrar or the Issuer may charge the registered owners of such Bonds for the registration of every such transfer of such Bonds an amount sufficient to reimburse it for any tax, fee or any other governmental charge required to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bonds shall be delivered.

(c) The registered owner of any Bond shall be deemed and regarded as the absolute owner of such Bond for all purposes of this Resolution. Payment of or on account of the debt service on any Bond shall be made only to, or upon the order of, that registered owner or such registered owner's attorney-in-fact duly authorized in writing in the manner permitted by law, and neither the Issuer nor the Paying Agent shall be affected by notice to the contrary. All payments made as described in the Resolution shall be valid and effective to satisfy and discharge the liability upon that Bond, including without limitation, the interest on that Bond, to the extent of the amount or amounts so paid.

**Section 605. Bonds Mutilated, Destroyed, Stolen or Lost.**

If any Bond is mutilated, destroyed, stolen or lost, the Issuer or its agent may, in its discretion (i) deliver a duplicate replacement Bond, or (ii) pay a Bond that has matured or is about to mature. A mutilated Bond shall be surrendered to and cancelled by the Registrar. The Bondholder must furnish the Registrar proof of ownership of any destroyed, stolen, or lost Bond; post satisfactory indemnity; comply with any reasonable conditions the Registrar may prescribe; and pay the Registrar's reasonable expenses.

Any such duplicate Bond shall constitute an original contractual obligation on the part of the Issuer whether or not the destroyed, stolen, or lost Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on, and source of and security for payment from, the funds pledged to the payment of the Bond so mutilated, destroyed, stolen, or lost.

**Section 606. Provisions for Redemption.**

Each Series of Bonds shall be subject to redemption prior to the maturity thereof at the option of the Issuer at such times and in such manner as shall be established by subsequent resolutions of the Issuer adopted with respect to any Series of Bonds on or before the time of delivery of those Bonds. Except as otherwise provided by subsequent resolution with respect to a Series of Bonds, notice of redemption shall be given by the deposit in the U.S. mail of a copy of a redemption notice, postage prepaid, at least thirty (30) days and not more than sixty (60) days before the redemption date to all Holders of the Bonds or portions of Bonds to be redeemed at their

addresses as they appear on the registration books to be maintained in accordance with the provisions hereof. Failure to give any such notice to a registered owner of a Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Bond or portion thereof with respect to which no failure or defect occurred. Said notice also shall be given by certified mail, return receipt requested, or shall be filed electronically, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"), or as may be required by applicable law or regulation at the time of giving such notice provided however, failure to give such notice shall not affect the validity of the proceedings for redemption. Each notice shall set forth the date fixed for redemption for each Bond being redeemed, the redemption price to be paid, the date of publication of a notice of redemption, if any, the name and address of the Registrar and, if less than all of the Bonds then outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP numbers, if any, of such Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond also shall state that on or after the redemption date, upon surrender of such Bond, a new Bond or Bonds in a principal amount equal to the unredeemed portion of such Bond will be issued.

Any notice mailed in the U.S. mail as provided in this section shall be conclusively presumed to have been duly given, whether or not the owner of such Bond receives such notice.

Notwithstanding the foregoing or any other provision herein, notice of optional redemption pursuant to this Section 606 may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and also may be subject to rescission by the Issuer if expressly set forth in such notice.

**Section 607. Effect of Notice of Redemption.**

Except as set forth in the last paragraph of Section 606, notice having been given in the manner and under the conditions herein provided above, the Bonds or portions of Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agents in trust for the Holders of the Bonds or portions thereof to be redeemed, and any conditions to such redemption having been satisfied, all as provided in this Resolution, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders of such Bonds or portions of Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in Section 608 of this Article, to receive Bonds for any unredeemed portions of the Bonds.

**Section 608. Redemption of Portion of Registered Bonds.**

In case part but not all of an outstanding fully registered Bond shall be selected for redemption, the registered owners thereof shall present and surrender such Bond to the Issuer or its designated Paying Agent for payment of the principal amount thereof so called for redemption, and the Issuer shall execute and deliver to or upon the order of such registered owner, without charge therefor, a Bond or Bonds fully registered as to principal and interest, for the unredeemed balance of the principal amount of the Bond so surrendered.

**Section 609. Bonds Called for Redemption not Deemed Outstanding.**

Bonds or portions of Bonds that have been duly called for redemption under the provisions of this Article VI, with respect to which any conditions to such redemption have been satisfied and with respect to which amounts sufficient to pay the principal of, premium, if any, and interest to the date fixed for redemption shall be delivered to and held in separate accounts by an escrow agent, any Authorized Depository, or any Paying Agent in trust for the registered owners thereof, as provided in this Resolution, and as to which any conditions to such redemption have been satisfied, shall not be deemed to be outstanding under the provisions of this Resolution and shall cease to be entitled to any lien, benefit, or security under this Resolution, except to receive the payment of the redemption price on or after the designated date of redemption from moneys deposited with or held by the escrow agent, Authorized Depository or Paying Agent, as the case may be, for such redemption of the Bonds and, to the extent provided in Section 608 of this Article, to receive Bonds for any unredeemed portions of the Bonds.

**Section 610. Form of Bonds.**

The text of the Current Interest Bonds, the form of assignment for such Bond and the form of certificate of authentication, if any, provisions for compound, zero and dual interest rate Bonds (if other than Capital Appreciation Bonds), and the certificate of validation, if any, shall be substantially in the form set forth in Exhibit A attached hereto, with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted by this Resolution or by any subsequent resolution adopted prior to the issuance thereof, including, without limitation, such changes as may be required for the issuance of Taxable Bonds, uncertificated public obligations to the extent herein authorized and for the execution of the Bonds by an authenticating agent.

The text of the Capital Appreciation Bonds shall be in such form as may be set forth in the subsequent resolution adopted by the Issuer authorizing such series of Bonds.

**Section 611. Application of Bond Proceeds.** Except as otherwise provided hereby, the proceeds, including accrued interest and premium, if any, received from the sale of the Bonds of any Series shall be applied by the Issuer simultaneously with the delivery of such Bonds in accordance with the provisions of a supplemental resolution of the Issuer in conformity with this Resolution to be adopted at or before the delivery of such Series of Bonds.

**Section 612. Temporary Bonds.** Pending the preparation of definitive Bonds, the Issuer may execute and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds without coupons, of any authorized denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions, and variations as may be appropriate for temporary Bonds, all as may be determined by the Issuer. Temporary Bonds may contain such reference to any provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed and authenticated upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable, the Issuer shall execute and shall furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange for definitive Bonds without charge at the designated office of the Registrar, and the Registrar shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds.

**Section 613. Book-Entry Bonds.**

(a) The Bonds may initially be issued as Book-Entry Bonds in the form of a separate single authenticated fully registered certificate for each interest rate per maturity of such Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books of the Issuer kept by the Registrar in the name of Cede & Co., as nominee of DTC. The Issuer, the Registrar, and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive Holder of such Bonds registered in its name for the purposes of payment of the principal, redemption price of or interest on such Bonds; any notice permitted or required to be given to Bondholders under this Resolution; registering the transfer of Bonds; obtaining any consent or other action to be taken by Holders of such Bonds; and for all other purposes whatsoever, and neither the Issuer, the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Neither the Registrar, the Paying Agent nor the Issuer shall have any responsibility or obligation to any DTC Participant, any Person claiming a beneficial ownership interest in such Bonds under or through DTC or any DTC Participant, or any other Person which is not shown on the registration books of the Registrar as being a Holder, with respect to the accuracy of any records maintained by DTC or any DTC Participant; the payment of DTC or any DTC Participant of any amount in respect of the principal, Amortization Installments or redemption price of or interest on such Bonds; any notice which is permitted or required to be given to Bondholders under this Resolution or any other documents; the selection by DTC or any DTC Participant of any Person to receive payment in the event of a partial redemption of such Bonds; or any consent given or other action taken by DTC as Bondholder. The Registrar shall pay all principal of, and premium, if any, and interest on such Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of, and premium, if any, and interest on such Bonds to the extent of the sum or sums so paid. Except as otherwise provided in subsection (c) below, no Person other than DTC shall receive an authenticated Bond certificate evidencing the obligation of the Issuer to make payments of principal of, Amortization Installments and premium, if any, and interest pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to transfers of Bonds, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(b) Payment of interest for any Bond registered in the name of Cede & Co. shall be made by wire transfer of same day funds to the account of Cede & Co. on the interest Payment

Date for such Bonds at the address indicated for Cede & Co. in the registration books of the Issuer kept by the Registrar.

(c) In the event the Issuer determines that it is in the best interest of the beneficial owners that they be able to obtain Bond certificates, the Issuer shall so notify DTC and the Registrar, whereupon DTC will notify the DTC Participants, of the availability through DTC of obtaining Bond certificates. In such event, the Issuer shall prepare and shall execute and the Registrar shall authenticate, transfer and exchange Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in this Resolution. DTC may determine to discontinue providing its services with respect to such Bonds at any time by giving written notice to the Issuer and the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, provided there is no successor securities depository, the Issuer and the Registrar shall be obligated to deliver Bond certificates as described herein. In the event Bond certificates are issued, the provisions of this Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of, premium, if any, and interest on such certificates. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer will direct the Registrar to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing such Bonds to any DTC Participant having Bonds credited to its DTC account; or (ii) to arrange for another securities depository to maintain custody of certificates evidencing such Bonds.

(d) NEITHER THE ISSUER NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, AMORTIZATION INSTALLMENT FOR, REDEMPTION PRICE OF OR INTEREST ON SUCH BONDS; (3) THE DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BONDHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SUCH BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO. AS THE NOMINEE OF DTC, AS REGISTERED OWNER.

SO LONG AS CEDE & CO IS THE REGISTERED OWNER OF SUCH BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED HOLDERS OF SUCH BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF SUCH BONDS.

**Section 614. Validation of Bonds.**

Each Series of Bonds shall be validated through the Superior Court of Chatham County, Georgia. A validation certificate of the Clerk of the Superior Court of Chatham County, bearing the manual or facsimile signature of such Clerk will be endorsed on the Bonds of each Series and will be essential to their validity.

[End of Article VI]

## ARTICLE VII

### CONSTRUCTION FUND

#### **Section 701. Construction Fund.**

The “WATER AND SEWER SYSTEM REVENUE BONDS CONSTRUCTION FUND” (the “**Construction Fund**”) is hereby created and established. There shall be paid into the Construction Fund funds which, together with investment earnings thereon, will be sufficient to pay the cost of the Projects to be funded hereunder and as designated by supplemental resolution of the Issuer.

The Issuer shall establish a separate account in the Construction Fund for the Project or Projects to be financed by each Series of Bonds issued hereunder. Each such account in the Construction Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and the funds on deposit therein shall be withdrawn, used and applied by the Issuer solely for the payment of the costs of such Project or Projects and purposes incidental thereto as hereinabove described and set forth in Section 402. Capitalized interest with respect to any Series of Bonds, if any, will be deposited to a designated and so named account in the Construction Fund and kept separate and apart from all other funds and account of the Issuer and such funds, including any income therefrom, shall be transferred, to the extent necessary, to the Debt Service Account to pay interest on the related Series of Bonds. Any moneys on deposit in an account in the Construction Fund to pay capitalized interest but not needed to pay interest pursuant to the preceding sentence may be used to pay costs of issuance of the related Series of Bonds or if not necessary for such purpose may be used in the same manner as other funds on deposit in that account of the related Series of Bonds in the Construction Fund. All such moneys shall be and constitute trust funds for such purposes, and shall be delivered to and held by the Chief Financial Officer (or other designated Authorized Depository) who shall act as trustee of such funds for the purposes of this Resolution. There hereby is created a lien upon such funds in favor of the Holders of the Series of Bonds to which such account is related until applied as herein provided.

Any funds on deposit in the Construction Fund that, in the opinion of the Issuer, are not immediately necessary for expenditure, as hereinabove provided, shall be held and may be invested, in the manner provided by law, in Permitted Investments pursuant to Section 1002 below. All income derived from investments of funds in an account or sub-account in the Construction Fund shall be deposited in such account to which such investment income is attributable.

Any liquidated damages or settlement payments received by the Issuer as a result of the breach by any contractor, subcontractor or supplier working or supplying goods for the Projects, of any representation, warranty or performance guaranty, and all insurance and condemnation proceeds received with respect to damages to or the taking of the Projects during construction shall be deposited into the appropriate account or accounts in the Construction Fund to insure completion of the Projects, or, if the City Manager shall certify that the failure to complete a Project or the modification of a Project or the acquisition or construction of a different Project or the abandonment of a Project will not materially adversely affect the Issuer’s ability to comply with the rate covenant set forth in Section 1105, such damages or settlement payments shall be deposited in the Revenue Fund for the redemption of Bonds, as shall be determined by the Issuer.

The Issuer covenants to commence the acquisition and construction of each Project authorized hereunder, promptly upon the delivery of the Series of Bonds issued to pay the cost thereof, and to thereafter work with due diligence to complete each such Project. The Issuer may, however, upon receipt of a No Adverse Effect Opinion, abandon or defer any Project if it first obtains the written opinion of the City Manager that such abandonment or deferral (and the use of the remaining proceeds set aside for the construction of such Project to acquire or construct a different Project or redeem Bonds according to the following paragraph) will not materially adversely affect Issuer's ability to comply with the rate covenant set forth in Section 1105. To the extent the cost of a Project is to be paid in part from revenues of the Issuer, such funds shall be transferred to and deposited into the appropriate account in the Construction Fund and used in accordance with the provisions of this section. If funds for any Project are to come from other sources (for example, from Issuer funding or state or federal grants or loans), the Issuer shall take all legally available actions to insure the receipt of such funds and shall cause such funds to be deposited into the Construction Fund or otherwise set aside in a separate fund or account and used for the purposes herein provided. For the purposes of this Article VII, "deferral" of a Project shall refer to situations where the Issuer shall not have formally taken action to abandon or cancel a Project, but shall have determined not to currently proceed with such Project and not to finance such Project with funds then held in the Construction Fund.

Except as otherwise provided with respect to any account in the Construction Fund in any supplemental resolution approving the issuance of a Series of Bonds, upon completion of each Project, or upon the abandonment or deferral thereof pursuant to the foregoing, any amounts then remaining in the corresponding account in the Construction Fund and not reserved by the Issuer for the payment of any remaining part of the cost of construction and acquisition thereof or for the payment of the cost of another Project, shall be used to redeem Bonds in the manner described in Section 903(c) below, or upon receipt of a No Adverse Effect Opinion, (i) shall be deposited into the Revenue Fund and used to pay principal and interest next coming due on the Bonds, or (ii) if needed to attain the Reserve Requirement amount to be on deposit therein, shall be deposited in the Debt Service Reserve Account, if any, with respect to the related Series of Bonds, or (iii) shall be paid to the Issuer to be used for any lawful purpose.

Upon the occurrence of an event of default hereunder, the moneys in an account in the Construction Fund related to a Series of Bonds may be applied to the payment of such Bonds.

[End of Article VII]

## ARTICLE VIII

### SOURCE OF PAYMENT OF BONDS; SPECIAL OBLIGATIONS OF THE ISSUER

**Section 801. Bonds Not to be General Indebtedness of the Issuer.** The Bonds shall not constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution of the State of Georgia, nor a pledge of the general faith and credit of the Issuer nor shall the Issuer be subject to any pecuniary liability thereon, either as to payment of principal, premium, if any, or interest. The Bonds shall be payable solely from and secured by a lien upon and a pledge of the Net Revenues, in the manner and to the extent herein provided. No Bondholder shall ever have the right to compel the exercise of the taxing power of the Issuer or taxation in any form on any real or personal property to pay the principal of, premium, if any, and interest on the Bonds, nor shall any Bondholder be entitled to payment of such principal, premium and interest from any other funds of the Issuer other than the Net Revenues, all in the manner and to the extent herein provided. The Bondholders shall not have a lien upon the System, the Projects, or any other assets of the Issuer.

**Section 802. Pledge of Revenues.** The payment of the principal of, premium, if any, and interest on the Bonds, and the reimbursement of amounts due and owing any Reserve Product Provider or Credit Facility Provider, shall be secured forthwith equally and ratably by an irrevocable, valid and binding lien on and security interest in the Net Revenues, all in the manner and to the extent provided herein, prior and superior to all other liens or encumbrances on the Net Revenues, and, as provided herein, the Issuer does hereby irrevocably pledge, in the manner and to the extent provided herein, the Net Revenues, all to the payment of the principal of, premium, if any, and interest on the Bonds, the funding and maintaining of the reserves as required herein and for all other payments as provided herein. Notwithstanding the foregoing, nothing herein provided shall be deemed to grant or create a lien on any account in the Debt Service Reserve Account created only with respect to a particular Series of Bonds in favor of the owners of Bonds of any other Series. In addition, nothing herein shall be deemed to grant or create a lien on any funds, including investments and investment earnings in the Rebate Fund.

[End of Article VIII]

## ARTICLE IX

### CREATION AND USE OF FUNDS AND ACCOUNTS; DISPOSITION OF REVENUES

#### **Section 901. Creation of Funds and Accounts.**

The Issuer will heretofore establish the following funds, accounts, and subaccounts (i) the “CITY OF SAVANNAH WATER AND SEWER SYSTEM REVENUE FUND” (the “**Revenue Fund**”), (ii) the “CITY OF SAVANNAH WATER AND SEWER SYSTEM SINKING FUND” (the “**Sinking Fund**”), (iii) two subaccounts which are held within the Sinking Fund, the “**Debt Service Account**” and the “**Debt Service Reserve Account**,” (iv) the “WATER AND SEWER SYSTEM RENEWAL AND EXTENSION FUND” (the “**Renewal and Extension Fund**”), and (v) the “CITY OF SAVANNAH WATER AND SEWER SYSTEM REBATE FUND” (the “**Rebate Fund**”). The Debt Service Account and the Debt Service Reserve Account are to be maintained with the “CITY OF SAVANNAH WATER AND SEWER COMPOSITE RESERVE ACCOUNT” (the “**Composite Reserve Account**”) and any separate account therein for a Series of Bonds issued hereunder that is not secured by the Composite Reserve Account. Such funds, accounts, and any subaccounts shall constitute trust funds for the purposes herein provided, shall be delivered to and held by the Chief Financial Officer (or an Authorized Depository designated by the Chief Financial Officer), in each case who shall act as trustee of such funds for the purposes hereof, shall (except for the Rebate Fund) be subject to a pledge and lien or charge in favor of the Holders of the Bonds in the manner and to the extent provided herein, and shall, except as expressly permitted hereby, at all times be kept separate and distinct from all other funds of the Issuer and used only as herein provided.

**Section 902. Disposition of Revenues.** Commencing on the date of issuance and delivery of the Revenue Bonds, except as otherwise provided herein, all Gross Revenues shall be deposited by the Issuer into the Revenue Fund promptly upon receipt.

(a) *Disposition of Revenues.* Funds in the Revenue Fund shall be accumulated, paid out, withdrawn and disposed of from time to time for the payment of Cost of Operation and Maintenance of the System as the same become due and payable. In addition, each month, commencing on the First Business Day of the month immediately following the delivery of the Revenue Bonds, and continuing on the first Business of each month thereafter, only in the following order and priority:

(1) First, by deposit into the Debt Service Account an amount which will equal (i) one-sixth of the interest maturing on the Bonds on the next interest Payment Date, with respect to Bonds that bear interest payable semiannually, (ii) the amount of interest next maturing on Bonds that bear interest payable monthly, (iii) the amount of interest accruing in such month on Bonds that bear interest on other than a monthly or semiannual basis (other than Bonds that bear interest only payable upon maturity or redemption), (iv) one-twelfth of all principal, and with respect to Bonds that pay interest only upon maturity or redemption, principal and accreted interest, maturing or becoming payable during the current Bond Year on the various Serial Bonds that mature annually, (v) one-sixth of all principal, and with respect to Bonds that pay interest only upon maturity or redemption, principal and accreted interest, maturing or becoming payable on the next maturity date in such Bond Year on the various Serial Bonds that mature semiannually, and (vi) one-twelfth

of the Amortization Installments and unamortized principal balances of Term Bonds coming due during the then-current Bond Year with respect to the Bonds, until there are sufficient funds then on deposit equal to the sum of all interest, principal and redemption payments coming due on the Bonds on the next interest, principal and redemption dates in such Bond Year.

Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to pay all interest, principal and redemption premiums next becoming due and payable, after making allowance for any accrued and capitalized interest, Debt Service Offset, and to make up any deficiency or loss that may otherwise arise or in the case of a shorter period between the date of issuance and the first Payment Date or may otherwise arise in such fund or account. If any Variable Rate Bonds are outstanding on the fifteenth day of such month, unless the Issuer shall establish a different procedure for the payment or deposit of monthly interest on Variable Rate Bonds, the Issuer shall deposit into the Debt Service Account in lieu of the monthly interest deposit or the one-sixth semiannual interest deposit described above, the interest actually accruing on such Bonds for such month (plus any deficiencies in interest deposits for the preceding month), assuming the interest rate thereon on the fifteenth day of such month will continue through the end of such month. On or before each interest Payment Date, the Issuer shall make up any deficiencies in such interest deposit, based on the actual interest accruing through such date, from and to the extent of the funds remaining on deposit in the Revenue Fund.

Notwithstanding anything in this Section 902(a)(2) to the contrary, if principal, interest or premium payments have been made on behalf of the Issuer by a Bond Insurer or the issuer of a Liquidity Facility or Credit Facility or other entity insuring, guarantying or providing for the payment of Bonds or any Series thereof, moneys on deposit in the Revenue Fund and allocable to such Bonds shall be paid to such Bond Insurer or issuer of the Liquidity Facility or Credit Facility having theretofore made a corresponding payment on the Bonds.

(2) Next, by deposit *pro rata* (such pro ration to be done on the basis of the amount of the Reserve Requirement for each applicable subaccount in the Debt Service Reserve Account) into the Composite Reserve Account and the other special reserve accounts in the Debt Service Reserve Account as created for separate Series of Bonds, such amounts that, after taking into account other concurrent deposits made in such accounts pursuant to the provisions of this Resolution, and other funds or Reserve Products then on deposit therein or credited to such accounts, if any, will be sufficient to make the funds on deposit therein and Reserve Products credited thereto equal to the Reserve Requirement for each such account.

Notwithstanding anything herein to the contrary, the Issuer may satisfy the Reserve Requirement for any subaccount in the Debt Service Reserve Account, in whole or in part with a Reserve Product in lieu of a cash funded deposit. Such Reserve Product must provide for payment of deficiencies (up to the policy limits of such Reserve Product) on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for a payment with respect to Bonds secured by the applicable subaccount in the Debt Service Reserve Account, which cannot

be cured by funds in any other account held pursuant to this Resolution and available for such purpose. Each such Reserve Product shall name as the beneficiary thereof, the Paying Agent or an Authorized Depository who has agreed to serve in such capacity as trustee for the benefit of such Bondholders.

If a disbursement is made from a Reserve Product as provided pursuant hereto, the Issuer shall be obligated to reinstate the maximum limits of such Reserve Product promptly following such disbursement or to replace such Reserve Product by depositing into the applicable subaccount in the Debt Service Reserve subaccount pursuant to this Section 902(a)(3), from the first available Net Revenues, funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for purposes of this Section 902(a)(3), amounts necessary to satisfy such reimbursement obligation and other obligations of the Issuer to such a Reserve Product Provider shall be deemed required deposits into the applicable subaccount in the Debt Service Reserve Account, but shall be used by the Issuer to satisfy its obligations to the Reserve Product Provider.

Notwithstanding the foregoing, if one or more subaccounts in the Debt Service Reserve Account has or have been funded with cash or Permitted Investments and no event of default shall have occurred and be continuing hereunder, the Issuer may, at any time in its discretion, substitute a Reserve Product meeting the requirements of this Resolution for the cash and Permitted Investments in any such subaccount, and the Issuer then may withdraw such cash and Permitted Investments from such subaccount and apply them to any lawful purpose that, in the opinion of Bond Counsel, will not result in the interest on the Bonds for which such Account in the Debt Service Reserve subaccount was held which are not Taxable Bonds to be includable in the gross income of the Holders thereof for federal income tax purposes.

(3) Next, by payment of all amounts related to any Subordinate Debt required to be paid by the terms of the resolution or other instrument authorizing such Subordinate Debt and the unpaid fees, costs and expenses of any Reserve Product Provider or issuer of a Liquidity Facility or Credit Facility.

(4) Next, by deposit into the Renewal and Extension Fund such amount as is recommended in writing by the Chief Financial Officer of the Issuer or Qualified Independent Consultant for the purpose of paying the cost of replacement of capital assets of the System.

(5) Next, by payment of all Rebate Amounts determined to be due and owing pursuant to the Code as provided in Section 1003 below.

(6) Next, any capital improvements to the System or any lawful purposes of the Issuer.

(b) *Additional Payments.* The Issuer shall not be required to make any further payments into the Debt Service Account or the Debt Service Reserve Account when (i) the aggregate amount of moneys in the Debt Service Account and moneys in the Revenue Fund set aside specifically to pay debt service on the Bonds, and (ii) the moneys in the Debt Service Reserve Account set aside

specifically to pay debt service on the Bonds are, in the aggregate, at least equal to the aggregate principal amount of Bonds issued and Outstanding pursuant to this Resolution and not defeased pursuant to Article XIV below, plus the amount of interest then due or thereafter to become due on said Bonds.

**Section 903. Use of Moneys in the Debt Service Account.**

(a) Moneys on deposit in the Debt Service Account and the subaccounts contained therein shall be used solely for the payment of principal of, interest on, and any premium required with respect to the Bonds.

(b) On or before the maturity date of each Bond, the due date of each Amortization Installment, or installment of interest on Bonds, the Issuer shall transfer from the Debt Service Account to the Paying Agent(s) sufficient moneys to pay all principal of, premium, if any, and interest due and payable with respect to such Bonds due and payable, and shall be paid by check or draft of the Paying Agent to the registered owner thereof unless the registered owner has elected to receive payments by wire transfer as permitted in this Resolution and the supplemental resolution authorizing a Series of Bonds.

(c) Moneys deposited in the Debt Service Account for the redemption of Bonds shall be applied with reasonable diligence to the retirement of Bonds issued under the provisions of this Resolution and then Outstanding in the following order:

(1) The Issuer may first endeavor to purchase outstanding Term Bonds of each Series redeemable from Amortization Installments, and pro rata (based on the principal amount of the Amortization Installments due in such Bond Year for each such Series of Term Bonds) among all such Bonds if more than one Series of such Term Bonds are outstanding, or if no such Term Bonds are outstanding, Serial Bonds, whether or not such Bonds shall then be subject to redemption, but only to the extent moneys are available therefor, at the most advantageous price obtainable or the Compounded Amount, as the case may be, but no such purchase shall be made by the Issuer within a period of thirty days next preceding any interest Payment Date on which such Bonds are subject to call for redemption under the provisions of this Resolution;

(2) Then, to the extent moneys remain on deposit in the Debt Service Account that are specifically set aside or that have been otherwise set aside or transferred specifically for the redemption of Bonds, the Issuer shall call for redemption on each interest Payment Date on which Bonds are subject to redemption, with or without premium, from such moneys, such amount of Term Bonds subject to the Amortization Installments for such Bond Year that have not been purchased pursuant to clause (a) above; and

(3) Then, to the extent moneys remain on deposit in the Debt Service Account that are specifically set aside therein or that have been otherwise set aside or transferred pursuant to this Resolution specifically for the purpose of redeeming Bonds, the Issuer shall first call any remaining Term Bonds then subject to redemption and then Serial Bonds then subject to redemption, in such order and by such selection method as the Issuer, in its discretion, may determine, from such funds as will exhaust the money then held for the redemption of such Bonds as nearly as may be possible.

If Term Bonds are purchased or redeemed pursuant to this section in excess of the Amortization Installments for such Bond Year, such excess principal amount of such Term Bonds so purchased or redeemed shall be credited against subsequent Amortization Installments for Bonds in such Series in such Bond Year or Years as the Issuer may determine and as may be reflected in the Issuer's permanent accounting records. Such election shall be included in the annual audited reports of Issuer referred to in Section 1107 below.

**Section 904. Use of Moneys in the Debt Service Reserve Account; Funding of Subaccounts in Debt Service Reserve Account.**

(a) Except as otherwise expressly provided in this Section 905, or in a supplemental resolution, funds on deposit in a subaccount in the Debt Service Reserve Account (including, without limitation, the Composite Reserve Account) may be used only for the purpose of curing deficiencies in the amounts available for such purposes in the Debt Service Account related to the Series of Bonds with respect to which such subaccount in the Debt Service Reserve Account was created and for no other purpose. If funds on deposit in a subaccount in the Debt Service Reserve Account exceed, in the aggregate, the applicable Reserve Requirement for such subaccount, such excess shall be paid into the Revenue Fund. Any proceeds received from a Reserve Product shall be applied immediately to cure deficiencies in the moneys or investments set aside and available in the Revenue Fund to pay debt service with respect to all Series of Bonds secured by the Composite Reserve Account, or the subaccount in the Debt Service Reserve Account to which such Reserve Product was credited, as the case may be, and for no other purpose.

(b) At the time of issuance of any Series of Additional Bonds, the Issuer shall, by resolution, indicate whether such Series is to be secured by the Composite Reserve Account or by a special account in the Debt Service Reserve Account. If such Series of Additional Bonds is to be secured by the Composite Reserve Account, such resolution shall provide that the amounts on deposit in the Composite Reserve Account shall be increased to the Composite Reserve Requirement in the manner to be set forth in the supplemental resolution authorizing the issuance of such Additional Bonds. If such Additional Bonds are to be secured by another account in the Debt Service Reserve Account, such supplemental resolution shall set forth the Reserve Requirement with respect thereto. Nothing herein prevents a Series of Bonds from not being secured by the Composite Reserve Account or by an account in the Debt Service Reserve Account.

Notwithstanding anything in the foregoing to the contrary, to the extent that such Series of Additional Bonds are being issued to refund Outstanding Bonds secured by the Composite Reserve Account and the Composite Reserve Account has been funded or partially funded with respect to the Outstanding Bonds to be refunded, the amount theretofore funded allocable to the Bonds being refunded by such Series of Additional Bonds shall be credited against the amount required by this Section 905(c) to be deposited to the Composite Reserve Account.

(c) If cash has been deposited in an account in the Debt Service Reserve Account, all such cash shall be used (or Permitted Investments purchased with such cash and held in such account shall be liquidated and the proceeds applied as required) prior to any disbursement made under any Reserve Product relating to Bonds secured by such account. If more than one Reserve Product relates to Bonds secured by an Account in the Debt Service Reserve Account, then disbursements under such Reserve Products shall be made on a pro rata basis (calculated by

reference to the maximum amounts available thereunder) after applying all available cash in such Account in the Debt Service Reserve Account.

**Section 905. Use of Moneys in the Renewal and Extension Fund.**

The funds in the Renewal and Extension Fund shall be used only (i) first, at any time for the purpose of curing deficiencies in the amount in the Debt Service Fund or in the Reserve Fund, or both or (ii) when no such deficiencies exist, as needed for the purpose of paying the cost of the replacement of capital assets of the System, including land, or any unusual or extraordinary maintenance or repairs which the Chief Financial Officer of the Issuer shall certify are necessary for the System. The Issuer does not expect to pay any debt service on the Bonds from the Renewal and Extension Fund, nor does it expect that moneys in the Renewal and Extension Fund will be available for such purpose.

**Section 906. Use of Moneys in the Rebate Fund.**

Moneys in the Rebate Fund shall be applied only to the Rebate Amount except as otherwise provided in Section 1004 hereof.

**Section 907. Paying Agents.**

The Issuer shall transfer, from the various funds and accounts established in this Article IX, to one or more Paying Agents as shall be designated by resolution hereafter and from time to time adopted or enacted by the Issuer, on the date preceding each interest, principal and redemption date, an amount sufficient to pay when due the principal of, interest on and premium, if any, with respect to the Bonds.

No resignation or removal of a Paying Agent appointed hereunder shall be effective until such time as a successor has been appointed by the Issuer and has accepted the duties as Paying Agent hereunder.

[End of Article IX]

## ARTICLE X

### DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

**Section 1001. Deposits Constitute Trust Funds.** All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer in the funds and accounts created under the provisions of this Resolution shall be held in trust and applied only in accordance with the provisions of this Resolution and shall not be subject to lien or attachment by any general creditor of the Issuer.

All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer pursuant to this Resolution shall be continuously secured, for the benefit of the Issuer and (except in the case of the Rebate Fund) the Bondholders in such manner as permitted hereunder and as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. All cash held in deposit accounts must be collateralized by obligations of, or obligations the principal of an interest on which are unconditionally guaranteed by, the United State of America having a market value (exclusive of accrued interest) not less than the amount of such deposit.

All moneys deposited with each Authorized Depository shall be credited to the particular fund or account to which such moneys belong. Notwithstanding anything herein to the contrary, for purposes of investment and to the extent permitted by applicable law, amounts on deposit in any fund or account may be commingled, as provided in Section 1004 below, provided adequate care is taken to account for such amounts as provided in the preceding sentence.

**Section 1002. Investment of Moneys.** Moneys held for the credit of each of the funds and accounts created hereby shall be invested and reinvested by the Issuer in Permitted Investments, either directly or through broker-dealer deposit agreements or a combination thereof. Such investments or reinvestments shall mature not later than the respective dates, as estimated by the Issuer, that the moneys held for the credit of said funds or accounts will be needed for the purposes of such funds or accounts, but in no event shall any of the investments of funds in an account in the Debt Service Reserve Account have a term to maturity exceeding the final maturity date of the Series of Bonds secured by such account.

Obligations so purchased as an investment of moneys in any such fund or account shall be deemed at all times to be a part of such fund or account, and shall at all times, for the purposes of this Resolution, be valued annually as of the last day of each Fiscal Year at the market value thereof on the date of valuation, as determined by the Issuer, exclusive of accrued interest, except with regard to a Debt Service Reserve Account, which will be determined by a supplemental resolution.

Except as otherwise provided herein, all income and profits derived from the investment of money in the Construction Fund or the Debt Service Account shall be retained in such Fund and used for the purposes specified for such Fund. All income and profits derived from the investment of moneys in an account in the Debt Service Reserve Account shall be retained therein until the amount in such account equals the applicable Reserve Requirement, and thereafter, shall be applied as provided by Section 905 hereof. Except as otherwise provided above, all income and profits

derived from the investment of moneys in all other accounts or funds created hereby shall be deposited upon receipt in the Revenue Fund.

**Section 1003. Tax Covenants.** It is the intention of the Issuer and all parties under its control that the interest on the Bonds issued hereunder that are not Taxable Bonds be and remain excludable from gross income for federal income tax purposes, and to this end the Issuer hereby represents to and covenants with each of the Holders of the Bonds issued hereunder that are not Taxable Bonds that it will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code to the extent necessary to preserve the exclusion of interest on the Bonds issued hereunder that are not Taxable Bonds from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the Issuer covenants and agrees:

(a) to make or cause to be made all necessary determinations and calculations of the Rebate Amount required to be paid to the United States of America pursuant to Section 148(f) of the Code;

(b) to set aside in the Rebate Fund sufficient moneys from the Gross Revenues or other legally available funds of the Issuer to timely pay the Rebate Amount to the United States of America;

(c) to pay the Rebate Amount to the United States of America at the times and to the extent required pursuant to Section 148(f) of the Code;

(d) to maintain and retain all records pertaining to the Rebate Amount with respect to the Bonds that are not Taxable Bonds issued hereunder and required payments of the Rebate Amount with respect to the Bonds that are not Taxable Bonds for at least six years after the final maturity of the Bonds that are not Taxable Bonds or such other period as shall be necessary to comply with the Code;

(e) to refrain from taking any action that would cause any Bonds or any Series of Bonds or portion thereof issued hereunder, other than Taxable Bonds and bonds issued with the intent that they shall constitute “private activity bonds” under Section 141(a) of the Code, to be classified as “private activity bonds” under Section 141(a) of the Code; and

(f) to refrain from taking any action that would cause the Bonds that are not Taxable Bonds issued hereunder to become arbitrage bonds under Section 148 of the Code.

The Issuer understands that the foregoing covenants impose continuing obligations of the Issuer that will exist as long as the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code are applicable to the Bonds.

Notwithstanding any other provision of this Resolution, including, in particular Article XIV hereof, the obligation of the Issuer to pay the Rebate Amount to the United States of America and to comply with the other requirements of this Section 1003 shall survive the defeasance or payment in full of the Bonds that are not Taxable Bonds.

**Section 1004. Rebate Fund.** The Issuer covenants and agrees that it shall maintain and retain all records pertaining to and shall be responsible for making or having made all

determinations and calculations of the Rebate Amount for each Series of Bonds issued hereunder that are not Taxable Bonds for each Rebate Year within twenty-five (25) days after the end of such Rebate Year and within twenty-five (25) days after the final maturity of each such Series of Bonds. On or before the expiration of each such period, the Issuer shall deposit into the Rebate Fund from investment earnings on moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Issuer, an amount equal to the Rebate Amount for such Rebate Year. The Issuer shall use such moneys deposited in the Rebate Fund only for the payment of the Rebate Amount to the United States of America as required by Section 1003 hereof, which payments shall, unless otherwise permitted or required by applicable law, be made in installments, commencing not more than thirty (30) days after the end of the fifth Rebate Year and with subsequent payments to be made not later than five (5) years after the preceding payment was due, except that the final payment shall be made within sixty (60) days after the final maturity of the last obligation of the Series of Bonds issued hereunder that are not Taxable Bonds. In complying with the foregoing, the Issuer may rely upon any instructions or opinions from Bond Counsel.

If any amount shall remain in the Rebate Fund after payment in full of all Bonds issued hereunder that are not Taxable Bonds and after payment in full of the Rebate Amount to the United States of America in accordance with the terms hereof, such amounts shall be available to the Issuer for any lawful purpose.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the Issuer, shall not be impressed with a lien in favor of the Bondholders and the moneys therein shall be available for use only as herein provided.

Notwithstanding any other provision of this Resolution, including in particular Article XIV hereof, the obligation to pay over the Rebate Amount to the United States of America and to comply with all other requirements of Section 1003 and this Section 1004 shall survive the defeasance or payment in full of the Bonds.

The Issuer shall apply any funds in the Rebate Fund for a purpose other than the payment of the Rebate Amount only upon receipt of a No Adverse Effect Opinion from Bond Counsel.

**Section 1005. Separate Accounts.** The moneys required to be accounted for in each of the funds and accounts established under this Resolution may be deposited in a single account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

The designation and establishment of the various funds and accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

[End of Article X]

## ARTICLE XI

### GENERAL COVENANTS OF THE ISSUER

**Section 1101. Representations of the Issuer.** The Issuer makes the following representations on which the Bondholders are hereby entitled to rely:

(a) Adoption of this Resolution and the compliance by the Issuer with the requirements hereof will not conflict with or result in a breach of or a default under any ordinance, resolution, agreement or instrument to which the Issuer is now a party.

(b) The Issuer is duly authorized and empowered to operate the System under the laws, rulings, regulations and ordinances of the United States of America, the State and the departments, agencies and political subdivisions thereof.

(c) As of the date of issuance of a Series of Bonds, there will exist no event of default, as defined in Section 1301 hereof, or any condition or event which, or with the passage of time or the giving of notice, or both, would constitute an event of default hereunder.

(d) There are no pending, or to the knowledge of the Issuer, threatened actions or proceedings against the Issuer before any court of the State or any federal court in the State or any administrative agency which are likely in any case or in the aggregate to materially adversely affect the financial condition or operations of the Issuer or its obligations under this Resolution, nor is the Issuer aware of any facts or circumstances that would give rise to any such actions or proceedings.

**Section 1102. Punctual Payment.** The Issuer covenants and agrees with the Bondholders that it will punctually pay or cause to be paid the principal of, premium, if any, and interest on the Bonds and that it will be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required during each Fiscal Year so long as any of the Bonds are Outstanding, to pay from the funds pledged hereunder, in accordance with the provisions hereof (i) all Debt Service Reserve Account deposits provided herein for such year, (ii) the Debt Service Requirement deposits that shall become due on the Bonds in such Bond Year, and (iii) all other payments required by this Resolution, and that the funds pledged hereunder shall not, in the aggregate, be reduced so as to be insufficient to provide adequate revenues for such purposes. Such covenant and agreement of the Issuer shall be cumulative and shall continue until such funds in amounts sufficient to make all payments required hereunder have been paid in lawful money as herein provided.

**Section 1103. Maintenance of System.** The Issuer will maintain the System and all parts thereof in good condition and will operate the same in an efficient and economical manner, making such expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as may be proper for its economical operation and maintenance.

If the System is not in good condition, then to the extent funds in the Issuer's operating Debt Service Reserve Account are available for such purpose, the Issuer shall promptly make or cause to be made such repairs as shall be necessary to place it in good condition.

**Section 1104. Operating Budget.** Before the first day of each Fiscal Year the Governing Body shall prepare, approve and adopt in the manner prescribed by law, a detailed budget of the Gross Revenues, the Debt Service Requirement (including anticipated amortization of Commercial Paper Obligations) and the Cost of Operation and Maintenance for the next succeeding Fiscal Year. Copies of its Annual Budgets and all authorizations for increases in the Cost of Operation and Maintenance shall be available for inspection at the offices of the Issuer.

**Section 1105. Rate Covenant.** Commencing on a date at least thirty (30) days prior to the first interest Payment Date for which interest on the initial Series of the Bonds has not been fully funded from Bond proceeds or from other funds of the Issuer, the Issuer will adopt (unless the existing rate ordinance or resolution is sufficient for the purposes hereof) and cause to be in effect a rate ordinance or resolution, and the Issuer covenants with the Bondholders to fix, establish, revise from time to time whenever necessary, maintain and collect fees, rates, rentals and other charges for the use of the products, services and facilities of the System that will always provide Net Revenues in each Bond Year which shall not be less than one hundred twenty percent (120%) of the Debt Service Requirement (after subtracting the amount of any scheduled payments of Debt Service Offset) for such Bond Year, plus one hundred percent (100%) of the amounts required to be deposited in such Bond Year into the Debt Service Reserve Account (including the various accounts therein).

Notwithstanding the foregoing, failure of the Issuer to comply with the foregoing provisions of this Section 1105 shall not constitute an event of default hereunder if funds are otherwise available to pay all amounts due under this Resolution and the Issuer promptly engages the services of a Qualified Independent Consultant to perform a rate study recommending the rate levels necessary to comply with the foregoing provisions of this Section 1105 in the next succeeding Bond Year. Such study must be completed within ninety (90) days after the Issuer becomes aware of its non-compliance with this section. The Issuer will place in effect, as soon as practicable, either (i) the recommendations of such study by the Qualified Independent Consultant, or (ii) certain adjustments to the Issuer's current budget, as recommended by the Chief Financial Officer, to comply with the provisions of this Section 1105, provided however such deviations from the recommendations by the Qualified Independent Consultant shall be subject to approval by the Governing Body.

**Section 1106. Books and Records.** The Issuer shall keep separately identifiable financial books, records, accounts and data concerning the operation of the System and the receipt and disbursement of Gross Revenues.

**Section 1107. Reports and Annual Audits.**

The Issuer shall use its best efforts to cause an annual audit of its accounts and records be completed no later than twelve (12) months after the end of each Fiscal Year by an independent certified public accountant of recognized standing. Such audits shall be conducted in accordance with generally accepted auditing standards as applied to governments. Notwithstanding any provision hereunder to the contrary, any failure to have an audit completed within twelve (12) months after the end of each Fiscal Year shall not constitute an event of default hereunder with respect to the Bonds.

**Section 1108. No Mortgage or Sale of System.**

(a) The Issuer shall not mortgage, pledge or otherwise encumber the physical assets of the System.

(b) The Issuer may sell, lease or dispose of, for fair market value, any properties, parts or portions of the System if a Qualified Independent Consultant shall certify that (i) such properties, parts or portions of the System are not necessary for the continued operation and functioning of the System and (ii) the sale, lease or disposal of such properties, portions or parts of the System will not adversely affect the Gross Revenues to be derived from the System to such an extent that the Issuer will fail to comply with the covenants of this Resolution, including, without limitation, the covenants of Section 1105 hereof; *provided, however*, that the Issuer shall have, and hereby expressly reserves, the right to sell, lease or otherwise dispose of any of the properties, parts or portions of the System having a fair market value not in excess of ten percent (10%) of the value of the fixed assets of the System according to the most recent available annual audit at the time of such disposition that the Issuer shall determine, as evidenced by a certificate of the City Manager, to be no longer necessary, useful or beneficial for the continued operation of the System.

Notwithstanding anything in the foregoing to the contrary, the Issuer shall have, and hereby expressly reserves, the right to sell, lease, or otherwise dispose of, for fair and reasonable consideration, any land or interests in land comprising a portion or part of the System which is no longer necessary or useful in the operation of the System, or the sale or leasing of an interest in land which will not interfere with the operation of the System in any material respect, all as certified in writing by the City Manager.

The Issuer will not sell any portion of the System or enter into any leasing of the components thereof, in each case to the extent such portion or components were financed with proceeds of Bonds issued hereunder, without first (i) making a good faith determination, as certified by the City Manager, that such sale or leasing will not materially adversely affect the Issuer's ability to comply with the rate covenant set forth in Section 1105 and (ii) with respect to leases, obtaining a No Adverse Effect Opinion. In addition, proceeds received from the sale or disposition of the System or any portion thereof shall not be deemed Gross Revenues and may be used and applied by the Issuer in any manner for which a No Adverse Effect Opinion may be obtained. Proceeds received from the leasing of the System or any portion thereof shall be included in Gross Revenues for all purposes of this Resolution.

**Section 1109. Insurance and Condemnation Awards.** The Issuer will, to the extent economically feasible, carry adequate fire, windstorm, earthquake, and extended coverage policies on the components of the System that are subject to loss through fire, windstorm, or earthquake; adequate business interruption insurance; adequate public liability insurance; other insurance of the kinds and amounts normally carried in the operation of similar facilities and properties in Georgia. The Issuer may, upon appropriate authorization by its Governing Body, self-insure against such risks on a sound actuarial basis. Any such insurance shall be carried for the benefit of the Issuer. All proceeds received from property damage or destruction insurance, business interruption insurance, and all proceeds received from the condemnation of the System or any part thereof are hereby pledged by the Issuer as security for the Bonds and shall be deposited at the option of the Issuer but subject to the limitations hereinafter described either (i) into the Issuer's Revenue Fund and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the Debt Service Account for the purpose of purchasing or redeeming Bonds according to the provisions set forth in Section 903(c) above.

Proceeds received from such insurance proceeds and condemnation awards shall not be deemed Gross Revenues.

**Section 1110. No Free Services.** Except as otherwise required by applicable law, the Issuer will not render or cause to be rendered any free services of any nature by its System; and in the event the Issuer or any department, agency, instrumentality, officer or employee thereof, shall avail itself of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenue derived from such operation of the System. Notwithstanding the foregoing, nothing in this Section 1110 shall prohibit the Issuer from charging different rates for different service regions of the System.

**Section 1111. Enforcement of Collections.** The Issuer will diligently enforce its right to receive the Gross Revenues and will diligently enforce and collect the fees, rates, rentals and other charges for the use of the products, services and facilities of the System. The Issuer will not take any action that will impair or adversely affect its rights to levy, collect and receive the Gross Revenues, as herein pledged, or impair or adversely affect in any manner the pledge of the Gross Revenues, made herein or the rights of the Bondholders. The Issuer shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to entitle the Issuer to receive the Gross Revenues in at least the amounts required by this Resolution.

**Section 1112. Qualified Independent Consultant.** The Issuer will retain Qualified Independent Consultants from time to time, when, if and as necessary to comply with the requirements of this Resolution.

**Section 1113. No Competing System.** To the full extent permitted by law, the Issuer will not, after the date hereof, grant, cause, consent to, or allow the granting of, any franchise or permit to any person for the furnishing and distribution of water or the furnishing of sewer collection and treatment services to or within the boundaries of the Issuer. This section shall not, however, prevent the Issuer from granting permits for wells, septic tanks or package plants or from granting or renewing franchises for the furnishing and distribution of water or the furnishing of sewer collection and treatment services (i) if the area in which such facilities are located or the area serviced by such plants or such franchises is not then being serviced by the System or (ii) if such areas are not located in the immediate vicinity of facilities of the System or the Issuer determines that servicing such area would not provide any material financial benefit to the System. The Issuer shall not establish, own or operate a competing water distribution or sewer treatment system.

[End of Article XI]

## ARTICLE XII

### CONDITIONS TO THE ISSUANCE OF EACH SERIES OF BONDS AND ADDITIONAL BONDS

**Section 1201. Issuance of Obligations.** The Issuer will not issue or incur any obligations payable from the Gross Revenues or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of any Bonds issued pursuant to this Resolution upon the Gross Revenues, except under the conditions and in the manner provided herein. Any obligations issued by the Issuer other than in accordance with this Article XII and payable from the Gross Revenues shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds as to the lien on, and source of and security for payment from, the Gross Revenues.

**Section 1202. Issuance of Additional Bonds.** Except as otherwise provided in this section, no Series of Additional Bonds may be issued under this Resolution, unless the Issuer shall first have complied with the requirements of this section.

No other obligations of any kind or nature will hereafter be issued which are payable from or enjoy a lien on the Net Revenues prior to the lien created for the payment of the Bonds. It is expressly provided, however, that Additional Bonds may be issued from time to time, for the purpose of refunding any issue or issues of outstanding Bonds or financing, in whole or in part, additions, extensions and improvements to the System ranking as to lien on the Net Revenues on a parity with the Bonds herein authorized to be issued, provided all of the following conditions are met:

(a) None of the Bonds or any Additional Bonds then outstanding are in default as to principal or interest and the Issuer is in compliance with this Resolution.

(b) The payments covenanted to be made into the Debt Service Account and the Debt Service Reserve Account (including the various subaccounts therein) currently are being made in the full amount as required and said funds and accounts are at their proper respective balances.

(c) Except where Additional Bonds are to be issued for the purpose of refunding Outstanding Bonds and the Maximum Debt Service Requirement is not increased by such Additional Bonds, the following conditions must be met:

(i) A Qualified Independent Consultant shall have certified either: (A) that for a period of 12 full consecutive calendar months out of the 24 consecutive calendar months preceding the month of the adoption of proceedings for the issuance of the Additional Bonds, the Debt Service Coverage Ratio (excluding (x) any Bonds which are to be refunded or defeased by the proposed Additional Bonds and (y) any payments of Debt Service Offset, and including for calculation of the Debt Service Requirement for the proposed Additional Bonds which are to be issued) for each full Bond Year subsequent to issuance of the proposed Additional Bonds, shall not be less than 1.20; or (B) if a new schedule of rates and charges for the services, facilities and commodities furnished by the System has been adopted, the Debt Service Coverage Ratio (excluding (x) any Bonds which are to be refunded and defeased by the proposed Additional Bonds and (y) any payments of Debt

Service Offset, and including for calculation of the Debt Service Requirement for the proposed Additional Bonds which are to be issued) would have met the test specified in (A) if such new schedule had been in effect throughout such specified period; or

(ii) A Qualified Independent Consultant shall certify that the projected Maximum Annual Debt Service Coverage Ratio (including for calculation of the Debt Service Requirement the proposed Additional Bonds which are to be issued and excluding the amount of any scheduled payments of Debt Service Offset) through each of the first five full Bond Years subsequent to the acquisition or completion of the facilities to be financed with the Additional Bonds shall not be less than 1.20.

The certificate or report of the Qualified Independent Consultant that is required by Section 1202(c), may not take into consideration any schedule of rates and charges to be imposed in the future unless such rate schedule has been adopted by resolution or ordinance of the Governing Body. Any future rates, fees and charges that are taken into consideration by the Qualified Independent Consultant must be scheduled to be in effect and imposed within the first five full Bond Years subsequent to the date the proposed Additional Bonds are issued.

(d) The Issuer shall pass proper proceedings reciting that all of the above requirements have been met, shall authorize the issuance of the Additional Bonds and shall provide in such proceedings that such Additional Bonds shall be secured under and pursuant to this Resolution. Any such Additional Bonds may be issued under or pursuant to a trust indenture and, in such event, the proceedings authorizing the issuance of such Additional Bonds shall make appropriate provisions for the transfer of moneys on deposit in the Debt Service Account and the Debt Service Reserve Account to the trustee in sufficient time for the payment of debt service on such Additional Bonds; but nothing contained herein shall require the Debt Service Account or the Debt Service Reserve Account to be held by such trustee. In the event Additional Bonds are secured hereunder and issued pursuant to a trust indenture, the trustee thereunder shall for purposes of this Resolution, in accordance with the provisions of such trust indenture, exercise the rights and remedies of the owners of such Additional Bonds on behalf of such owners. It shall not be necessary that the interest and principal and payment dates or redemption provisions for such Additional Bonds correspond with the provisions of any other Bonds. Any Credit Facility or Liquidity Facility related to any Additional Bonds may secure only such Additional Bonds and not any other Bonds issued hereunder. Any such proceeding or proceedings shall restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of this Resolution.

(e) Any proposed Additional Bonds which are Variable Rate Bonds shall specify a maximum interest rate. If any such Additional Bonds which are Variable Rate Bonds so issued provide for the mandatory redemption or purchase of such Additional Bonds at the option of owner, a Credit Facility or Liquidity Facility shall be provided at or prior to the issuance of such Additional Bonds which are Variable Rate Bonds to support the Issuer's obligations for any such mandatory redemption or purchase.

(f) Such Additional Bonds and all proceedings relative thereto, and the security therefor, shall be validated as prescribed by law.

(g) Notwithstanding anything in this Section 1202 to the contrary, Subordinate Debt may be issued based on the requirements to be specified in a supplemental resolution of the Issuer providing for the issuance of such Subordinate Debt.

[End of Article XII]

## ARTICLE XIII

### EVENTS OF DEFAULT; REMEDIES

**Section 1301. Events of Default.** Each of the following events is hereby declared an “event of default,” that is to say if:

(a) payment of principal of any Bond shall not be made by the Issuer when the same shall become due and payable, either at maturity or on required payment dates by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on any Bond shall not be made by the Issuer when the same shall become due and payable; or

(c) the Issuer shall discontinue or unreasonably delay or fail to complete within a reasonable period of time a Project for which Bonds have been issued hereunder, unless the same shall be abandoned or deferred pursuant to Article VII hereof; or

(d) the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder to the extent that the payment of or security for the Bonds would be materially adversely affected, and such conditions shall continue unremedied for a period of thirty (30) days after the Issuer becomes aware of such conditions; or

(e) an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or receivers of the Issuer, the System, the Gross Revenues, or any part thereof or the filing of a petition by the Issuer for relief under federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Georgia, which shall not be dismissed, vacated or discharged within thirty (30) days after the filing thereof; or

(f) any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Gross Revenues; or

(g) the entry of a final judgment or judgments for the payment of money against the Issuer as a result of the ownership, operation or control of the System or which subjects any of the funds pledged hereunder to a lien for the payment thereof in contravention of the provisions of this Resolution for which there does not exist adequate insurance, reserves or appropriate bonds for the timely payment thereof, and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(h) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after

written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by the registered owners of not less than ten percent (10%) of the Bond Obligation.

Notwithstanding the foregoing, with respect to the events described in clauses (a) or (b), when determining whether a payment default has occurred with respect to any Series of Bonds, no effect shall be given to payments made under a Credit Facility in place with respect to such Series of Bonds. Notwithstanding the foregoing, with respect to the events described in clause (h), the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected. With respect to the event described in clause (c) above, the Issuer shall not be deemed in default hereunder if the performance by the Issuer is prevented or delayed at any time by an act or the neglect of any contractor who is retained with due diligence by the Issuer or by the unavailability of labor, strikes, lockouts, fire, unusual delay in transportation, unavoidable casualties, war, hostilities, acts of God or other causes beyond the Issuer's control and arising without its fault or negligence, including the existence of any law, order, proclamation, regulation or ordinance of any government (excluding the Issuer), provided the Issuer shall use its best efforts to remedy the delay.

**Section 1302. Enforcement of Remedies.** Upon the happening and continuance of any event of default specified in Section 1301 above, then and in every such case the owners of not less than twenty-five percent (25%) of the Bond Obligation may appoint any state bank, national bank, trust company or national banking association qualified to transact business in Georgia and having a combined capital, surplus and undivided profits of at least \$50,000,000, to serve as trustee for the benefit of the holders of all Bonds then Outstanding (the "Trustee"). Notice of such appointment, together with evidence of the requisite signatures of the holders of twenty-five percent (25%) of the Bond Obligation and the trust instrument under which the Trustee shall have agreed to serve shall be filed with the Issuer and the Trustee and notice of such appointment shall be published in a financial journal of general circulation in the City of New York, New York. After the appointment of the first Trustee hereunder, no additional Trustees may be appointed; however, the holders of a majority of the Bond Obligation may remove the Trustee initially appointed and appoint a successor and subsequent successors at any time, but no such removal, and no resignation, of such Trustee shall be effective until a successor has been appointed and has accepted the duties of Trustee hereunder. If the default for which the Trustee was appointed is cured or waived pursuant to this Article, the appointment of the Trustee shall terminate as to such default.

After a Trustee has been appointed pursuant to the foregoing, the Trustee may proceed, and upon the written request of holders of twenty-five percent (25%) of the Bond Obligation shall proceed, subject to the provisions of Section 1303 of this Resolution, to protect and enforce the rights of the Bondholders under the laws of the State, including the Revenue Bond Law, and under this Resolution, by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, all as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy against the Issuer under this Resolution the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any

default becoming, and at any time remaining, due from the Issuer for principal, interest or otherwise under any provisions of this Resolution or of such Bonds and unpaid, with interest on overdue payments of principal and, to the extent permitted by law, on interest at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce any judgment or decree against the Issuer, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Revenue Fund specifically set aside for that purpose, the Debt Service Reserve Account and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable. Notwithstanding the foregoing, however, nothing herein shall permit an acceleration of the Bonds.

**Section 1303. Effect of Discontinuing Proceedings.** In case any proceeding taken by the Trustee or any Bondholder on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Bondholder, then and in every such case the Issuer, the Trustee and Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

**Section 1304. Directions to Trustee as to Remedial Proceedings.** Anything in this Resolution to the contrary notwithstanding, the holders of a majority of the Bond Obligation shall have the right, by an instrument or concurrent instruments 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 hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

**Section 1305. Restrictions on Actions by Individual Bondholders.** No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such Bondholder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than twenty-five percent (25%) of the Bond Obligation 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 or their name, and unless also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal), and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Resolution or for any other remedy hereunder. It is understood and intended that no one or more owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein

provided and for the benefit of all Bondholders, and that any individual rights of action or any other right given to one or more of such owners by law are restricted by this Resolution to the rights and remedies herein provided.

Nothing contained herein, however, shall affect or impair the right of any Bondholder, individually, to enforce the payment of the principal of and interest on his Bond or Bonds at and after the maturity thereof, at the time, place, from the source and in the manner provided in this Resolution.

**Section 1306. Appointment of a Receiver.** Upon the happening and continuance of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Resolution, the Trustee shall be entitled, pursuant to the Revenue Bond Law, without regard to the solvency of the Issuer, to apply, in an appropriate judicial proceeding, for the appointment of a receiver of the System, pending such proceedings, with such powers as the court making such appointments shall confer whether or not the Gross Revenues and other funds pledged hereunder shall be deemed sufficient ultimately to satisfy the Bonds outstanding hereunder.

**Section 1307. Rights of Bond Insurer.**

(a) Each Bond Insurer, if any, shall receive from Issuer and the Trustee (i) copies of all notices required to be delivered to the Bondholders and (ii) notice of any event of default.

(b) Each Bond Insurer shall, in accordance with the provisions of Section 1503, be entitled to control and direct the enforcement of all remedies and rights to the extent granted to the holders of the Bonds insured by them hereunder, and shall also have the right to waive events of default on behalf of such holders; provided that no such Bond Insurer that (i) is insolvent, (ii) in default, or (iii) has a current credit rating that is below the “A” category by a nationally recognized rating service, with respect to its obligations under the Credit Facility shall be entitled to exercise any such right.

[End of Article XIII]

## ARTICLE XIV

### DEFEASANCE AND RELEASE OF RESOLUTION

#### **Section 1401. Defeasance and Release of Resolution.**

If, at any time after the date of issuance of any Series of the Bonds, (a) all Bonds secured hereby or any Bonds within a Series or any maturity of any Bonds shall have become due and payable in accordance with their terms or otherwise as provided in this Resolution, or shall have been duly called for redemption, or the Issuer gives the Paying Agent irrevocable instructions directing the payment of the principal of, premium, if any, and interest on such Bonds or maturities thereof at maturity or at any earlier redemption date scheduled by the Issuer, or any combination thereof, and (b) the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Bonds or maturities thereof then Outstanding, at maturity or upon redemption, shall be paid, or sufficient moneys shall be held by the Paying Agent or other Authorized Depository acting as an escrow agent in irrevocable trust for the benefit of such Bondholders (whether or not in any accounts created hereby) which, as verified by a report of an independent certified public accountant or firm of certified public accountants, when so paid in full in cash or invested in Defeasance Obligations maturing not later than the maturity or redemption dates of such principal, premium, if any, and interest will, together with the income realized on such investments, be sufficient to pay all such principal, premium, if any, and interest on said Bonds or maturities thereof at the maturity thereof or the date upon which such Bonds or maturities thereof are to be called for redemption prior to maturity, *then* and in that case the right, title and interest of such Bondholders hereunder and the pledge of and lien on the Gross Revenues and all other pledges and liens created hereby or pursuant hereto, with respect to such Bonds and the Bondholders thereof, shall thereupon cease and become void, and such Bonds or maturities thereof shall no longer be deemed Outstanding for purposes of this Resolution, and if such conditions have been satisfied with respect to all Bonds issued hereunder and then Outstanding, all balances remaining in any other funds or accounts created by this Resolution other than moneys held for redemption or payment of Bonds and to pay all other sums payable by the Issuer hereunder, shall be distributed to the Issuer for any lawful purpose; otherwise this Resolution shall be, continue and remain in full force and effect.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest on Bonds shall have been paid to the Holders of such Bonds by a Bond Insurer, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the security hereunder and all covenants, agreements and other obligations of the Issuer to the Holders shall continue to exist and shall accrue to the benefit of the Bond Insurer and the Bond Insurer shall be subrogated to the rights of such Holders.

Notwithstanding any other provision of this Resolution, including in particular this Article XIV, the obligation to pay over the Rebate Amount to the United States of America and to comply with all other requirements of Section 1003 shall survive the defeasance or payment in full of the Bonds and continue to be an obligation of the Issuer until paid in full, together with any interest or penalties accruing thereto.

[End of Article XIV]

## ARTICLE XV

### MODIFICATION OR AMENDMENT

**Section 1501. Modification or Amendment.** This Resolution may be modified and amended and all appropriate blanks appearing herein may be completed by the Issuer from time to time prior to the issuance of the first Series of Bonds hereunder. Thereafter, no modification or amendment of this Resolution, or of any resolution amendatory hereof, materially adverse to the interests of the Bondholders may be made without the consent in writing of the Holders of not less than a majority of the Bond Obligation, but no modification or amendment shall permit a change (a) in the maturity of any of the Bonds or a reduction in the rate of interest thereon, (b) in the amount of the principal obligation of any Bond, or (c) that would reduce such percentage of holders of the Bond Obligation, required above, for such modifications or amendments, without the consent of all of the Bondholders. For the purpose of Bondholders' voting rights or consents, the Bonds owned by or held for the account of the Issuer, directly or indirectly, shall not be counted as if Outstanding. Notwithstanding the foregoing, the Issuer may, from time to time and at any time without the consent of the Bondholders, approve such amendatory resolutions (which amendatory resolutions shall thereafter form a part hereof):

(a) To cure any ambiguity, inconsistency or formal defect or omission in this Resolution or in any supplemental resolution, or

(b) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon the Bondholders, or

(c) To provide for the sale, authentication and delivery of Additional Bonds, Commercial Paper Obligations, Variable Rate Bonds, or refunding Bonds and the disposition of the proceeds from the sale thereof, in the manner and to the extent authorized by Article XII above, or

(d) To modify, amend or supplement this Resolution or any resolution supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if the Issuer so determines, to add to this Resolution or any resolution supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, or

(e) To provide for certificated or uncertificated registered public obligations as contemplated in Section 602 hereof, or

(f) To provide for changes suggested by a Qualified Independent Consultant as necessary to secure the highest rating on the Bonds, or

(g) To subject to the terms of this Resolution any additional funds, securities or properties, or

(h) To make any other change or modification of the terms hereof which, in the reasonable judgment of the Issuer is not materially prejudicial to the rights or interests of the holders of the Bonds hereunder.

**Section 1502. Amendatory Resolutions With Bondholders' Consent.** Subject to the terms and provisions contained in this section, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such amendatory resolution or resolutions as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in any supplemental resolution; *provided, however*, that nothing in this section shall permit, or be construed as permitting, without the consent of the Holders of all Bonds Outstanding, (a) an extension of the maturity of the principal of or the interest on any Bonds, or (b) a reduction in the principal amount of, or the premium or the rate of interest on, any Bonds, or (c) the creation of a lien upon or a pledge of any of the funds or accounts established under or pursuant to this Resolution other than a lien and pledge (i) created by this Resolution or (ii) that is made expressly subordinate to the Issuer's obligations hereunder, or (d) a preference or priority of any Bond or Bonds over any other Bond other Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution. Nothing in this section, however, shall be construed as making necessary the approval by Bondholders of the adoption of any supplemental resolution as authorized in Section 1501.

Subject to the provisions of Section 1503, if the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory resolution shall have consented to and approved its adoption, no Owner of any Bond, any Bond Insurer, or any Reserve Product Provider of a Reserve Product shall have any right to object to the adoption of such supplemental resolution, or to object to any of its terms and provisions, or in any manner to question the propriety of its adoption, or enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to its provisions. Bondholder approval need not be given at one time, and approvals may be prospective in nature and aggregated over a period of time. Once a Bondholder has given approval to an amendment (either current or prospective), such approval shall be irrevocable and binding on all subsequent holders of such Bonds.

Upon the adoption of any amendatory resolution pursuant to the provisions of this section, this Resolution shall be modified and amended in accordance with such supplemental resolution, and the respective rights, duties and obligations under this Resolution of the Issuer and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

**Section 1503. Rights of Bond Insurer or Credit Facility Provider.** In the event that a Credit Facility is in full force and effect as to a Series of Bonds and the Bond Insurer or Credit Facility Provider is not (i) insolvent, (ii) in default, or (iii) rated below the "A" category by a nationally recognized rating service, the Bond Insurer or Credit Facility Provider, in place of the Holder of such Bonds, shall have the power and authority to give any consents and exercise any and all other rights that the Owners of such Bonds otherwise would have the power and authority to make, give or exercise, including, but not limited to, the exercise of remedies provided in Article

XIII, and the giving of consents to amendatory resolutions when required by Section 1502 (exclusive of those matters referred to in the proviso to the first sentence of Section 1502), and such consent shall be deemed to constitute the consent of the Holders of all of those Bonds which are secured by such Credit Facility.

**Section 1504. Supplemental or Amendatory Resolutions Part of Resolution.** Any supplemental or amendatory resolution adopted in accordance with the provisions of this Resolution shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such amendatory or supplemental resolution shall be part of the terms and conditions of this Resolution for any and all purposes. Express reference to any supplemental or amendatory resolution may be made in the text of any Bonds issued after its adoption, if deemed necessary or desirable by the Issuer.

**Section 1505. Notice of Amendatory Resolutions.** The Issuer shall give to the Rating Agencies then maintaining a rating on any Outstanding Bonds notice of the adoption of any amendatory resolution, which notice shall include the form of such amendatory resolution.

[End of Article XV]

## ARTICLE XVI

### REGISTRAR AND PAYING AGENT

**Section 1601. Notice by Registrar and Paying Agent if Default Occurs.** The Registrar and Paying Agent shall not be required to take notice or be deemed to have notice of any default under this Resolution except failure by the Issuer to cause to be made any of the payments to the Registrar and Paying Agent required to be made by this Resolution unless the Registrar and Paying Agent shall be specifically notified in writing of such default by the Issuer or by the Holders of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding, and all notices or other instruments required by this Resolution to be delivered to the Registrar and Paying Agent must, in order to be effective, be delivered at a corporate trust office of the Registrar and Paying Agent, and in the absence of such notice so delivered, the Registrar and Paying Agent may conclusively assume there is no default except as aforesaid.

If a default occurs of which the Registrar and Paying Agent is by this Section 1601 required to take notice or if notice of default be given as provided in the preceding paragraph, then the Registrar and Paying Agent shall give written notice thereof by mail to the Issuer, each provider of a Credit Facility any Reserve Product and the registered owners of all Bonds then Outstanding.

**Section 1602. Registrar and Paying Agent; Appointment and Acceptance of Duties; Removal.**

(a) Unless otherwise designated by subsequent resolution, the City Manager or Chief Financial Officer shall select and designate a Registrar and Paying Agent for each Series of Bonds, and the Issuer is authorized to enter into a registrar and paying agent agreement with the Registrar and Paying Agent, if so required.

(b) The Issuer may appoint one or more additional Paying Agents for each Series of Bonds which may include the Registrar. Any such Paying Agent shall be a commercial bank or trust company organized under the laws of the United States of America or one of the States thereof. Each Paying Agent other than the Registrar and Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the Issuer and the Registrar and Paying Agent a written acceptance of this Resolution.

The Issuer may remove any Paying Agent or the Registrar and Paying Agent and any successors thereto, and may appoint a successor or successors thereto; provided that the Registrar and Paying Agent or any other such Paying Agent then so designated by the Issuer shall continue to function as such until the designation of a successor. The Registrar and Paying Agent and each other Paying Agent is hereby authorized to pay or redeem Bonds from money on deposit in the respective funds and accounts hereunder when duly presented to it for payment or redemption.

[End of Article XVI]

## ARTICLE XVII

### MISCELLANEOUS PROVISIONS

**Section 1701. Limitation of Rights.** With the exception of rights in this Resolution expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, the Registrar and Paying Agent, each provider of a Credit Facility, each provider of a Reserve Product and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Resolution or any covenants, conditions and provisions in this Resolution contained; this Resolution and all of the covenants, conditions and provisions of this Resolution being intended to be and being for the sole and exclusive benefit of the parties hereto, the Registrar and Paying Agent, each provider of a Credit Facility, each provider of a Reserve Product and the Holders of the Bonds as in this Resolution provided.

Each provider of a Credit Facility is an express third party beneficiary of this Resolution and is entitled to enforce this Resolution as if it were a party hereto to the extent provided in this Resolution.

**Section 1702. Unclaimed Moneys.** Any moneys deposited with the Registrar and Paying Agent by the Issuer in accordance with the terms and covenants of this Resolution, in order to redeem or pay any Bond in accordance with the provisions of this Resolution, and remaining unclaimed by the registered owner of the Bond for five (5) years after the date fixed for redemption or of maturity, as the case may be, shall, if the Issuer is not at the time to the actual knowledge of the Registrar and Paying Agent in default with respect to any of the terms and conditions of this Resolution, be repaid by the Registrar and Paying Agent to the Issuer upon its written request therefor; and thereafter the registered owner of the Bond shall be entitled to look only to the Issuer for payment of such amount, *provided, however*, that the Registrar and Paying Agent, before being required to make any such repayment, shall, at the expense of the Issuer, mail to the registered owner of such Bond at its address, as the same shall last appear on the Bond Register, a notice to the effect that said moneys have not been so applied and that after the date named in said notice any unclaimed balance of said moneys then remaining shall be returned to the Issuer. If the Issuer makes arrangements satisfactory to the Registrar and Paying Agent to indemnify the Registrar and Paying Agent for any costs which it may incur due to the unavailability of moneys due to such investment, such moneys may be invested in accordance with Section 1002. Investment income on any such unclaimed moneys received by the Registrar and Paying Agent shall be deposited as provided in Section 1002 until the final maturity or redemption date of the Bonds. Any such income generated after such date shall be deemed to be unclaimed moneys of the type referred to in the first sentence of this section and shall be disposed of in accordance with such sentence. The Issuer must covenant and agree, as a condition to it receiving such funds, to indemnify and save the Registrar and Paying Agent harmless from any and all loss, costs, liability and expense suffered or incurred by the Registrar and Paying Agent by reason of having returned any such moneys to the Issuer as in this Resolution provided.

**Section 1703. Action Required on Non-Business Day.** Notwithstanding anything to the contrary in this Resolution, in the event that any payment, action or notice required by this Resolution is required or scheduled for a day which is not a Business Day, except as otherwise

provided in this Resolution or in a supplemental resolution with respect to a Series of Bonds, such payment, action or notice shall take place on the next succeeding Business Day with the same effect as if made on the required or scheduled date, and no Event of Default shall exist solely because of the failure to make such payment, take such action or give such notice on such required or scheduled date.

**Section 1704. Performance Audit.**

Unless specifically waived pursuant to the publication of such waiver in compliance with the provisions of O.C.G.A. § 36-82-100, the Issuer will select a certified public accountant or an outside auditor, consultant or provider for the purpose of providing for a continuing performance audit or performance review of the expenditure of bond proceeds and otherwise complying with the provisions of O.C.G.A. § 36-82-100, the cost of which performance audit or performance review shall be paid by the funds of the Issuer. Notice to the public of the waiver of such performance audits or reviews is to contain an appropriate statement of such waiver.

**Section 1705. Severability.** If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid by a court of competent jurisdiction, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the Bonds issued hereunder, which remaining covenants, agreements and provisions shall remain in full force and effect.

**Section 1706. No Third-Party Beneficiaries.** Except as herein otherwise expressly provided, nothing in this Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owners and holders of the Bonds issued under and secured by this Resolution, any right, remedy or claim, legal or equitable, under or by reason of this Resolution or any provision hereof this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners and holders from time to time of the Bonds issued hereunder.

**Section 1707. Controlling Law; Members of Governing Body Not Liable.** All covenants, stipulations, obligations and agreements of the Issuer contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Constitution and laws of the State of Georgia. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent, officer or employee of the Issuer or the Governing Body of the Issuer in his or her individual capacity, and neither the members or officers of the Governing Body of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or this Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Issuer or such members thereof.

**Section 1708. Repeal of Inconsistent Resolutions.** All resolutions in conflict with the express terms hereof are hereby repealed.

**Section 1709. Effective Date.** This Resolution shall take effect immediately upon its passage in the manner provided by law.

[End of Article XVII]

ADOPTED this 11th day of June, 2026.

CITY OF SAVANNAH, GEORGIA

By: \_\_\_\_\_  
Mayor

(S E A L)

ATTEST:

By: \_\_\_\_\_  
Clerk of Council

EXHIBIT A

[FORM OF CURRENT INTEREST BOND]

*[Unless this Series 20\_\_ Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange, or payment, and any Series 20\_\_ Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]*

No. R-

UNITED STATES OF AMERICA  
STATE OF GEORGIA

CITY OF SAVANNAH (GEORGIA)  
WATER AND SEWER [REFUNDING] REVENUE BOND  
SERIES 20\_\_

Maturity Date: [CUSIP:]  
Interest Rate:  
Principal Amount:  
Bond Date: [Date of Issuance]  
Registered Owner: [Cede & Co.]

The City of Savannah, Georgia (hereinafter called the “Issuer”), a municipal corporation of the State of Georgia, for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the designated office of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, or its successors, as Registrar and Paying Agent (the “Registrar” and “Paying Agent”), and to pay, solely from such special revenues, interest on the Principal Amount from the Dated Date, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, until payment of the Principal Amount, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of January and the first day of July of each year, commencing on \_\_\_\_\_ 1, 20\_\_. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be paid by check or draft mailed to the Registered Owner hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the fifteenth day (whether or not a Business Day) of the month next preceding the interest payment date (the “Record Date”), irrespective of any transfer or exchange of this Bond subsequent to the Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest

payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date (which date shall also be the date for the payment of such defaulted interest) as established by notice by deposit in the U.S. mails, postage prepaid, by the Issuer to the Registered Owners of Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth day (whether or not a Business Day) preceding the date of mailing.

This Bond and the interest hereon is payable solely from and secured by a lien upon and pledge of certain revenues derived by the Issuer from the operation of Issuer's water and sewer system (the "System"), pursuant to the terms and subject to the conditions described in a master bond resolution adopted by the Issuer on June 11, 2026, [as supplemented by a supplemental bond resolution adopted by the Issuer on \_\_\_\_\_, 20\_\_] (the "Resolution"), and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Resolution and as more particularly described below. Reference is hereby made to the Resolution for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Owners of the Bonds, the extent of and limitations on the Issuer's rights, duties and obligations, and the provisions permitting the issuance or incurrence of additional parity indebtedness (including Additional Bonds), to all of which provisions the Registered Owner hereof for himself and his successors in interest assents by acceptance of this Bond. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Resolution.

[THE ISSUER HAS ESTABLISHED A BOOK ENTRY SYSTEM OF REGISTRATION FOR THIS SERIES 20\_\_ BOND. EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE IN THE HEREINAFTER DEFINED RESOLUTION, CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, WILL BE THE REGISTERED OWNER AND WILL HOLD THIS SERIES 20\_\_ BOND ON BEHALF OF EACH BENEFICIAL OWNER HEREOF. BY ACCEPTANCE OF A CONFIRMATION OF PURCHASE, DELIVERY OR TRANSFER, EACH BENEFICIAL OWNER OF THIS SERIES 20\_\_ BOND SHALL BE DEEMED TO HAVE AGREED TO SUCH ARRANGEMENT. CEDE & CO., AS REGISTERED OWNER OF THIS SERIES 20\_\_ BOND, WILL BE TREATED AS THE OWNER OF THIS SERIES 20\_\_ BOND FOR ALL PURPOSES.]

This Bond shall not be deemed to constitute a general debt or a pledge of the faith and credit of the Issuer, or a debt or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the taxing power of the Issuer or any other political subdivision of the State of Georgia or taxation in any form on any real or personal property for the payment of the principal of, premium, if any, and interest on this Bond or for the payment of any other amounts provided for in the Resolution.

It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon the System, or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Net Revenues and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Resolution. Neither the Mayor and Aldermen, officers or officials

of the Issuer, nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

Under the terms of the Resolution, the Issuer may issue, under certain terms and conditions, Additional Bonds on a parity as to lien on the Net Revenues of the System with the Bonds.

This Bond is one of an authorized issue of Bonds in the [aggregate] principal amount of \$ \_\_\_\_\_, of like tenor and effect, except as to number, maturity (unless all Bonds mature on the same date) and interest rate, issued to [finance or refinance] the cost of the acquisition, construction and equipping of additions, extensions and improvements to the System, pursuant to the authority of and in full compliance with the Constitution and laws of the State of Georgia. This Bond is also subject to the terms and conditions of the Resolution.

The Bonds of this issue are subject to redemption prior to their maturity [Insert Term Bond amortization provisions]. The Bonds of this issue shall be further subject to redemption prior to their maturity at the option of the Issuer [Insert optional redemption provisions].

[Notice of such redemption shall be given in the manner required by the Resolution.]

The registration of this Bond may be transferred upon the registration books upon delivery to the designated office of the Registrar accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the owner of this Bond or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a Bond, the Registrar shall at the earliest practical time in accordance with the provisions of the Resolution enter the transfer of ownership in the registration books and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any Bond during the period commencing on the fifteenth day of the month immediately preceding an interest payment date on the Bonds and ending on such interest payment date, or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened

and have been performed in regular and due form and time as required by the laws and Constitution of the State of Georgia applicable hereto, and that the issuance of the Bonds of this Series does not violate any constitutional or statutory limitation or provision.

[PROVISION FOR VARIABLE RATE BONDS]

[The form of the Current Interest Bonds may be modified as appropriate by supplemental resolution to provide for a variable interest rate calculated as provided by supplemental resolution pertaining to each Series of Bonds, provided that in no event shall the interest rate calculated in accordance with such formula or any accreted interest exceed the maximum rate permitted by law.]

[PROVISION FOR DEMAND BONDS]

[The form of the Current Interest Bonds may be modified as appropriate by supplemental resolution of the Issuer for each series of Bonds prior to the sale thereof, to provide that the holder of any such Bond may demand from the Issuer payment of principal and interest on his Bond within a specified number of calendar days after delivering notice to a remarketing or other agent for the Issuer and providing a copy of the notice and tendering the Bonds to a named tender or other agent for the Issuer. ]

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.

This Bond is issued with the intent that the laws of the State of Georgia shall govern its construction.

IN WITNESS WHEREOF, the City of Savannah, Georgia, has issued this Bond and has caused the same to be signed by the Mayor and attested to and countersigned by the Clerk of Council, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

CITY OF SAVANNAH, GEORGIA

(S E A L)

By: \_\_\_\_\_ (FORM)  
Mayor

ATTEST:

By: \_\_\_\_\_ (FORM)  
Clerk of Council

STATE OF GEORGIA        )  
                                  )  
CHATHAM COUNTY        )        VALIDATION CERTIFICATE

I, the undersigned Clerk of the Superior Court of Chatham County, State of Georgia, keeper of the records and seal thereof, hereby certify that this Bond was validated and confirmed by judgment of the Superior Court of Chatham County, Georgia, on \_\_\_\_\_, 20\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand or caused my official signature and the seal of the Superior Court of Chatham County, Georgia, to be reproduced hereon in facsimile.

(S E A L)

\_\_\_\_\_  
CLERK, SUPERIOR COURT  
CHATHAM COUNTY, GEORGIA

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Resolution.

Date of Authentication: \_\_\_\_\_, 20\_\_

\_\_\_\_\_,  
As Authentication Agent

By: \_\_\_\_\_  
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE  
\_\_\_\_\_

\_\_\_\_\_  
Please print or typewrite name and address, including postal zip code of transferee.

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_  
Agent to transfer the within Bond on the  
books kept for registration thereof, with full power of substitution in the premises.

\_\_\_\_\_  
Assignor

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Date: \_\_\_\_\_, 20\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member firm of the STAMP, SEMP or MSP signature guarantee medallion programs.

[END OF BOND FORM]

CLERK OF COUNCIL CERTIFICATE

Now comes the undersigned Clerk of Council of the Mayor and Aldermen of the City of Savannah (the “City”), keeper of the records and seal thereof, and certifies that the foregoing is a true and correct copy of a resolution approved and adopted by the City in public meeting properly and lawfully held and assembled on June 11, 2026, the original of which resolution has been entered in the official records of the City under my supervision and is in my official possession, custody, and control.

(S E A L)

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Clerk of Council