



Nathan Deal  
Governor

## GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

Kevin Clark  
Executive Director

May 10, 2016

The Honorable Donna Whitener  
Mayor  
City of Blue Ridge  
480 West First Street  
Blue Ridge, GA 30513

Re: City of Blue Ridge – DWSRF 16-007

Dear Mayor Whitener:

Enclosed are the loan documents for the Georgia Environmental Finance Authority (GEFA) Drinking Water State Revolving Fund loan. The loan documents include:

1. Two copies of the Loan Agreement, including:
  - a. Exhibit A – Description of Project
  - b. Exhibit B – Specimen Promissory Note
  - c. Exhibit C – Bidding and Preconstruction Requirements
  - d. Exhibit D – State and Federal Requirements and Financial Covenants
  - e. Exhibit E – Opinion of Borrower's Counsel
  - f. Exhibit F – Resolution of Governing Body
2. Promissory Note (blue paper backing);
3. Signature Card (blue card stock);
4. Vendor Authorization Agreement for Automated Clearing House (ACH) Credit;
5. Authorization Agreement for (ACH) debits form;
6. 8038-G Form and Tax Certificate.

In order to execute these loan documents in a timely manner, PLEASE read the notes below and follow the instructions outlined therein.

### PRINCIPAL FORGIVENESS FUNDING

If you have received principal forgiveness funding from GEFA, you should take note of certain unique aspects of the contract.

1. The body of the loan agreement and the promissory note specify the full loan amount approved by the GEFA board, not including any principal forgiveness. The level of applicable principal forgiveness for your loan is specified in Exhibit D. GEFA developed the documents this way because the principal forgiveness may be nullified if the borrower fails to comply with all applicable provisions of its contract.
2. The 8038-G and Tax Certificate specify only the "unforgiven" portion (full amount minus principal forgiveness) of the loan, assuming the full value of the loan is disbursed.

#### LOAN AGREEMENT

Two copies of the loan agreement are enclosed. Each copy is an original counterpart and each must be executed. **DO NOT** fill in the date on page one of the loan agreement. Have the appropriate official sign each loan agreement and the appropriate person attest the signature. Once signed, return **BOTH** loan agreements with the other documents to GEFA so that they may be executed. We will then return your counterpart to you. **DO NOT sign the "specimen" promissory note in Exhibit B of the loan agreement.**

#### EXHIBIT E – OPINION OF BORROWER'S COUNSEL

Exhibit E is a sample letter that must be prepared by the borrower's attorney on the attorney's letterhead. This letter ensures that the loan documents and other documents have been properly reviewed. On page 14 of the loan agreement and the signature page of the promissory note, the borrower's attorney must also sign where indicated that the loan agreement and the promissory note are "Approved as to form."

#### EXHIBIT F – RESOLUTION OF GOVERNING BODY

This resolution gives authorization to the chief elected official to execute the loan documents, and any and all other documents. This resolution must be submitted along with the signed loan documents. The same elected official authorized to sign the loan documents within the resolution must also sign the loan agreement and promissory note.

#### EXPIRATION DATE

Part 13(d) of the loan agreement identifies a date on which these loan documents expire. These loan documents must be delivered to GEFA, signed by the local government, by the date indicated in 13(d).

Section 4(c) of the loan agreement states that in the event the Borrower fails to draw funds within six (6) months of loan agreement execution, GEFA will assess a Loan Continuation Fee as published in the Lender Fee Schedule. The Loan Continuation Fee will be assessed every month thereafter until the Borrower makes an initial draw of funds from the loan for the project or reverts the loan commitment.

#### ORIGINATION FEE

The origination fee is payable on the dates specified by GEFA with no less than thirty days (30) written notice. These payments will be directly debited from the bank account indicated on the ACH Debit form discussed below. This bank account will be debited on the first day of the second month following the date in which GEFA executed this loan agreement. GEFA will provide you with a schedule of these payments along with your signed counterpart of the loan agreement.

#### PROMISSORY NOTE

The promissory note that has a blue backing must be signed and returned to GEFA prior to any draw being approved. The note, as now drafted, assumes that all dates and dollar amounts found in Exhibit A are correct.

A specimen of this note is located in Exhibit B of the loan agreement. **DO NOT sign the specimen note found in Exhibit B.**

#### CONSTRUCTION INTEREST

Interest accrued on funds drawn during construction will be billed and collected monthly by use of electronic debit transactions through an automated clearing house. Construction interest will be charged and collected monthly only on the outstanding balance of funds disbursed to date.

#### AMORTIZATION SCHEDULE

The monthly installment amount is not provided within the loan documents as any change to this specified amount at the end of construction would require a modification to the loan documents adding administrative and legal expense. As a courtesy to our customers, GEFA provides an estimated installment amount based on information provided within the loan documents. If the full amount of funds indicated within the loan documents is disbursed to the project and all requirements for this project are met, the installment amount will be approximately **\$590.05** per month throughout the life of repayment. This approximated value does not include any construction interest accrued during the construction period, which must be paid monthly by the borrower.

#### SIGNATURE CARD (BLUE CARD STOCK)

All draw requests must be signed by a designated official(s) of the local government. It is the local government's option to decide who signs and how many signatures are required. On this blue card, you may designate up to four individuals and indicate whether one or two signatures are required. Draws will not be accepted for processing without the appropriate signature(s), therefore we suggest that more than one person be authorized to sign the draw form. The attesting signature at the bottom of the card must **NOT** be from an individual who is being given authorization to sign a drawdown request.

#### VENDOR AUTHORIZATION AGREEMENT FOR ACH CREDITS

GEFA will be making disbursements utilizing the Automated Clearing House (ACH) method to a financial institution that the local government designates. The form is used to designate the financial institution, the routing number, and account number to which GEFA will transfer funds. Please complete the form and include a voided check or deposit slip for account number verification.

#### AUTHORIZATION AGREEMENT FOR ACH DEBITS FORM

This form provides GEFA the information needed to initiate the electronic debit transactions. This form must be completed and returned with the signed loan documents. Please make certain to include the local government's Employee Identification Number (EIN) on this form.

#### 8038-G AND TAX CERTIFICATE

Please complete the 8038-G form for Tax-Exempt Governmental Obligations and have the appropriate official sign the form. Also, please have the appropriate official sign the Tax Certificate and the appropriate person attest the signature. **Refer to the enclosed sheet for further instructions concerning the completion of these forms.** Please note – in the case of principal forgiveness projects, the dollar values in the 8038-G form and the Tax Certificate reflect only the “unforgiven” amount of the loan (full amount minus principal forgiveness) when fully disbursed and differ from the values specified in the body of the loan agreement and the promissory note.

AUDIT

The Borrower shall deliver to the Lender, within six (6) months after the end of each fiscal year, a copy of the Borrower's financial statements as required under the state audit requirements (O.C.G.A. § 36-81-7) and a compliance certificate stating the Borrower is meeting the 1.05 times debt service coverage requirement, as detailed in the Loan Agreement.

If you have any questions, please give GEFA a call at 404-584-1000. We look forward to receiving the loan documents and other related materials. GEFA appreciates the opportunity to assist you with financing this project.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jenerrah Byron". The signature is stylized with a large initial "J" and a long, sweeping underline.

Jenerrah Byron  
Program Manager

Enclosures

**AUTHORIZED SIGNATURE CARD  
FOR DRAWDOWN OF PROCEEDS  
UNDER GEFA PROGRAMS**

Name of Recipient:

**CITY OF BLUE RIDGE**

GEFA Project Number

**DWSRF 16-007**

SIGNATURES OF OFFICIALS AUTHORIZED TO DRAW ON THE CITED PROJECT

ONLY ONE SIGNATURE REQUIRED ON PAYMENT VOUCHERS

OR

ANY TWO SIGNATURES REQUIRED TO SIGN OR COUNTERSIGN

Typed Name and Signature

Typed Name and Signature

Typed Name and Signature

Typed Name and Signature

I certify that the signatures above are of the individuals authorized to request payment under the project cited above.  
(The attesting official below cannot be one of the officials that is named above as authorized to sign draw requests)

\_\_\_\_\_  
SIGNATURE OF ATTESTING OFFICIAL (Recipient)

\_\_\_\_\_  
DATE



Georgia Environmental Finance Authority  
 Attn: Accounts Payable  
 233 Peachtree Street, NE  
 Harris Tower, Suite 900  
 Atlanta, GA 30303.1506  
 Phone 404.584.1000  
 Fax 404.584.1067

**Electronic Funds Transfer via ACH Authorization Form  
 (Direct Deposit)**

VENDOR INFORMATION	
Contract, Grant or Invoice Number, if same banking information for all items, please type "ALL"	DW16-007
Legal Name of Vendor	Tax ID or EIN
Physical Address	Mailing Address (if different from Physical Address)
City, State, Zip Code	City, State, Zip Code
Vendor Phone Number	Vendor Fax Number
Vendor Website Address	Vendor Email Address for Payment Notification
Primary Contact Name	Primary Contact Title
Primary Contact Phone Number	Primary Contact Email Address
Secondary Contact Name	Secondary Contact Title
Secondary Contact Phone Number	Secondary Contact Email Address
BANK INFORMATION	
Bank Name	Bank Phone Number
Branch Address	City, State, Zip Code
PLEASE ATTACH A VOIDED CHECK. THIS FORM CANNOT BE PROCESSED WITHOUT ONE.	
Transit Routing/ABA Number (9-Digits)	Bank Account Number
<p>The Vendor hereby authorizes Georgia Environmental Finance Authority ("GEFA") to deposit directly into the account described above any amounts payable and to withdraw from that account, upon GEFA's notice to the Bank, any amounts deposited by GEFA to which the Vendor is not entitled. The Vendor further authorizes and directs the Bank to accept such deposits and to permit such withdrawals.</p> <p>This authorization is to remain in force until GEFA has received written notification from Vendor of termination in such time and in such manner as to afford GEFA and/or the Bank a reasonable opportunity to act on it.</p>	
Print Name of Person Authorized on Bank Account	Title
Authorized Signature	Date
Attestation Signature	Title
<p>Mail or fax this form and required documentation to the address or number above. This information can also be emailed to <a href="mailto:accounting@gefa.ga.gov">accounting@gefa.ga.gov</a> for faster setup. All originals should be mailed for documentation purposes.</p>	
<p>GEFA use only: Entered FE _____ Initials _____ Pre-noted/Email Sent _____ Vendor ID _____          Called Vendor Bank to confirm account name and #: Bank Employee Name _____          GEFA Employee Initials and Date _____</p>	



Georgia Environmental Finance Authority  
 Attn: Loan Servicing  
 233 Peachtree Street, NE  
 Harris Tower, Suite 900  
 Atlanta, GA 30303.1506  
 Phone 404.584.1000  
 Fax 404.584.1067

**Electronic Funds Debit via ACH Authorization Form  
 (Payment of Invoice/Repayment of Loan Funds)**

PAYER INFORMATION	
Invoice Number/Project ID(s), if same banking information for all billed items, please enter "ALL"	DW 16-007
Legal Name of Payer	Tax ID or EIN
Physical Address	Mailing Address (if different from Physical Address)
City, State, Zip Code	City, State, Zip Code
Payer Phone Number	Payer Fax Number
Primary Contact Name	Primary Contact Title
Primary Contact Phone Number	Primary Contact Email Address
Secondary Contact Name	Secondary Contact Title
Secondary Contact Phone Number	Secondary Contact Email Address
BANK INFORMATION	
Bank Name	Bank Phone Number
Branch Address	City, State, Zip Code
PLEASE ATTACH A VOIDED CHECK. THIS FORM CANNOT BE PROCESSED WITHOUT ONE.	
Transit Routing/ABA Number (9-Digits)	Bank Account Number
<p>The Payer hereby authorizes Georgia Environmental Finance Authority ("GEFA") to withdraw directly from the account described above any amounts owed and to deposit to that account, upon GEFA's notice to the Bank, any amounts withdrawn by GEFA for which GEFA is not entitled. The Payer further authorizes and directs the Bank to accept such withdrawals and to permit such deposits.</p> <p>This authorization is to remain in force until GEFA has received written notification from Payer of termination in such time and in such manner as to afford GEFA and/or the Bank a reasonable opportunity to act on it.</p>	
Print Name of Person Authorized on Bank Account	Title
Authorized Signature	Date
Attestation Signature	Title
<p>Mail or fax this form and required documentation to the address or number above. This information can also be emailed to <a href="mailto:disbursements@gefa.ga.gov">disbursements@gefa.ga.gov</a> for faster setup. All originals should be mailed for documentation purposes.</p>	
<p>GEFA use only: Entered NLS _____ Initials _____ Pre-noted/Email Sent _____ Payer ID _____                  Called Payer Bank to confirm account name and #: Bank Employee Name _____                  GEFA Employee Initials and Date _____</p>	

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**DRINKING WATER STATE REVOLVING FUND, ADMINISTERED BY GEORGIA  
ENVIRONMENTAL FINANCE AUTHORITY**

(a public corporation duly created and  
existing under the laws of  
the State of Georgia)  
as Lender

and

**CITY OF BLUE RIDGE**

(a public body corporate and politic duly created and existing  
under the laws of the State of Georgia)  
as Borrower

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**LOAN AGREEMENT**

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ENERGY • LAND • WATER

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## LOAN AGREEMENT

**DO NOT  
DATE THIS  
PAGE**

This **LOAN AGREEMENT** (this "**Agreement**") dated \_\_\_\_ 20\_\_\_\_, by and between **CITY OF BLUE RIDGE**, a Georgia public body corporate and politic (the "**Borrower**"), whose address for purposes of this Agreement shall be **480 W. FIRST STREET, BLUE RIDGE, GEORGIA 30513**, and the **DRINKING WATER STATE REVOLVING FUND, ADMINISTERED BY GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**, a Georgia public corporation (the "**Lender**"), whose address for purposes of this Agreement shall be 233 Peachtree Street, N.E., Peachtree Center-Harris Tower, Suite 900, Atlanta, GA 30303-1506.

1. **Background** - The Lender desires to loan to the Borrower **TWO HUNDRED ELEVEN THOUSAND NINE HUNDRED EIGHTY-FIVE DOLLARS AND ZERO CENTS (\$211,985)** from the Drinking Water State Revolving Fund, Administered by Georgia Environmental Finance Authority (the "**Fund**") to finance the costs of acquiring, constructing, and installing the environmental facilities described in Exhibit A attached hereto (the "**Project**"). The Environmental Protection Division ("**EPD**") of the Department of Natural Resources of the State of Georgia has completed all existing statutory reviews and approvals with respect to the Project, as required by Section 50-23-9 of the Official Code of Georgia Annotated, and has approved or will approve the detailed plans and specifications (the "**Plans and Specifications**") for the Project prepared or to be prepared by the Borrower's engineer (the "**Engineer**"), which may be amended from time to time by the Borrower but subject to the approval of the EPD.

2. **Loan** - Subject to the terms and conditions of this Agreement, the Lender agrees to make the following loan or loans (collectively, the "**Loan**") available to the Borrower:

(a) The Lender agrees to advance to the Borrower, on or prior to the earlier of (1) the Completion Date (as hereinafter defined), (2) **NOVEMBER 1, 2017**, or (3) the date that the loan evidenced by this Note is fully disbursed, the Loan in a principal amount of up to **\$211,985** which Loan may be disbursed in one or more advances but each such disbursement shall reduce the Lender's loan commitment hereunder and any sums advanced hereunder may not be repaid and then re-borrowed.

(b) The Lender's commitment in paragraph (a) above to make advances to the Borrower shall be a limited obligation of the Lender, to be funded solely from available moneys in the Fund and from no other source of funds, including other funds of the Lender.

(c) The Borrower's obligation to pay the Lender the principal of and interest on the Loan shall be evidenced by the records of the Lender and by the Note described below.

3. **Note** - The Loan shall be evidenced by the Promissory Note, dated this date, executed by the Borrower in favor of the Lender in an original stated principal amount equal to the maximum amount of the Loan as described above (the "**Note**," which term

shall include any extensions, renewals, modifications, or replacements thereof). The Note shall be in substantially the form attached to this Agreement as Exhibit B.

**4. Interest, Fees, and Other Charges** - In consideration of the Loan, the Borrower shall pay the Lender the following interest, fees, and other charges:

(a) The Loan shall bear interest at the rate or rates per annum specified in the Note and such interest shall be calculated in the manner specified in the Note.

(b) The Borrower agrees to pay all reasonable out-of-pocket costs and expenses of the Lender incurred in connection with its negotiation, structuring, documenting, and closing the Loan, including, without limitation, the reasonable fees and disbursements of counsel for the Lender. The Borrower agrees to pay all reasonable out-of-pocket costs and expenses of the Lender incurred in connection with its administration or modification of, or in connection with the preservation of its rights under, enforcement of, or any refinancing, renegotiation, restructuring, or termination of, any Credit Document (as hereinafter defined) or any instruments referred to therein or any amendment, waiver, or consent relating thereto, including, without limitation, the reasonable fees and disbursements of counsel for the Lender. Such additional loan payments shall be billed to the Borrower by the Lender from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Lender for one or more of the above items. Amounts so billed shall be paid by the Borrower within thirty (30) days after receipt of the bill by the Borrower.

(c) In the event the Borrower fails to request any advances under the Loan within six (6) months after the dated date of this Agreement, the Borrower shall pay the Lender a fee equal to the Lender's Loan Continuation Fee, as published from time to time in the Lender's fee schedules, if the Lender requests the Borrower to pay such fee in writing within twelve (12) months after the dated date of this Agreement, such fee to be payable within fifteen (15) days of such written request.

(d) The Borrower shall pay the Lender an origination fee for the loan in the amount of one percent (1%) of the maximum amount of the Loan, payable on the dates specified by the Lender on not less than thirty (30) days written advance notice.

**5. Prepayment** - The Loan shall be prepayable in accordance with the terms and conditions of the Note.

**6. Authorized Borrower Representative and Successors** - The Borrower shall designate a person to act on behalf of the Borrower under this Agreement (the "**Authorized Borrower Representative**") by written certificate furnished to the Lender, containing the specimen signature of such person and signed on behalf of the Borrower by its chief executive officer. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

**7. Conditions to the Loan** - At the time of the making of each advance under the Loan by the Lender to the Borrower under this Agreement (each an “**Advance**”), the following conditions shall have been fulfilled to the Lender’s satisfaction:

(a) This Agreement and the Note shall have been duly executed and delivered by all required parties thereto and in form and substance satisfactory to the Lender, and the Lender shall have received (1) a certified copy of the resolution adopted by the Borrower’s governing body, substantially in the form of Exhibit F attached hereto, and (2) a signed opinion of counsel to the Borrower, substantially in the form of Exhibit E attached hereto.

(b) There shall then exist no Event of Default under this Agreement (or other event that, with the giving of notice or passage of time, or both, would constitute such an Event of Default).

(c) All representations and warranties by the Borrower in this Agreement and the Note (collectively the “**Credit Documents**”) shall be true and correct in all material respects with the same effect as if such representations and warranties had been made on and as of the date of such advance.

(d) Since the date of the most recent annual financial statements of the Borrower delivered to the Lender, there shall have been no material adverse change in the financial condition, assets, management, control, operations, or prospects of the Borrower.

(e) The Advance to be made and the use of the proceeds thereof shall not violate any applicable law, regulation, injunction, or order of any government or court.

(f) When the Project budget included as part of Exhibit A indicates that the Loan will finance less than all of the costs of the Project or a category of costs of the Project, the Advance to be made shall not cause the percentage of such Project costs funded to date by the Loan to exceed the total percentage of such Project costs budgeted to be funded by the Loan.

(g) The Borrower shall submit requests for Advances not more frequently than monthly and at least 21 days before the requested disbursement date.

(h) The Advance to be made and the use of the proceeds thereof shall be limited to payment of costs of the Project set forth in the Project budget included as part of Exhibit A and contemplated by the Plans and Specifications approved by the EPD.

(i) There shall be filed with the Lender:

(1) A requisition for such Advance, stating the amount to be disbursed.

(2) A certificate executed by the Authorized Borrower Representative attached to the requisition and certifying:

(A) that an obligation in the stated amount has been incurred by the Borrower and that the same is a cost of the Project and is presently due and payable or has been paid by the Borrower and is reimbursable hereunder and

stating that the bill or statement of account for such obligation, or a copy thereof, is attached to the certificate;

(B) that the Borrower has no notice of any vendor's, mechanic's, or other liens or rights to liens, chattel mortgages, or conditional sales contracts that should be satisfied or discharged before such payment is made; and

(C) that each item on such requisition has not been paid or reimbursed, as the case may be, and such requisition contains no item representing payment on account of any retained percentages that the Borrower is, at the date of any such certificate, entitled to retain or payment for labor performed by employees of the Borrower.

(j) The completed construction on the Project shall be reviewed (at the time each requisition is submitted) by the Engineer, and the Engineer shall certify to the Lender as to (A) the cost of completed construction, (B) the percentage of completion, and (C) compliance with the Plans and Specifications.

**8. Representations and Warranties** - The Borrower hereby represents and warrants to the Lender:

(a) Creation and Authority. The Borrower is a public body corporate and politic duly created and validly existing under the laws of the State of Georgia and has all requisite power and authority to execute and deliver the Credit Documents and to perform its obligations thereunder.

(b) Pending Litigation. Except as disclosed in writing to the Lender, there are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the Borrower, after making due inquiry with respect thereto, threatened against or affecting the Borrower in any court or by or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the properties, activities, prospects, profits, operations, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Credit Documents, or the transactions contemplated by the Credit Documents or which, in any way, would adversely affect the validity or enforceability of the Credit Documents or any agreement or instrument to which the Borrower is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Borrower aware of any facts or circumstances presently existing that would form the basis for any such actions, suits, or proceedings. Except as disclosed in writing to the Lender, the Borrower is not in default with respect to any judgment, order, writ, injunction, decree, demand, rule, or regulation of any court, governmental authority, or arbitration board or tribunal.

(c) Credit Documents are Legal and Authorized. The execution and delivery by the Borrower of the Credit Documents, the consummation of the transactions therein contemplated, and the fulfillment of or the compliance with all of the provisions thereof (i) are within the power, legal right, and authority of the Borrower; (ii) are legal and will not conflict with or constitute on the part of the Borrower a violation of or a breach of or a

default under, any organic document, indenture, mortgage, security deed, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the Borrower is a party or by which the Borrower or its properties are otherwise subject or bound, or any license, law, statute, rule, regulation, judgment, order, writ, injunction, decree, or demand of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities or properties; and (iii) have been duly authorized by all necessary and appropriate official action on the part of the governing body of the Borrower. The Credit Documents are the valid, legal, binding, and enforceable obligations of the Borrower. The officials of the Borrower executing the Credit Documents are duly and properly in office and are fully authorized and empowered to execute the same for and on behalf of the Borrower.

(d) Governmental Consents. Neither the Borrower nor any of its activities or properties, nor any relationship between the Borrower and any other person, nor any circumstances in connection with the execution, delivery, and performance by the Borrower of its obligations under the Credit Documents, is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Borrower in connection with the execution, delivery, and performance of the Credit Documents or the consummation of any transaction therein contemplated, except as shall have been obtained or made and as are in full force and effect and except as are not presently obtainable. To the knowledge of the Borrower, after making due inquiry with respect thereto, the Borrower will be able to obtain all such additional consents, approvals, permissions, orders, licenses, or authorizations of governmental authorities as may be required on or prior to the date the Borrower is legally required to obtain the same.

(e) No Defaults. No event has occurred and no condition exists that would constitute an Event of Default or that, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the Borrower, after making due inquiry with respect thereto, the Borrower is not in default or violation in any material respect under any organic document or other agreement or instrument to which it is a party or by which it may be bound, except as disclosed in writing to the Lender.

(f) Compliance with Law. To the knowledge of the Borrower, after making due inquiry with respect thereto, the Borrower is not in violation of any laws, ordinances, or governmental rules or regulations to which it or its properties are subject and has not failed to obtain any licenses, permits, franchises, or other governmental authorizations (which are presently obtainable) necessary to the ownership of its properties or to the conduct of its affairs, which violation or failure to obtain might materially and adversely affect the properties, activities, prospects, profits, and condition (financial or otherwise) of the Borrower, and there have been no citations, notices, or orders of noncompliance issued to the Borrower under any such law, ordinance, rule, or regulation, except as disclosed in writing to the Lender.

(g) Restrictions on the Borrower. The Borrower is not a party to or bound by any contract, instrument, or agreement, or subject to any other restriction, that materially and adversely affects its activities, properties, assets, operations, or condition (financial or otherwise), except as disclosed in writing to the Lender. The Borrower is not a party to

any contract or agreement that restricts the right or ability of the Borrower to incur indebtedness for borrowed money or to enter into loan agreements, except as disclosed in writing to the Lender. Any contract or agreement of the Borrower that pledges the revenues of the Borrower permits such pledged revenues to be used to make payments due under the Credit Documents.

(h) Disclosure. The representations of the Borrower contained in this Agreement and any certificate, document, written statement, or other instrument furnished by or on behalf of the Borrower to the Lender in connection with the transactions contemplated hereby, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein or therein not misleading. There is no fact that the Borrower has not disclosed to the Lender in writing that materially and adversely affects or in the future may (so far as the Borrower can now reasonably foresee) materially and adversely affect the acquisition, construction, and installation of the Project or the properties, activities, prospects, operations, profits, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Credit Documents or any of the documents or transactions contemplated hereby or thereby or any other transactions contemplated by this Agreement, which has not been set forth in writing to the Lender or in the certificates, documents, and instruments furnished to the Lender by or on behalf of the Borrower prior to the date of execution of this Agreement in connection with the transactions contemplated hereby.

(i) Project Compliance. The Project complies or will comply with all presently applicable building and zoning, health, environmental, and safety ordinances and laws and all other applicable laws, rules, and regulations of any and all governmental and quasi-governmental authorities having jurisdiction over any portion of the Project.

(j) Financial Statements. The financial statements of the Borrower that have been provided to the Lender in connection with the Loan present fairly the financial position of the Borrower as of the date thereof and the results of its operations and its cash flows of its proprietary fund types for the period covered thereby, all in conformity with generally accepted accounting principles (subject to normal year-end adjustments in the case of interim statements). Additionally, the Borrower agrees that all future financial statements that are required to be submitted to the Authority will be prepared in conformity with generally accepted accounting principles, including infrastructure provisions of GASB 34. Since the date of the most recent annual financial statements for the Borrower delivered to the Lender in connection with the Loan, there has been no material adverse change in the Borrower's financial condition, assets, management, control, operations, or prospects.

(k) Reaffirmation. Each request by the Borrower for an advance under the Loan shall constitute a representation and warranty by the Borrower to the Lender that the foregoing statements are true and correct on the date of the request and after giving effect to such advance.

(l) Borrower's Tax Certificate. The representations and warranties of the Borrower set forth in the Borrower's Tax Certificate, dated the date hereof, are hereby

incorporated herein and made a part hereof by this reference thereto, as if fully set forth herein, and are true and correct as of the date hereof.

**9. Security for Payments under Credit Documents** - (a) As security for the payments required to be made and the obligations required to be performed by the Borrower under the Credit Documents, the Borrower hereby pledges to the Lender its full faith and credit and revenue-raising power (including its taxing power) for such payment and performance. The Borrower covenants that, in order to make any payments required by the Credit Documents when due from its funds to the extent required hereunder, it will exercise its power of taxation and its power to set rates, fees, and charges to the extent necessary to pay the amounts required to be paid under the Credit Documents and will make available and use for such payments all rates, fees, charges, and taxes levied and collected for that purpose together with funds received from any other sources. The Borrower further covenants and agrees that in order to make funds available for such purpose in each fiscal year, it will, in its revenue, appropriation, and budgetary measures through which its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to satisfy any such payments that may be required to be made under the Credit Documents, whether or not any other sums are included in such measure, until all payments so required to be made under the Credit Documents shall have been made in full. The obligation of the Borrower to make any such payments that may be required to be made from its funds shall constitute a general obligation of the Borrower and a pledge of the full faith and credit of the Borrower to provide the funds required to fulfill any such obligation. In the event for any reason any such provision or appropriation is not made as provided in this Section 9, then the fiscal officers of the Borrower are hereby authorized and directed to set up as an appropriation on their accounts in the appropriate fiscal year the amounts required to pay the obligations that may be due from the funds of the Borrower. The amount of such appropriation shall be due and payable and shall be expended for the purpose of paying any such obligations, and such appropriation shall have the same legal status as if the Borrower had included the amount of the appropriation in its revenue, appropriation, and budgetary measures, and the fiscal officers of the Borrower shall make such payments required by the Credit Documents to the Lender if for any reason the payment of such obligations shall not otherwise have been made.

(b) The Borrower covenants and agrees that it shall, to the extent necessary, levy an annual ad valorem tax on all taxable property located within the territorial or corporate limits of the Borrower, as now existent and as the same may hereafter be extended, at such rate or rates, within any limitations that may be prescribed by law, as may be necessary to produce in each year revenues that will be sufficient to fulfill the Borrower's obligations under the Credit Documents, from which revenues the Borrower agrees to appropriate sums sufficient to pay in full when due all of the Borrower's obligations under the Credit Documents. Nothing herein contained, however, shall be construed as limiting the right of the Borrower to make the payments called for by the Credit Documents out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds or enterprise funds).

**10. Borrower Covenants** - The Borrower agrees to comply with the following covenants so long as this Agreement is in effect:

(a) Information. The Borrower shall deliver to the Lender, within 180 days after the end of each fiscal year, an electronic copy of the financial statements required under state audit requirements (O.C.G.A. § 36-81-7). Borrower's annual financial statements shall be prepared in accordance with generally accepted accounting principles and otherwise in form and substance satisfactory to the Lender, which financial statements shall be accompanied by a certificate of the Borrower (1) to the effect that the Borrower is not in default under any provisions of the Credit Documents and has fully complied with all of the provisions thereof, or if the Borrower is in default or has failed to so comply, setting forth the nature of the default or failure to comply, and (2) stating the Fixed Charges Coverage Ratio, the Fixed Charges, and the Income Available for Fixed Charges of the Borrower for the fiscal year. The Borrower also shall promptly provide the Lender (A) upon receipt thereof, a copy of each other report submitted to the Borrower by its accountants in connection with any annual, interim, or special audit made by them of the books of the Borrower (including, without limitation, any management report prepared in connection with such accountants' annual audit of the Borrower) and (B) with such other information relating to the Borrower and the Project as the Lender may reasonably request from time to time.

(b) Access to Property and Records. The Borrower agrees that the Lender, the EPD, and their duly authorized representatives and agents shall have the right, upon reasonable prior notice, to enter the Borrower's property at all reasonable times for the purpose of examining and inspecting the Project, including any construction or renovation thereof. The Borrower shall keep accurate and complete records and books of account with respect to its activities in which proper entries are made in accordance with generally accepted accounting principles reflecting all of its financial transactions. The Lender and the EPD shall also have the right at all reasonable times to examine and make extracts from the books and records of the Borrower, insofar as such books and records relate to the Project or insofar as necessary to ascertain compliance with this Agreement, and to discuss with the Borrower's officers, employees, accountants, and engineers the Project and the Borrower's activities, assets, liabilities, financial condition, results of operations, and financial prospects.

(c) Agreement to Acquire, Construct, and Install the Project. The Borrower covenants to cause the Project to be acquired, constructed, and installed without material deviation from the Plans and Specifications and warrants that the acquisition, construction, and installation of the Project without material deviation from the Plans and Specifications will result in facilities suitable for use by the Borrower and that all real and personal property provided for therein is necessary or appropriate in connection with the Project. The Borrower may make changes in or additions to the Plans and Specifications; provided, however, changes in or additions to the Plans and Specifications that are material shall be subject to the prior written approval of the Engineer and the EPD. The Borrower agrees to complete the acquisition, construction, and installation of the Project as promptly as practicable and with all reasonable dispatch after the date of this Agreement. Without limiting the foregoing sentence, the Borrower shall commence and

complete each activity or event by the deadline stated in the Project Schedule included as part of Exhibit A attached hereto. The Borrower shall comply with the bidding and preconstruction requirements set forth in Exhibit C attached hereto.

(d) Establishment of Completion Date. The date of completion of the acquisition, construction, and installation of the Project (the "**Completion Date**") shall be evidenced to the Lender and the EPD by a certificate of completion signed by the Authorized Borrower Representative and approved by the Engineer, stating that construction of the Project has been completed without material deviation from the Plans and Specifications and all labor, services, materials, and supplies used in such construction have been paid or provided for. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or that may subsequently come into being. It shall be the duty of the Borrower to cause the certificate contemplated by this paragraph to be furnished as soon as the construction of the Project shall have been completed.

(e) Indemnity. (1) To the extent provided by law, in addition to the other amounts payable by the Borrower under this Agreement (including, without limitation, Section 4 hereof), the Borrower hereby agrees to pay and indemnify the Lender from and against all claims, liabilities, losses, costs, and expenses (including, without limitation, reasonable attorneys' fees and expenses) that the Lender may (other than as a result of the gross negligence or willful misconduct of the Lender) incur or be subjected to as a consequence, directly or indirectly, of (i) any actual or proposed use of any proceeds of the Loan or the Borrower's entering into or performing under any Credit Document, (ii) any breach by the Borrower of any representation, warranty, covenant, or condition in, or the occurrence of any other default under, any of the Credit Documents, including without limitation all reasonable attorneys' fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default, (iii) allegations of participation or interference by the Lender in the management, contractual relations, or other affairs of the Borrower, (iv) allegations that the Lender has joint liability with the Borrower to any third party as a result of the transactions contemplated by the Credit Documents, (v) any suit, investigation, or proceeding as to which the Lender is involved as a consequence, directly or indirectly, of its execution of any of the Credit Documents, the making of the Loan, or any other event or transaction contemplated by any of the Credit Documents, or (vi) the conduct or management of or any work or thing done on the Project and any condition of or operation of the Project.

(2) Nothing contained in this paragraph (e) shall require the Borrower to indemnify the Lender for any claim or liability that the Borrower was not given any opportunity to contest or for any settlement of any such action effected without the Borrower's consent. The indemnity of the Lender contained in this paragraph (e) shall survive the termination of this Agreement.

(f) Fixed Charges Coverage Ratio. The Borrower shall not permit the Fixed Charges Coverage Ratio for any fiscal year to be less than 1.05. The following terms are defined terms for purposes of this Agreement:

**“Fixed Charges”** means, for any period, the sum of all cash outflows that the Borrower cannot avoid without violating the Borrower’s long-term contractual obligations (those obligations that extend for a period greater than one year, determined in accordance with generally accepted accounting principles) and that are accounted for in the enterprise fund containing the Borrower’s water or sewer operations, including, but not limited to, (i) interest on long-term debt, determined in accordance with generally accepted accounting principles, (ii) payments under long-term leases (whether capitalized or operating), and (iii) scheduled payments of principal on long-term debt.

**“Fixed Charges Coverage Ratio”** means, for any period, the ratio of Income Available for Fixed Charges to Fixed Charges.

**“Income Available For Fixed Charges”** means, for any period, net income of the Borrower, plus amounts deducted in arriving at such net income for (i) interest on long-term debt (including the current portion thereof), (ii) depreciation, (iii) amortization, (iv) payments under long-term leases, and (v) transfers to other funds of the Borrower.

(g) Tax Covenants. The Borrower covenants that it will not take or omit to take any action nor permit any action to be taken or omitted that would cause the interest on the Note to become includable in the gross income of any owner thereof for federal income tax purposes. The Borrower further covenants and agrees that it shall comply with the representations and certifications it made in its Borrower’s Tax Certificate dated the date hereof and that it shall take no action nor omit to take any action that would cause such representations and certifications to be untrue.

**11. Events of Default and Remedies** – (a) Each of the following events shall constitute an Event of Default under this Agreement:

(1) Failure by the Borrower to make any payment with respect to the Loan (whether principal, interest, fees, or other amounts) when and as the same becomes due and payable (whether at maturity, on demand, or otherwise); or

(2) The Borrower shall (A) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of the Borrower or of all or a substantial part of the property of the Borrower; (B) admit in writing the inability of the Borrower, or be generally unable, to pay the debts of the Borrower as such debts become due; (C) make a general assignment for the benefit of the creditors of the Borrower; (D) commence a voluntary case under the federal bankruptcy law (as now or hereafter in effect); (E) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; (F) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Borrower in an involuntary case under such federal bankruptcy law; or (G) take any action for the purpose of effecting any of the foregoing; or

(3) A proceeding or case shall be commenced, without the application of the Borrower, in any court of competent jurisdiction, seeking (A) the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of debts of the

Borrower; (B) the appointment of a trustee, receiver, custodian, liquidator, or the like of the Borrower or of all or any substantial part of the assets of the Borrower; or (C) similar relief in respect of the Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition and adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment, or decree approving or ordering any of the foregoing shall be entered and continue in effect, for a period of sixty (60) days from commencement of such proceeding or case or the date of such order, judgment, or decree, or any order for relief against the Borrower shall be entered in an involuntary case or proceeding under the federal bankruptcy law; or

(4) Any representation or warranty made by the Borrower in any Credit Document shall be false or misleading in any material respect on the date as of which made (or deemed made); or

(5) Any default by the Borrower shall occur in the performance or observance of any term, condition, or provision contained in any Credit Document and not referred to in clauses (1) through (4) above, which default shall continue for thirty (30) days after the Lender gives the Borrower written notice thereof; or

(6) Any material provision of any Credit Document shall at any time for any reason cease to be valid and binding in accordance with its terms on the Borrower, or the validity or enforceability thereof shall be contested by the Borrower, or the Borrower shall terminate or repudiate (or attempt to terminate or repudiate) any Credit Document; or

(7) Default in the payment of principal of or interest on any other obligation of the Borrower for money borrowed (or any obligation under any conditional sale or other title retention agreement or any obligation secured by purchase money mortgage or deed to secure debt or any obligation under notes payable or drafts accepted representing extensions of credit or on any capitalized lease obligation), or default in the performance of any other agreement, term, or condition contained in any contract under which any such obligation is created, guaranteed, or secured if the effect of such default is to cause such obligation to become due prior to its stated maturity; provided that in each and every case noted above the aggregate then outstanding principal balance of the obligation involved (or all such obligations combined) must equal or exceed \$100,000; or

(8) Default in the payment of principal of or interest on any obligation of the Borrower for money borrowed from the Lender (other than the Loan) or default in the performance of any other agreement, term, or condition contained in any contract under which any such obligation is created, guaranteed, or secured if the effect of such default is to entitle the Lender to then cause such obligation to become due prior to its stated maturity (the parties intend that a default may constitute an Event of Default under this paragraph (8) even if such default would not constitute an Event of Default under paragraph (7) immediately above); or

(9) The dissolution of the Borrower; or

(10) Any material adverse change in the Borrower's financial condition or means or ability to perform under the Credit Documents; or

(11) The occurrence of any other event as a result of which the Lender in good faith believes that the prospect of payment in full of the Loan is impaired.

(b) Upon the occurrence of an Event of Default, the Lender, at its option, without demand or notice of any kind, may declare the Loan immediately due and payable, whereupon all outstanding principal and accrued interest shall become immediately due and payable.

(c) Upon the occurrence of an Event of Default, the Lender, without notice or demand of any kind, may from time to time take whatever action at law or in equity or under the terms of the Credit Documents may appear necessary or desirable to collect the Loan and other amounts payable by the Borrower hereunder then due or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Borrower under the Credit Documents.

(d) In the event of a failure of the Borrower to pay any amounts due to the Lender under the Credit Documents within 15 days of the due date thereof, the Lender shall perform its duty under Section 50-23-20 of the Official Code of Georgia Annotated to notify the state treasurer of such failure, and the Lender may apply any funds allotted to the Borrower that are withheld pursuant to Section 50-23-20 of the Official Code of Georgia Annotated to the payment of the overdue amounts under the Credit Documents.

(e) Upon the occurrence of an Event of Default, the Lender may, in its discretion, by written notice to the Borrower, terminate its remaining commitment (if any) hereunder to make any further advances of the Loan, whereupon any such commitment shall terminate immediately.

**12. Assignment or Sale by Lender** - (a) The Credit Documents, and the obligation of the Borrower to make payments thereunder, may be sold, assigned, or otherwise disposed of in whole or in part to one or more successors, grantors, holders, assignees, or subassignees by the Lender. Upon any sale, disposition, assignment, or reassignment, the Borrower shall be provided with a notice of such assignment. The Borrower shall keep a complete and accurate register of all such assignments in form necessary to comply with Section 149(a) of the Internal Revenue Code of 1986, as amended.

(b) The Borrower agrees to make all payments to the assignee designated in the assignment, notwithstanding any claim, defense, setoff, or counterclaim whatsoever that the Borrower may from time to time have against the Lender. The Borrower agrees to execute all documents, including notices of assignment, which may be reasonably requested by the Lender or its assignee to protect its interests in the Credit Documents.

(c) The Borrower hereby agrees that the Lender may sell or offer to sell the Credit Documents (i) through a certificate of participation program, whereby two or more interests are created in the Credit Documents or the payments thereunder or (ii) with other similar instruments, agreements, and obligations through a pool, trust, limited partnership, or other entity.

**13. Miscellaneous** - (a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Georgia, exclusive of such state's rules regarding choice of law.

(b) This Agreement shall be binding upon and shall inure to the benefit of the Borrower, the Lender, and their respective heirs, legal representatives, successors, and assigns, but the Borrower may not assign or transfer any of its rights or obligations hereunder without the express prior written consent of the Lender.

(c) This Agreement may not be waived or amended except by a writing signed by authorized officials of the Lender and the Borrower.

(d) This Agreement shall be effective on the date on which the Borrower and the Lender have signed one or more counterparts of it and the Lender shall have received the same, provided the Lender receives the same executed by the Borrower by **NOVEMBER 10, 2016**. At such time as the Lender is no longer obligated under this Agreement to make any further advances under the Loan and all principal, interest, or other amounts owing with respect to the Loan and hereunder have been finally and irrevocably repaid by the Borrower to the Lender, this Agreement shall terminate.

(e) All notices, certificates, requests, demands, or other communications hereunder shall be sufficiently given and shall be deemed given upon receipt, by hand delivery, mail, overnight delivery, telecopy, or other electronic means, addressed as provided at the beginning of this Agreement. Any party to this Agreement may, by notice given to the other party, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent. For purposes of this Section, "electronic means" shall mean telecopy or facsimile transmission or other similar electronic means of communication that produces evidence of transmission.

(f) This Agreement may be executed in one or more counterparts.

(g) All pronouns used herein include all genders and all singular terms used herein include the plural (and vice versa).

(h) In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

(i) Statements in Exhibit D attached hereto shall govern the matters they address.

(j) This Agreement and the Note constitute the entire agreement between the Borrower and the Lender with respect to the Loan and supersede all prior agreements, negotiations, representations, or understandings between such parties with respect to such matters.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officials hereunto duly authorized as of the date first above written.

**CITY OF BLUE RIDGE**

Approved as to form:

Signature: \_\_\_\_\_

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

Print Name: \_\_\_\_\_

Borrower's Attorney

Title: \_\_\_\_\_

(SEAL)

Attest Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DRINKING WATER STATE REVOLVING FUND,  
ADMINISTERED BY GEORGIA  
ENVIRONMENTAL FINANCE AUTHORITY**

Signature: \_\_\_\_\_

Kevin Clark  
Executive Director

(SEAL)

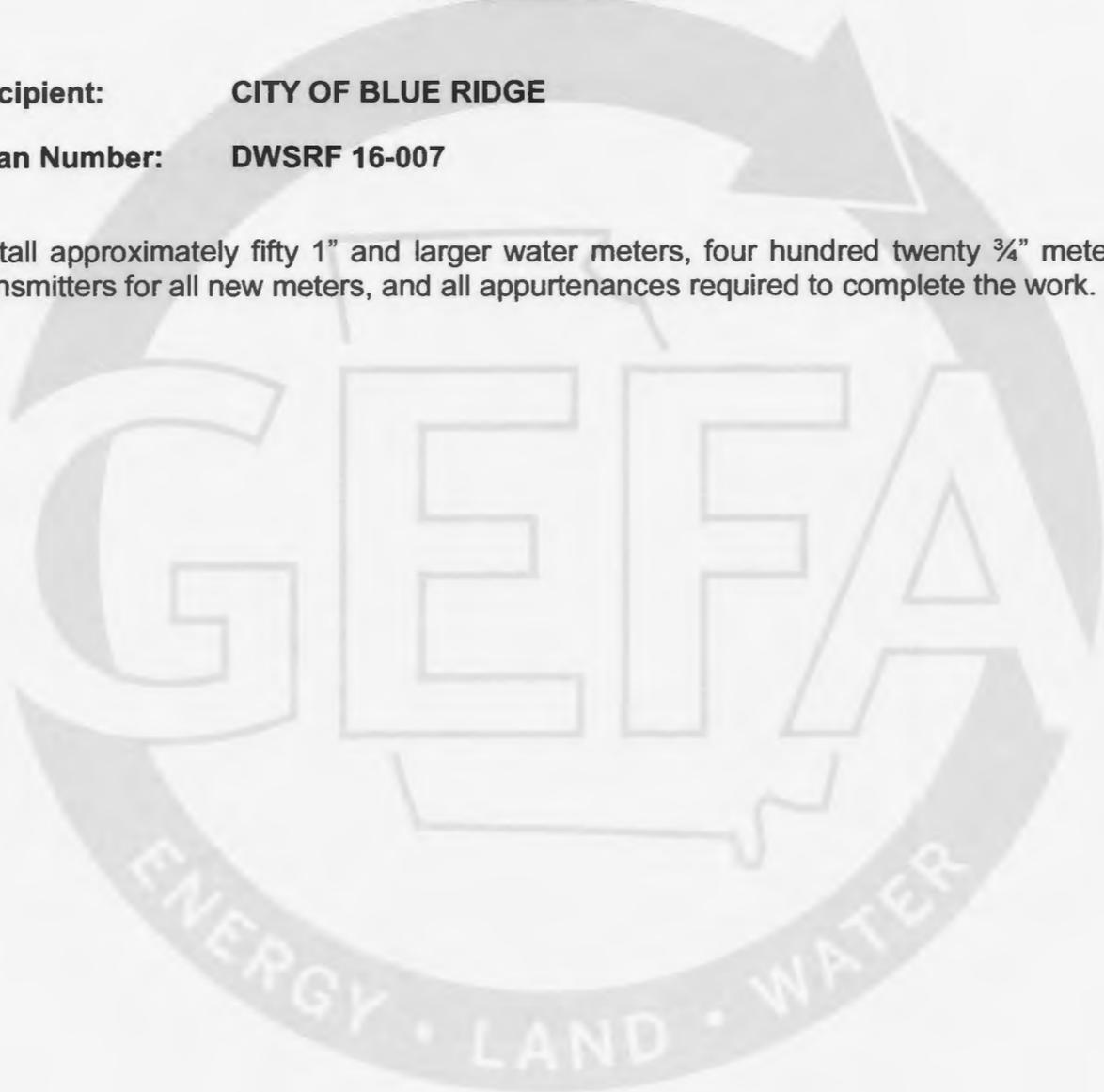
DESCRIPTION OF THE PROJECT

SCOPE OF WORK

**Recipient:** CITY OF BLUE RIDGE

**Loan Number:** DWSRF 16-007

Install approximately fifty 1" and larger water meters, four hundred twenty  $\frac{3}{4}$ " meters, transmitters for all new meters, and all appurtenances required to complete the work.



DESCRIPTION OF THE PROJECT

PROJECT BUDGET

Recipient: CITY OF BLUE RIDGE

Loan Number: DWSRF 16-007

ITEM	TOTAL	DWSRF LOAN
Construction	176,655	176,655
Contingency	17,665	17,665
Engineering & Inspection	17,665	17,665
Administrative/Legal	-	-
<b>TOTAL</b>	<b>\$211,985</b>	<b>\$211,985</b>

DESCRIPTION OF THE PROJECT

PROJECT SCHEDULE

Recipient: CITY OF BLUE RIDGE

Loan Number: DWSRF 16-007

ACTION	DATE
Plans & Specs Submitted to EPD	January 2016
Bid Opening	May 2016
Notice to Proceed	June 2016
Completion of Construction	April 2017

**SPECIMEN PROMISSORY NOTE**

**\$211,985**

**FOR VALUE RECEIVED**, the undersigned (hereinafter referred to as the **"Borrower"**) promises to pay to the order of **DRINKING WATER STATE REVOLVING FUND, ADMINISTERED BY GEORGIA ENVIRONMENTAL FINANCE AUTHORITY** (hereinafter referred to as the **"Lender"**) at the Lender's office located in Atlanta, Georgia, or at such other place as the holder hereof may designate, the principal sum of **TWO HUNDRED ELEVEN THOUSAND NINE HUNDRED EIGHTY-FIVE DOLLARS AND ZERO CENTS (\$211,985)**, or so much thereof as shall have been advanced hereagainst and shall be outstanding, together with interest on so much of the principal balance of this Note as may be outstanding and unpaid from time to time, calculated at the rate or rates per annum indicated below.

The unpaid principal balance of this Note shall bear interest at a rate per annum equal to **ONE AND 09/100 PERCENT (1.09%)**, (1) calculated on the basis of actual number of days in the year and actual days elapsed until the Amortization Commencement Date (as hereinafter defined), and (2) calculated on the basis of a 360-day year consisting of twelve 30-day months thereafter.

Accrued interest on this Note shall be payable monthly on the first day of each calendar month until the first day of the calendar month following the earlier of (1) the Completion Date (as defined in the hereinafter defined Loan Agreement), (2) **NOVEMBER 1, 2017**, or (3) the date that the loan evidenced by this Note is fully disbursed (the **"Amortization Commencement Date"**). Principal of and interest on this Note shall be payable in **TWO HUNDRED THIRTY-NINE (239)** consecutive monthly installments equal to the Installment Amount (as hereinafter defined), commencing on the first day of the calendar month following the Amortization Commencement Date, and continuing to be due on the first day of each succeeding calendar month thereafter, together with a final installment equal to the entire remaining unpaid principal balance of and all accrued interest on this Note, which shall be due and payable on the date that is **20** years from the Amortization Commencement Date (the **"Maturity Date"**).

This Note shall bear interest on any overdue installment of principal and, to the extent permitted by applicable law, on any overdue installment of interest, at the aforesaid rates. The Borrower shall pay a late fee equal to the Lender's late fee, as published from time to time in the Loan Servicing Fee schedules, for any installment payment or other amount due hereunder that is not paid by the 15<sup>th</sup> of the month in which the payment is due.

**“Installment Amount”** means the amount equal to the monthly installment of principal and interest required to fully amortize the then outstanding principal balance of this Note as of the Amortization Commencement Date at the rate of interest on this Note, on the basis of level monthly debt service payments from the Amortization Commencement Date to and including the Maturity Date.

All payments or prepayments on this Note shall be applied first to unpaid fees and late fees, then to interest accrued on this Note through the date of such payment or prepayment, and then to principal (and partial principal prepayments shall be applied to such installments in the inverse order of their maturity).

At the option of the Lender, the Borrower shall make payments due under this Note using pre-authorized electronic debit transactions, under which the Lender will be authorized to initiate and effect debit transactions from a designated account of the Borrower without further or additional approval or confirmation by the Borrower. The Borrower further agrees to adopt any necessary approving resolutions and to complete and execute any necessary documents in order for the Lender to effect such pre-authorized debit transactions. In the event the Borrower has insufficient funds in its designated account on the date the Lender attempts to debit any payment due hereunder, the Borrower shall pay the Lender a processing fee equal to the Lender’s processing fee, as published from time to time in the Lender’s fee schedules for each such occurrence (but not exceeding two such processing fees in any calendar month), in addition to any late fee as provided above.

The Borrower may prepay the principal balance of this Note in whole or in part at any time without premium or penalty.

This Note constitutes the Promissory Note issued under and pursuant to and is entitled to the benefits and subject to the conditions of a Loan Agreement (the **“Loan Agreement”**), dated the date hereof, between the Borrower and the Lender, to which Loan Agreement reference is hereby made for a description of the circumstances under which principal shall be advanced under this Note. Reference is hereby made to the Loan Agreement for a description of the security for this Note and the options and obligations of the Borrower and the Lender hereunder. Upon an Event of Default (as defined in the Loan Agreement), the entire principal of and interest on this Note may be declared or may become immediately due and payable as provided in the Loan Agreement.

The obligation of the Borrower to make the payments required to be made under this Note and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be a general obligation of the Borrower, as provided in the Loan Agreement, and shall be absolute and unconditional irrespective of any defense or any rights of setoff, counterclaim, or recoupment, except for payment, it may otherwise have against the Lender.

In case this Note is collected by or through an attorney-at-law, all costs of such collection incurred by the Lender, including reasonable attorney's fees, shall be paid by the Borrower.

Time is of the essence of this Note. Demand, presentment, notice, notice of demand, notice for payment, protest, and notice of dishonor are hereby waived by each and every maker, guarantor, surety, and other person or entity primarily or secondarily liable on this Note. The Lender shall not be deemed to waive any of its rights under this Note unless such waiver be in writing and signed by the Lender. No delay or omission by the Lender in exercising any of its rights under this Note shall operate as a waiver of such rights, and a waiver in writing on one occasion shall not be construed as a consent to or a waiver of any right or remedy on any future occasion.

This Note shall be governed by and construed and enforced in accordance with the laws of the State of Georgia (without giving effect to its conflicts of law rules). Whenever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

Words importing the singular number hereunder shall include the plural number and vice versa, and any pronoun used herein shall be deemed to cover all genders. The word "Lender" as used herein shall include transferees, successors, and assigns of the Lender, and all rights of the Lender hereunder shall inure to the benefit of its transferees, successors, and assigns. All obligations of the Borrower hereunder shall bind the Borrower's successors and assigns.

**SIGNED, SEALED, AND DELIVERED** by the undersigned Borrower as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**CITY OF BLUE RIDGE**

By: \_\_\_\_\_ **SPECIMEN**

(SEAL)

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to form:

Attest:

By: \_\_\_\_\_ **SPECIMEN**  
Borrower's Attorney

\_\_\_\_\_  
**SPECIMEN**  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**BIDDING AND PRECONSTRUCTION REQUIREMENTS**

**Recipient: CITY OF BLUE RIDGE**

**Loan Number: DWSRF 16-007**

I. Competitive procurement by public bidding is required for construction, construction services, materials, and equipment.

II. The Borrower must advertise for bids by conspicuously posting the notice in its office and by advertising in the local newspaper that is the legal organ or on its Internet website or on an Internet site designated for its legal advertisements.

III. Advertisements must appear at least twice. The first advertisement must appear at least four weeks prior to the bid opening date. The second advertisement must follow at least two weeks after the first advertisement. Website advertisements must remain posted for at least four weeks. Plans and specifications must be available for inspection by the public on the first day of the advertisement. The advertisement must include details to inform the public of the extent and character of work to be performed, any pre-qualification requirements, any pre-bid conferences, and any federal requirements.

IV. The Borrower must require at least a 5 percent bid bond or certified check or cash deposit equal to 5 percent of the contract amount.

V. Sealed bids, with a public bid opening, are required.

VI. The Borrower must award the contract to the low, responsive, and responsible bidder or bidders, with reservation of right to reject all bids.

VII. The Borrower may modify bidding documents only by written addenda with notification to all potential bidders not less than 72 hours prior to the bid opening, excluding Saturdays, Sundays, and legal holidays.

VIII. The Borrower must require 100 percent payment and performance bonds.

IX. Change orders may not be issued to evade the purposes of required bidding procedures. Change orders may be issued for changes or additions consistent with the scope of the original construction contract documents.

X. Prior to disbursement of funds, the Borrower shall provide the Lender with copies of the following:

- A. Proof of advertising;
- B. Certified detailed bid tabulation;
- C. Engineer's award recommendation;
- D. Governing body's award resolution;
- E. Executed contract documents, including plans and specifications;
- F. Construction and payment schedules;
- G. Notice to proceed;
- H. Contractor's written oath in accordance with O.C.G.A. Section 36-91-21 (e). (This is an oath required by law to be provided to the Borrower by the contractor. In short, this oath must state that the contractor has not acted alone or otherwise to prevent or attempt to prevent competition in bidding by any means and must be signed by appropriate parties as defined by law.); and
- I. Summary of plans for on-site quality control to be provided by the Borrower or the Engineer - name and brief qualifications of construction inspector(s) and approximate hours per week of inspection to be provided.

XI. If other funding sources are involved that have stricter bidding requirements or if applicable laws or ordinances require stricter requirements, these stricter requirements shall govern.

XII. If the Borrower wishes to fund work that may not fully meet the bidding requirements of this Agreement, then, prior to bidding this work, it shall submit a written request to the Lender that specific requirements be waived. Based on specific circumstances of the request, the Lender may require submission of additional information necessary to document that State laws and local ordinances are not violated and that the intent of the bid procedures set forth in this Exhibit C (public, open, and competitive procurement) is satisfied through alternate means.

XIII. The Borrower is required to notify the Lender at least two weeks prior to pre-construction conferences for work funded under this Agreement and to schedule these conferences so that a representative from the Lender may participate.

**STATE REQUIREMENTS**

**Recipient:** CITY OF BLUE RIDGE

**Loan Number:** DWSRF 16-007

None.



**FEDERAL REQUIREMENTS**

**Recipient: CITY OF BLUE RIDGE**

**Loan Number: DWSRF 16-007**

1. The Borrower covenants that the Project will comply with the federal requirements applicable to activities supported with federal funds. The Borrower further covenants that the Project will be constructed in compliance with State of Georgia objectives for participation by women's and minority business enterprises in projects financed with federal funds under the federal Clean Water Act. The Borrower will comply with all federal and State of Georgia laws, rules, and regulations relating to maintenance of a drug-free workplace at the Project.
2. The Borrower covenants to comply with the requirements of the Federal Single Audit Act, to the extent it applies to the expenditure of federal funds, including the Loan or any portion thereof. The Borrower agrees to submit to the Lender copies of any audit prepared and filed pursuant to the requirements of this Section.
3. It is the policy of the Lender to promote a fair share award of sub-agreements to small and minority and women's businesses on contracts performed under the Lender. If the successful bidder plans to subcontract a portion of the Project, the bidder must submit to the Lender, with copy to the Borrower within 10 days after bid opening, evidence of the positive steps taken to utilize small, minority, and women's businesses. Such positive efforts shall include:
  - a) including qualified small and minority and women's businesses on solicitation lists;
  - b) assuring that small and minority and women's businesses are solicited whenever they are potential sources;
  - c) dividing total requirements, when economically feasible, into small tasks or quantities to permit maximum participation of small and minority and women's businesses;
  - d) establishing delivery schedules, where the requirements of the work permit, to encourage participation by small and minority and women's businesses;
  - e) using the services and assistance of the U.S. Small Business Administration and the Office of Minority Business Enterprise of the U.S. Department of Commerce;
  - f) requiring each party to a subagreement to take the affirmative steps outlined in paragraphs (a) through (e) of this section.
4. The Borrower shall fully comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons)." The Borrower is responsible for ensuring that any lower tier covered transaction as described in Subpart B of 2 CFR Part 180 and 2 CFR Part 1532, entitled

“Covered Transactions,” includes a term or condition requiring compliance with Subpart C. The Borrower is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier transactions. The Borrower acknowledges that failure to disclose the information as required at 2 CFR 180.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension and debarment.

The Borrower may access the Excluded Parties List System at [www.epls.gov](http://www.epls.gov). This term and condition supersedes EPA Form 5700-49. “Certification Regarding Debarment, Suspension, and Other Responsibility Matters.”

5. The Borrower shall insert in full in any contract in excess of \$2,000 which is entered into for actual construction, alteration and/or repair, including painting and decorating, financed in whole or in part from Federal funds and which is subject to the requirements of the Davis-Bacon Act, the document entitled “Supplemental General Conditions for Federally Assisted State Revolved Loan Fund Construction Contracts.”
6. Borrower certifies to the best of its knowledge and belief that: No Federal appropriated funds have been paid in full or will be paid, by or on behalf of the Borrower, to any person influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: The awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency or a Member of Congress in connection with this loan agreement, then the Borrower shall fully disclose same to the Lender, and shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with instructions.

7. The Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Borrower will comply with all sections of Executive Order 12246 – Equal Employment Opportunity.
8. Forgiveness of Debt Service. In accordance with the Appropriations language the Lender agrees to forgive **\$84,800** of this Loan, if all funds are drawn.

Upon the occurrence and continuation of an Event of Default, the Lender may, in its discretion, by written notice to the Borrower, terminate or suspend its agreement hereunder to forgive any further principal and interest payments due on the Loan, whereupon any such agreement shall terminate or suspend immediately. In the case of suspension of the Lender’s agreement to forgive principal and interest payments due on the Loan, upon the cessation of such Event of Default, the Lender may, in its discretion, by written notice to the Borrower, reinstate its agreement hereunder to forgive any

further principal and interest payments due on the Loan, whereupon any such agreement shall reinstate immediately.

9. The Borrower will comply with all federal requirements outlined in the 2014 Appropriations Act and related Drinking Water State Revolving Fund Policy Guidelines, which the Borrower understands includes, among other requirements, that all of the iron and steel products used in the Project (as described in Exhibit A) are to be produced in the United States ("American Iron and Steel Requirement") unless (i) the Borrower has requested from the Lender and obtained a waiver from the Environmental Protection Agency pertaining to the Project or (ii) the Lender has otherwise advised the Borrower in writing that the American Iron and Steel Requirement is not applicable to the Project.
10. Reserved.
11. The Borrower will comply with all record keeping and reporting requirements under the Safe Drinking Water Act, including any reports required by the Environmental Protection Agency or the Lender such as performance indicators of program deliverables, information on costs and project progress. The Borrower understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Safe Drinking Water Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance and/or other remedial actions.
12. The Borrower shall insert in full in any contract which is entered into for construction, alteration, maintenance, or repair of a public water system or treatment works, financed in whole or in part from Federal funds, the document entitled "American Iron and Steel Special Conditions and Information for Federally Assisted State Revolving Loan Fund Construction Contracts."
13. The Borrower will comply with the requirements and obligations of Title VI of the Civil Rights Act in accordance with 40 C.F.R. Part 5 and 7. Among the requirements, borrowers must have a nondiscrimination notice, operate programs or activities that are accessible to individuals with disabilities, designate a civil rights coordinator, have a language access services policy, and maintain demographic data on the race, color, national origin, sex, age, or handicap of the population it serves.
14. As required by 40 CFR Part 33.501(b), the Environmental Protection Agency (EPA) Disadvantaged Business Enterprise Rule requires State Revolving Loan recipients to create and maintain a bidders list. The purpose of a bidders list is to provide the Borrower who conducts competitive bidding with a more accurate database of the universe of Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) and non-MBE/WBE prime and subcontractors. The list must include all firms that bid on EPA-assisted projects, including both MBE/WBEs and non-MBE/WBEs. The bidders list must be kept active until the project period for the loan has ended.

The bidders list must contain the following information from all prime contractors and subcontractors:

- 1) Bidder's name with point of contract;
- 2) Bidder's mailing address, telephone number, and email address;
- 3) The procurement item on which the bidder bid or quoted, and when; and
- 4) Bidder's status as an MBE/WBE or non-MBE/WBE

Borrowers receiving a combined total of \$250,000 or less in federal funding in any one fiscal year, are exempt from the requirements to maintain a bidders list.



FINANCIAL COVENANTS

**Recipient:** CITY OF BLUE RIDGE

**Loan Number:** DWSRF 16-007

None.



**OPINION OF BORROWER'S COUNSEL**  
(Please furnish this form on Attorney's Letterhead)

DATE

Drinking Water State Revolving Fund, Administered by  
Georgia Environmental Finance Authority  
233 Peachtree Street, N.E.  
Harris Tower, Suite 900  
Atlanta, GA 30303-1506

Ladies and Gentlemen:

As counsel for the **CITY OF BLUE RIDGE** (the "Borrower"), I have examined duly executed originals of the Loan Agreement (the "Loan Agreement"), Loan/Project No. **DWSRF 16-007**, between the Borrower and Georgia Environmental Finance Authority (the "Lender"), the related Promissory Note (the "Note") of the Borrower, the proceedings taken by the Borrower to authorize the Loan Agreement and the Note (collectively, the "Credit Documents"), and such other documents, records, and proceedings as I have deemed relevant or material to render this opinion, and based upon such examination, I am of the opinion, as of the date hereof, that:

1. The Borrower is a public body corporate and politic, duly created and validly existing under the laws of the State of Georgia.
2. The Credit Documents have been duly authorized, executed, and delivered by the Borrower and are legal, valid, and binding obligations of the Borrower, enforceable in accordance with their terms.
3. To the best of my knowledge, no litigation is pending or threatened in any court or other tribunal, state or federal, in any way questioning or affecting the validity of the Credit Documents.
4. To the best of my knowledge, the execution, delivery, and performance by the Borrower of the Credit Documents will not conflict with, breach, or violate any law, any order or judgment to which the Borrower is subject, or any contract to which the Borrower is a party.
5. The signatures of the officers of the Borrower that appear on the Credit Documents are true and genuine. I know such officers and know them to be the duly elected or appointed qualified incumbents of the offices of the Borrower set forth below their names.

With your permission, in rendering the opinions set forth herein, I have assumed the following, without any investigation or inquiry on my part:

- (i) the due authorization, execution, and delivery of the Credit Documents by the Lender; and
- (ii) that the Credit Documents constitute the binding obligations of the Lender and that the Lender has all requisite power and authority to perform its obligations thereunder.

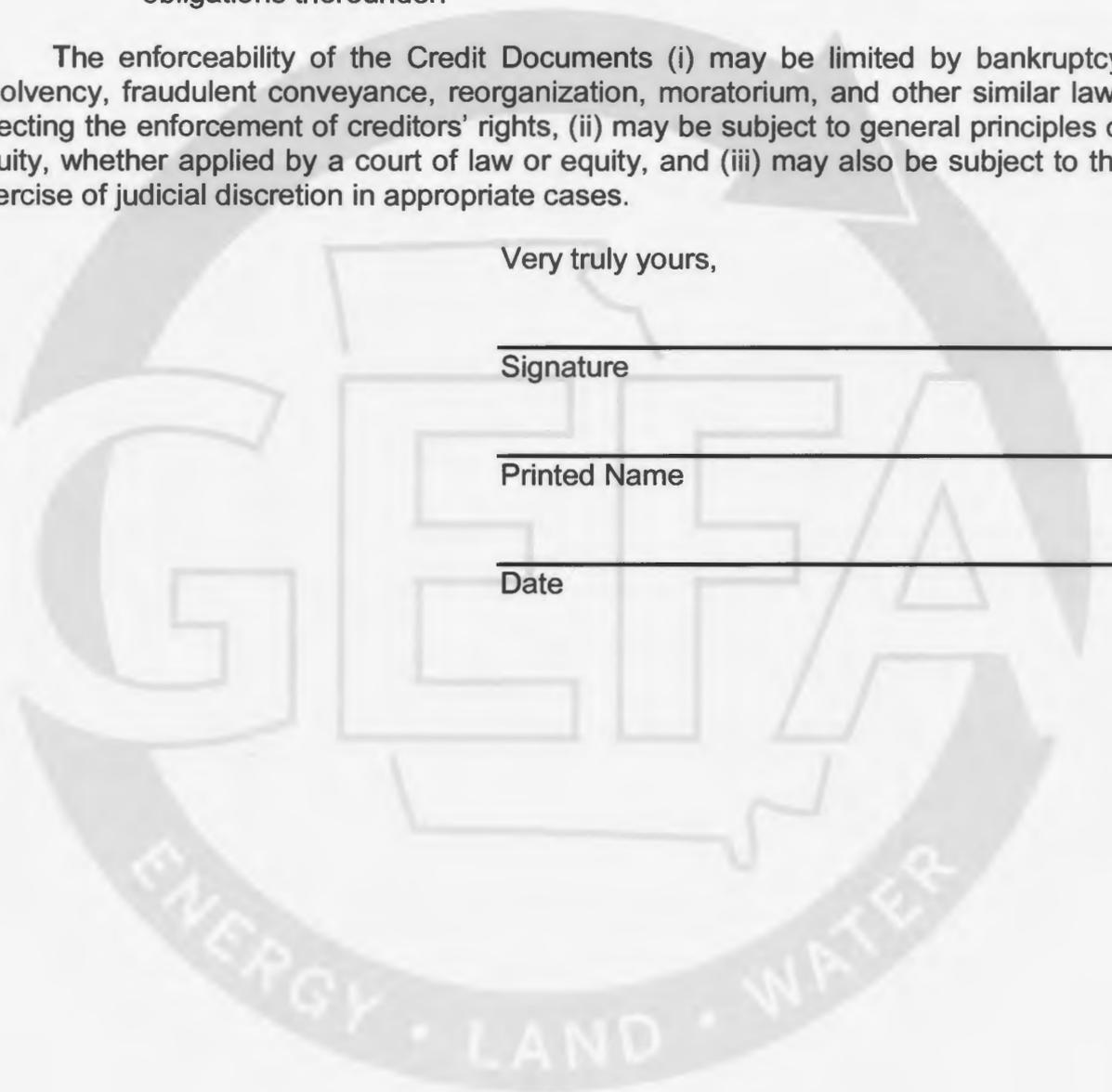
The enforceability of the Credit Documents (i) may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights, (ii) may be subject to general principles of equity, whether applied by a court of law or equity, and (iii) may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date



**EXTRACT OF MINUTES  
RESOLUTION OF GOVERNING BODY**

**Recipient:** CITY OF BLUE RIDGE

**Loan Number:** DWSRF 16-007

At a duly called meeting of the governing body of the Borrower identified above (the "Borrower") held on the \_\_\_\_ day of \_\_\_\_\_, the following resolution was introduced and adopted.

**WHEREAS**, the governing body of the Borrower has determined to borrow but not to exceed \$211,985 from the **DRINKING WATER STATE REVOLVING FUND, ADMINISTERED BY GEORGIA ENVIRONMENTAL FINANCE AUTHORITY** (the "Lender") to finance a portion of the costs of acquiring, constructing, and installing the environmental facilities described in Exhibit A to the hereinafter defined Loan Agreement (the "Project"), pursuant to the terms of a Loan Agreement (the "Loan Agreement") between the Borrower and the Lender, the form of which has been presented to this meeting; and

**WHEREAS**, the Borrower's obligation to repay the loan made pursuant to the Loan Agreement will be evidenced by a Promissory Note (the "Note") of the Borrower, the form of which has been presented to this meeting;

**NOW, THEREFORE, BE IT RESOLVED** by the governing body of the Borrower that the forms, terms, and conditions and the execution, delivery, and performance of the Loan Agreement and the Note are hereby approved and authorized.

**BE IT FURTHER RESOLVED** by the governing body of the Borrower that the terms of the Loan Agreement and the Note (including the interest rate provisions, which shall be as provided in the Note) are in the best interests of the Borrower for the financing of the Project, and the governing body of the Borrower designates and authorizes the following persons to execute and deliver, and to attest, respectively, the Loan Agreement, the Note, and any related documents necessary to the consummation of the transactions contemplated by the Loan Agreement.

\_\_\_\_\_  
(Signature of Person to Execute Documents)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Signature of Person to Attest Documents)

\_\_\_\_\_  
(Print Title)

The undersigned further certifies that the above resolution has not been repealed or amended and remains in full force and effect.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Secretary/Clerk

(SEAL)

PROMISSORY NOTE

\$211,985

**FOR VALUE RECEIVED**, the undersigned (hereinafter referred to as the "**Borrower**") promises to pay to the order of the **DRINKING WATER STATE REVOLVING FUND, ADMINISTERED BY GEORGIA ENVIRONMENTAL FINANCE AUTHORITY** (hereinafter referred to as the "**Lender**") at the Lender's office located in Atlanta, Georgia, or at such other place as the holder hereof may designate, the principal sum of **TWO HUNDRED ELEVEN THOUSAND NINE HUNDRED EIGHTY-FIVE DOLLARS AND ZERO CENTS (\$211,985)**, or so much thereof as shall have been advanced hereagainst and shall be outstanding, together with interest on so much of the principal balance of this Note as may be outstanding and unpaid from time to time, calculated at the rate or rates per annum indicated below.

The unpaid principal balance of this Note shall bear interest at a rate per annum equal to **ONE AND 09/100 PERCENT (1.09%)**, (1) calculated on the basis of actual number of days in the year and actual days elapsed until the Amortization Commencement Date (as hereinafter defined), and (2) calculated on the basis of a 360-day year consisting of twelve 30-day months thereafter.

Accrued interest on this Note shall be payable monthly on the first day of each calendar month until the first day of the calendar month following the earlier of (1) the Completion Date (as defined in the hereinafter defined Loan Agreement), (2) **NOVEMBER 1, 2017**, or (3) the date that the loan evidenced by this Note is fully disbursed (the "**Amortization Commencement Date**"). Principal of and interest on this Note shall be payable in **TWO HUNDRED THIRTY-NINE (239)** consecutive monthly installments equal to the Installment Amount (as hereinafter defined), commencing on the first day of the calendar month following the Amortization Commencement Date, and continuing to be due on the first day of each succeeding calendar month thereafter, together with a final installment equal to the entire remaining unpaid principal balance of and all accrued interest on this Note, which shall be due and payable on the date that is **20** years from the Amortization Commencement Date (the "**Maturity Date**").

This Note shall bear interest on any overdue installment of principal and, to the extent permitted by applicable law, on any overdue installment of interest, at the aforesaid rates. The Borrower shall pay a late fee equal to the Lender's late fee, as published from time to time in the Loan Servicing Fee schedules, for any installment payment or other amount due hereunder that is not paid by the 15<sup>th</sup> of the month in which the payment is due.

**"Installment Amount"** means the amount equal to the monthly installment of principal and interest required to fully amortize the then outstanding principal balance of this Note as of the Amortization Commencement Date at the rate of interest on this Note,

on the basis of level monthly debt service payments from the Amortization Commencement Date to and including the Maturity Date.

All payments or prepayments on this Note shall be applied first to unpaid fees and late fees, then to interest accrued on this Note through the date of such payment or prepayment, and then to principal (and partial principal prepayments shall be applied to such installments in the inverse order of their maturity).

At the option of the Lender, the Borrower shall make payments due under this Note using pre-authorized electronic debit transactions, under which the Lender will be authorized to initiate and effect debit transactions from a designated account of the Borrower without further or additional approval or confirmation by the Borrower. The Borrower further agrees to adopt any necessary approving resolutions and to complete and execute any necessary documents in order for the Lender to effect such pre-authorized debit transactions. In the event the Borrower has insufficient funds in its designated account on the date the Lender attempts to debit any payment due hereunder, the Borrower shall pay the Lender a processing fee equal to the Lender's processing fee, as published from time to time in the Lender's fee schedules for each such occurrence (but not exceeding two such processing fees in any calendar month), in addition to any late fee as provided above.

The Borrower may prepay the principal balance of this Note in whole or in part at any time without premium or penalty.

This Note constitutes the Promissory Note issued under and pursuant to and is entitled to the benefits and subject to the conditions of a Loan Agreement (the "**Loan Agreement**"), dated the date hereof, between the Borrower and the Lender, to which Loan Agreement reference is hereby made for a description of the circumstances under which principal shall be advanced under this Note. Reference is hereby made to the Loan Agreement for a description of the security for this Note and the options and obligations of the Borrower and the Lender hereunder. Upon an Event of Default (as defined in the Loan Agreement), the entire principal of and interest on this Note may be declared or may become immediately due and payable as provided in the Loan Agreement.

The obligation of the Borrower to make the payments required to be made under this Note and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be a general obligation of the Borrower, as provided in the Loan Agreement, and shall be absolute and unconditional irrespective of any defense or any rights of setoff, counterclaim, or recoupment, except for payment, it may otherwise have against the Lender.

In case this Note is collected by or through an attorney-at-law, all costs of such collection incurred by the Lender, including reasonable attorney's fees, shall be paid by the Borrower.

Time is of the essence of this Note. Demand, presentment, notice, notice of demand, notice for payment, protest, and notice of dishonor are hereby waived by each

and every maker, guarantor, surety, and other person or entity primarily or secondarily liable on this Note. The Lender shall not be deemed to waive any of its rights under this Note unless such waiver be in writing and signed by the Lender. No delay or omission by the Lender in exercising any of its rights under this Note shall operate as a waiver of such rights, and a waiver in writing on one occasion shall not be construed as a consent to or a waiver of any right or remedy on any future occasion.

This Note shall be governed by and construed and enforced in accordance with the laws of the State of Georgia (without giving effect to its conflicts of law rules). Whenever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

Words importing the singular number hereunder shall include the plural number and vice versa, and any pronoun used herein shall be deemed to cover all genders. The word "Lender" as used herein shall include transferees, successors, and assigns of the Lender, and all rights of the Lender hereunder shall inure to the benefit of its transferees, successors, and assigns. All obligations of the Borrower hereunder shall bind the Borrower's successors and assigns.

**SIGNED, SEALED, AND DELIVERED** by the undersigned Borrower as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**CITY OF BLUE RIDGE**

Approved as to form:

Signature: \_\_\_\_\_

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

Print Name: \_\_\_\_\_

Borrower's Attorney

Title: \_\_\_\_\_

(SEAL)

Attest Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Recipient:** CITY OF BLUE RIDGE

**Loan Number:** DWSRF 16-007

### **TAX CERTIFICATE**

Certain terms that are used herein and that are defined or used in the Internal Revenue Code of 1986, as amended (the "Code"), or in the Treasury Regulations issued thereunder are explained in general terms in Definitions attached to this Certificate and made a part hereof.

The undersigned officials of **CITY OF BLUE RIDGE** (the "Borrower") hereby certify that we are the duly appointed, qualified, and acting officials of the Borrower set forth under our respective signatures, and that we have all authority necessary to execute this Certificate on behalf of the Borrower, and we hereby certify for and on behalf of the Borrower that:

#### **1. In General**

1.1. We are familiar with the loan in the authorized principal amount not to exceed **\$127,185** (the "Loan"), being made by the Georgia Environmental Finance Authority (the "Lender") to the Borrower pursuant to the terms of a Loan Agreement, dated the date hereof, between the Lender and the Borrower, for the purpose of providing funds that will be used to permanently finance the costs of certain replacements, additions, extensions, and improvements to the Borrower's environmental facilities (the "System"). The Loan is a draw-down loan, in which the Lender will advance loan amounts to the Borrower to pay for eligible costs only after such costs have been incurred by the Borrower. Proceeds of the Loan will not be invested before they are used to pay eligible costs. The Borrower reasonably expects to draw the full amount of the Loan to pay eligible costs within the 3-year period beginning on the "issue date."

#### **2. Private Activity Bond Test**

2.1. Either (a) no more than ten percent of the proceeds of the Loan are to be used for any "private business use"; or

(b) the payment of the principal of, or the interest on, no more than ten percent of the proceeds of the Loan is (under the terms of the Loan or any underlying arrangement) directly or indirectly (1) secured by any interest in (A) property used or to be used for a "private business use," or (B) payments in respect of such property, or (2) to be derived from payments (whether or not to the Borrower) in respect of property, or borrowed money, used or to be used for a "private business use."

2.2. No proceeds of the Loan are to be used for any "private business use," which use is not related to any "government use" of such proceeds.

2.3. The proceeds of the Loan that are to be used for any "private business use" will not exceed the proceeds of the Loan that are to be used for the "government use" to which such "private business use" relates.

2.4. The amount of the proceeds of the Loan that are to be used (directly or indirectly) to make or finance loans to persons other than governmental units will not exceed the lesser of five percent of such proceeds or \$5,000,000.

2.5. Without limiting the general nature of the certifications set forth above, the Borrower certifies as follows:

(i) The Borrower will own and operate the System.

(ii) The System will be available for general public use.

(iii) Use of the System by any person other than a governmental unit will be on the same basis as use by other members of the general public. No portion of the services, facilities, and commodities provided by the System will be made available to any one customer (other than a state or local governmental unit), or limited group of customers (other than state or local governmental units), on a basis other than the same basis as such services, facilities, and commodities are made available to the general public. The Borrower may, however, grant volume discounts to reasonable classifications of private users, if other private users in the same classifications are entitled to the same volume discounts.

(iv) The Borrower knows of no facts or circumstances surrounding the capital improvements to be financed by the Loan that would indicate that the primary purpose of the capital improvements to be financed by the Loan is to benefit one private user or a limited number of private users.

### **3. Contracts and Other Arrangements**

3.1. The Borrower has not entered into and will not enter into any output or take or take-or-pay contracts or other preferred arrangements with any entity other than a state or local governmental unit with respect to the services, facilities, and commodities provided by the System.

3.2. The Borrower has not entered into and will not enter into any lease or other contract providing for use of the System with any entity other than a state or local governmental unit.

3.3. The Borrower has not entered into and will not enter into a "management contract" involving the System with any entity other than a state or local governmental unit, unless it is a "qualified management contract."

3.4. The Borrower has not entered into and will not enter into any other arrangements with any entity other than a state or local governmental unit that convey

special legal entitlements to the services, facilities, and commodities provided by the System.

**4. Section 149 Matters**

4.1. The Loan is not and will not be “federally guaranteed.”

4.2. The Borrower reasonably expects that at least 85 percent of the spendable proceeds of the Loan will be used to carry out the governmental purposes of the Loan within the 3-year period beginning on the “issue date.” Not more than 50 percent of the proceeds of the Loan will be invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more.

To the best of our knowledge, information, and belief, there are no other facts, estimates, or circumstances that would materially change any of the foregoing certifications. The representations contained in this Certificate are made for the benefit of the Lender and may be relied upon by the Lender in determining whether or not the interest on the Loan is subject to income taxation by the United States under existing statutes, regulations, and decisions.

Dated: \_\_\_\_\_

**CITY OF BLUE RIDGE**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

(SEAL)

Attest Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

## DEFINITIONS

The following definitions are furnished only as general guidelines. For complete definitions, competent tax counsel should be consulted.

### “Adjusted Gross Revenues”

“Adjusted gross revenues” means gross revenues of all or a portion of the property to be financed or refinanced by the Loan, less allowances for bad debts and contractual and similar allowances.

### “Capitation Fee”

“Capitation fee” means a fixed periodic amount for each person for whom the “service provider” or the “qualified user” assumes the responsibility to provide all needed services for a specified period so long as the quantity and type of services actually provided to covered persons varies substantially.

### “Federally Guaranteed”

(1) An obligation will be considered to be “federally guaranteed” if:

(a) the payment of principal or interest with respect to such obligation is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof),

(b) such obligation is issued as part of an issue and 5% or more of the proceeds of such issue are to be -

(i) used in making loans the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), or

(ii) invested (directly or indirectly) in federally insured deposits or accounts, or

(c) the payment of principal or interest on such obligation is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

(2) A federally insured deposit or account means any deposit or account in a financial institution to the extent such deposit or account is insured under federal law by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any similar federally chartered corporation.

(3) An obligation will not be treated as federally guaranteed if the obligation is guaranteed by:

(a) the Federal Housing Administration, the Veteran's Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, or

(b) the Student Loan Marketing Association.

(4) The provisions prohibiting an obligation from being federally guaranteed are inapplicable to:

(a) proceeds of an issue invested for an initial temporary period until such proceeds are needed for the purpose for which such issue was issued,

(b) investments of a bona fide debt service fund,

(c) investments of a reserve that meets the requirements of Section 148(d) of the Code,

(d) investments in bonds issued by the United States Treasury, or

(e) other investments permitted under regulations.

#### "Government Use"

"Government use" means any use other than a "private business use."

#### "Issue Date"

"Issue date" means the first date on which the aggregate draws under the Loan exceed the lesser of \$50,000 or 5 percent of **\$127,185**.

#### "Management Contract"

"Management contract" means a management, service, or incentive payment contract between the Borrower and a "service provider" under which the "service provider" provides services involving all, a portion, or any function of the property to be financed or refinanced by the Loan.

#### "Penalties"

"Penalties" for terminating a contract include a limitation on the Borrower's right to compete with the "service provider"; a requirement that the Borrower purchase equipment, goods, or services from the "service provider"; and a requirement that the Borrower pay liquidated damages for cancellation of the contract. In contrast, a requirement effective on cancellation that the Borrower reimburse the "service provider" for ordinary and necessary expenses or a restriction on the Borrower against hiring key personnel of the "service provider" is generally not a contract termination penalty. Another contract between the "service provider" and the Borrower, such as a loan or guarantee by the "service provider," is treated as creating a contract termination penalty

if that contract contains terms that are not customary or arm's-length that could operate to prevent the Borrower from terminating the contract (for example, provisions under which the contract terminates if the "management contract" is terminated or that place substantial restrictions on the selection of a substitute "service provider").

"Periodic Fixed Fee"

"Periodic fixed fee" means a stated dollar amount for services rendered for a specified period of time. For example, a stated dollar amount per month is a periodic fixed fee. The stated dollar amount may automatically increase according to a specified, objective, external standard that is not linked to the output or efficiency of the property to be financed or refinanced by the Loan. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective external standards. "Capitation fees" and "per-unit fees" are not periodic fixed fees.

"Per-Unit Fee"

"Per-unit fee" means a fee based on a unit of service provided specified in the contract or otherwise specifically determined by an independent third party or the Borrower.

"Private Business Use"

"Private business use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit. For purposes of the preceding sentence, use as a member of the general public is not taken into account, and any activity carried on by a person other than a natural person is treated as a trade or business.

"Qualified Management Contract"

"Qualified management contract" means a "management contract" that meets the requirements set forth in (a), (b), and (c) below.

(a) General compensation requirements. The contract must provide for reasonable compensation for services rendered with no compensation based, in whole or in part, on a share of net profits from the operation of the property to be financed or refinanced by the Loan. Compensation based on (1) a "capitation fee," (2) a "per-unit fee," or (3) a percentage of gross revenues (or "adjusted gross revenues") of the property to be financed or refinanced by the Loan or a percentage of expenses from the property to be financed or refinanced by the Loan, but not both, is generally not considered to be based on a share of net profits. Reimbursement of the "service provider" for actual and direct expenses paid by the "service provider" to unrelated parties is not by itself treated as compensation. A productivity reward equal to a stated dollar amount based on increases or decreases in gross revenues (or "adjusted gross revenues"), or reductions in total expenses (but not both increases in gross revenues (or "adjusted gross revenues"))

and reductions in total expenses) in any annual period during the term of the contract, generally does not cause the compensation to be based on a share of net profits.

(b) Permissible arrangements. The “management contract” must be described in paragraph (1), (2), (3), (4), or (5) below.

(1) 95 percent periodic fixed fee arrangements. At least 95 percent of the compensation for services for each annual period during the term of the contract is based on a “periodic fixed fee.” The term of the contract, including all “renewal options,” must not exceed the lesser of 80 percent of the reasonably expected useful life of the financed property and 20 years. For purposes of this paragraph (1), a fee does not fail to qualify as a “periodic fixed fee” as a result of a one-time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached if that award is equal to a single, stated dollar amount.

(2) 80 percent periodic fixed fee arrangements. At least 80 percent of the compensation for services for each annual period during the term of the contract is based on a “periodic fixed fee.” The term of the contract, including all “renewal options,” must not exceed the lesser of 80 percent of the reasonably expected useful life of the financed property and 20 years. For purposes of this paragraph (2), a fee does not fail to qualify as a periodic fixed fee as a result of a one-time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached if that award is equal to a single, stated dollar amount.

(3) 50 percent periodic fixed fee arrangements. Either at least 50 percent of the compensation for services for each annual period during the term of the contract is based on a “periodic fixed fee” or all of the compensation for services is based on a “capitation fee” or a combination of a “capitation fee” and a “periodic fixed fee.” The term of the contract, including all “renewal options,” must not exceed 5 years. The contract must be terminable by the Borrower on reasonable notice, without penalty or cause, at the end of the third year of the contract term.

(4) Per-unit fee arrangements in certain 3-year contracts. All of the compensation for services is based on a “per-unit fee” or a combination of a “per-unit fee” and a “periodic fixed fee.” The term of the contract, including all “renewal options,” must not exceed 3 years. The contract must be terminable by the Borrower on reasonable notice, without penalty or cause, at the end of the second year of the contract term.

(5) Percentage of revenue or expense fee arrangements in certain 2-year contracts. All of the compensation for services is based on a

percentage of fees charged or a combination of a “per-unit fee” and a percentage of revenue or expense fee. The term of the contract, including “renewal options,” must not exceed 2 years. The contract must be terminable by the Borrower on reasonable notice, without penalty or cause, at the end of the first year of the contract term. This paragraph (5) applies only to contracts under which the “service provider” primarily provides services to third parties.

(c) No Circumstances Substantially Limiting Exercise of Rights. The “service provider” must not have any role or relationship with the Borrower that, in effect, substantially limits the Borrower’s ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances. This requirement is satisfied if:

(1) not more than 20 percent of the voting power of the governing body of the Borrower in the aggregate is vested in the “service provider” and its directors, officers, shareholders, and employees;

(2) overlapping board members do not include the chief executive officers of the “service provider” or its governing body or the Borrower or its governing body; and

(3) the Borrower and the “service provider” under the contract are not related parties, as defined in Treasury Regulation Section 1.150-1(b).

“Qualified User”

“Qualified user” means any state or local governmental unit.

“Renewal Option”

“Renewal option” means a provision under which the “service provider” has a legally enforceable right to renew the contract.

“Service Provider”

“Service provider” means any person other than a “qualified user” that provides services under a contract to or for the benefit of the Borrower.

# Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)  
 ▶ See separate instructions.  
**Caution:** If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

<b>Part I Reporting Authority</b>		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Blue Ridge		2 Issuer's employer identification number (EIN) 58-6011380	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) 480 West First Street	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Blue Ridge, GA 30513		7 Date of issue	
8 Name of issue Loan Agreement with Georgia Environmental Finance Authority DWSRF 16-007		9 CUSIP number	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)		10b Telephone number of officer or other employee shown on 10a	

<b>Part II Type of Issue (enter the issue price).</b> See the instructions and attach schedule.			
11 Education . . . . .		11	
12 Health and hospital . . . . .		12	
13 Transportation . . . . .		13	
14 Public safety . . . . .		14	
15 Environment (including sewage bonds) . . . . .		15	127,185
16 Housing . . . . .		16	
17 Utilities . . . . .		17	
18 Other. Describe ▶		18	
19 If obligations are TANs or RANs, check only box 19a . . . . . ▶ <input type="checkbox"/>			
If obligations are BANs, check only box 19b . . . . . ▶ <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box . . . . . ▶ <input type="checkbox"/>			

<b>Part III Description of Obligations.</b> Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/1/2037	\$ 127,185	\$ 127,185	10.40 years	1.09 %

<b>Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)</b>			
22 Proceeds used for accrued interest . . . . .		22	
23 Issue price of entire issue (enter amount from line 21, column (b)) . . . . .		23	127,185
24 Proceeds used for bond issuance costs (including underwriters' discount) . . . . .	24		
25 Proceeds used for credit enhancement . . . . .	25		
26 Proceeds allocated to reasonably required reserve or replacement fund . . . . .	26		
27 Proceeds used to currently refund prior issues . . . . .	27		
28 Proceeds used to advance refund prior issues . . . . .	28		
29 Total (add lines 24 through 28) . . . . .		29	
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) . . . . .		30	127,185

<b>Part V Description of Refunded Bonds.</b> Complete this part only for refunding bonds.	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded . . . . . ▶	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded . . . . . ▶	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) . . . . . ▶	_____
34 Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	_____

**Part VI Miscellaneous**

<p><b>35</b> Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . . . .</p> <p><b>36a</b> Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . . . .</p> <p style="margin-left: 20px;"><b>b</b> Enter the final maturity date of the GIC ▶ _____</p> <p style="margin-left: 20px;"><b>c</b> Enter the name of the GIC provider ▶ _____</p> <p><b>37</b> Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units . . . . .</p> <p><b>38a</b> If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ <input type="checkbox"/> and enter the following information:</p> <p style="margin-left: 20px;"><b>b</b> Enter the date of the master pool obligation ▶ _____</p> <p style="margin-left: 20px;"><b>c</b> Enter the EIN of the issuer of the master pool obligation ▶ _____</p> <p style="margin-left: 20px;"><b>d</b> Enter the name of the issuer of the master pool obligation ▶ _____</p> <p><b>39</b> If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . . ▶ <input type="checkbox"/></p> <p><b>40</b> If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . . ▶ <input type="checkbox"/></p> <p><b>41a</b> If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:</p> <p style="margin-left: 20px;"><b>b</b> Name of hedge provider ▶ _____</p> <p style="margin-left: 20px;"><b>c</b> Type of hedge ▶ _____</p> <p style="margin-left: 20px;"><b>d</b> Term of hedge ▶ _____</p> <p><b>42</b> If the issuer has superintegrated the hedge, check box . . . . . ▶ <input type="checkbox"/></p> <p><b>43</b> If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . . . ▶ <input type="checkbox"/></p> <p><b>44</b> If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . . ▶ <input type="checkbox"/></p> <p><b>45a</b> If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input type="checkbox"/> and enter the amount of reimbursement . . . . . ▶ _____</p> <p style="margin-left: 20px;"><b>b</b> Enter the date the official intent was adopted ▶ _____</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><b>35</b></td> <td style="width: 60%;"></td> <td style="width: 10%; text-align: right;">0</td> <td style="width: 10%;"></td> </tr> <tr> <td><b>36a</b></td> <td></td> <td style="text-align: right;">0</td> <td></td> </tr> <tr> <td><b>37</b></td> <td></td> <td style="text-align: right;">0</td> <td></td> </tr> </table>	<b>35</b>		0		<b>36a</b>		0		<b>37</b>		0	
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<b>Signature and Consent</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	Signature of issuer's authorized representative _____	Date _____	Type or print name and title _____	
<b>Paid Preparer Use Only</b>	Print/type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Firm's name ▶			Firm's EIN ▶
	Firm's address ▶			Phone no.