

RESOLUTION 2012-29

A JOINT RESOLUTION OF THE BOARD OF COMMISSIONERS OF CLAYTON COUNTY AND THE CLAYTON COUNTY WATER AUTHORITY TO PROVIDE FOR THE ISSUANCE OF \$56,235,000 CLAYTON COUNTY AND CLAYTON COUNTY WATER AUTHORITY WATER AND SEWERAGE REVENUE REFUNDING BONDS, SERIES 2012, PURSUANT TO AND IN ACCORDANCE WITH A JOINT RESOLUTION ADOPTED JUNE 11, 1959, AS RATIFIED AND REAFFIRMED BY VARIOUS JOINT RESOLUTIONS, INCLUDING THE JOINT RESOLUTIONS ADOPTED MAY 5, 1998, APRIL 20, 2000, APRIL 17, 2001, MAY 3, 2001, MARCH 4, 2003, APRIL 17, 2003, OCTOBER 19, 2004, FEBRUARY 1, 2005, FEBRUARY 3, 2005, FEBRUARY 11, 2005, FEBRUARY 23, 2006, DECEMBER 8, 2009 AND SEPTEMBER 20, 2011 TO PROVIDE FUNDS TO FINANCE IN WHOLE OR IN PART THE COST OF (I) THE REFUNDING OF A PORTION OF THE OUTSTANDING CLAYTON COUNTY AND CLAYTON COUNTY WATER AUTHORITY WATER AND SEWERAGE REVENUE BONDS, SERIES 2005, AND (II) ISSUING SUCH BONDS; TO REAFFIRM AND ADOPT CERTAIN APPLICABLE TERMS, COVENANTS, PROVISIONS AND CONDITIONS OF SAID PRIOR JOINT RESOLUTIONS; TO ENLARGE THE SCOPE OF OTHER TERMS, COVENANTS, PROVISIONS AND CONDITIONS OF SAID BONDS; TO CREATE AND MAINTAIN CERTAIN FUNDS AND PROVIDE FOR THE DISPOSITION THEREOF; TO PROVIDE RATES FOR THE SERVICES AND FACILITIES TO BE FURNISHED BY THE SYSTEM AND THE REMEDIES OF THE HOLDERS OF SAID REVENUE BONDS; TO PROVIDE FOR THE ISSUANCE OF ADDITIONAL *PARI PASSU* WATER AND SEWERAGE REVENUE BONDS; AND FOR OTHER PURPOSES:

WHEREAS, under and by virtue of the Constitution and laws of the State of Georgia, including specifically, but without limitation, the Revenue Bond Law (O.C.G.A. Section 36-82-60 *et seq.*, as amended) (the "Revenue Bond Law"), Clayton County, Georgia (the "County"), is authorized to own, operate and maintain a water and sewerage system for its own use and for the use of the public, and in anticipation of the collection of revenues from the operation of said system, to issue revenue bonds, payable from a pledge of all or any part of the revenues to be derived from said system, to finance, in whole or in part, the cost of refunding or refinancing outstanding revenue bonds payable from revenues of said system and the cost of the acquisition and construction of additions, extensions and improvements to said system; and

WHEREAS, under the provisions of an Act of the General Assembly of the State of Georgia (Georgia Laws 1955, p. 3344 *et seq.*, as amended) (the "Act"), Clayton County Water Authority (the "Authority") was created, and the Authority has entered upon its duties and is now functioning, and said Act, in pertinent part, provides:

Said board shall have general supervision and control over the entire water system or systems that may be constructed and placed in operation for said county The board shall regulate and provide for the use of its water, fix the time, place and rates for such usage, and in default may cause such services to be discontinued until all arrears are fully paid The board shall have power to

construct, alter, expand and maintain such water system with the funds made available to it by the county governing authority by the issuance and sale of bonds, or revenue anticipation certificates issued by said county, and by funds arising from the operation of said water system. The Authority shall have the right to join with the county in the issuance of revenue anticipation certificates and pledge the revenues of the Authority to the payment of any such certificates so issued.

The board is hereby charged with the duty of collection for all services rendered by said water system of said county and is hereby required to keep money so collected in a bank or banks as may be required by the county governing authority.

The said Clayton County Water Authority is hereby authorized to construct a county sewerage system in said county, and all rights conferred to said board to construct, operate and maintain a water system for said county and to join with the county in the issuance of revenue anticipation certificates for that purpose, shall likewise apply to the construction, operation and maintenance of a sewerage system for said county; and

WHEREAS, the County owns, and the Authority operates, a water and sewerage system (the "System"); and

WHEREAS, the County and the Authority have heretofore issued and there are currently outstanding Clayton County and Clayton County Water Authority Water and Sewerage Revenue Bonds, Series 1998, Series 2000, Series 2003, Series 2004, Series 2005, Series 2006, Series 2009, Series 2010 and Series 2011 (the "Prior Bonds"), pursuant to a joint resolution of the County and the Authority adopted on June 11, 1959 (the "1959 Resolution") as ratified and reaffirmed by various joint resolutions of the County and the Authority, including those joint resolutions adopted May 5, 1998, April 20, 2000, April 17, 2001, May 3, 2001, March 4, 2003, April 17, 2003, October 19, 2004, February 1, 2005, February 3, 2005, February 11, 2005, February 23, 2006, December 8, 2009 and September 20, 2011 (collectively, the "Prior Parity Bond Resolutions"); and

WHEREAS, the Prior Bonds have as their security a first lien on the net revenues of the System (the "Net Revenues"); and

WHEREAS, the Prior Parity Bond Resolutions provide for the issuance of additional revenue obligations from time to time having as their security the same pledge of and lien on the Net Revenues as the Prior Bonds upon certain terms and conditions being met; and

WHEREAS, the County and the Authority have determined that it is in the best interest of the citizens of the County to refund a portion of the outstanding Clayton County and Clayton County Water Authority Water and Sewerage Revenue Bonds, Series 2005 (the "Refunded Bonds"); and

WHEREAS, it appears that the most feasible method of financing the refunding of the Refunded Bonds is by the issuance and sale of the Clayton County and Clayton County

Water Authority Water and Sewerage Revenue Refunding Bonds, Series 2012 (the “Series 2012 Bonds”); and

WHEREAS, the County and the Authority have been and are now complying in all respects with the terms, covenants and provisions of the 1959 Resolution and the Prior Parity Bond Resolutions; and

WHEREAS, it is proposed that the County and the Authority should authorize the use of a Preliminary Official Statement relating to the Series 2012 Bonds (the “Preliminary Official Statement”) and authorize the execution and use of an Official Statement relating to the Series 2012 Bonds (the “Official Statement”); and

WHEREAS, it is further proposed that the County and the Authority should authorize the execution, delivery and performance of a Bond Purchase Agreement, dated the date of this joint resolution (the “Bond Purchase Agreement”), among the County, the Authority and Morgan Keegan & Company, Inc. (the “Underwriter”), providing for the sale of the Series 2012 Bonds to the Underwriter; and

WHEREAS, it is further proposed that the Authority and the County should authorize the execution, delivery and performance of an Escrow Deposit Agreement, dated as of March 1, 2012 (the “Escrow Deposit Agreement”), between the Authority and U.S. Bank National Association, as escrow agent (the “Escrow Agent”); and

WHEREAS, it is further proposed that the Authority should authorize the execution, delivery and performance of a Continuing Disclosure Certificate, dated the date of this joint resolution (the “Disclosure Certificate”);

WHEREAS, it is further proposed that the County and the Authority should appoint a paying agent and registrar for the Series 2012 Bonds; and

WHEREAS, it is proposed that the Authority adopt a policy with respect to tax-exempt debt (the “Policy”).

NOW, THEREFORE, IN JOINT MEETING ASSEMBLED, BE IT RESOLVED by the Board of Commissioners of Clayton County and the Clayton County Water Authority, and it is hereby resolved by authority of the same, as follows:

Section 1. Findings.

All the terms, provisions and conditions regarding the issuance of parity bonds contained in Section 9 of Article IV of the 1959 Resolution, as ratified, reaffirmed, broadened and extended by the subsequently adopted Prior Parity Bond Resolutions, have been met and complied with.

Without limiting the foregoing, the County and the Authority hereby find and declare as follows:

(a) The payments to be made into the "Water and Sewerage Sinking Fund" (the "Sinking Fund") created pursuant to the 1959 Resolution, as enlarged and extended by the subsequently adopted Prior Parity Bond Resolutions (and any other proceedings authorizing the issuance of additional parity bonds with the Prior Bonds) are being made in the full amounts required, and the Sinking Fund is at its proper balance.

(b) The actual net revenues of the System for a period of 12 consecutive months out of 16 months immediately preceding the adoption of this joint resolution equal at least 1.0 times the combined monthly principal and interest sinking fund payment requirements on the Prior Bonds (and on any issue or issues of parity bonds with the Prior Bonds) for the sinking fund year ended May 1, 2011. Net revenues for the purpose of this Section 1 shall be the gross earnings of the System remaining after the payment of the sums required or permitted to be paid to maintain, repair and operate the System as provided under paragraph (1) of Section 5 of Article IV of the 1959 Resolution, but before depreciation.

(c) The Series 2012 Bonds will be used only for the purpose of refunding the Refunded Bonds and not financing any new projects.

(d) An independent and recognized firm of certified public accountants has certified in triplicate to the County and the Authority that the requirements of paragraph (a) above are being complied with and that the actual net earnings of the System meet the 1.0 times coverage requirement of paragraph (b) above.

Section 2. Authorization of Series 2012 Bonds.

The terms, provisions and conditions regarding the issuance of parity bonds having been met and complied with, there is hereby authorized to be issued, pursuant to and in conformity with the 1959 Resolution and Prior Parity Bond Resolutions, the Revenue Bond Law and the Act, \$56,235,000 in aggregate principal amount of water and sewerage revenue bonds designated "CLAYTON COUNTY AND CLAYTON COUNTY WATER AUTHORITY WATER AND SEWERAGE REVENUE REFUNDING BONDS, SERIES 2012." The Series 2012 Bonds shall be issued for the purpose of financing (a) the refunding of the Refunded Bonds and (b) the costs of issuing the Series 2012 Bonds.

Section 3. Application of Proceeds.

From the proceeds derived from the sale of the Series 2012 Bonds (par amount less Underwriter's discount of \$351,468.75 plus original issue premium of \$12,488,839.15), the following payments shall be made:

(a) The sum of \$68,215,606.43 shall be deposited into the Escrow Fund created pursuant to the Escrow Deposit Agreement for refunding the Refunded Bonds; and

(b) The balance shall be deposited in the Cost of Issuance Fund.

(c) Notwithstanding the foregoing, if the Chairman of the Authority shall determine that a different application of funds is required to carry out the intent hereof, the different application of funds may be provided for in the authentication order to be delivered at the time of issuance of the Series 2012 Bonds.

Section 4. Terms of the Series 2012 Bonds.

The principal amount of the Series 2012 Bonds maturing in each year together with the interest rate on each such maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021 ⁽¹⁾	\$ 7,965,000	3.00%
2021 ⁽¹⁾	10,000,000	5.00
2022 ⁽¹⁾	7,300,000	4.00
2022 ⁽¹⁾	11,405,000	5.00
2023	19,565,000	5.00

⁽¹⁾ Split Maturity.

The Series 2012 Bonds as originally issued shall be dated their date of issuance (the "Dated Date"). Each Series 2012 Bond issued in exchange for a Series 2012 Bond as originally issued or upon registration of transfer thereof shall be dated the date of its exchange or registration of transfer. The Series 2012 Bonds shall be lettered and numbered from R-1 upwards in order of issuance.

The Series 2012 Bonds shall, except as provided in this Section, bear interest, payable on May 1 and November 1 of each year (each an "Interest Payment Date"), commencing on May 1, 2012, from the Interest Payment Date next preceding the date of such Series 2012 Bond to which interest has been paid, unless the date of such Series 2012 Bond is an Interest Payment Date to which interest has been paid, in which case from the date of such Series 2012 Bond, or unless no interest has been paid, in which case from the Dated Date. Notwithstanding the foregoing, when there is no existing default in the payment of interest on the Series 2012 Bonds, all Series 2012 Bonds authenticated after the close of business on the Record Date (hereinafter defined) shall be dated the date of authentication but shall bear interest from the next succeeding Interest Payment Date; provided, however, that if there is a default in the payment of interest on the Series 2012 Bonds, any such Series 2012 Bond shall bear interest from the Interest Payment Date next preceding the date of such Series 2012 Bond to which interest has been paid, unless no interest has been paid, in which case from the Dated Date.

The person in whose name any Series 2012 Bond is registered at the close of business on any Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding any registration of transfer or exchange subsequent to such Record Date, and prior to such Interest Payment Date.

The term "Record Date" as used in this Section with respect to any Interest Payment Date shall mean the fifteenth day of the calendar month next preceding such Interest Payment Date.

The principal of and interest and redemption premium, if any, on the Series 2012 Bonds shall be payable in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. The principal of the Series 2012 Bonds shall be payable upon the presentation and surrender of the Series 2012 Bonds at the principal corporate trust office of the Paying Agent. The interest on the Series 2012 Bonds shall be paid by first class mail to the respective owners of the Series 2012 Bonds at their addresses as they appear on the bond register kept by the Bond Registrar. Notwithstanding the foregoing, in the event an owner owns \$1,000,000 in aggregate principal amount of Series 2012 Bonds, interest may be payable by wire transfer in accordance with written instructions provided to the Paying Agent, until such instructions are revoked in writing.

The Series 2012 Bonds shall be issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof and substantially in the form set forth hereinafter with such variations, omissions, substitutions and insertions as are therein required or permitted.

Notwithstanding the foregoing, as long as the Series 2012 Bonds are held in book-entry form, payments of principal and interest shall be made in accordance with Section 31 of this joint resolution.

Section 5. Execution of Series 2012 Bonds.

The Series 2012 Bonds shall be executed with the manual or facsimile signature of the Chairman and attested by the manual or facsimile signature of the Clerk of the Board of Commissioners of the County and the official seal of the County shall be printed thereon, and shall be executed by the manual or facsimile signature of the Chairman and attested by the manual or facsimile signature of the Secretary of the Authority and the official seal of the Authority shall be printed or impressed thereon. In case any officer whose signature shall appear on the Series 2012 Bonds shall cease to be such officer before delivery of such Series 2012 Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until delivery. If any Series 2012 Bond shall become mutilated, the County and Authority in their discretion and at the expense of the owner of such Series 2012 Bond shall execute by the officers then in office and deliver a new Series 2012 Bond of like tenor in exchange and substitution for such mutilated Series 2012 Bond and the owner shall give indemnity satisfactory to the County and Authority. If any Series 2012 Bond shall become lost, destroyed or wrongfully taken, evidence of such loss, destruction or wrongful taking within a reasonable time thereafter may be submitted to the County and Authority and if such evidence shall be satisfactory to them and indemnity of a character and in an amount satisfactory to them shall be given, then the County and Authority shall at the expense of the owner execute by the officers then in office and deliver a new Series 2012 Bond of like tenor.

Section 6. Authentication of Series 2012 Bonds.

Only such Series 2012 Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth executed by the Bond Registrar shall be entitled to any right or benefit hereunder. No Series 2012 Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been executed by the Bond Registrar, and such executed certificate of the Bond Registrar upon any such Series 2012 Bond shall be conclusive evidence that such Series 2012 Bond has been authenticated and delivered hereunder. The certificate of authentication on any Series 2012 Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized signatory of the Bond Registrar, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Series 2012 Bonds issued hereunder.

Section 7. Form of Series 2012 Bonds.

The Series 2012 Bonds, the form of assignment, the form of authentication certificate and the certificate of validation to be endorsed upon the Series 2012 Bonds, shall be in substantially the following form, with such variations, omissions and insertions as are required or permitted by this joint resolution, to-wit:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF GEORGIA

CLAYTON COUNTY AND CLAYTON COUNTY WATER AUTHORITY
WATER AND SEWERAGE REVENUE REFUNDING BOND
SERIES 2012

No. R- _____
Maturity Date: May 1, 20 ____
Principal Sum: \$ _____

Date of Original Issue: March 1, 2012
Interest Rate: _____ % Per Annum
CUSIP: _____

FOR VALUE RECEIVED, Clayton County, Georgia (the "County") and the Clayton County Water Authority (the "Authority") hereby promise to pay solely from the special fund provided therefor, as hereinafter set forth, to CEDE & CO., or registered assigns, the principal sum specified above on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the designated corporate trust office of U.S. Bank National Association, located in Atlanta, Georgia, as paying agent (the "Paying Agent") for the Series 2012 Bonds (hereinafter defined), and to pay, solely from said special fund, to the registered owner hereof by check or draft mailed by first class mail to such owner at his address as it shall appear on the bond register kept by U.S. Bank National Association, located in Atlanta, Georgia, as bond registrar and authentication agent for the Series 2012 Bonds (the "Bond Registrar"), interest on such principal sum, at the interest rate per annum specified above, payable on May 1, 2012, and semiannually thereafter on the first days of May and November of each year (each such date an "Interest Payment Date"), from the Interest Payment Date next preceding the date hereof to which interest has been paid (unless the date hereof is prior to the first Interest Payment Date, in which event from the date of original issue, unless the date hereof is an Interest Payment Date to which interest has been paid, in which event from the date hereof or unless the date hereof is after a Record Date (hereinafter defined), in which event from the next Interest Payment Date) until payment of such principal sum in full; provided that if this bond or a portion hereof shall be called for redemption, such interest shall be paid until the redemption date.

The interest so payable on any such Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the fifteenth day of the calendar month preceding such Interest Payment Date (the "Record Date"). The principal of, redemption premium (if any) and interest on this bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Notwithstanding the foregoing, so long as this bond is registered in the name of the Securities Depository or Securities Depository Nominee, payment of principal, redemption premium (if any) and interest on this bond shall be made by wire transfer to the Securities

Depository or Securities Depository Nominee as described in the Resolutions (as hereinafter defined).

This bond is one of an issue of like date, tenor and effect, except as to numbers, interest rates, redemption provisions and dates of maturity, of \$56,235,000 in aggregate principal amount of Clayton County and Clayton County Water Authority Water and Sewerage Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds") issued for the purpose of (i) refunding a portion of the outstanding Clayton County and Clayton County Water Authority Water and Sewerage Revenue Bonds, Series 2003 and (ii) paying expenses incident thereto, and is issued under authority of the Constitution of the State of Georgia, the Revenue Bond Law (O.C.G.A. Section 36-82-60 *et seq.*), as amended, and an Act of the General Assembly of said State (Georgia Laws 1955 p. 3344 *et seq.*), as amended, and was duly authorized by a joint resolution of the Board of Commissioners of the County and the Authority adopted on June 11, 1959, as ratified, reaffirmed and broadened by various joint resolutions, including the joint resolutions adopted on May 5, 1998, April 20, 2000, April 17, 2001, May 3, 2001, March 4, 2003, April 17, 2003, October 19, 2004, February 1, 2005, February 3, 2005, February 11, 2005, February 23, 2006, December 8, 2009, September 20, 2011 and February 7, 2012 (collectively, the "Resolutions"). The Series 2012 Bonds shall stand on a parity with, and shall be secured by the same lien on the net revenues of the Authority's water and sewerage system (the "System") as certain water and sewerage revenue bonds previously issued by the County and the Authority (the "Prior Bonds"). The County and the Authority may, under certain terms and conditions as provided in the Resolutions, issue additional water and sewerage revenue bonds or obligations (the "Additional Bonds"), and if issued, such Additional Bonds will rank on a parity as to the lien on the net revenues of the System with the Prior Bonds and the Series 2012 Bonds.

The County and the Authority have pledged the net revenues of the System as security for the payment of the Prior Bonds, the Series 2012 Bonds and any Additional Bonds.

Reference to the Resolutions is hereby made for a description of the funds charged with and pledged to the payment of the principal of and the interest on the Series 2012 Bonds, the nature and extent of the security and a statement of the rights, duties and obligations of the County and the Authority, the rights of the holders of the Series 2012 Bonds and the terms and provisions under which Additional Bonds may be issued, to all the provisions of which the holder hereof, by the acceptance of this bond, assents.

The Resolutions provide, among other things, for prescribing and revising rates and collecting fees and charges for the services, facilities and commodities furnished by the System, as now existing and as hereafter added to, extended, improved and equipped sufficient to pay the reasonable and necessary costs of maintaining, repairing and operating the System, pay into a special fund designated "Water and Sewerage System Sinking Fund" the amounts required to pay the principal of and interest on the Prior Bonds, the Series 2012 Bonds and any Additional Bonds as the same become due and payable and to create and maintain a reserve for that purpose, as well as to create and maintain a reserve for extensions and improvements to the System.

In addition, the Resolutions provide, among other things, that the Authority will maintain rates, fees and charges sufficient to produce revenues remaining after payment of

operating and maintenance costs of the System equal to not less 120 percent of the amounts then required to be paid into the Sinking Fund (the "Net Revenues"). In the event that at any time the Net Revenues are not equal to at least 120 percent of the amounts then required to be paid into the Sinking Fund, the Authority is required to instruct its Consulting Engineers to make an appropriate study and recommend a schedule of rates, fees and charges determined to be sufficient to meet these requirements.

This bond shall not be deemed to constitute a debt of the County or the Authority, nor a pledge of the faith and credit of said County or Authority, nor shall the County or the Authority be subject to any pecuniary liability thereon. This bond shall not be payable from nor constitute a charge upon any funds other than the net revenues pledged to the payment hereof, and is payable solely from the special funds provided therefor. No holder of this bond shall ever have the right to compel the exercise of the taxing power of the County to pay the same, or the interest thereon, or to enforce payment hereof against any other property of the County or the Authority, nor shall this bond constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the County or the Authority.

The person in whose name this bond is registered shall be deemed and regarded as the absolute owner hereof for all purposes, and payment of or on account of either principal or interest made to such registered holder shall be valid and effectual to satisfy and discharge the liability upon this bond to the extent of the sum or sums so paid. This bond is registerable as transferred by the owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar, all subject to the terms and conditions of the Resolutions.

The Series 2012 Bonds are issuable as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The Series 2012 Bonds are not subject to redemption prior to their stated maturities.

The Series 2012 Bonds are being issued by means of a Book-Entry System, with actual bonds immobilized at The Depository Trust Company, New York, New York, or its successor as Securities Depository, evidencing ownership of the Series 2012 Bonds in principal amounts of \$5,000 or integral multiples thereof, and with registration of transfers of Beneficial Ownership effected on the records of the Securities Depository and its participants pursuant to the rules and procedures established by the Securities Depository. Actual bonds are not available for distribution to the Beneficial Owners, except under the limited circumstances set forth in the Resolutions. The principal, redemption premium (if any) and interest on the Series 2012 Bonds are payable by the Paying Agent to Cede & Co., as nominee of the Securities Depository. Transfer of principal, redemption premium (if any) and interest payments to participants of the Securities Depository is the responsibility of the Securities Depository; transfers of principal, redemption premium (if any) and interest to Beneficial Owners by participants of the Securities Depository will be the responsibility of such participants and other nominees of Beneficial Owners. The County, the Authority and the Paying Agent are not responsible or liable for maintaining, supervising or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants.

As long as the Series 2012 Bonds are registered to a Securities Depository or its nominee, registration or transfers and exchanges shall be made in accordance with the Securities Depository. If the Series 2012 Bonds are no longer registered to a Securities Depository or its nominee, this bond may be registered as transferred only upon the registration books kept for that purpose at the principal corporate trust office of the Bond Registrar by the registered owner hereof in person, or by his or her attorney duly authorized in writing, upon presentation and surrender to the Bond Registrar of this bond duly endorsed for registration of transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new registered bond, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor. In addition, if the Series 2012 Bonds are no longer registered to a Securities Depository, this bond may be exchanged by the registered owner hereof or his or her duly authorized attorney upon presentation at the principal corporate trust office of the Bond Registrar for an equal aggregate principal amount of bonds of the same maturity and in any authorized denominations in the manner, subject to the conditions and upon payment of charges, if any, provided in the Resolutions.

This bond is issued with the intent that the laws of the State of Georgia shall govern its construction. In case of default, the holder of this bond shall be entitled to the remedies provided by the Resolutions and the Revenue Bond Law and any amendments thereto.

The Resolutions and terms of the Series 2012 Bonds may be amended with or without the consent of the owners of the Series 2012 Bonds, all as provided in the Resolutions.

It is hereby recited and certified that all acts, conditions and things required to be done precedent to and in the issuance of this bond have been done, have happened and have been performed in due and legal form as required by law, and that provision has been made for the allocation from the anticipated revenues of the System of amounts sufficient to pay the principal of and the interest on the Series 2012 Bonds as the same mature, and to create and maintain reserves for that purpose, and that said funds are irrevocably allocated and pledged to the payment thereof and the interest thereon.

This bond shall not be entitled to any benefit under the Resolutions and shall not become valid or obligatory for any purpose until it shall have been authenticated by execution by the Bond Registrar as Authentication Agent, by manual or facsimile signature of the certificate hereon endorsed.

IN WITNESS WHEREOF, the County has caused this bond to be executed by the manual or facsimile signature of the Chairman of its Board of Commissioners and its official seal to be printed hereon, and attested by the manual or facsimile signature of the Clerk of the Board of Commissioners, and the Authority has caused this bond to be executed by the manual or facsimile signature of the Chairman and its official seal to be printed hereon, and attested by the manual or facsimile signature of its Secretary, all as of the ____ day of _____, 2012.

CLAYTON COUNTY, GEORGIA

(SEAL)

By: _____
Chairman

Attest:

Clerk

CLAYTON COUNTY WATER AUTHORITY

(SEAL)

By: _____
Chairman

Attest:

Secretary

AUTHENTICATION CERTIFICATE

The above bond is one of the bonds described in the within-mentioned joint resolution of February 7, 2012 and is hereby authenticated as of the date of its execution as stated in the bond.

U.S. BANK NATIONAL ASSOCIATION,
as Authentication Agent

By: _____
Vice President

VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF CLAYTON

The undersigned Clerk of the Superior Court of Clayton County, Georgia, keeper of the records and seal thereof, does hereby certify that this bond was validated and confirmed by judgment of the Superior Court of Clayton County, Georgia, on the ____ day of February, 2012.

WITNESS my manual or facsimile signature and the official seal of the Superior Court of Clayton County, Georgia.

Clerk, Superior Court
Clayton County, Georgia

(SEAL)

ASSIGNMENT OF FULLY REGISTERED BONDS

For value received, _____ hereby sells, transfers and assigns unto _____ the foregoing bond and hereby irrevocably constitutes and appoints _____ attorney-in-fact to transfer the same on the registration books with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Bond Registrar.

NOTICE: The signature of the registered owner to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Section 8. Registration, Transfer and Exchange of Bonds.

The Bond Registrar shall keep registers for registration of transfer and exchanges of the Series 2012 Bonds. The County and the Authority, its agents and the Bond Registrar may deem and treat the registered owner of any Series 2012 Bond as the absolute owner of such Series 2012 Bond for the purpose of receiving payment of the principal thereof and the interest thereon. Unless the Series 2012 Bonds are held in Book-Entry Form, such registration of transfer shall be accomplished by the procedure and with the effect provided in this Section 8.

Unless the Series 2012 Bonds are held in Book-Entry Form, upon surrender for registration of transfer of any Series 2012 Bond at the designated corporate trust office of the Bond Registrar, the County and the Authority shall deliver to the transferee or transferees a new Series 2012 Bond for a like aggregate principal amount, series, interest rate and maturity. Series 2012 Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of Series 2012 Bonds of authorized denominations and of like series, interest rate and maturity. Every Series 2012 Bond presented or surrendered for registration of transfer or exchange shall (if so required by the County and the Authority or the Bond Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the County and the Authority and the Bond Registrar duly executed by the owner thereof or his attorney duly authorized in writing. The execution by the County and the Authority of any Series 2012 Bond in the denomination of \$5,000 or any integral multiple thereof shall constitute full and due authorization of such denomination and the Bond Registrar shall thereby be authorized to authenticate and deliver such Series 2012 Bond. No charge shall be made to an owner of a Series 2012 Bond for the privilege of registration of transfer or exchange, but any owner requesting any such registration of transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. The Bond Registrar shall not be required (i) to issue, transfer or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Series 2012 Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to register the transfer or exchange of any Series 2012 Bond so selected for redemption in whole or in part.

While the Series 2012 Bonds are held in Book-Entry Form, registrations of transfers and exchanges shall be made in accordance with Section 31 hereof.

Section 9. Parity Lien.

The Series 2012 Bonds shall, after their issuance, stand on a parity and shall be of equal dignity with the Prior Bonds issued pursuant to the applicable Prior Parity Bond Resolutions and shall be secured by the lien created pursuant to the provisions of paragraph (3) of Section 5 of Article IV of the 1959 Resolution, as the same was enlarged and extended by the subsequently adopted Prior Parity Bond Resolutions and as the same is enlarged and extended by this joint resolution, just as if all outstanding Prior Bonds and the Series 2012 Bonds had been issued simultaneously under the same joint resolution.

Section 10. Redemption.

The Series 2012 Bonds are subject to redemption prior to their stated maturities. The Series 2012 Bonds maturing on or after May 1, 2023 may be redeemed prior to their respective maturities, either in whole or in part, at the written direction of the Authority, on or after May 1, 2023, at a redemption price of par plus accrued interest to the redemption date.

Section 11. Purchase of Bonds.

Nothing herein contained shall be construed to limit the right of the County and the Authority to purchase, with any moneys in the Sinking Fund in excess of the amount required to be maintained in the Sinking Fund, Series 2012 Bonds in the open market.

Section 12. Flow of Funds.

The County and the Authority covenant that they will continue to operate the System on the fiscal year basis established in the 1959 Resolution, to-wit: beginning May 1 in each year and ending April 30 of the following year, but they reserve the right by the adoption of proper proceedings to change the fiscal year. The County and the Authority further covenant that they will continue to maintain the fund designated "Water and Sewerage System Revenue Fund" (the "Revenue Fund") pursuant to the 1959 Resolution. The Authority shall continue to collect all revenues derived from the System arising from the operation or ownership thereof or from properties in connection therewith and shall deposit same daily, as far as practical, into said Revenue Fund to be used and disposed of only as provided in the 1959 Resolution, as ratified and reaffirmed by said subsequently adopted Prior Parity Bond Resolutions, this joint resolution and any joint resolutions hereafter adopted to authorize the issuance of additional parity bonds.

There shall first be paid from the Revenue Fund, as provided in paragraph (1) of Section 5 of Article IV of the 1959 Resolution, the reasonable and necessary costs of operating, maintaining and repairing the water and sewerage system and there shall continue to be reserved in said Revenue Fund, as working capital, the sum of \$500,000 or such greater amount as shall be deemed necessary by the Authority and such moneys shall be set aside or reserved for that purpose.

The County and the Authority have heretofore created, pursuant to the provisions of paragraph (3) of Section 5 of Article IV of the 1959 Resolution, a special fund designated "Water and Sewerage System Sinking Fund" (the "Sinking Fund"). The County and the Authority have also heretofore created nine accounts currently maintained within the Sinking Fund. The accounts in the Sinking Fund known as the Series 1998 Account, the Series 2000 Account, the Series 2003 Account, the Series 2004 Account, the Series 2005 Account and the Series 2006 Account, the Series 2009 Account, the Series 2010 Account and the Series 2011 Account were created for the purpose of paying the principal of and interest on the Series 1998 Bonds, the Series 2000 Bonds, the Series 2003 Bonds, the Series 2004 Bonds, the Series 2005 Bonds, the Series 2006 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, and the Series 2011 Bonds respectively. There is hereby created another account in the Sinking Fund to be known as the Series 2012 Account for the purpose of paying the principal of and interest on the Series 2012 Bonds.

The County and the Authority therefore covenant to pay into the Sinking Fund, after the refunding of the Refunded Bonds, in lieu of the monthly payments heretofore covenanted to be made, pursuant to the Prior Bond Resolutions, the following sums for the purpose of paying the principal of and the interest on the outstanding Prior Bonds and the Series 2012 Bonds as the same become due and payable (whether by maturity, scheduled mandatory redemption or otherwise):

(a) There shall be paid into the Series 2012 Account in the Sinking Fund (i) commencing with March, 2012, and continuing on the first day of each month thereafter, an amount equal to one-half (1/2) of the interest payable on the Series 2012 Bonds on the succeeding May 1; (ii) commencing May, 2012 and continuing on the first day of each month thereafter, an amount equal to one-sixth (1/6) of the interest payable on the Series 2012 Bonds on the next succeeding May 1 or November 1, as the case may be; and (iii) commencing May, 2020, and continuing on the first day of each month thereafter, an amount equal to one-twelfth (1/12) of the principal payable on the Series 2012 Bonds on the succeeding May 1, in each case, such monthly payments to continue from month to month thereafter until sufficient funds are on hand in the Sinking Fund to pay all of the Series 2012 Bonds at their respective maturities and the interest which will become due and payable thereon.

(c) There shall continue to be paid into the Series 1998 Account, the Series 2000 Account, the Series 2003 Account, the Series 2004 Account, the Series 2005 Account, the Series 2006 Account, the Series 2009 Account, the Series 2010 Account and the Series 2011 Account in the Sinking Fund on the first day of each month (i) an amount equal to one-sixth (1/6) of the interest payable on the outstanding Prior Bonds on the next succeeding May 1 or November 1, as the case may be; and (ii) an amount equal to one-twelfth (1/12) of the principal payable on the outstanding Prior Bonds on the next succeeding May 1, such monthly payments to continue from month to month until sufficient funds are on hand in said Sinking Fund to pay all of the outstanding Prior Bonds at their respective maturities and the interest which will become due and payable thereon; provided, however, (i) amounts on deposit in the Series 1998 Account, the Series 2000 Account, the Series 2003 Account, the Series 2004 Account, the Series 2005 Account, the Series 2006 Account, the Series 2009 Account, the Series 2010 Account or the Series or the Series 2011 Account on the date of issuance and delivery of the Series 2012 Bonds shall be applied to the payments set forth above and, to the extent so applied, shall offset the obligation of the County and the Authority to make such payments, and (ii) in any event the payments into the Sinking Fund shall be at all times sufficient and timely to pay principal of and interest on the outstanding Prior Bonds and on the Series 2012 Bonds when due and payable (whether by maturity, scheduled mandatory redemption or otherwise). If, in any month, for any reason, the full amount herein required shall not be paid into the Sinking Fund, the amount of any such deficiency shall be added to the amount required to be paid into the Sinking Fund in the next succeeding month. Notwithstanding anything to the contrary stated herein, all amounts held in the Sinking Fund (regardless of in which account said amounts are held) shall be for the equal and ratable benefit of all holders of the outstanding Prior Bonds, the Series 2012 Bonds and any additional parity bonds.

Section 9 of Article IV of the 1959 Resolution, as ratified, reaffirmed, broadened and extended by each of the subsequently adopted Prior Parity Bond Resolutions, requires that any proceedings for the issuance of parity bonds provide for the creation within not more than ten (10) years from the date of the parity bonds to be issued of a reserve in the Sinking Fund equal to (a) as long as the Series 1998 Bonds, the Series 2000 Bonds or the Series 2003 Bonds are outstanding, the highest combined principal and interest requirements in any succeeding sinking fund year on the Bonds and (b) if the Series 1998 Bonds, the Series 2000 Bonds and the Series 2003 Bonds are no longer outstanding, the least of least of (i) 10% of the original principal amount of Bonds, (2) the maximum annual principal and interest requirements in any sinking fund year or (3) 125% of the average annual principal and interest requirements in any sinking fund year (the "Reserve Requirement"). The Reserve Requirement was increased in connection with the issuance of the Series 2005 Bonds. It was not increased in connection with the issuance of the Series 2006 Bonds, the Series 2009 Bonds, the Series 2010 Bonds or the Series 2011 Bonds. Furthermore, it will not be increased in connection with the issuance of the Series 2012 Bonds. The County and the Authority covenant to continue making substantially equal monthly payments into the reserve portion of the Sinking Fund sufficient to fund the increase in the Reserve Requirement caused by the issuance of the Series 2005 Bonds in the time required by the 1959 Resolution.

Section 7 of Article IV of the 1959 Resolution, has been amended to provide that none of the moneys from time-to-time on deposit in said Sinking Fund will be used or invested in any manner that would result in the Prior Bonds or the Series 2012 Bonds being classified as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder.

As provided in paragraph (3) of Section 5 of Article IV of the 1959 Resolution, as ratified and reaffirmed by the subsequently adopted Prior Parity Bond Resolutions, all net revenues received from the System are immediately subject to a lien to secure the payment of the amounts therein agreed to be paid, and the County and the Authority hereby ratify and reaffirm the pledge of such revenues and hereby covenant that the net revenues so received from the System are in like manner pledged to secure the payment of the amounts herein agreed to be paid and that the lien of this pledge shall be valid and binding against the County and the Authority and against all other parties having claims of any kind against them, or either of them, whether such claims shall have arisen from a tort, contract or otherwise and irrespective of whether or not such parties have notice thereof.

There shall next be paid from the Revenue Fund, after the payment of the sums hereinabove and in said Prior Parity Bond Resolutions required or permitted to be paid, into the special fund maintained pursuant to the terms of the 1959 Resolution, and designated as the "Renewal and Extension Fund" (the "Renewal and Extension Fund"), so much of the remaining moneys available in said Revenue Fund as is required to comply with the provisions of paragraph (4) of Section 5 of Article IV of the 1959 Resolution, as amended by the subsequently adopted Prior Parity Bond Resolutions. The required balance in said fund is \$1,500,000. Expenditures may be made from said Renewal and Extension Fund for the purposes provided in paragraph (4) of Section 5 of Article IV of the 1959 Resolution, as ratified and reaffirmed by said subsequently adopted Prior Parity Bond Resolutions and said paragraph, except as to the required balance in said Fund, is hereby specifically ratified and reaffirmed. Section 8 of

Article IV of the 1959 Resolution was amended to provide that the investment of moneys in the Renewal and Extension Fund not needed for immediate use for any of the authorized purposes shall hereafter be mandatory rather than discretionary.

There shall next be paid from the Revenue Fund, after the payment of the sums hereinabove and in said Prior Parity Bond Resolutions required or permitted to be paid, into the Renewal and Extension Fund, seventy-five percent (75%) of the remaining revenues in the Revenue Fund, all as is provided in paragraph (5) of Section 5 of Article IV of the 1959 Resolution. The balance of said revenues (*i.e.*, twenty-five percent (25%)) may be used by the County for any lawful municipal purpose.

Nothing contained herein shall be construed to prohibit the County or the Authority, at its option, from making additional payments into the Sinking Fund from any moneys which may be made available for such purpose.

Section 13. Cost of Issuance Fund.

A special fund is hereby created and designated "Clayton County Water Authority 2012 Cost of Issuance Fund" (the "Cost of Issuance Fund"), for the credit of which there shall be deposited with the Cost of Issuance Fund Custodian the amount as set forth in Section 3 hereof.

All payments from the Cost of Issuance Fund shall be made upon checks signed or bank wires authorized by authorized signatories of the Cost of Issuance Fund Custodian, on behalf of the County and the Authority, or by officers of the County and the Authority properly authorized to sign in their behalf, but before they shall sign any such checks or authorize any such bank wire there shall be filed with the Cost of Issuance Fund Custodian: (a) a requisition for such payment (the above-mentioned checks and bank wires may be deemed a requisition for the purpose of this Section), stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due; (b) a certificate attached to the requisition and certifying that an obligation in the stated amount has been incurred, and that the same is a proper charge against the Cost of Issuance Fund and has not been paid (or is a reimbursement to the County or the Authority for previously paying such obligation), specifying the purpose and circumstances of such obligation in reasonable detail and to whom such obligation is owed, accompanied by the bill or statement of account for such obligation, or a copy thereof.

Section 14. Custodians and Depositories.

SunTrust Bank is hereby designated as the custodian of the Revenue Fund and the Renewal and Extension Fund. U.S. Bank National Association is hereby designated as the custodian of the Sinking Fund and the Cost of Issuance Fund.

Section 15. Rebate Fund.

There was heretofore established a fund designated as the "Water and Sewerage System Rebate Fund" (the "Rebate Fund"). Within the Rebate Fund, the County and the Authority have agreed to maintain an Excess Account and an Earnings Account. Moneys held in each account of the Rebate Fund have been pledged to secure payments to the United States

Government. The County, the Authority and the owners of the Series 2012 Bonds shall have no rights in or claim to such moneys.

Section 16. Parity Bonds.

The County and the Authority further covenant and agree that they will not exercise the privilege set forth in Section 9 of Article IV of the 1959 Resolution, as ratified, reaffirmed, broadened and extended by said subsequently adopted Prior Parity Bond Resolutions, of issuing additional obligations ranking as to lien on the revenues of the system *pari passu* with said Prior Bonds and the Series 2012 Bonds, unless or until all of the following conditions are met:

(a) The payments covenanted to be made into the Water and Sewerage System Sinking Fund created pursuant to Section 5, paragraph (3) of Article IV of the 1959 Resolution, as enlarged and extended by the subsequently adopted Prior Parity Bond Resolutions and by this joint resolution and as the same may have been enlarged and extended in any proceedings authorizing the issuance of additional parity bonds with said Prior Parity Bonds and the Series 2012 Bonds are being made in the full amounts required, and said Sinking Fund is at its proper balance.

(b) The projected net revenues of the water and sewerage system in any future sinking fund year, determined on the basis beginning 12 months after the estimated completion date of the project to be financed by such parity bonds, must equal not less than one and fifty one hundredths (1.50) times the highest combined principal and interest requirements for any such subsequent sinking fund year on the Prior Parity Bonds, the Series 2012 Bonds and any issue or issues of parity bonds with the Prior Parity Bonds and the Series 2012 Bonds then outstanding and on the bonds proposed to be issued; provided, however, that the actual net revenues of said system for a period of 12 consecutive months out of 16 months immediately preceding the adoption of proceedings authorizing the issuance of such additional bonds must equal not less than one (1.0) times the combined monthly principal and interest sinking fund payment requirements on the Prior Parity Bonds, the Series 2012 Bonds and on any issue or issues of parity bonds with the Prior Parity Bonds and the Series 2012 Bonds then outstanding for the particular sinking fund year immediately preceding the date of the institution of proceedings for the issuance of such additional bonds.

Net revenues for the purpose of this provision shall be the gross earnings of the water and sewerage system remaining after the payment of the sums required or permitted to be paid to maintain, repair and operate said system as provided under paragraph (1) of Section 5 of Article IV of the 1959 Resolution, but before depreciation.

(c) The Consulting Engineers for the Authority, or such other experienced engineer, engineers or engineering firm of recognized standing in the field of water and sewerage construction and operation as may hereafter be employed by the Authority, as approved by the County, shall certify in triplicate to the County and the Authority in reasonable detail the proposed improvements, additions, or extensions or a combination thereof to be made, estimated cost of construction and placing same in operation, cost of

operation and maintenance and that the projected net revenues of the system as added to, extended and improved will meet the one and fifty one hundredths (1.50) times coverage requirements of paragraph (b) above.

(d) An independent and recognized certified public accountant or firm of certified public accountants shall certify in triplicate to the County and Authority that the requirements of paragraph (a) above are being complied with and the actual net earnings of said system meet with the one (1) times coverage requirement of paragraph (b) above.

(e) The County and Authority shall pass proper proceedings reciting that all of the above requirements have been met and authorize the issuance of such bonds, which proceedings shall, among others, provide for the date, the rate or rates of interest, maturity dates, and redemption provisions, and the interest shall fall due on May 1 and November 1 of each year and the principal shall mature in installments on May 1 or November 1 (but not necessarily in each year, or in equal installments), and provided further that any such proceeding or proceedings shall restate and reaffirm by reference all the applicable terms, conditions and provisions of said Prior Parity Bond Resolutions and of this joint resolution and any supplemental resolution thereto and any resolution ratifying said joint resolutions or supplemental resolution thereto. Any such proceeding or proceedings shall require an increase in the monthly payments to that then being made into the Water and Sewerage System Sinking Fund to the extent necessary to pay the principal of and the interest on such parity bonds then outstanding and on the bonds proposed to be issued, and to create within not more than ten (10) years from the date of the bonds to be issued, a reserve in said Sinking Fund equal to the highest combined principal and interest requirements in any succeeding sinking fund year on the then outstanding parity bonds and the bonds proposed to be issued, and to maintain said reserve in an amount sufficient for that purpose.

(f) The proceeds of any additional bonds or obligations authorized to be issued under this Section must be used only for the purposes of adding to, extending, modernizing and improving the water and sewerage system and its related properties, including, but not limited to, the acquisition, construction and equipping of such building or buildings and structures and appurtenances pertaining thereto as may be deemed necessary to afford more adequate, useful and convenient facilities for the proper control and administration of the functions of said system, and paying the usual and necessary expenses incurred and to be incurred incident to accomplishing any of the foregoing, including cost of lands, rights of way and easements.

(g) Such additional bonds or obligations and all proceedings relative thereto, and the security therefor, shall be validated as prescribed by law.

Section 17. Rate Covenant.

The Authority hereby covenants and agrees that it has heretofore established and that it will at all times, and from time to time, prescribe, issue and revise rates and collect fees and charges for the services, facilities, and commodities furnished by the System, as now existing and as hereafter added to, extended and improved, to the extent necessary to generate

funds sufficient at all times (i) to maintain and operate the System on a sound businesslike basis, (ii) to pay the required amounts into the Sinking Fund, and (iii) to create and maintain a reserve for extensions and improvements to the System, all in accordance with and in compliance with the terms of the 1959 Resolution and Prior Parity Bond Resolutions and this joint resolution.

In addition, the Authority hereby furthermore covenants and agrees to maintain rates, fees and charges sufficient to produce revenues remaining after payment of operating and maintenance costs of the System equal to not less than 120 percent of the amounts then required to be paid into the Sinking Fund. In the event that at any time such net revenues are not equal to at least 120 percent of the amounts then required to be paid into the Sinking Fund, the Authority is required to instruct its Consulting Engineers to make an appropriate study and recommend a schedule of rates, fees and charges deemed to be sufficient to meet these requirements.

In the event the Authority shall fail to adopt a schedule or schedules of rates, fees and charges, or to revise such schedule or schedules in accordance with the provisions of this Section, any bondholder, without regard to whether a default, as defined in Article VII of the 1959 Resolution, shall have occurred, may institute and prosecute in any court of competent jurisdiction an appropriate action to compel the Authority to adopt a schedule or schedules of rates, fees and charges, or to revise such schedule or schedules, in accordance with the requirements of the Prior Parity Bond Resolutions.

Section 18. Investment of Sinking Fund Moneys.

It is further provided, however, that any money in the Sinking Fund not immediately required to pay the principal and interest maturing in any sinking fund year on all the obligations payable from said fund shall from time to time be invested and reinvested in securities that are direct and general obligations of the United States of America or are guaranteed by the United States of America as to both principal and interest and that mature within twelve (12) months after the date of purchase or that are redeemable at stated prices at the option of the holder. Any such securities so purchased shall be deposited with the Sinking Fund Custodian and held by it in trust until paid at maturity, redeemed or sold by the said Custodian at the direction of the Authority, and all increments thereof shall be immediately deposited in said Sinking Fund. The moneys in the Sinking Fund and all securities held in and for said Fund and the income therefrom were pledged and hereby are pledged to and charged with: (a) the payment of interest upon the outstanding Prior Bonds and the Series 2012 Bonds as such interest falls due; (b) the payment of the principal of such bonds at their respective maturities; (c) the redemption of all such bonds of each respective issue before maturity at the prices and under the conditions provided therefor in the pertinent joint resolution governing the redemption of the bonds to be so redeemed; (d) the purchase of any of such bonds in the open market; provided, however, such purchases may be made only from moneys in excess of the required reserve therein as set forth in Section 12 hereof and not required to pay principal, interest or scheduled mandatory redemption payments and provided, further, the price paid for the Series 2012 Bonds shall not exceed the authorized call price for said bonds and the price paid for any of the outstanding Prior Bonds shall not exceed the authorized call price specified in the joint resolutions authorizing the respective issues; and (e) the payment of the necessary charges of the Paying Agent for paying such bonds and interest.

Section 19. Ratification and Reaffirmation of Provisions of the 1959 Joint Resolution.

Except as provided below in Section 20, all of the terms, covenants, conditions and provisions of the 1959 Resolution, not herein specifically referred to are hereby declared applicable to and are broadened and extended so as to cover the Series 2012 Bonds and are hereby ratified and reaffirmed and are hereby adopted and shall for all purposes apply to the Series 2012 Bonds as if said bonds had been originally issued under authority of the 1959 Resolution, simultaneously with said Series 1959 Bonds.

Section 20. Provisions Not Applicable.

Pursuant to Section 4 of Article IX of the 1959 Resolution, the following provisions of the 1959 Resolution shall not be applicable to the Series 2012 Bonds or shall be modified as follows:

(a) The owners of the Series 2012 Bonds shall not have the right to cause an audit of the Construction Fund pursuant to Section 8 of Article III unless an Event of Default has occurred under the Bond Resolution.

(b) The owners of the Series 2012 Bonds shall not have the right to a monthly progress report pursuant to Section 9 of Article III unless an Event of Default has occurred under the Bond Resolution. After the Prior Parity Bonds are paid, the completion certificate required by Section 9 of Article III may be given by an Authorized Authority Representative and need not be given by a Consulting Engineer.

(c) Section 2 of Article IV shall not apply to the Series 2012 Bonds. Therefore, after the Prior Parity Bonds are paid, the Authority shall be entitled to adopt any billing policy it deems appropriate.

(d) Section 3 of Article IV shall not apply to the Series 2012 Bonds. Therefore, after the Prior Parity Bonds are paid, the Authority shall not be required to retain the Consulting Engineer for the purposes specified therein.

(e) The provisions contained in Section 9 of Article IV requiring that the Authority deliver the original purchasers of any parity bonds (*i.e.*, the underwriters) the certificates of the Consulting Engineer and the accountant executed in connection with the issuance of such parity bonds shall not apply to the Series 2012 Bonds.

(f) Section 6 of Article VI shall not apply to the Series 2012 Bonds. Therefore, after the Prior Parity Bonds are paid, the Authority shall not be required to retain the Consulting Engineer for the purposes specified therein.

(g) The provisions contained in Section 7 of Article VI requiring that the Authority deliver a monthly report shall not apply to the Series 2012 Bonds. Therefore, after the Prior Parity Bonds are paid, the Authority shall not be required to deliver the monthly report.

(h) Section 8 of Article VI shall not apply to the Series 2012 Bonds. Therefore, after the Prior Parity Bonds are paid, the Authority shall not be required to retain the Consulting Engineer for the purposes specified therein.

(i) Neither the owners of the Series 2012 Bonds nor the original purchaser of the Series 2012 Bonds shall have the right to any information other than the information that is filed pursuant to the Disclosure Certificate. The audited financial statements of the Authority will be filed with EMMA pursuant to the Disclosure Certificate, and the Authority shall not be required to send the owners of the Series 2012 Bonds or the original purchaser of the Series 2012 Bonds its audited financial statements.

Section 21. Contract with Bondholders and Subsequent Proceedings.

The provisions, terms and conditions of this joint resolution shall constitute a contract by, between and among the County, the Authority and the holders of the Outstanding Prior Bonds and the holders of the Series 2012 Bonds, and after the issuance of the Series 2012 Bonds this joint resolution shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holders of the Prior Bonds or the Series 2012 Bonds, nor shall the governing body of the County or the Authority pass any proceedings in any way adversely affecting the rights of the holders so long as any of the Series 2012 Bonds, or the interest thereon, remain unpaid, unless provision for payment shall have been duly made.

No subsequent proceeding or proceedings authorizing the issuance of additional parity bonds with the outstanding Prior Bonds and the Series 2012 Bonds shall conflict with the terms, covenants and conditions of the Prior Parity Bond Resolutions or of this joint resolution, but shall for all legal purposes contain all the applicable covenants, agreements and provisions of said joint resolutions for the equal protection and benefit of all holders of parity bonds.

Section 22. Satisfaction of Liens.

It is expressly covenanted and agreed that in addition to the covenants and provisions heretofore made in the 1959 Resolution and the Prior Parity Bond Resolutions, no security interest shall be created in or on the revenues of the System ranking prior to or equally with the lien created on said revenues to secure the payment of the principal of and interest on the outstanding Prior Parity Bonds, the Series 2012 Bonds and any additional Parity Bonds issued pursuant to the terms of Section 16 hereof.

Section 23. Appointment of Paying Agent and Bond Registrar.

U.S. Bank National Association, located in Atlanta, Georgia (the "Paying Agent"), is hereby designated as Paying Agent and Bond Registrar for the Series 2012 Bonds and the Paying Agent shall comply with all of the applicable terms, covenants, conditions and provisions of the Prior Parity Bond Resolutions and this joint resolution so long as any of the Series 2012 Bonds authorized herein, or the interest thereon, shall remain unpaid.

Section 24. Defeasance.

The placement of sufficient moneys (such moneys to consist solely of cash or securities which are direct and general obligations of the United States of America) in the hands of the Sinking Fund Custodian or the Paying Agent, as the case may be, to pay all outstanding Series 2012 Bonds, or of any issue or issues of additional parity bonds then outstanding, and the interest due or to become due thereon, and also including any premium required to be paid should said issue or issues be called for redemption, or provision having been duly made therefor, shall constitute payment in full of said bonds of such issue or issues.

Section 25. Validation.

The Series 2012 Bonds shall be validated in the manner provided by law, and to that end notice of the adoption of this joint resolution and a copy thereof shall be served on the District Attorney of the Clayton Judicial Circuit, in order that a validation proceeding may be instituted in the Superior Court of Clayton County and said notice shall be executed by the Chairman and attested by the Clerk of the Board of Commissioners of the County and executed by the Chairman and attested by the Secretary of the Authority.

The inclusion of the foregoing provisions shall constitute a continuing request from the County and the Authority to the Clerk of the Superior Court of the County to execute the certificate of validation on any replacement Series 2012 Bonds issued under the terms of this joint resolution.

Section 26. Ownership and Operation of System.

So long as any of the Prior Parity Bonds, Series 2012 Bonds or additional parity bonds are outstanding, the County will own and the Authority will operate the System.

Section 27. Authorization of Preliminary Official Statement and Official Statement.

The use and distribution of the Preliminary Official Statement, a copy of which has been presented at this meeting and is on file with the Clerk of the County and the Secretary of the Authority, are hereby ratified. The use and distribution of the Official Statement, and the execution of the Official Statement by the Chairman of the Board of Commissioners and the Chairman of the Authority are hereby authorized, provided that the Official Statement is in substantially the same form as the Preliminary Official Statement. The execution and delivery by the Chairman of the Board of Commissioners and the Chairman of the Authority of a "deemed final certificate" required by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, are hereby ratified and approved.

Section 28. Authorization of Bond Purchase Agreement.

The execution, delivery and performance of the Bond Purchase Agreement, a copy of which has been presented at this meeting and is on file with the Clerk of the County and the Secretary of the Authority, are hereby authorized and approved, and the Chairman of the Board of Commissioners of Clayton County and the Chairman of the Authority are authorized,

respectively, to sign the Bond Purchase Agreement on behalf of the County and the Authority. A copy of such Bond Purchase Agreement shall be on file with the Clerk of the County and the Secretary of the Authority.

Section 29. Authorization of Escrow Deposit Agreement.

The execution, delivery and performance of the Escrow Deposit Agreement, a copy of which is attached hereto as Exhibit A, are hereby authorized and approved, and the Chairman of the Authority is authorized to sign the Escrow Deposit Agreement on behalf of the Authority.

Section 30. Covenants of the County and the Authority with respect to the Tax-Exempt Status of the Interest on the Series 2012 Bonds.

(a) The County and the Authority each covenant that it will not take any action, or fail to take any action, if any action or failure to take action would adversely affect the tax-exempt status of the interest on the Series 2012 Bonds under Section 103 of the Code.

(b) The County or the Authority will not directly or indirectly use or permit the use of any proceeds of the Series 2012 Bonds or any other funds of the County or the Authority or take or omit to take any action that would cause the Series 2012 Bonds to be "private activity bonds" within the meaning of Section 141 of the Code or obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code.

(c) The County or the Authority will not directly or indirectly use or permit the use of any proceeds of the Series 2012 Bonds or any other funds of the County or the Authority or take or omit to take any action that would cause the Series 2012 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the County and the Authority will comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2012 Bonds. In the event that at any time the County or the Authority is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held under this joint resolution, the County and the Authority shall take such action as may be necessary in accordance with such instructions. Without limiting the generality of the foregoing, the County and the Authority agree that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code in accordance with Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Series 2012 Bonds from time to time. This covenant shall survive payment in full of the Series 2012 Bonds and repeal of this joint resolution.

Section 31. Global Forms: Securities Depository: Ownership of Bonds.

(a) Upon the initial issuance, the ownership of each Series 2012 Bond shall be registered in the name of the Securities Depository or the Securities Depository Nominee, and ownership thereof shall be maintained in Book-Entry Form by the Securities Depository for the account of the Agent Members thereof. Initially, each maturity of the Series 2012 Bonds and the Series 2010 Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company. Beneficial Owners will not receive a bond from the paying agent

evidencing their ownership interests. Except as provided in subsection (c) of this Section 31 hereof, the Series 2012 Bonds may be transferred, in whole but not in part, only to the Securities Depository or the Securities Depository Nominee, or to a successor Securities Depository selected or approved by the Authority and the County or to a nominee of such successor Securities Depository.

(b) With respect to the bond registered in the name of the Securities Depository or the Securities Depository Nominee, the Authority, the County, the Paying Agent and the Bond Registrar shall have no responsibility or obligation to any Agent Member or Beneficial Owner. Without limiting the foregoing, neither the Authority, the County, the paying agent, the Bond Registrar nor their respective affiliates shall have any responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository, the Securities Depository Nominee or any Agent Member with respect to any beneficial ownership interest in the Series 2012 Bonds;

(ii) the delivery to any Agent Member, any Beneficial Owner or any other person, other than the Securities Depository or the Securities Depository Nominee, of any notice with respect to the Series 2012 Bonds; or

(iii) the payment to any Agent Member, any Beneficial Owner or any other person, other than the Securities Depository or the Securities Depository Nominee, of any amount with respect to the principal, premium, if any, or interest on the Series 2012 Bonds.

So long as any bonds are registered in Book-Entry Form, the Authority, the County and the Paying Agent may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such bonds for all purposes whatsoever, including without limitation:

(i) the payment of principal of, premium, if any, and interest on such Series 2012 Bonds;

(ii) giving notices of redemption and other matters with respect to such Series 2012 Bonds;

(iii) registering transfers with respect to such Series 2012 Bonds;

(iv) the selection of bonds for redemption; and

(v) voting and obtaining consents under this Resolution.

So long as any bonds are registered in Book-Entry Form, the Paying Agent shall pay all principal of, premium, if any, and interest on the bonds only to the Securities Depository or the Securities Depository Nominee as shown in the bond register, and all such payments shall be valid and effective to fully discharge the Authority's and the County's obligations with

respect to payment of principal of, premium, if any, and interest on the Series 2012 Bonds to the extent so paid.

(c) If at any time (i) the Authority and the County determine that the Securities Depository is incapable of discharging its responsibilities described herein, (ii) the Securities Depository notifies the Authority and the County that it is unwilling or unable to continue as Securities Depository with respect to the Series 2012 Bonds or (iii) the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934 or other applicable statute or regulation and a successor Securities Depository is not appointed by the Authority and the County within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, then this Section 31 shall no longer be applicable and the Authority and the County shall execute and the Bond Registrar shall authenticate and deliver bonds representing the Series 2012 Bonds to the owners of the Series 2012 Bonds. Series 2012 Bonds issued pursuant to this subsection (c) shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Member or otherwise, shall instruct the Bond Registrar. Upon exchange, the Bond Registrar shall deliver such certificates representing the Series 2012 Bonds to the persons in whose names such bonds are so registered on the business day immediately preceding the date of such exchange.

Section 32. General Authority; Ratification of Prior Acts.

Any officer of the County or the Authority is hereby authorized to execute and deliver any and all other documents and certificates as shall be necessary in order to carry out the transactions contemplated by this joint resolution. All other acts heretofore taken by the County or the Authority in connection with the issuance of the Series 2012 Bonds, including but not limited to the execution and delivery of a 15c2-12 certificate, are hereby ratified and approved.

Section 33. Continuing Disclosure.

The execution, delivery and performance of the Disclosure Certificate, a form of which is attached to the Preliminary Official Statement, are hereby authorized and approved, and the Chairman of the Authority is hereby authorized to execute the Disclosure Certificate on behalf of the Authority.

Section 34. Adoption of the Policy.

The Authority hereby adopts the Policy and agrees to comply with the policy and procedures contained therein with respect to its outstanding and future tax-exempt debt. A form of the policy is attached hereto, marked "Exhibit B" and incorporated herein by this reference.

Section 35. No Personal Liability.

No stipulation, obligation or agreement herein contained or contained in any agreement authorized by this resolution shall be deemed to be a stipulation, obligation or agreement of any officer, director, member, agent or employee of the County or the Authority in his or her individual capacity.

Section 36. Severability of Invalid Provisions.

If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions and shall in no way affect the validity of any of the other covenants, agreements and provisions hereof, the Series 2012 Bonds.

Section 37. Repealing Clause.

All resolutions or parts thereof of the Authority in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 38. Effective Date.

This resolution shall be effective immediately upon its adoption.

Exhibit A

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT is dated as of March 1, 2012 (this "Agreement") and is entered into between the Clayton County Water Authority (the "Authority"), a public body corporate and politic of the State of Georgia and U.S. Bank National Association, a national banking association, as paying agent for the hereinafter described Series 2012 Bonds and as escrow agent (the "Escrow Agent").

W I T N E S S E T H:

WHEREAS, Clayton County (the "County") and the Authority issued their Water and Sewerage Revenue Bonds, Series 2005 (the "Series 2005 Bonds"); and

WHEREAS, the Authority has determined that a portion of the callable Series 2005 Bonds (the "Refunded Bonds") should be refunded; and

WHEREAS, the County and the Authority will issue Water and Sewerage Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds") pursuant to a joint resolution of the County and Authority adopted on June 11, 1959, as ratified and reaffirmed by various joint resolutions of the County and the Authority, including the joint resolutions adopted May 5, 1998, April 20, 2000, April 17, 2003, May 3, 2003, March 4, 2003, April 17, 2003, October 19, 2004, February 1, 2005, February 3, 2005, February 11, 2005, February 23, 2006, December 8, 2009, September 20, 2011 and February 7, 2012 (together, the "Bond Resolution"); and

WHEREAS, the Authority now proposes to cause the Refunded Bonds to be paid within the meaning of the Bond Resolution by depositing in the "Escrow Fund," created in Section 5 of this Agreement, sufficient moneys and investments, the principal and interest on which, when due, will provide sufficient moneys to pay, when due, the defeasance requirements which are set forth on Exhibit A, which is attached hereto and by this reference made a part hereof (the "Defeasance Requirements"); and

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. The Refunded Bonds shall be refunded through payment as provided in this Agreement. The Authority hereby confirms the deposit with the Escrow Agent of the sum of \$68,215,606.43 from the sale of the Series 2012 Bonds and the deposit of \$990,750.00 of other moneys. The Authority hereby directs that the Escrow Agent deposit such moneys into the Escrow Fund. The Authority hereby further directs that the Escrow Agent apply \$69,206,356.00 of such moneys to the immediate purchase of the general and direct non-callable obligations of the United States of America which are more fully described in Exhibit B attached hereto and by this reference incorporated herein (said general and direct non-callable obligations being herein called the "Acquired Obligations"), and to hold \$0.43 in cash (the "Cash").

2. The Escrow Agent acknowledges receipt of:
 - (a) a certified copy of the Bond Resolution;
 - (b) the Cash;
 - (c) the evidence submitted to it of ownership by it, as Escrow Agent, of the Acquired Obligations;
 - (d) a copy of the Verification Report of Grant Thornton LLP, dated March 1, 2012 (the "Verification Report").

3. Based upon the Verification Report, the Authority acknowledges and agrees that the principal of and the interest on the Acquired Obligations as and when due and payable and received in due course will provide moneys sufficient, together with the Cash, to pay the Defeasance Requirements.

4. If required to facilitate the delivery of the Acquired Obligations, the Escrow Agent may, at the written direction of the Authority, accept temporarily other general and direct obligations of the United States of America (the "Temporary Securities") in lieu of any of the Acquired Obligations provided that the Escrow Agent is furnished with (a) a verification report indicating that the Temporary Securities together with the Cash will produce amounts sufficient to pay the Defeasance Requirements and (b) an opinion of Murray Barnes Finister LLP or other nationally recognized bond counsel to the effect that such substitution shall not affect the tax-exempt status of the interest on the Refunded Bonds or the Series 2012 Bonds. When the Acquired Obligations for which the Temporary Securities were temporarily substituted are presented to the Escrow Agent together with written instructions from the Authority, the Escrow Agent shall exchange such Temporary Securities for such Acquired Obligations. Any and all fees and costs relating to any substitution or exchange requested by the Authority of Temporary Securities for the Acquired Obligations, including without limitation the fees and costs of obtaining any necessary opinions and certifications, and of the Escrow Agent, shall be paid by the Authority. If any Temporary Securities are deposited within the Escrow Fund pursuant to this paragraph, all references to the term "Acquired Obligations" within this Escrow Agreement shall, so long as the Temporary Securities remain on deposit in the Escrow Fund, be deemed to include said Temporary Securities.

The Escrow Agent may, at the written direction of the Authority, accept general and direct obligations of the United States of America in substitution (the "Substitute Securities") for all or any of the Acquired Obligations provided that the Escrow Agent is furnished with (a) a verification report indicating that the Substitute Securities together with any other Acquired Obligations and the Cash will produce amounts sufficient to pay the Defeasance Requirements and (b) an opinion of Murray Barnes Finister LLP or other nationally recognized bond counsel to the effect that such substitution will not affect the tax-exempt status of the interest on the Refunded Bonds or the Series 2012 Bonds. Any and all fees and costs relating to any substitution or exchange requested by the Authority of Substitute Securities for the Acquired

Obligations, including without limitation the fees and costs of obtaining any necessary opinions and certifications, and of the Escrow Agent, shall be paid by the Authority. If any Substitute Securities are deposited within the Escrow Fund pursuant to this paragraph, all references to "Acquired Obligations" within this Escrow Agreement shall be deemed to include said Substitute Securities.

5. There is hereby created by the Authority and ordered established with the Escrow Agent a special separate and irrevocable trust fund to be designated "Clayton County and Clayton County Water Authority Water and Sewerage System Escrow Fund - Series 2012" (the "Escrow Fund"). The Escrow Agent acknowledges the establishment with it of the Escrow Fund, acknowledges that the Acquired Obligations and the Cash have been deposited in the Escrow Fund, and agrees that any interest earned upon said Acquired Obligations shall be held for the credit of the Escrow Fund. The Escrow Agent warrants that it shall never allow the Acquired Obligations, the Cash or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent. The Acquired Obligations, the Cash and all other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds, and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority or the Authority, and the Escrow Agent shall have no right or title with respect thereto. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Authority. The creation and establishment of the Escrow Fund for the purposes herein specified shall be irrevocable.

6. The deposit of the Acquired Obligations and Cash in the Escrow Fund constitutes an irrevocable deposit thereof in trust solely for the purpose of paying the Defeasance Requirements and carrying out the provisions of this Agreement.

7. The Escrow Agent agrees to apply the Cash and the proceeds of the Acquired Obligations deposited in the Escrow Fund to the payment of the Defeasance Requirements as provided in this Agreement.

8. The Escrow Agent agrees that it will continue to comply with the applicable and necessary provisions of the Bond Resolution which pertain to the payment, registration, transfer and exchange of the Refunded Bonds. Such provisions and the applicable and necessary provisions of the Bond Resolution pertaining to the replacement of lost, destroyed or mutilated bonds are specifically incorporated herein by this reference thereto and the Escrow Agent shall continue to abide by such provisions until the payment of the Refunded Bonds.

9. The Authority represents and warrants that all principal and interest which became due and payable on the Refunded Bonds prior to the execution and delivery of this Agreement have been paid by the Escrow Agent or the Escrow Agent is holding money sufficient to make such payments.

10. The Escrow Agent shall maintain full and complete records of all assets and funds held by the Escrow Agent from time to time under this Agreement, and of all receipts

and disbursements hereunder, and shall furnish the Authority reports thereof upon request, subject to such reasonable regulations or restrictions as the Escrow Agent may from time to time impose.

11. As soon as possible following the execution and delivery of this Agreement and in compliance with the Authority's obligations under its continuing disclosure certificate executed in connection with the issuance of the Series 2005 Bonds, the Escrow Agent shall provide in an appropriate electronic format to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") and shall mail by first-class mail, postage prepaid, to all registered owners of the Refunded Bonds a provision of payment notice substantially on the form attached hereto as Exhibit C. At least 30 days before the redemption date, but no more than 60 days before such date, the Escrow Agent hereby agrees to provide the notice of redemption in substantially the form attached hereto as Exhibit D to in an appropriate electronic format to EMMA and by first-class mail, postage prepaid, to all registered owners of the Refunded Bonds.

12. The Authority hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, directors, officers, employees, agents and servants (collectively, the "Indemnitees"), from and against any and all liabilities, obligations, losses, damages, fines, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature (the "Losses") which may be imposed on, incurred by, or asserted against at any time, the Escrow Agent (whether or not also indemnified against the same by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the money deposited therein, the purchase of the Acquired Obligations, the retention of the Acquired Obligations or the proceeds thereof and any payment, transfer or other application of funds or Acquired Obligations by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Authority expressly does not indemnify the Escrow Agent against its own gross negligence or willful misconduct. In addition to and not in limitation of the immediately preceding sentence, the Authority agrees to indemnify the Indemnitees harmless from and against any Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them for following any instruction or other direction upon which they are authorized to rely pursuant to the terms of this Agreement. The indemnities contained in this Paragraph shall survive the termination of this Agreement.

The Escrow Agent and its respective successors or assigns shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with (a) the execution and delivery of this Agreement, (b) the creation of the Escrow Fund, (c) the acceptance of the moneys or securities deposited therein, (d) the purchase of the Acquired Obligations, (e) the retention of the Acquired Obligations or the proceeds thereof, (f) the sufficiency of the Acquired Obligations to pay the Refunded Bonds, or (g) any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained

herein shall be taken as the statements of the Authority, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the Acquired Obligations or other deposits to pay the Refunded Bonds and, except as otherwise provided herein, the Escrow Agent shall incur no liability with respect thereto. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its gross negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement.

The Escrow Agent may rely upon and be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may consult with counsel (who may, but not need be, counsel to the Authority) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Escrow Agent hereunder in good faith in accordance with the opinion of such counsel. In the administration of this Agreement, the Escrow Agent may execute any of its powers and perform its duties hereunder directly or through agents, affiliates or attorneys. The Escrow Agent shall not be liable for the accuracy of the calculations concerning the sufficiency of moneys and of the principal amount of the Acquired Obligations and the earnings thereon to pay the Refunded Bonds.

13. The Escrow Agent acknowledges that it will, by virtue of its services hereunder, have no lien or right of set-off on the Acquired Obligations or any other moneys in the Escrow Fund for payment of its fees and expenses for acting as Escrow Agent hereunder, for acting as paying agent and bond registrar with respect to the Refunded Bonds, or for mailing the notice as specified above. The Escrow Agent has made arrangements for the payment of its fees.

14. This Agreement is made for the benefit of the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders and the written consent of the parties hereto; provided, that the parties hereto may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, in order to (a) cure any ambiguity or formal defect or omission in this Agreement; (b) grant to, or confer upon, the Escrow Agent for the benefit of such holders any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; (c) subject to this Agreement additional funds, securities or properties; or (d) make such changes as may be required, in the opinion of counsel of recognized experience with respect to federal income tax aspects of municipal securities, to preserve the exemption from federal income taxation of interest on the Refunded Bonds; provided, such change does not adversely affect the amounts of funds which would otherwise be available hereunder for payment of principal and interest requirements of, and redemption premium with respect to, the Refunded Bonds when due.

15. If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or

agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions hereof, and the remaining portions of this Agreement shall in any event be construed to accomplish the purpose of this Agreement of providing for the payment in full of the principal of and interest on the Refunded Bonds and the redemption premium with respect thereto as provided herein.

16. The Escrow Agent may resign and be discharged of its duties and obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. The Authority shall promptly appoint a successor Escrow Agent by the resignation date. If the Authority does not appoint a successor by the resignation date, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon appoint a successor Escrow Agent. In the event the Escrow Agent hereunder shall become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, the Authority shall appoint a successor Escrow Agent to fill such vacancy. The Authority shall cause notice of any such appointment to be sent to each registered owner of the outstanding Refunded Bonds.

In the event that no appointment of a successor Escrow Agent shall have been made by the Authority pursuant to the foregoing provisions within 60 days after the Escrow Agent shall become incapable of fulfilling its obligations hereunder, the owner of any of the Refunded Bonds or the retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a bank or corporation with trust powers organized under the banking laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$25,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Authority, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any future act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Authority execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the Authority be required by a successor Escrow Agent to more fully and certainly vest in such successor Escrow Agent the estates, rights, powers, and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by a duly authorized officer of the Authority.

Any corporation into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated or to which it sells or otherwise transfers all or substantially all of its corporate trust business, or any corporation resulting from any merger, conversion, consolidation, sale, transfer or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party shall, if satisfactory to the Authority, be the successor Escrow Agent under this Escrow Agreement without the execution or filing of any paper or any other act on the part of any of the parties thereto, anything herein to the contrary notwithstanding.

18. This Agreement may be executed in several counterparts, all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

19. This Escrow Agreement shall be governed in accordance with the laws of the State of Georgia.

20. All the covenants and agreements in this Agreement contained by or on behalf of the Authority or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether or not so expressed.

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Deposit Agreement to be executed by their duly authorized officer or officers and their corporate seals to be hereunto affixed and attested as of the date first above written.

CLAYTON COUNTY WATER AUTHORITY

By: _____
Chairman

(SEAL)

Attest:

Secretary

U.S. BANK NATIONAL ASSOCIATION

By: _____
Vice President

EXHIBIT A
TO
ESCROW DEPOSIT AGREEMENT

DEFEASANCE REQUIREMENTS

<u>Date</u>	<u>Principal</u>	<u>Premium</u>	<u>Interest</u>	<u>Total</u>
11/01/20__				
05/01/20__				
11/01/20__				
05/01/20__				
Total				

EXHIBIT B
TO
ESCROW DEPOSIT AGREEMENT

ACQUIRED OBLIGATIONS

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Rate</u>
SLGS-CI	11/01/20__		
SLGS-CI	05/01/20__		
SLGS-NT	11/01/20__		
SLGS-NT	05/01/20__		

EXHIBIT C
TO
ESCROW DEPOSIT AGREEMENT

PROVISION FOR PAYMENT NOTICE

CLAYTON COUNTY AND CLAYTON COUNTY WATER AUTHORITY
WATER AND SEWERAGE REVENUE BONDS, SERIES 2005

NOTICE IS HEREBY GIVEN that the portion of the above-captioned bonds more fully described below (the "Refunded Bonds") will be called for redemption prior to their maturity on May 1, 2015 (the "Redemption Date"). U.S. Bank National Association (the "Escrow Agent") has received and has on irrevocable deposit under an Escrow Deposit Agreement, dated as of March 1, 2012, general and direct obligations of the United States of America, the principal of and interest on which obligations, when due, will provide moneys sufficient to pay the interest on the Refunded Bonds up to and including May 1, 2015 and to pay the principal of and redemption premium on the Redemption Date.

Refunded Bonds

CUSIP Numbers

Maturity Date

This notice is for information purposes only and does not require any action at this time. Holders will be notified prior to the redemption date.

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent

By: _____
Authorized Signatory

Dated: March ____, 2012

EXHIBIT D
TO
ESCROW DEPOSIT AGREEMENT

NOTICE OF REDEMPTION

CLAYTON COUNTY AND CLAYTON COUNTY WATER AUTHORITY
WATER AND SEWERAGE REVENUE BONDS, SERIES 2005

NOTICE IS HEREBY GIVEN that the portion of the above-captioned bonds more fully described below (the "Refunded Bonds") are called for redemption prior to their maturity and will be redeemed on May 1, 2015 (the "Redemption Date") at a price of 100% plus accrued interest to the Redemption Date. From and after the Redemption Date, interest on the Refunded Bonds shall cease to accrue and any lien or interest in or to any pledge of security or collateral for the Refunded Bonds called for redemption shall also cease and become null on the Redemption Date.

Refunded Bonds

CUSIP Numbers

Maturity Date

Payment of Refunded Bonds called for redemption will be made upon presentation and surrender of such Refunded Bonds at the location shown below. Called Refunded Bonds should be presented as follows:

If by Hand or Overnight Mail:

U.S. Bank Corporate Trust Services
60 Livingston Avenue
1st Fl – Bond Drop Window
St. Paul, MN 55107

If by mail (Registered Bonds):

U.S. Bank Corporate Trust Services
P. O. Box 64111
St. Paul, MN 55164-0111

Registered or certified insured mail is suggested when submitting Refunded Bonds for payment.

When inquiring about this redemption, please have the Refunded Bond number available. Please inform the customer service representative of the CUSIP number(s) of the affected Refunded Bonds. Our Customer Service number is _____.

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent

By: _____
Authorized Signatory

Dated: _____

NOTICE

Withholding of 31% of gross proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Escrow Agent has the correct taxpayer identification number (social security number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Bonds.

The Escrow Agent shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the bondholders.

Exhibit B

POLICY WITH RESPECT TO TAX-EXEMPT DEBT CLAYTON COUNTY WATER AUTHORITY

OBJECTIVE

To comply with all applicable federal and state laws, rules and regulations related to the issuance of tax-exempt debt (the "Debt").

SCOPE

This policy applies to all Debt issued for the benefit of the Clayton County Water Authority (the "Authority") and its related entities.

POLICY

The Authority shall comply with all federal and state laws, rules and regulations related to the issuance of Debt.

RESPONSIBILITY

The Authority's Finance Director (the "Finance Director") shall be administratively responsible for the policy.

DISSEMINATION AND TRAINING

The policy shall be disseminated to all personnel in the finance department and to the auditor.

REVIEW

The policy shall be reviewed and revised annually by the Finance Director and redistributed to all personnel in the finance department and to the auditor.

PROVISIONS

Record Keeping

All records relating to the Debt needed to comply with Section 6001 of the Internal Revenue Code of 1986, as amended (the "Code") shall be maintained. These records shall be kept in paper or electronic form and shall include, among other things, (i) basic records relating to the transaction (including the bond documents, the opinion of bond counsel, etc.), (ii) documents evidencing the expenditure of the proceeds of the Debt, (iii) documentation evidencing the use of Debt-financed property by public and private entities (e.g., copies of management contracts, leases and research agreements) and (iv) documentation pertaining to any investment of Debt proceeds (including the purchase and sale of securities, SLG subscriptions, yield calculations for each class of investments, actual investment income received from the investment of the proceeds of the Debt, guaranteed investment contracts and rebate calculations. Such records must be maintained as long as the Debt is outstanding, plus three years after the final payment or redemption date.

Use of Proceeds

A list of all property financed with the proceeds of the Debt shall be created and maintained. The use of such property shall be monitored to ensure that such use does not constitute “private business use” within the meaning of the Code. Without limiting the foregoing, each contract, including but not limited to management contracts and leases, relating to such property shall be reviewed by legal counsel prior to the execution of such contract. The list of property shall be reviewed at least annually to ensure that none of the property has been sold.

Remedial Action

In the event that property financed with the proceeds of the Debt is used in a manner that constitutes “private business use” or the property is sold, the remediation provisions of Treasury Regulation § 1.141-12 shall be carried out.

Yield Restriction

If bond counsel advises that a fund or account needs to be yield restricted (*i.e.*, not invested at a yield in excess of the Debt), the moneys on deposit in such fund or account shall be invested in United States Treasury Obligations – State and Local Government Series, appropriate “yield reduction payments” shall be made if permitted by the Code or the Finance Director shall establish other procedures to ensure that such fund or account is yield restricted.

Rebate

At the time the Debt is issued, the Finance Director shall determine if he or she reasonably expects that one of the arbitrage rebate exceptions will be satisfied. If the arbitrage rebate exception relates to the time period over which the proceeds of the Debt are spent, the Finance Director shall verify that the appropriate expenditures have been made at each milestone. If one of the milestones is not satisfied or the Finance Director does not reasonably expect that one of the arbitrage rebate exceptions will be satisfied, an outside arbitrage rebate consultant shall be retained.

CLERK'S CERTIFICATE

The undersigned Clerk of the Board of Commissioners of Clayton County, Georgia (the "Board"), DOES HEREBY CERTIFY that the foregoing pages of typewritten matter constitute a true and correct copy of a joint resolution duly adopted by the Board of Commissioners of Clayton County and the Clayton County Water Authority, in a meeting of the Board of Commissioners duly assembled and at which a quorum was present and acting throughout, on the 7th day of February, 2012, in connection with the issuance of Clayton County and Clayton County Water Authority Water and Sewerage Revenue Refunding Bonds, Series 2012, the original of which resolution is duly recorded in the Minute Book of the Board, which is in my custody and control.

WITNESS my hand and official seal of the Board this the 7th day of February 2012.


Clerk

(SEAL)

CERTIFICATE

The undersigned Secretary of the Clayton County Water Authority, DOES HEREBY CERTIFY that the foregoing pages of typewritten matter constitute a true and correct copy of a joint resolution duly adopted by the Board of Commissioners of Clayton County and the Clayton County Water Authority (the "Authority"), in a meeting of the Authority duly assembled and at which a quorum was present and acting throughout, on the 7th day of February, 2012, in connection with the issuance of Clayton County and Clayton County Water Authority Water and Sewerage Revenue Refunding Bonds, Series 2012, the original of which resolution is duly recorded in the Minute Book of the Authority.

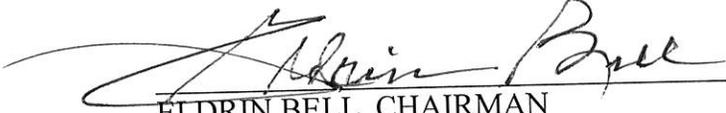
WITNESS my hand and official seal of the Authority this the 7th day of February 2012.

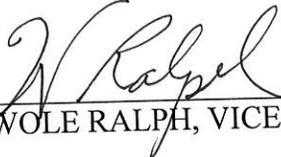
Secretary

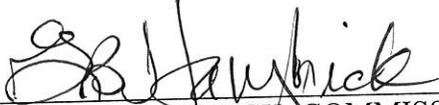
(SEAL)

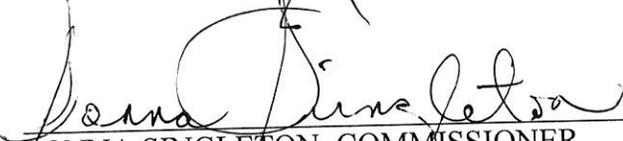
SO RESOLVED, this the 7th day of February, 2012.

CLAYTON COUNTY BOARD OF COMMISSIONERS


ELDRIN BELL, CHAIRMAN


WOLE RALPH, VICE CHAIRMAN


GAIL B. HAMBRICK, COMMISSIONER


SONNA SINGLETON, COMMISSIONER


MICHAEL EDMONDSON, COMMISSIONER

ATTEST:


SHELBY D. HAYWOOD, CLERK