

**NEW ISSUE**  
**(Book-Entry Only)**

**RATINGS:**  
**Moody's: A1**  
**Standard & Poor's: A+**  
**See "MISCELLANEOUS - Ratings" herein**

*In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Series 2024 Bonds (including any original issue discount properly allocable to a holder of the Series 2024 Bonds) is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. The opinion contains greater detail, and is subject to exceptions, as noted in "LEGAL MATTERS - Tax Matters" herein.*

**\$126,395,000**  
**AUGUSTA, GEORGIA**  
**Water and Sewerage Revenue**  
**Refunding and Improvement Bonds,**  
**Series 2024**

**Dated: Date of Issuance**

**Due: October 1, as shown on the  
inside cover hereof**

**This Official Statement includes certain information that was not available for inclusion in the Preliminary Official Statement, dated June 21, 2024. See "INTRODUCTION - Changes Since Date of Preliminary Official Statement" herein.**

The Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2024 (the "Series 2024 Bonds") are being issued by Augusta, Georgia (the "Consolidated Government") for the purposes of (i) refunding a portion of the Consolidated Government's outstanding Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2012; (ii) financing the costs of making additions, extensions, and improvements to the Consolidated Government's water and sewer system; and (iii) financing the costs of issuance of the Series 2024 Bonds. See **"PLAN OF FINANCING"** herein.

Interest on the Series 2024 Bonds is payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2024. All Series 2024 Bonds bear interest from their date of issuance. See **"INTRODUCTION - Description of the Series 2024 Bonds"** herein.

The Series 2024 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal, premium, if any, and interest will be made. Purchasers will acquire beneficial interests in the Series 2024 Bonds in book-entry form only. DTC will remit such payments to its participants who will be responsible for remittance to beneficial owners. See **"INTRODUCTION - Description of the Series 2024 Bonds"** herein.

The Series 2024 Bonds are subject to mandatory and optional redemption prior to maturity as described herein. See **"THE SERIES 2024 BONDS - Redemption"** herein.

The Series 2024 Bonds are **special limited obligations** of the Consolidated Government payable solely from and secured by a pledge of and lien on revenues derived by the Consolidated Government from the ownership and operation of its water and sewer system, remaining after the payment of expenses of operating, maintaining, and repairing the system. The Series 2024 Bonds will be issued and secured on a parity with the Prior Bonds (as defined herein) and any additional revenue bonds of the Consolidated Government hereafter issued on a parity with the Prior Bonds and the Series 2024 Bonds. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS"** herein.

The Series 2024 Bonds do not constitute a debt, liability, general or moral obligation, or pledge of the faith and credit or taxing power of the Consolidated Government, the State of Georgia, or any other political subdivision of the State of Georgia. No governmental entity, including the Consolidated Government, the State of Georgia, or any other political subdivision of the State of Georgia, is obligated to levy any tax for the payment of the Series 2024 Bonds. No recourse may be had against the General Fund of the Consolidated Government for the payment of the Series 2024 Bonds.

**This cover page contains certain information for quick reference only. It is *not* a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

The Series 2024 Bonds are offered when, as, and if issued by the Consolidated Government, subject to prior sale and to withdrawal or modification of the offer without notice, and are subject to the approving opinion of Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Consolidated Government by its Special Counsel, Plunkett, Hamilton, Manton & Graves, LLP, Augusta, Georgia, and by its Disclosure Counsel, Butler Snow LLP. The Series 2024 Bonds are expected to be available for delivery in book-entry form only through the facilities of DTC in New York, New York on or about July 18, 2024.

*The Bonds were purchased by Mesirow Financial, Inc. at a competitive bidding.*

Dated: June 27, 2024

## MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, AND CUSIPS

### \$113,335,000 Serial Bonds

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> <sup>†</sup>
2024	\$ 1,200,000	5.00%	3.30%	051249JZ4
2025	6,295,000	5.00	3.20	051249KA7
2026	6,605,000	5.00	3.15	051249KB5
2027	6,940,000	5.00	3.08	051249KC3
2028	7,285,000	5.00	3.08	051249KD1
2029	7,650,000	5.00	3.05	051249KE9
2030	1,575,000	5.00	3.04	051249KF6
2031	20,020,000	5.00	3.04	051249KG4
2032	1,735,000	5.00	3.04	051249KH2
2033	1,820,000	5.00	3.04	051249KJ8
2034	1,915,000	5.00	3.05 <sup>1</sup>	051249KK5
2035	2,010,000	5.00	3.10 <sup>1</sup>	051249KL3
2036	2,110,000	5.00	3.17 <sup>1</sup>	051249KM1
2037	2,215,000	5.00	3.23 <sup>1</sup>	051249KN9
2038	2,325,000	5.00	3.27 <sup>1</sup>	051249KP4
2039	2,440,000	5.00	3.33 <sup>1</sup>	051249KQ2
2040	2,565,000	5.00	3.43 <sup>1</sup>	051249KR0
2041	2,690,000	5.00	3.52 <sup>1</sup>	051249KS8
2042	2,825,000	4.00	4.05	051249KT6
2043	2,940,000	4.00	4.10	051249KU3
2044	3,060,000	4.00	4.12	051249KV1
2045	3,180,000	4.00	4.14	051249KW9
2046	3,305,000	4.00	4.16	051249KX7
2047	3,440,000	4.00	4.18	051249KY5
2048	3,575,000	4.00	4.20	051249KZ2
2049	3,720,000	4.00	4.21	051249LA6
2050	3,870,000	4.00	4.22	051249LB4
2051	4,025,000	4.00	4.23	051249LC2

**\$13,060,000 4.00% Term Bonds due October 1, 2054, to Yield 4.25%, CUSIP 051249LF5.**

<sup>1</sup> Priced to October 1, 2033, optional redemption date.

<sup>†</sup> © Copyright 2024, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are provided for convenience only. The District takes no responsibility for the accuracy of the CUSIP numbers.

## **AUGUSTA, GEORGIA**

### **ELECTED OFFICIALS**

#### **Augusta-Richmond County Commission**

Garnett L. Johnson, *Mayor*  
Brandon Garrett, *Mayor Pro Tempore*  
Sean Frantom  
Wayne Guilfoyle  
Jordan Johnson  
Tony Lewis  
Alvin Mason  
Catherine Smith McKnight  
Stacy Pulliam  
Francine Scott  
Bobby Williams

---

### **APPOINTED OFFICIALS**

Takiyah A. Douse, *Interim Administrator*  
Donna B. Williams, CGFM, *Finance Director*  
Lena J. Bonner, *Clerk of Commission*  
Wayne Brown, *General Counsel*

#### **Utilities Department**

Wes Byne, P.E., *Director*  
Steven J. Little, C.P.A., *Assistant Director, Finance and Administration*  
D. Allen Saxon, Jr., *Assistant Director, Facility Operations*  
Horace Luke, *Assistant Director, Fort Eisenhower Operations*  
Chad Hendrix, *Assistant Director, Engineering*  
Kelsey Henderson, *Assistant Director, Construction and Maintenance*

---

### **SPECIAL SERVICES**

#### **System Auditors**

Mauldin & Jenkins LLC  
Macon, Georgia

#### **Special Counsel**

Plunkett, Hamilton, Manton & Graves, LLP  
Augusta, Georgia

#### **Bond Counsel**

Murray Barnes Finister LLP  
Atlanta, Georgia

#### **Disclosure Counsel**

Butler Snow LLP  
Atlanta, Georgia

#### **Financial Advisor**

Davenport & Company LLC  
Atlanta, Georgia

#### **Feasibility Consultant**

Raftelis Financial Consultants, Inc.  
Charlotte, North Carolina

This page intentionally left blank.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
Changes Since Date of Preliminary Official Statement.....	1
The Consolidated Government.....	2
Purpose of the Series 2024 Bonds .....	2
The System .....	2
Security and Sources of Payment for the Series 2024 Bonds .....	2
Amendment to Master Bond Resolution .....	3
Description of the Series 2024 Bonds .....	3
Tax Exemption .....	3
Bond Registrar, Paying Agent, Custodian, and Depository.....	4
Professionals Involved in the Offering.....	4
Legal Authority .....	4
Offering and Delivery of the Series 2024 Bonds.....	4
Continuing Disclosure .....	4
Other Information.....	6
PLAN OF FINANCING.....	8
Estimated Sources and Applications of Funds .....	8
Refunding Program .....	8
System Improvements .....	9
THE SERIES 2024 BONDS.....	10
Description .....	10
Redemption .....	10
Book-Entry Only System .....	11
Legal Authority .....	13
Investments.....	13
AMENDMENT TO MASTER BOND RESOLUTION.....	14
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS.....	14
Pledge of Revenues .....	14
Funds Created By the Bond Resolution and Flow of Funds.....	14
Rate Covenant .....	20
Parity and Subordinate Bonds .....	21
Limited Obligations.....	21
Remedies .....	21
THE CONSOLIDATED GOVERNMENT.....	22
Introduction .....	22
Consolidated Government Administration and Officials .....	23
THE SYSTEM.....	24
Introduction .....	24
Principal Administrative Personnel.....	25
System Facilities.....	26
Contract Operator of Wastewater Treatment Plants .....	28
Water Sources.....	28
Service Area .....	29
Fort Eisenhower Municipal Services Partnership.....	29
Service Area Demographic Information.....	30

	<u>Page</u>
Service Area Economic Information .....	30
Customers .....	33
Rates, Fees, and Charges .....	35
Rate Setting Process .....	37
Billing and Collection.....	38
Governmental Approvals and Environmental Regulation .....	38
Employees, Employee Relations, and Labor Organizations.....	42
SYSTEM FINANCIAL INFORMATION .....	43
Accounting System and Policies .....	43
Status of Financial Statements of the System for the Year Ended December 31, 2023 .....	43
Historical and Pro Forma Capital Structure.....	43
Debt Service Requirements .....	46
Five Year Operating History .....	47
Management’s Discussion and Analysis of Results of Operations.....	49
Historical and Forecasted Debt Service Coverage Ratios .....	50
Operating Budget .....	52
Capital Improvements Program.....	52
Employee Benefits .....	53
Risk Management.....	57
LEGAL MATTERS .....	58
Pending Litigation .....	58
Tax Matters.....	59
Validation Proceedings.....	60
Closing Certificates .....	60
MISCELLANEOUS.....	60
Ratings.....	60
Sale at Competitive Bidding.....	61
Financial Advisor .....	61
Independent Professionals .....	61
Verification of Mathematical Accuracy .....	61
Additional Information.....	61
CERTIFICATION .....	62
APPENDIX A: FINANCIAL STATEMENTS OF THE SYSTEM.....	A-1
APPENDIX B: FEASIBILITY REPORT .....	B-1
APPENDIX C: SUMMARY OF THE BOND RESOLUTION .....	C-1
APPENDIX D: FORM OF DISCLOSURE AGREEMENT .....	D-1
APPENDIX E: FORM OF BOND COUNSEL OPINION.....	E-1

**OFFICIAL STATEMENT**  
**of**  
**AUGUSTA, GEORGIA**  
**relating to its**  
**\$126,395,000**  
**WATER AND SEWERAGE REVENUE**  
**REFUNDING AND IMPROVEMENT BONDS,**  
**SERIES 2024**

---

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by Augusta, Georgia of \$126,395,000 in aggregate principal amount of its Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2024 (the “Series 2024 Bonds”). Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix C to this Official Statement under the heading “**SUMMARY OF THE BOND RESOLUTION - Definitions.**”

*This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2024 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.*

**Changes Since Date of  
Preliminary Official Statement**

This Official Statement includes certain information that was not available for inclusion in the Preliminary Official Statement, dated June 21, 2024 (the “Preliminary Official Statement”), including the final sources and uses of the proceeds of the Series 2024 Bonds, the maturity dates, interest rates, yields, redemption provisions, debt service requirements, and other terms of the Series 2024 Bonds, and the identity of the original purchaser of the Series 2024 Bonds, Mesirow Financial, Inc., which was the successful bidder for the Series 2024 Bonds at a competitive bidding.

In addition, since the Preliminary Official Statement was circulated, the Consolidated Government has completed its Annual Comprehensive Financial Report for the year ended December 31, 2023 (the “2023 ACFR”) and has submitted the 2023 ACFR to the State of Georgia Department of Audits and Accounts as required by Georgia law. The 2023 ACFR includes the audited basic financial statements for all funds of the Consolidated Government, including the Enterprise Fund for the operations of the System. Accordingly, certain information that was included in the Preliminary Official Statement under the headings “**SYSTEM FINANCIAL INFORMATION - Status of Financial Statements of the System for the Year Ended December 31, 2023, - Historical and Pro Forma Capital Structure, - Five Year Operating History, - Management’s Discussion and Analysis of Results of Operations, - Historical and Forecasted Debt Service Coverage Ratios**” has been updated in this Official Statement to reflect the completion of the 2023 ACFR and to include information extracted from the 2023 ACFR in lieu of information from unaudited financial statements of the System for the year ended December 31, 2023.

Further, the Feasibility Report (as defined herein), attached to this Official Statement as Appendix B, has been updated from the Feasibility Report attached to the Preliminary Official Statement as Appendix B to reflect the final debt service requirements and other terms of the Series 2024 Bonds, but the Feasibility Report has not been updated to include information extracted from the 2023 ACFR.

## The Consolidated Government

Augusta, Georgia (the “Consolidated Government”) is a political subdivision of the State of Georgia, created on January 1, 1996 pursuant to Acts of the General Assembly of the State of Georgia that authorized the consolidation of the municipal corporation known as “The City Council of Augusta” (the “City”) and the political subdivision known as “Richmond County, Georgia” (the “County”). The Consolidated Government is located in the central eastern portion of the State of Georgia bordering the South Carolina state line, approximately 155 miles east of Atlanta, Georgia and 75 miles southwest of Columbia, South Carolina. For more complete information, see “**THE CONSOLIDATED GOVERNMENT**” herein.

## Purpose of the Series 2024 Bonds

The proceeds of the Series 2024 Bonds will be used, together with other available funds, to (i) refund \$57,590,000 in aggregate principal amount of the Consolidated Government’s Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2012, maturing October 1, 2024 through 2029 and October 1, 2031; (ii) pay the costs of making additions, extensions, and improvements to the Consolidated Government’s water and sewer system; and (iii) finance the costs of issuance of the Series 2024 Bonds. For more complete information, see “**PLAN OF FINANCING**” herein.

## The System

The Consolidated Government owns and operates a water supply, treatment, and distribution system and a sanitary sewer treatment and collection system (the “System”). The water system consists of a raw surface water supply with a monthly average allotment of water of 75 million gallons per day (“MGD”), a ground water supply with a monthly average allotment of 18.4 MGD, raw surface water storage capacity of approximately 169 million gallons, six raw surface water pumps with aggregate raw water pumping capacity of 138 MGD, 21 active wells with aggregate well-water pumping capacity of 21.15 MGD, five water treatment plants with an aggregate rated capacity for treatment of raw water of 95 MGD and an aggregate treated water pumping rated capacity of 78.0 MGD, treated water storage capacity of 52.10 million gallons, and a water distribution network of approximately 1,469 miles of pipelines. The sewer system consists of one active wastewater treatment plant with a treatment capacity of 46.1 MGD and a wastewater collection system of 81 permanent wastewater pumping stations, several small temporary wastewater pumping stations on Fort Eisenhower (as defined below) and approximately 1,064 miles of collection sewers. The water system serves an approximately 210 square mile area and has approximately 65,700 water connections. The sewer system serves an approximately 106 square mile area and has approximately 54,280 sewer connections. The System also provides water and sewer services to the U.S. Army Signal Center, U.S. Army Cyber Center of Excellence and Fort Eisenhower (collectively, “Fort Eisenhower”), which is located in the geographic territory of the Consolidated Government. For more complete information, see “**THE SYSTEM**” herein.

## Security and Sources of Payment for the Series 2024 Bonds

The Series 2024 Bonds are special limited obligations of the Consolidated Government payable solely from and secured by a first priority pledge of and lien on “Pledged Revenues,” which includes, among other things, all income and revenue of any nature derived by the Consolidated Government from the operation of the System. The Consolidated Government has previously issued \$138,830,000 in original aggregate principal amount of its Water and Sewerage Revenue Refunding and Improvement Bonds (Second Resolution), Series 2012; \$22,070,000 in original aggregate principal amount of its Water and Sewerage Taxable Revenue Bonds (Second Resolution), Series 2013; \$169,180,000 in original aggregate principal amount of its Water and Sewerage Revenue Refunding and Improvement Bonds (Second Resolution), Series 2014; \$94,895,000 in original aggregate principal amount of its Water and Sewerage Revenue Refunding Bonds, Series 2017; and \$21,000,000 in principal amount of its Water and Sewerage Taxable Revenue Bond, Series 2019 (collectively the “Prior Bonds”).

The Prior Bonds are presently outstanding in the aggregate principal amount of \$386,235,000 and are payable solely from and secured by a first priority pledge of and lien on the Pledged Revenues. The Series 2024 Bonds will be equally and ratably secured on a parity basis with the Prior Bonds that are not being refunded and with any additional revenue bonds of the Consolidated Government hereafter issued on a parity basis with the Prior Bonds that are not being refunded and the Series 2024 Bonds; **provided, however, the Series 2024 Bonds will NOT be secured by the Debt Service Reserve Account.** The Prior Bonds that are not being refunded, the Series 2024 Bonds, and any additional revenue bonds of the Consolidated Government hereafter issued on a parity basis with the Prior Bonds that are not being refunded and the Series 2024 Bonds are collectively referred to as the “Senior Bonds” in this Official Statement. The Senior Bonds together with any additional revenue bonds of the Consolidated



Government hereafter issued with a right to payment expressly junior and subordinate to the Senior Bonds are collectively referred to as the “Bonds” in this Official Statement.

**The Series 2024 Bonds do not and will not constitute a debt or general obligation of the Consolidated Government or a pledge of the faith and credit or taxing power of the Consolidated Government. No governmental entity, including the Consolidated Government, is obligated to levy any tax for the payment of the Series 2024 Bonds. No recourse may be had against the General Fund of the Consolidated Government for the payment of the Series 2024 Bonds. The pledge of and lien on Pledged Revenues securing the Series 2024 Bonds do not create a legal or equitable pledge, charge, lien, or encumbrance upon any of the Consolidated Government’s property or income, receipts, or revenues, except the Pledged Revenues.**

For more complete and detailed information, see “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS**” herein.

#### **Amendment to Master Bond Resolution**

In connection with the issuance of the Series 2024 Bonds, the definition of Debt Service Reserve Requirement is being amended. For more complete information, see “**AMENDMENT TO MASTER BOND RESOLUTION**” herein.

#### **Description of the Series 2024 Bonds**

**Redemption.** The Series 2024 Bonds maturing on and after October 1, 2034 are redeemable at the option of the Consolidated Government, not earlier than October 1, 2033, at the prices and on the terms described in this Official Statement. The Series 2024 Bonds maturing on October 1, 2054 are subject to mandatory redemption in part prior to maturity on the dates and in the amounts described in this Official Statement. For more complete information, see “**THE SERIES 2024 BONDS - Redemption**” herein.

**Denominations.** The Series 2024 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

**Book-Entry Bonds.** Each of the Series 2024 Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2024 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2024 Bonds purchased. Purchases of beneficial interests in the Series 2024 Bonds will be made in book-entry only form (without certificates), in authorized denominations, and, under certain circumstances as more fully described in this Official Statement, such beneficial interests are exchangeable for one or more fully registered bonds of like principal amount and maturity in authorized denominations. For more complete information, see “**THE SERIES 2024 BONDS - Book-Entry Only System**” herein.

**Payments.** So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2024 Bonds, payments of the principal of, premium, if any, and interest on the Series 2024 Bonds will be made directly to Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the beneficial owners of the Series 2024 Bonds.

For a more complete description of the Series 2024 Bonds, see “**THE SERIES 2024 BONDS**” herein.

#### **Tax Exemption**

In the opinion of Bond Counsel, subject to the limitations and conditions hereinafter described, interest on the Series 2024 Bonds (including any original issue discount properly allocable to a holder of the Series 2024 Bonds) is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. See Appendix E hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2024 Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Series 2024 Bonds, including certain exceptions to the exclusion of the interest on the Series 2024 Bonds from gross income, see “**LEGAL MATTERS - Tax Matters**” herein.

## **Bond Registrar, Paying Agent, Custodian, and Depository**

U.S. Bank Trust Company, National Association, Atlanta, Georgia, will act as bond registrar and as paying agent for the Series 2024 Bonds and as custodian of the Sinking Fund created under the hereinafter described Bond Resolution. South State Bank, Augusta, Georgia, will continue to act as depository of the Revenue Fund and the Utility General Fund required to be maintained under the hereinafter described Bond Resolution. Bank of America, N.A., Augusta, Georgia, will continue to act as depository of the Construction Fund and the Rebate Fund created under the hereinafter described Bond Resolution.

## **Professionals Involved in the Offering**

Certain legal matters pertaining to the Consolidated Government and its authorization and issuance of the Series 2024 Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Series 2024 Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix E. Certain legal matters will be passed on for the Consolidated Government by its Special Counsel, Plunkett, Hamilton, Manton & Graves, LLP, Augusta, Georgia, and by its Disclosure Counsel, Butler Snow LLP, Atlanta, Georgia. Davenport & Company LLC, Atlanta, Georgia, has been employed as Financial Advisor to the Consolidated Government in connection with the issuance of the Series 2024 Bonds. The financial statements of the System as of December 31, 2022 and 2021 and for the years then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Macon, Georgia, independent certified public accountants, to the extent and for the periods indicated in its report thereon that appears in Appendix A hereto. The report entitled “Financial Feasibility Evaluation of Proposed Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2024” (the “Feasibility Report”), attached to this Official Statement as Appendix B, has been prepared by Raftelis Financial Consultants, Inc., Charlotte, North Carolina. See “**MISCELLANEOUS - Independent Professionals**” herein.

## **Legal Authority**

The Series 2024 Bonds are being issued and secured pursuant to the authority granted by the laws of the State of Georgia and under the provisions of a Master Bond Resolution adopted by the Augusta-Richmond County Commission on October 16, 2012 (the “Master Bond Resolution”), as supplemented by the Parity Bond Resolution adopted by the Commission on June 18, 2013, as supplemented on July 16, 2013, as supplemented by a Series 2014 Bond Resolution adopted by the Commission on August 25, 2014, as supplemented on September 16, 2014, as supplemented by a Series 2017 Bond Resolution adopted by the Commission on September 5, 2017, as supplemented on October 17, 2017, as supplemented by a Series 2019 Bond Resolution adopted by the Commission on November 5, 2019, and as supplemented by a Series 2024 Bond Resolution adopted by the Commission on December 5, 2023, as supplemented on June 27, 2024 (collectively the “Bond Resolution”). For more complete information, see “**THE SERIES 2024 BONDS - Legal Authority**” herein.

## **Offering and Delivery of the Series 2024 Bonds**

The Series 2024 Bonds are offered when, as, and if issued by the Consolidated Government, subject to prior sale and to withdrawal or modification of the offer without notice. The Series 2024 Bonds are expected to be available for delivery in book-entry form only through the facilities of DTC in New York, New York on or about July 18, 2024.

## **Continuing Disclosure**

The Consolidated Government has covenanted in the Bond Resolution and a Continuing Disclosure Agreement (the “Disclosure Agreement”), to be dated the date of issuance and delivery of the Series 2024 Bonds, between the Consolidated Government and Digital Assurance Certification, L.L.C. (“DAC”), for the benefit of the beneficial owners of the Series 2024 Bonds to provide certain financial information and operating data relating to the Consolidated Government (the “Annual Report”) by not later than the last day of the ninth month after the end of each fiscal year (currently September 30), commencing with fiscal year 2023, and to provide notices of the occurrence of certain enumerated events (“Event Notices”). The Annual Report will be filed by the Consolidated Government with the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB (which, as of the date hereof, is the Electronic Municipal Market Access (“EMMA”) system of the MSRB). The notices of certain events will be filed by the Consolidated Government with the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA). The form of the Disclosure Agreement will be in substantially the form attached to this Official Statement as Appendix D. The Consolidated Government has engaged DAC as dissemination agent. These covenants have been made in order to assist the original purchaser of the Series 2024 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The Consolidated Government has previously entered into several continuing disclosure certificates and agreements (the “Prior Disclosure Certificates”) similar to the Disclosure Agreement in connection with the issuance of other obligations of the Consolidated Government. The Consolidated Government has materially complied with the terms of these Prior Disclosure Certificates for the last five fiscal years except as described below.

In June 1998, the Consolidated Government entered into a lease pool agreement with Georgia Municipal Association, Inc. The lease pool was funded through the issuance of Georgia Local Government 1998A Grantor Trust Certificates of Participation (the “COPS”), and the Consolidated Government executed a Disclosure Certificate in connection with the issuance of the COPS (the “COPS Disclosure Certificate”). Pursuant to the COPS Disclosure Certificate, the Consolidated Government agreed to provide its audited financial statements, ad valorem tax digest, and population not later than June 1 after the end of each fiscal year. Although this information was included in the audited financial statements and annual reports that the Consolidated Government filed on EMMA in each of the last five fiscal years in connection with its other Prior Disclosure Certificates, the filings were between 41 and 278 days late with respect to the June 1 deadline and in some cases were not linked to the CUSIPs for the COPS. For each of the fiscal years 2020 through 2023, the Consolidated Government filed a Notice of Failure to File relating to these filings before the June 1 deadline. In addition, the Notice of Failure to File, dated May 30, 2023, relating to fiscal year 2022 states that the information required by the COPS Disclosure Certificate for fiscal years ended 2017 through 2021 has now been filed. Because the Consolidated Government’s audited financial statements are not available by June 1 after the end of each fiscal year, the Consolidated Government will not be able to strictly comply with the terms of the COPS Disclosure Certificate. However, the Consolidated Government intends to file the required information as soon as its audited financial statements are available.

The Consolidated Government executed several Prior Disclosure Certificates in connection with general obligation bonds, water and sewerage system revenue bonds, and airport revenue bonds that it has previously issued and in connection with revenue bonds previously issued by the Solid Waste Management Authority of Augusta, the Augusta Urban Redevelopment Agency, and the Augusta-Richmond County Coliseum Authority (collectively the “Prior Obligations”). The Prior Disclosure Certificate for each series of Prior Obligations requires the Consolidated Government to file an annual report after the end of each fiscal year by the deadline specified in such Prior Disclosure Certificate, which deadline in each case falls on a day between July 14 and July 31.

The Consolidated Government filed its fiscal year 2019 audited financial statements on December 31, 2020, which filing was between 153 and 171 days late depending on the deadline in the Prior Disclosure Certificate for the related series of Prior Obligations. In addition, the Consolidated Government filed its fiscal year 2019 operating data for each such Prior Disclosure Certificate on a timely basis, but certain required operating data was not included in the original filings and were subsequently updated with the remaining required operating data on February 4, 2021, which filing was between 188 and 206 days late depending on the deadline in the Prior Disclosure Certificate for the related series of Prior Obligations.

The Consolidated Government filed its fiscal year 2020 audited financial statements on July 27, 2021, which filing was 13 days late for the Prior Disclosure Certificate relating to the Prior Obligations issued by the Solid Waste Management Authority of Augusta. All instances of late filings for fiscal years 2019 and 2020 were due to the effects of the COVID-19 pandemic, which delayed the delivery of the Consolidated Government’s audited financial statements for these fiscal years and the availability of certain of the required operating data.

The Consolidated Government filed its fiscal year 2022 audited financial statements on January 11, 2024 with respect to its general obligation bonds and bonds of the Solid Waste Management Authority of Augusta and the Augusta Urban Redevelopment Agency, which filing was between 164 and 182 days late depending on the deadline in the Prior Disclosure Certificate for the related series of such Prior Bonds. The Consolidated Government filed the fiscal year 2022 audited financial statements and operating data related to its airport revenue bonds on March 4, 2024, which filing was 217 days late. The Consolidated Government filed the fiscal year 2022 audited financial statements related to its water and sewer bonds on March 4, 2024, which filing was 219 days late. For the fiscal year 2022 late filings, the Consolidated Government issued a Notice of Failure to File on July 14, 2023, on or before the deadline in the Prior Disclosure Certificates, which notice stated that the failure was due to a disruption in computer services due to the detection of unauthorized access to the Consolidated Government’s computer systems. The Consolidated Government filed substantially all of its fiscal year 2022 operating data for each Prior Disclosure Certificate (except operating data related to the airport revenue bonds) on a timely basis, but certain required operating data was not included in the original filings and were subsequently updated with the remaining required operating data on either January 11, 2024 or March 4, 2024, when the related audits were filed (and so between 164 and 219 days late). See **“SYSTEM FINANCIAL INFORMATION - Risk Management -- Cybersecurity”** herein.

## Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Consolidated Government disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Consolidated Government’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Consolidated Government, the Series 2024 Bonds, the System, the Bond Resolution, the Disclosure Agreement, and the security and sources of payment for the Series 2024 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Bond Resolution, the Disclosure Agreement, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2024 Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution. Copies of the Bond Resolution, the Disclosure Agreement, and other documents and information are available, upon request and upon payment to the Consolidated Government of a charge for copying, mailing, and handling, from Steven J. Little, C.P.A., Assistant Director, Finance and Administration, Augusta Utilities Department, 452 Walker Street, Suite 200, Augusta, Georgia 30901, telephone (706) 312-4124. During the period of the offering of the Series 2024 Bonds copies of such documents are available, upon request and upon payment to the Financial Advisor of a charge for copying, mailing, and handling, from Davenport & Company LLC, 515 East Crossville Road, Suite 380, Roswell, Georgia 30075, telephone: (404) 922-7301.

The Series 2024 Bonds have not been registered under the Securities Act of 1933, and the Bond Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Consolidated Government to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Consolidated Government. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Consolidated Government. The information set forth herein has been obtained by the Consolidated Government from sources that are believed to be reliable but is not guaranteed as to accuracy or completeness by the Consolidated Government. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Consolidated Government or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Series 2024 Bonds or reviewed or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary may be a criminal offense.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality, or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit, or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: [www.finpressllc.com](http://www.finpressllc.com). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED OR SAVED IN FULL DIRECTLY FROM THE AFOREMENTIONED WEBSITE OR THE FOLLOWING WEBSITE: [www.emma.msrb.org](http://www.emma.msrb.org).

**[Remainder of Page Intentionally Left Blank]**

## PLAN OF FINANCING

### Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Series 2024 Bonds are estimated below.

Estimated Sources of Funds:	
Proceeds of Series 2024 Bonds <sup>1</sup>	\$132,751,638
Estimated Interest Earnings During Construction <sup>2</sup>	5,264,583
Funds Held in Sinking Fund <sup>3</sup>	<u>7,488,161</u>
Total Sources of Funds	<u>\$145,504,382</u>
Estimated Applications of Funds:	
Redeem Refunded Bonds <sup>3</sup>	\$ 58,211,388
System Improvements <sup>4</sup>	85,264,583
Costs of Issuance <sup>5</sup>	802,379
Underwriting Discount <sup>6</sup>	<u>1,226,032</u>
Total Applications of Funds	<u>\$145,504,382</u>

<sup>1</sup> After adding net premium of \$6,356,638.

<sup>2</sup> Based on estimated earnings on the unexpended construction funds at an investment rate of 3.50% over a period of 42 months.

<sup>3</sup> See “**PLAN OF FINANCING - Refunding Program**” herein.

<sup>4</sup> See “**PLAN OF FINANCING - System Improvements**” herein.

<sup>5</sup> Includes legal and accounting fees, initial Bond Registrar’s and Paying Agent’s fees, Financial Advisor’s fees, printing costs, validation court costs, and other costs of issuance.

<sup>6</sup> 0.97% of the principal amount of the Series 2024 Bonds. See “**MISCELLANEOUS - Sale at Competitive Bidding**” herein.

### Refunding Program

The Consolidated Government will use a portion of the proceeds of the sale of the Series 2024 Bonds, together with certain amounts held in the Sinking Fund under the Bond Resolution, to refund \$57,590,000 in aggregate principal amount of the Consolidated Government’s Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2012, maturing October 1, 2024 through 2029 and October 1, 2031 (collectively the “Refunded Bonds”), in order to achieve debt service savings. Immediately after giving effect to issuance of the Series 2024 Bonds and the refunding and defeasance of the Refunded Bonds, the Consolidated Government will have outstanding \$455,040,000 in aggregate principal amount of revenue bonds secured by a first priority pledge of and lien on the Pledged Revenues. The Consolidated Government has determined that refunding the Refunded Bonds will reduce the Consolidated Government’s total debt service payments by \$5,063,937.50 on an aggregate basis and by \$4,401,270.05 on a present value basis.

The portion of the proceeds of the Series 2024 Bonds that will be used to refund the Refunded Bonds, together with certain available moneys of the Consolidated Government as described above, will be irrevocably deposited into an escrow fund (the “Escrow Fund”) created pursuant to an Escrow Deposit Agreement, dated as of July 1, 2024, among the Consolidated Government and U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”) and as paying agent for the Refunded Bonds. The Escrow Agent will apply such funds (except for required cash balances, if any) to the purchase of certain direct obligations of the United States of America (the “Escrow Obligations”). The Escrow Obligations will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that sufficient moneys will be available to pay when due the principal of and premium and interest on the Refunded Bonds until their earliest date of payment or optional redemption, October 1, 2024.

The Arbitrage Group (the “Verification Agent”), a firm of independent certified public accountants, will verify the mathematical accuracy of certain computations with respect to the sufficiency of the cash and the proceeds of the

Escrow Obligations on deposit in the Escrow Fund. See “**MISCELLANEOUS - Verification of Mathematical Accuracy**” herein.

The owners of the Series 2024 Bonds will not have a lien on or be entitled to the money in the Escrow Fund. Upon the deposit of the moneys in the Escrow Fund, the Refunded Bonds will be considered defeased in accordance with the Bond Resolution and applicable law, and the Consolidated Government’s liability with respect thereto will be limited to the amounts deposited to the Escrow Fund.

## System Improvements

The System’s staff has developed a multi-year capital improvements program for the System and a plan to finance the program which relies on a combination of proceeds of revenue bonds, investment earnings, System operating revenues and reserves, and American Rescue Plan act (“ARPA”) and other grant funds. See “**SYSTEM FINANCIAL INFORMATION - Capital Improvements Program**” herein. The Consolidated Government expects that the proceeds of the Series 2024 Bonds to be used for System improvements, together with investment earnings and the other sources, will be sufficient to provide funding in the approximate amount of \$122.2 million for the System’s capital improvements program through 2028. During the years 2024 through 2027, the Consolidated Government has planned and approved capital improvements to the System to be financed by the Series 2024 Bonds and investment earnings in the following general categories:

<u>Project Name</u>	<u>Description</u>	<u>Estimated Cost<sup>1</sup></u>
Messery WWTP Improvements and Additions	Refurbish/replace/upgrade wastewater facilities.	\$20,250,000
Belair Area and Fox Den Sewer Connections	Installation of sanitary sewer in a neighborhood that does not currently have sewer service.	11,540,000
Raw Water Facility Repair and Upgrades	Refurbish/replace/upgrade raw water facilities, including replacement of steel gates in Augusta Canal.	10,000,000
Downtown Roadway Improvements	Rehabilitation and replacement of water and sewer facilities, including manholes and water and sewer repair.	8,400,000
Water Line Rehab and Replacement	Program to systematically replace old water pipe in established areas.	7,885,000
Water Facility Repair and Upgrades	Refurbish/replace/upgrade water facilities.	6,875,000
Sanitary Sewer/Water Rehab and Replacement	Rehab/replace existing sewer facilities.	6,875,000
Sanitary Sewer Basin	Program to remove infiltration and inflow through engineering analysis and in-place pipe repair and partial replacement.	5,050,000
On-call Services	On-call services to contract for small water and sewer line projects.	2,250,000
Fiber Installation Projects	Fiber optic installation between monitoring stations, lift stations, and tanks.	500,000
Data Logging Equipment	Monitoring instrumentation to measure sewer inflows during rainfall events.	<u>375,000</u>
		<u>\$80,000,000</u>

<sup>1</sup> Represents estimated costs to be funded by proceeds of the Series 2024 Bonds. Excludes estimated investment earnings on the Series 2024 Bonds of approximately \$5.3 million, all of which will be applied to System capital expenditures.

For a more complete description of the System improvements described above, see the Feasibility Report attached to this Official Statement as Appendix B.

The Consolidated Government plans to engage various engineering firms to act as the engineers for the design and construction of the capital improvements described above. The Consolidated Government expects to complete the plans and specifications for these capital improvements in stages for the particular projects described above. The Consolidated Government expects to select general contractors for the projects described above through separate bidding processes after the plans and specifications for each particular project are completed. The Consolidated Government plans to require each general contractor to agree to construct the capital improvements described above for a guaranteed maximum price and to secure its obligations for construction and timely completion by labor and material payment and performance bonds.

The timely completion of the construction of the capital improvements described above is dependent upon, among other factors, promptly obtaining approvals and permits from various governmental agencies and the absence of delays due to strikes, shortages of materials, pandemics, and adverse weather conditions. The cost of constructing the capital improvements described above may be affected by factors beyond the control of the Consolidated Government, including strikes, energy and material shortages, subcontractor defaults, pandemics, adverse weather conditions, and other unforeseen contingencies. The Consolidated Government has a contingency budget of approximately 10% to 15% of the budgeted amounts included in its cost estimates for the capital improvements described above. **There can be no assurance that the Consolidated Government will complete the construction of the capital improvements described above in accordance with its present construction schedule and construction budget.**

For a description of governmental approvals that are required in connection with the capital improvements described above, see **“THE SYSTEM - Governmental Approvals and Environmental Regulation”** herein.

The Consolidated Government expects to commence the construction of the capital improvements described above in the fourth quarter of 2024 and to complete construction of substantially all of the capital improvements described above by mid-2027.

For a discussion of restrictions that apply to the use of the amounts held in the Construction Fund under the Bond Resolution, see **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS - Funds Created by the Bond Resolution and Flow of Funds”** herein.

## **THE SERIES 2024 BONDS**

### **Description**

The Series 2024 Bonds will be dated as of their date of issuance and will bear interest at the rates set forth on the inside cover page of this Official Statement, payable October 1, 2024, and semiannually thereafter on April 1 and October 1 of each year to the registered owner as shown on the books and records of U.S. Bank Trust Company, National Association, Atlanta, Georgia, as Paying Agent and Bond Registrar (the “Paying Agent” or the “Bond Registrar”), as of the close of business on the 15th day of the calendar months next preceding such October 1 and April 1 (each such date a “Record Date”). Subject to the redemption provisions described below, the Series 2024 Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The principal of and redemption premium, if any, on the Series 2024 Bonds are payable when due to the registered owner upon presentation and surrender at the principal corporate trust office of the Paying Agent.

The Series 2024 Bonds are issuable only as fully registered bonds, without coupons, in any authorized denomination. Purchases of beneficial ownership interests in the Series 2024 Bonds will be made in book-entry form and purchasers will not receive certificates representing interests in the Series 2024 Bonds so purchased. If the book-entry system is discontinued, Series 2024 Bonds will be delivered as described in the Bond Resolution, and beneficial owners of the Series 2024 Bonds will become the registered owners of the Series 2024 Bonds. See **“THE SERIES 2024 BONDS - Book-Entry Only System”** herein.

### **Redemption**

#### *Optional Redemption*

The Series 2024 Bonds maturing on and after October 1, 2034 may be redeemed prior to their respective maturities at the option of the Consolidated Government in whole or in part at any time, not earlier than October 1, 2033, in the order of maturities selected by the Consolidated Government (less than all of such Series 2024 Bonds of



a single maturity to be selected by lot or in such other manner as the Consolidated Government may determine), from any moneys available therefor at a redemption price equal to 100% of the principal amount of the Series 2024 Bonds being redeemed plus accrued interest to the redemption date, all in the manner provided in the Bond Resolution.

#### *Mandatory Redemption*

The Series 2024 Bonds maturing on October 1, 2054 are subject to scheduled mandatory sinking fund redemption prior to maturity on October 1 in the years and amounts set forth below at a redemption price of par plus accrued interest to the redemption date (the October 1, 2054 amount to be paid rather than redeemed):

#### Series 2024 Bonds Maturing October 1, 2054

<u>October 1 of the Year</u>	<u>Principal Amount</u>
2052	\$4,185,000
2053	4,350,000
(Leaving \$4,525,000 to mature October 1, 2054)	

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date, the Consolidated Government may (a) receive a credit with respect to its scheduled mandatory redemption obligation for any Series 2024 Bonds subject to scheduled mandatory redemption which are delivered to the Paying Agent for cancellation and not theretofore applied as a credit against a scheduled mandatory redemption obligation or (b) receive a credit with respect to its scheduled mandatory redemption obligation for any Series 2024 Bonds which prior to said date have been redeemed (otherwise than through scheduled mandatory redemption) and canceled by the Paying Agent and not theretofore applied as a credit against said scheduled mandatory redemption obligation. Each Series 2024 Bond so delivered or previously redeemed will be credited by the Paying Agent, at the principal amount thereof, to the obligation of the Consolidated Government on such scheduled mandatory redemption date and the principal amount of the Series 2024 Bonds to be redeemed by operation of such scheduled mandatory redemption on such date will be accordingly reduced.

#### *Redemption Notices*

Notice of any redemption of the Series 2024 Bonds, designating the Series 2024 Bonds to be redeemed, will be mailed, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to all registered owners of the Series 2024 Bonds to be redeemed (in whole or in part) at addresses which appear upon the bond registration book. Failure to mail, or any defect in, any such notice of redemption of the Series 2024 Bonds will not affect the validity of the proceedings for such redemption or cause the interest to continue to accrue on the principal amount of such Series 2024 Bonds so designated for redemption after the redemption date.

#### **Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, New York, or its successor, will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2024 Bond will be issued for each maturity of the Series 2024 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as DTC or its nominee is the registered owner of the Series 2024 Bonds, payments of the principal and redemption premium of and interest due on the Series 2024 Bonds will be payable directly to DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The

Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2024 Bond (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, and interest payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Consolidated Government or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Consolidated Government, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Consolidated Government or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Consolidated Government and the Paying Agent. Under such

circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bond certificates for each maturity are required to be printed and delivered.

The Consolidated Government may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates for each maturity will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system set forth above has been obtained from sources that the Consolidated Government believes to be reliable, but the Consolidated Government takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE CONSOLIDATED GOVERNMENT SHALL TREAT CEDE & CO. AS THE ONLY BONDHOLDER FOR ALL PURPOSES, INCLUDING RECEIPT OF ALL PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2024 BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE CONSOLIDATED GOVERNMENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS. THE CONSOLIDATED GOVERNMENT HAS NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2024 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Beneficial Owners of the Series 2024 Bonds may experience some delay in their receipt of distributions of principal and interest on the Series 2024 Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants.

Issuance of the Series 2024 Bonds in book-entry form may reduce the liquidity of the Series 2024 Bonds in the secondary trading market since investors may be unwilling to purchase Series 2024 Bonds for which they cannot obtain physical certificates. In addition, since transactions in the Series 2024 Bonds can be effected only through DTC, Direct Participants, Indirect Participants, and certain banks, the ability of a Beneficial Owner to pledge Series 2024 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Series 2024 Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Paying Agent as registered owners for purposes of the Bond Resolution, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct or Indirect Participants.

### **Legal Authority**

Paragraph I of Section VI of Article IX of the Constitution of the State of Georgia authorizes any political subdivision to issue revenue bonds as provided by general law and provides (1) that the obligation represented by revenue bonds shall be repayable only out of the revenue derived from the project and shall not be deemed to be a debt of the issuing political subdivision and (2) that no issuing political subdivision shall exercise the power of taxation for the purpose of paying any part of the principal or interest of any such revenue bonds.

The Series 2024 Bonds are being issued and secured pursuant to the authority granted by Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the "Revenue Bond Law" (the "Revenue Bond Law"), and under the provisions of the Bond Resolution.

### **Investments**

For a description of how the proceeds of the Series 2024 Bonds that are being used to finance System improvements are to be invested pending their use, the provisions governing those investments, the conditions that must be satisfied before such proceeds of the Series 2024 Bonds may be applied to their intended use, and other provisions governing the investment of such proceeds of the Series 2024 Bonds and the amounts held to pay debt service on the Series 2024 Bonds, see "SUMMARY OF THE BOND RESOLUTION - Investments" in Appendix C hereto and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS - Funds Created by the Bond Resolution and Flow of Funds" herein.

## AMENDMENT TO MASTER BOND RESOLUTION

The Master Bond Resolution is being amended pursuant to its terms and without the consent of the owners of the Prior Bonds in connection with the issuance of the Series 2024 Bonds. The amendment is described briefly below. By purchasing the Series 2024 Bonds, the owners of the Series 2024 Bonds will be deemed to have consented to the amendments.

**Debt Service Reserve Requirement.** The Master Bond Resolution has been amended to revise the definition of Debt Service Reserve Requirement to permit the Debt Service Reserve Requirement to be determined on a series by series basis with respect to Additional Bonds, including the Series 2024 Bonds. **The Series 2024 Bonds will NOT be secured by the Debt Service Reserve Account.**

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

### Pledge of Revenues

Under the terms of the Bond Resolution, the Series 2024 Bonds are secured by a pledge of and lien on “Pledged Revenues,” which includes (1) all income and revenue of any nature derived by the Consolidated Government from the operation of the System (excluding grants, loans and other moneys received for capital improvements to the System) remaining after the payment of expenses of operating and maintaining the System, (2) amounts held in the funds under the Bond Resolution, except amounts to be used for arbitrage rebate payments to the United States government, (3) certain investment earnings on the funds held under the Bond Resolution, and (4) amounts (other than termination, indemnity, and expense payments) payable by providers of hedge agreements (such as interest rate swap agreements) relating to Bonds issued under the Bond Resolution; **provided, however, the Series 2024 Bonds will NOT be secured by the Debt Service Reserve Account.** For a definition of the term “Pledged Revenues,” see “**SUMMARY OF THE BOND RESOLUTION - Definitions**” in Appendix C to this Official Statement. The Bond Resolution provides that this pledge (as it may be expanded for additional parity bonds) ranks superior to all other pledges that may hereafter be made of any of the Pledged Revenues, except for pledges of the Pledged Revenues hereafter made by the Consolidated Government in Hedge Agreements (relating to bonds issued under the Bond Resolution) to secure Hedge Payments thereunder (other than termination, indemnity, and expense payments), which may rank on a parity with this pledge as to the related Hedged Bonds. Currently, there are no Hedge Agreements. **The lien of this pledge does not secure any obligation of the Consolidated Government other than the Bonds.**

The principal of, premium, if any, and interest on the Series 2024 Bonds are payable from Pledged Revenues (excluding the Debt Service Reserve Account) on a parity basis with the Prior Bonds not being refunded and any Additional Bonds hereafter issued. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS - Funds Created by the Bond Resolution and Flow of Funds -- Revenue Fund**” herein.

The Consolidated Government has covenanted in the Bond Resolution that it will pay and discharge all taxes, assessments, and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Pledged Revenues, as well as any lawful claims for labor, materials, or supplies which if unpaid might become a lien or charge upon the System or the Pledged Revenues or any part thereof or which might impair the security for the Bonds, except when the Consolidated Government in good faith contests its liability to pay the same. See “**SUMMARY OF THE BOND RESOLUTION - Satisfaction of Liens**” in Appendix C to this Official Statement.

The Consolidated Government has also made certain covenants in the Bond Resolution concerning the sale or disposition of the System, insurance on the System, and the books and records relating to the System, which are described under the captions “**SUMMARY OF THE BOND RESOLUTION - Sales, Leases, and Encumbrances, - Insurance, and - Financial Statements**” in Appendix C to this Official Statement.

### Funds Created By the Bond Resolution and Flow of Funds

Under the terms of the Bond Resolution, the Consolidated Government has established and is maintaining the following funds and accounts, and moneys deposited in such funds and accounts must be held in trust for the purposes set forth in the Bond Resolution:

- (1) the Revenue Fund, currently held and to be held by South State Bank, Augusta, Georgia, as depository for the account of the Consolidated Government;

- (2) the Sinking Fund, currently held and to be held in trust by U.S. Bank Trust Company, National Association, Atlanta, Georgia, as depository for the account of the Consolidated Government, and therein the following five accounts:
  - (a) the Interest Account;
  - (b) the Hedge Payments Account;
  - (c) the Principal Account;
  - (d) the Capitalized Interest Account; and
  - (e) the Debt Service Reserve Account, and within the Debt Service Reserve Account, the "Prior Bonds Reserve Account" with respect to the Prior Bonds not being refunded.
- (3) the Rebate Fund, currently held and to be held by Bank of America, N.A., Augusta, Georgia, as depository for the account of the Consolidated Government;
- (4) the Utility General Fund, currently held and to be held by South State Bank, Augusta, Georgia, as depository for the account of the Consolidated Government; and
- (5) the Construction Fund, currently held and to be held by Bank of America, N.A., Augusta, Georgia, as depository for the account of the Consolidated Government, and the Series 2024 Capital Improvement Account therein.

#### *Revenue Fund*

The Bond Resolution requires the Consolidated Government to deposit and continue to deposit all Operating Revenues in the Revenue Fund from time to time as and when received. Under the terms of the Bond Resolution, moneys in the Revenue Fund are to be applied by the Consolidated Government from time to time to the following purposes and in the following order of priority: (a) to pay Expenses of Operation and Maintenance, other than PILOT and PILOF payments that will be payable to the Consolidated Government solely from the Utility General Fund, (b) to deposit monthly into the Interest Account the amounts described below, (c) to deposit monthly into the Hedge Payments Account the amounts described below, (d) to deposit monthly into the Principal Account the amounts described below, (e) to deposit monthly into the Rebate Fund the amounts described below, (f) to pay monthly any amounts due to any Financial Facility Issuer securing Senior Bonds all amounts required to be paid to such Financial Facility Issuer as compensation for the Financial Facility securing Senior Bonds and as satisfaction of any other amounts due under the Financial Facility Agreement that are not considered to be subrogated payments of principal and interest on Senior Bonds, including Additional Interest on Senior Bonds, (g) to deposit monthly into the Reserve Subaccounts of the Debt Service Reserve Account and paid monthly to any Reserve Account Credit Facility Provider, on a pro rata basis, based upon the respective Debt Service Reserve Requirement for each Reserve Subaccount of the Debt Service Reserve Account, the amounts described below, (h) to pay monthly repayments of any draw-down on any Reserve Account Credit Facility (other than repayments that reinstate the Reserve Account Credit Facility) and any interest or fees due the Reserve Account Credit Facility Provider under such Reserve Account Credit Facility, (i) to deposit monthly the amounts required to be deposited into the funds and accounts created by any Series Resolution authorizing the issuance of Subordinate Bonds, as described below, (j) to pay monthly any amounts required to be paid with respect to any Other System Obligations, (k) to deposit monthly into the Utility General Fund all remaining moneys and securities held in the Revenue Fund after all of the other transfers set forth in this paragraph have been made; provided that the Consolidated Government must maintain a working capital reserve in the Revenue Fund to pay the costs of operating, maintaining and repairing the System in such amount as the Administrator of the Consolidated Government and the Director of the Utilities Department of the Consolidated Government deem reasonable and prudent; provided further that the amount of such working capital reserve will be a minimum of the lesser of \$2,500,000 or 5% of the Operating Revenues of the System for the immediately preceding Fiscal Year.

The gross revenues derived by the Consolidated Government from the ownership and operation of the System may be used only in accordance with the provisions of the Bond Resolution described above and, except as described above, may not be transferred to either the General Fund or any other fund of the Consolidated Government.

#### *Sinking Fund*

##### *Interest Account*

Under the terms of the Bond Resolution, there must be paid into the Interest Account monthly from moneys in the Revenue Fund, on or before the 25th day of the month, an installment equal to 1/6th of the amount of interest (excluding Additional Interest) falling due and payable on all Outstanding Senior Bonds on the next Interest Payment Date, adjusted to give credit for any other available moneys then in the Interest Account or the Capitalized

Interest Account, and further adjusted if necessary to assure the timely accumulation of the required amount in approximately equal installments. To the extent that any of the Senior Bonds bear interest at a Variable Rate, this requirement will be deemed satisfied with respect to such Senior Bonds if the installment paid into the Interest Account in each month is sufficient to accumulate for such Senior Bonds an amount equal to 1/6th of the Projected Senior Interest Payment multiplied by the number of months and fractions of months expired since delivery of such Senior Bonds or the most recent Interest Payment Date. Notwithstanding the foregoing, any Series Resolution that authorizes the issuance of Additional Bonds which pay interest other than semiannually may establish a different method of accumulating money in the Interest Account to pay interest on such Additional Bonds, so long as such method provides for the accumulation, in equal installments of no greater frequency than monthly, of sufficient funds to pay interest due on such Additional Bonds on each Interest Payment Date established for such Additional Bonds. The Consolidated Government must also deposit and continue to deposit all Hedge Receipts under Senior Hedge Agreements in the Interest Account from time to time as and when received. Moneys in the Interest Account will be used solely to pay interest (excluding Additional Interest) on the Senior Bonds when due.

#### Hedge Payments Account

Under the terms of the Bond Resolution, on or before each payment date for Hedge Payments under Senior Hedge Agreements, the Consolidated Government must deposit in the Hedge Payments Account from moneys in the Revenue Fund, an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than such Hedge Payments coming due on such payment date. In addition, the Bond Resolution provides that, on or before the 25th day of each month, the Consolidated Government must deposit in the Hedge Payments Account from moneys in the Revenue Fund, an amount which, together with an equal amount to be deposited in each such month, if any, occurring prior to the next succeeding payment date for Hedge Payments under Senior Hedge Agreements, will not be less than the amount of such Hedge Payments to become due on such next succeeding payment date for such Hedge Payments. No deposit pursuant to this paragraph need be made to the extent that there is a sufficient amount already on deposit in the Hedge Payments Account to pay such Hedge Payments on each such payment date. Moneys in the Hedge Payments Account may be used solely to pay Hedge Payments under Senior Hedge Agreements when due.

#### Principal Account

Under the terms of the Bond Resolution, there must be paid into the Principal Account monthly from moneys in the Revenue Fund, on or before the 25th day of the month, an installment equal to 1/12th of the principal amount falling due and payable on all Outstanding Senior Bonds on the next Principal Maturity Date plus whatever additional amounts may be necessary in equal monthly installments to accumulate in the Principal Account the full principal amount falling due in such Fiscal Year. For purposes of this requirement, the amount of principal falling due in any Fiscal Year includes all amounts of principal maturing during the Fiscal Year and all amounts of principal that are subject to mandatory redemption during the Fiscal Year. Notwithstanding the foregoing, any Series Resolution that authorizes the issuance of Additional Bonds which pay principal other than annually may establish a different method of accumulating money in the Principal Account to pay principal on such Additional Bonds, so long as such method provides for the accumulation, in equal installments of no greater frequency than monthly, of sufficient funds to pay principal on such Additional Bonds when due. Moneys in the Principal Account will be used solely for the payment of principal of the Senior Bonds as the same become due and payable at maturity or upon redemption.

#### Capitalized Interest Account

No deposit will be made into the Capitalized Interest Account in connection with the issuance of the Series 2024 Bonds. Amounts deposited in the Capitalized Interest Account in connection with Additional Bonds will be applied to the payment of interest on the Senior Bonds and will be transferred to the Interest Account to pay interest on the Senior Bonds or to reimburse any Credit Facility Issuer for amounts drawn on a Credit Facility for such purposes. Such transferred amounts will be limited to amounts necessary to enable the Consolidated Government to make all required deposits into the Interest Account, thereby leaving sufficient Net Operating Revenues to enable the Consolidated Government to make all required deposits to the other funds and accounts established under the Bond Resolution.

#### Debt Service Reserve Account

Within the Debt Service Reserve Account, there is a Prior Bonds Reserve Subaccount with respect to the Prior Bonds not being refunded. As to an issue of Additional Bonds, including the Series 2024 Bonds, for which the Consolidated Government has determined that it is necessary or desirable to establish a debt service reserve for such Additional Bonds, the Sinking Fund Custodian shall establish a separate special subaccount within the Reserve Account, each of which shall be designated as the "Series \_\_\_\_ Reserve Subaccount." The Prior Bonds Reserve Subaccount and each subaccount created in connection with the issuance of Additional Bonds are referred to as a

“Reserve Subaccount.” The Consolidated Government shall continue to maintain the Sinking Fund separate and apart from other funds of the Consolidated Government. Each Reserve Subaccount secures only the Bonds for which it was established. The Consolidated Government is not required to create or fund a Reserve Subaccount in connection with the issuance of any Additional Bonds.

The balance in each Reserve Subaccount must be maintained at an amount equal to the Debt Service Reserve Requirement for the Bonds secured by such Reserve Subaccount (or such lesser amount that is required to be accumulated in such Reserve Subaccount in connection with the periodic accumulation to the Debt Service Reserve Requirement upon the failure of the Consolidated Government to provide a substitute Reserve Account Credit Facility in certain events). The Prior Bonds Reserve Subaccount will be fully funded upon the issuance of the Series 2024 Bonds at the Debt Service Reserve Requirement, in an amount equal to \$16,122,127.50, which amount equals the least of (a) 10% of the original principal amount of the Prior Bonds not being refunded, (b) 50% of the maximum amount of principal and interest coming due on the Prior Bonds not being refunded in the then current or any succeeding Fiscal Year (January 1 - December 31), and (c) 125% of the average annual debt service on the Prior Bonds not being refunded in the then current or any succeeding Fiscal Year. If the Consolidated Government determines that it is necessary or desirable to establish a Reserve Subaccount in connection with the issuance of Additional Bonds, there is required to be deposited in the Reserve Subaccount substantially equal monthly payments to create within the Reserve Subaccount within twelve (12) months from the date of issuance of any Additional Bonds a reserve equal to the Debt Service Reserve Requirement. **No Reserve Subaccount is being established for the Series 2024 Bonds.**

The Bond Resolution provides that there will be paid monthly from the Revenue Fund on a pro rata basis (1) to each Reserve Subaccount the amount necessary to restore the amount of cash and securities in each Reserve Subaccount to an amount equal to the difference between (a) the Debt Service Reserve Requirement with respect to each Reserve Subaccount (or such lesser monthly amount that is required to be deposited into a Reserve Subaccount upon the failure of the Consolidated Government to provide a substitute Reserve Account Credit Facility in certain events) and (b) the portion of the required balance of each Reserve Subaccount satisfied by means of a Reserve Account Credit Facility, and (2) to any Reserve Account Credit Facility Provider the amount necessary to reinstate any Reserve Account Credit Facility which has been drawn down. Whenever for any reason the amount in the Interest Account or the Principal Account is insufficient to pay all interest or principal falling due on the Senior Bonds within the next seven days, the Consolidated Government is required by the terms of the Bond Resolution to make up any deficiency by transfers from the Utility General Fund. Whenever, on the date that such interest or principal is due, there are insufficient moneys in the Interest Account or the Principal Account available to make such payment, the Consolidated Government must, without further instructions, apply so much as may be needed of the moneys from the Reserve Subaccount for the Bonds to which such deficiency relates, to prevent default in the payment of such interest or principal, with priority to interest payments for the Senior Bonds. Whenever by reason of any such application or otherwise the amount remaining to the credit of a Reserve Subaccount is less than the amount then required to be in each Reserve Subaccount, such deficiency must be remedied by monthly payments from the Revenue Fund in accordance with the priority described above under the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS - Funds Created by the Bond Resolution and Flow of Funds -- Revenue Fund,**” to the extent funds are available in the Revenue Fund for such purpose.

The Consolidated Government may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a Reserve Account Credit Facility, subject to the following requirements: (A) the Reserve Account Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the Rating Agency’s second highest Rating; (B) the Consolidated Government may not secure any obligation to the Reserve Account Credit Facility Provider by a lien equal to or superior to the lien granted to the related series of Senior Bonds; (C) each Reserve Account Credit Facility must have a term of at least one (1) year (or, if less, the remaining term of the related series of Senior Bonds) and must entitle the Consolidated Government to draw upon or demand payment and receive the amount so requested in immediately available funds on the date of such draw or demand; (D) the Reserve Account Credit Facility must permit a drawing by the Consolidated Government for the full stated amount in the event (i) the Reserve Account Credit Facility expires or terminates for any reason prior to the final maturity of the related series of Senior Bonds, and (ii) the Consolidated Government fails to satisfy the Debt Service Reserve Requirement by the deposit to a Reserve Subaccount of cash, securities, a substitute Reserve Account Credit Facility, or any combination thereof, on or before the date of such expiration or termination; (E) if the Rating issued by the Rating Agency to the Reserve Account Credit Facility Provider is withdrawn or reduced below the Rating Agency’s second highest Rating, the Consolidated Government must provide a substitute Reserve Account Credit Facility within 60 days after such rating change, and, if no substitute Reserve Account Credit Facility is obtained by such date, must fund the Debt Service Reserve Requirement in not more than 24 equal monthly payments commencing not later than the first day of the month immediately succeeding the date representing the end of such 60 day period; and (F) if the Reserve Account Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the Consolidated Government must provide a substitute Reserve Account Credit Facility within 60 days thereafter, and, if no substitute Reserve Account Credit Facility is obtained by such date, must fund the Debt Service Reserve Requirement in not more than

24 equal monthly payments commencing not later than the first day of the month immediately succeeding the date representing the end of such 60 day period. If the events described in either clauses (E) or (F) above occur, the Consolidated Government may not relinquish the Reserve Account Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, securities, or a substitute Reserve Account Credit Facility or any combination thereof. Any amount received from the Reserve Account Credit Facility must be deposited directly into the Interest Account and the Principal Account, and such deposit will constitute the application of amounts in the related Reserve subaccount. Repayment of any draw-down on the Reserve Account Credit Facility (other than repayments which reinstate the Reserve Account Credit Facility) and any interest or fees due the Reserve Account Credit Facility Provider under such Reserve Account Credit Facility must be secured by a lien on the Pledged Revenues subordinate to payments into the Sinking Fund and the Rebate Fund and payments to any Financial Facility Issuer securing Senior Bonds.

Any such Reserve Account Credit Facility must be pledged to the benefit of the owners of each series of Senior Bonds to which such Reserve Account Credit Facility relates. The Consolidated Government reserved the right in the Bond Resolution, if it deems it necessary in order to acquire such a Reserve Account Credit Facility, to amend the Bond Resolution without the consent of any of the owners of Senior Bonds in order to grant to the Reserve Account Credit Facility Provider such additional rights as it may demand, provided that such amendment may not, in the written opinion of Bond Counsel filed with the Consolidated Government, impair or reduce the security granted to the owners of Senior Bonds or any of them.

#### *Rebate Fund*

Under the terms of the Bond Resolution, there must be paid monthly from the Revenue Fund any amounts required to be paid into the Rebate Fund, as estimated by the Consolidated Government, or as estimated for the Consolidated Government and approved by the Consolidated Government, for purposes of complying with the requirement for rebate to the United States government under Section 148(f) of the Internal Revenue Code of 1986, as amended. Payment may be made in monthly installments and may be adjusted as the Consolidated Government deems necessary to provide the amount which it estimates to be necessary, as revised from time to time, within any Fiscal Year.

#### *Subordinate Bonds*

Under the terms of the Bond Resolution, there will be deposited monthly the amounts required to be deposited into the funds and accounts created by any Series Resolution authorizing the issuance of Subordinate Bonds, for the purpose of paying principal of (whether at maturity or upon mandatory redemption) and interest on Subordinate Bonds, making Hedge Payments under Subordinate Hedge Agreements, and accumulating reserves for such payments. Any money withdrawn from such funds and accounts for use in making such payments must be released from the lien of the Bond Resolution. If at any time the amounts in any account of the Sinking Fund are less than the amounts required by the Bond Resolution, and there are not on deposit in the Utility General Fund available moneys sufficient to cure any such deficiency, then the Consolidated Government must withdraw from the funds and accounts relating to Subordinate Bonds and deposit in such account of the Sinking Fund, as the case may be, the amount necessary (or all the moneys in such funds and accounts, if less than the amount required) to make up such deficiency.

#### *Utility General Fund*

Under the terms of the Bond Resolution, in addition to the monthly deposits to be made to the Utility General Fund from moneys in the Revenue Fund as described above, the Consolidated Government must deposit in the Utility General Fund all termination payments received under any Hedge Agreements. All sums accumulated and retained in the Utility General Fund must be used first to prevent default in the payment of interest on or principal of the Senior Bonds when due and then must be applied by the Consolidated Government from time to time, as and when the Consolidated Government may determine, to the following purposes:

- (1) to the payment of Expenses of Operation and Maintenance, to the extent moneys are not available for such purpose in the Revenue Fund, including, without limitation, PILOT and PILOF payments;
- (2) to the restoration of the Interest Account, the Principal Account and the Hedge Payments Account to the respective amounts required at that time to be held therein;
- (3) to the restoration of the Rebate Fund to the amount required at that time to be held therein;
- (4) to the payment of any and all amounts which may then be due and owing to any Financial Facility Issuer securing Senior Bonds;



- (5) to the restoration of the Debt Service Reserve Account (including the reinstatement of any Reserve Account Credit Facility) to the amount required at that time to be held therein;
- (6) to the payment of any and all amounts that may then be due and owing to any Reserve Account Credit Facility Provider;
- (7) to prevent default in the payment of interest on or principal of the Subordinate Bonds when due;
- (8) to the restoration of the funds and accounts relating to Subordinate Bonds to the respective amounts required at that time to be held therein;
- (9) to the payment of all amounts required to be paid to any Financial Facility Issuer securing Subordinate Bonds as compensation for the Financial Facility Issuer securing Subordinate Bonds and as satisfaction of any other amounts due under the Financial Facility Agreement;
- (10) to the payment of any and all amounts that may then be due and owing under any Hedge Agreement (including termination payments, fees, expenses, and indemnity payments);
- (11) to the payment of any and all governmental charges and assessments against the System or any part thereof that may then be due and owing;
- (12) to the payment of any and all amounts that may then be due and owing under any Other System Obligation;
- (13) to make acquisitions, betterments, extensions, repairs, or replacements or other capital improvements (including the purchase of equipment) to the System deemed necessary by the Consolidated Government (including payments under contracts with vendors, suppliers, and contractors for the foregoing purposes); and
- (14) at the option of the Consolidated Government, to the acquisition of Senior Bonds by redemption or by purchase in the open market at a price not exceeding the callable price as provided and in accordance with the terms and conditions of the Bond Resolution, which Senior Bonds may be any of the Senior Bonds, prior to their respective maturities, and when so used for such purposes the moneys must be withdrawn from the Utility General Fund and deposited into the Interest Account and the Principal Account for the Senior Bonds to be so redeemed or purchased.

The Consolidated Government is not required to maintain a minimum balance in the Utility General Fund.

#### *Construction Fund*

The Bond Resolution requires the Consolidated Government to establish within the Construction Fund a separate account for each Project. The Consolidated Government has established the Series 2024 Project Account for the Series 2024 Project, into which a portion of the proceeds of the sale of the Series 2024 Bonds will be deposited. Monies in the Construction Fund must be applied to the payment of the Costs of the Project, or for the repayment of advances made for that purpose in accordance or substantially in accordance with the Feasibility Report (attached to this Official Statement as Appendix B) and subject to the provisions and restrictions set forth in the Bond Resolution. The Consolidated Government covenanted in the Bond Resolution that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions; provided, however, that any monies in the Construction Fund not presently needed for the payment of current obligations during the course of construction may be invested in Permitted Investments maturing not later than (i) the date upon which such monies will be needed according to a schedule of anticipated payments from the Construction Fund filed with the Consolidated Government by the Independent Consulting Engineer in charge of the Project or, (ii) in the absence of such schedule, 36 months from the date of purchase, in either case upon written direction of the Consolidated Government.

Monies in each separate account in the Construction Fund are required to be used for the payment or reimbursement of the Costs of the Project for which such account was established. All payments from the Construction Fund must be made by wire transfer or upon checks signed by the Construction Fund Depository or officers of the Consolidated Government authorized to sign on its behalf (an "Authorized Consolidated Government Representative"), but before any such transfers are made or any checks are signed, there must be filed with the Construction Fund Depository:

- (1) a requisition for such payment stating each amount to be paid and the name of the person to whom payment is due; and

- (2) a certificate executed by an Authorized Consolidated Government Representative attached to the requisition and certifying that:

(a) an obligation in the stated amount has been incurred by the Consolidated Government and that the same is a proper charge against the Construction Fund and has not been paid and stating that the bill or statement of account for such obligation, or a copy thereof, is on file in the office of the Consolidated Government;

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

(c) such requisition contains no item representing payment on account of any retained percentages that the Consolidated Government is, at the date of any such certificate, entitled to retain; and

(d) insofar as such obligation was incurred for work, materials, supplies or equipment in connection with the undertaking, such work was actually performed or such materials, supplies or equipment were actually installed in or about the construction and delivered at the site of the work for that purpose.

No requisition for payment may be made until the Consolidated Government has been furnished with a proper certificate of the supervising Independent Consulting Engineer that insofar as such obligation was incurred for work, material, supplies, or equipment in connection with the undertaking, such work was actually performed, or such material, supplies, or equipment was actually installed in or about the construction or delivered at the site of the work for that purpose.

The Bond Resolution requires the Consolidated Government, when a Project has been completed, and allows the Consolidated Government, when a Project has been substantially completed, to file with the Construction Fund Depository a certificate signed by the Authorized Consolidated Government Representative estimating what portion of the funds remaining in the separate account relating to such Project will be required by the Consolidated Government for the payment or reimbursement of the Costs of such Project. The Authorized Consolidated Government Representative must attach to his certificate a certificate of the supervising engineer certifying that such Project has been completed or substantially completed, as the case may be, in accordance with the plans and specifications therefor and approving the estimates of the Authorized Consolidated Government Representative with respect to the portion of funds in the account required for Costs of the Project. Such funds that will not be used must be (1) transferred to the Principal Account and used to redeem Bonds of the related series on the next redemption date or to pay principal of such Bonds on the next Principal Maturity Date, or (2) transferred to the Interest Account and used to pay interest on Bonds of the related series, provided that the Consolidated Government shall first obtain an opinion of Bond Counsel to the effect that, under existing law, the application of such moneys to pay interest on such Bonds (a) is allowed under State law, and (b) if such Bonds are Tax-Exempt Bonds, will not, by itself and without more, adversely affect the exclusion from gross income for federal income tax purposes of interest payable on such Bonds.

### **Rate Covenant**

The Consolidated Government has covenanted in the Bond Resolution that it will continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and will prescribe, fix, maintain, and collect rates, fees, and other charges for the services, facilities, and commodities furnished by the System fully sufficient to: (a) provide for 100% of the Expenses of Operation and Maintenance and for the accumulation in the Revenue Fund of a reasonable reserve therefor to the extent required by the Bond Resolution; and (b) produce Net Operating Revenues in each Fiscal Year that (together with Investment Earnings, other than Investment Earnings on the Construction Fund):

- (i) will equal at least 110% of the Debt Service Requirement on the Senior Bonds then Outstanding for the year of computation and 100% of the Debt Service Requirement on all Subordinate Bonds then Outstanding for the year of computation;
- (ii) will enable the Consolidated Government to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Fund and to any Financial Facility Issuer, any Reserve Account Credit Facility Provider, and any Qualified Hedge Provider;

- (iii) will enable the Consolidated Government to accumulate an amount to be held in the Utility General Fund as required by the Bond Resolution, and such greater amount which in the judgment of the Consolidated Government is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and
- (iv) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Bond Resolution from prior Fiscal Years.

### **Parity and Subordinate Bonds**

Upon satisfaction of certain conditions, the Bond Resolution permits the Consolidated Government, for specified purposes, to issue additional revenue bonds without express limit as to principal amount, which will be equally and ratably secured on a parity basis with the Series 2024 Bonds and the Prior Bonds not being refunded under the Bond Resolution. See “**SUMMARY OF THE BOND RESOLUTION - Additional Bonds**” in Appendix C hereto. The Consolidated Government may issue additional parity bonds in the future to finance part of the cost of ongoing capital improvements to the System. The issuance of additional parity bonds for such purposes may, for a period of time, dilute the security for the Senior Bonds. The Bond Resolution also allows the Consolidated Government to issue obligations secured by the Pledged Revenues that are junior and subordinate to the Senior Bonds as to lien and right of payment. Under the terms of the Bond Resolution, should revenue bonds or other obligations be issued ranking as to lien on the revenues of the System junior and subordinate to the lien securing the payment of the Senior Bonds, then payments to the Utility General Fund may be suspended and such money will be available to the extent necessary to pay the principal of and interest on such junior lien bonds and to create and maintain a reasonable reserve therefor, and such moneys may be allocated and pledged for that purpose.

### **Limited Obligations**

The Series 2024 Bonds are special limited obligations of the Consolidated Government payable solely from the Pledged Revenues. The Series 2024 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the Consolidated Government other than the Pledged Revenues.

**The Series 2024 Bonds do not and will not constitute a debt or general obligation of the Consolidated Government or a pledge of the faith and credit or taxing power of the Consolidated Government. No governmental entity, including the Consolidated Government, is obligated to levy any tax for the payment of the Series 2024 Bonds. No recourse may be had against the General Fund of the Consolidated Government for the payment of the Series 2024 Bonds. The pledge of and lien on Pledged Revenues securing the Series 2024 Bonds do not create a legal or equitable pledge, charge, lien, or encumbrance upon any of the Consolidated Government's property or income, receipts, or revenues, except the Pledged Revenues.**

### **Remedies**

The Revenue Bond Law provides that the provisions of the Revenue Bond Law and the Bond Resolution constitute a contract between the Consolidated Government and the owners of the Senior Bonds. For a description of the remedies available to owners of the Bonds under the terms of the Bond Resolution upon the occurrence of an Event of Default thereunder, see “**SUMMARY OF THE BOND RESOLUTION - Events of Default and Remedies**” in Appendix C hereto. In addition to the remedies set forth in the Bond Resolution, the Revenue Bond Law provides that the duties of the Consolidated Government and the officers of the Consolidated Government under the Revenue Bond Law and the Bond Resolution are enforceable by any owner of the Bonds by mandamus or other appropriate action or proceeding at law or in equity.

The Revenue Bond Law also provides that in the event the Consolidated Government defaults in the payment of the principal or interest on any of the Bonds after the same becomes due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or in the event the Consolidated Government or the officers, agents, or employees of the Consolidated Government fail or refuse to comply with the essential provisions of the Revenue Bond Law or default in any material respect in the Bond Resolution, any holders of the Bonds shall have the right to apply in an appropriate judicial proceeding to the Superior Court of Richmond County or to any court of competent jurisdiction for the appointment of a receiver of the System, whether or not all Bonds have been declared due and payable and whether or not such holder is seeking or has sought to enforce any other right or to exercise any remedy in connection with the Bonds. Upon such application, the Superior Court, if it deems such action necessary for the protection of the bondholders, may appoint and, if the application is made by the holders of at least 25 percent in principal amount of the Bonds then outstanding, shall appoint a receiver of the System.

The receiver so appointed under the Revenue Bond Law, directly or by his agents and attorneys, is required under the Revenue Bond Law to forthwith enter into and upon and take possession of the System. If the court so

directs, the receiver may exclude the Consolidated Government and the Consolidated Government's officers, agents, and employees, and all persons claiming under them, wholly from the System. Under the Revenue Bond Law, the receiver will have, hold, use, operate, manage, and control the System, in the name of the Consolidated Government or otherwise, as the receiver may deem best. Under the Revenue Bond Law, the receiver will exercise all the rights and powers of the Consolidated Government with respect to the System as the Consolidated Government itself might do. The receiver will maintain, restore, insure, and keep insured the System and from time to time will make all such necessary or proper repairs, as the receiver may deem expedient. Under the Revenue Bond Law, the receiver will establish, levy, maintain, and collect such fees, tolls, rentals, and other charges in connection with the System, as he deems necessary or proper and reasonable. Under the Revenue Bond Law, the receiver will collect and receive all revenues and will deposit the same in a separate account and apply the revenues so collected and received in such manner as the court shall direct.

Notwithstanding the provisions of the Revenue Bond Law described above, the receiver has no power to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the Consolidated Government and useful for the System. The authority of any such receiver is limited to the operation and maintenance of the System. No court may have jurisdiction to enter any order or decree requiring or permitting the receiver to sell, assign, mortgage, or otherwise dispose of any such assets.

The receiver must, in the performance of the powers conferred upon him, act under the direction and supervision of the court making such appointment and will at all times be subject to the orders and decrees of such court and may be removed by such court.

Under the terms of the Revenue Bond Law, whenever all that is due upon the Bonds and interest thereon and upon any other notes, bonds, or other obligations and interest thereon having a charge, lien, or encumbrance on the revenues of the System and under any of the terms of the Bond Resolution has been paid or deposited as provided therein and whenever all defaults have been cured and made good and it appears to the court that no default is imminent, the court must direct the receiver to surrender possession of the System to the Consolidated Government. The same right of the holders of the Bonds to secure the appointment of a receiver exists upon any subsequent default as is provided in the Revenue Bond Law.

If the Consolidated Government were to default on the Series 2024 Bonds, the realization of value from the pledge of the Pledged Revenues to secure the payment of the Series 2024 Bonds would depend upon the exercise of various remedies specified by the Bond Resolution and Georgia law (including the Revenue Bond Law). These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies with respect to the Series 2024 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no political subdivision created under the Constitution or laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, mayor, board of commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any political subdivision created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated does not constitute a statutory covenant with the owners of any Series 2024 Bonds and may be amended or repealed at any time without the consent of any owners of the Series 2024 Bonds.

## **THE CONSOLIDATED GOVERNMENT**

### **Introduction**

The consolidated government of Augusta-Richmond County is a political subdivision created and existing under the laws of the State of Georgia and presently has as its formal or legal name "Augusta, Georgia." The Consolidated Government was created on January 1, 1996 pursuant to Acts of the General Assembly of the State of Georgia (collectively the "Consolidation Act") which authorized the consolidation of the municipal corporation known as "The City Council of Augusta" and the political subdivision known as "Richmond County, Georgia." The Consolidation Act and the consolidation of the City and the County were separately approved by a majority of the

qualified voters of the City and the County at an election held on June 20, 1995. On January 1, 1996, the Consolidated Government became a consolidated city-county government, with territorial limits covering all of what was formerly Richmond County. This geographic area is hereinafter referred to as “Richmond County.” The Cities of Blythe and Hephzibah, small communities with populations of approximately 724 and 4,026, respectively, still hold their own municipal charters within the consolidated territory. The relationship between the Consolidated Government and the Cities of Blythe and Hephzibah is similar to that of counties to municipalities located within the territorial limits of such counties.

The Consolidated Government, as a consolidated city-county government, has all of the governmental and corporate powers of both municipal corporations and counties under Georgia law. Under the terms of the Consolidation Act, the Augusta-Richmond County Commission may exercise and is subject to all of the rights, powers, duties, and obligations previously applicable to the governing authorities of the City and the County. Consolidation is intended to result in the removal of duplicate services formerly rendered by the City and County governments. As a result of consolidation, the Consolidated Government provides, under one management, public services throughout its territorial limits, which services would have been provided separately by the City and the County.

The City was originally chartered in 1789 by the General Assembly of the State of Georgia, making it Georgia’s second oldest city. As a city, the Consolidated Government would rank as the second largest by population in the State of Georgia. The Consolidated Government is located in the central eastern portion of the State of Georgia on the south bank of the Savannah River, which is the Georgia-South Carolina state boundary, approximately 155 miles east of Atlanta, Georgia and 75 miles southwest of Columbia, South Carolina. Richmond County has a land area of approximately 325 square miles. At its highest point, Richmond County is situated at 520 feet above sea level. Richmond County is located on the Fall Line, which is the natural division of the Piedmont Plateau and the Coastal Plain of Georgia. Its physical features include rolling slopes in the north, transitioning to more level terrain in the south.

#### **Consolidated Government Administration and Officials**

The form of government of the Consolidated Government is the municipal form of government. Under the Consolidation Act, the governing authority of the Consolidated Government is a board of commissioners designated as the Augusta-Richmond County Commission (the “Commission”). The Commission consists of a Mayor and ten commissioners. The members of the Commission serve terms of office of four years and until a successor is elected and qualified. All members of the Commission are full voting members, except for the Mayor, who has the right to vote only to make or break a tie vote on any matter. Pursuant to a recent amendment to the Consolidation Act, as of July 1, 2024, the Mayor will have the right to vote on all matters before the Commission. Under the terms of the Consolidation Act, seven members of the Commission constitute a quorum for the transaction of ordinary business, and an affirmative vote of at least six members is required for the Commission to take action.

For the purpose of electing members of the Commission, Richmond County is divided into ten commission districts. Each commissioner is elected by the voters residing within such commissioner’s commission district. Commission district 9 encompasses all of commission districts 1, 2, 4, and 5. Commission district 10 encompasses all of commission districts 3, 6, 7, and 8. No person will be eligible to serve as a commissioner unless he or she: (1) has been a resident of the commission district from which elected for a period of one year immediately prior to the date of the election, (2) continues to reside within the commission district from which elected during his or her term of office, (3) is a registered and qualified elector of Richmond County, and (4) meets the qualification standards required for members of the Georgia House of Representatives. No person who has served two consecutive full four-year terms of office as commissioner will again be eligible to hold office as commissioner until after the expiration of four years from the conclusion of that person’s last term of office as commissioner.

The Mayor is the chief executive officer of the Consolidated Government and is elected on a county-wide basis by the voters of the Richmond County. No person will be eligible to serve as Mayor unless he or she (1) has been a resident of Richmond County for a period of one year immediately prior to the date of the election, (2) continues to reside within Richmond County during his or her term of office, (3) is a registered and qualified elector of Richmond County, and (4) meets the qualification standards required for members of the Georgia House of Representatives. No person who has served two consecutive full four-year terms of office as Mayor will again be eligible to hold office as Mayor until after the expiration of four years from the conclusion of that person’s last term of office as Mayor. Under the Consolidation Act, the Mayor presides at all meetings of the Commission, but has no power to veto ordinances, resolutions, or other actions of the Commission.

Information concerning the current Mayor and commissioners is set forth below:

<u>Name and Office Held</u>	<u>Expiration of Term</u>	<u>Principal Occupation</u>
Garnett L. Johnson, <i>Mayor</i>	December 31, 2027	Full-Time Mayor
Jordan Johnson, <i>District 1</i>	December 31, 2024	Nonprofit Executive Director
Stacy Pulliam, <i>District 2</i>	December 31, 2026	Retired
Catherine Smith McKnight, <i>District 3</i>	December 31, 2024	School Development Director
Alvin Mason, <i>District 4</i>	December 31, 2026	Procurement Officer
Bobby Williams, <i>District 5</i>	December 31, 2024	Retired
Tony Lewis, <i>District 6</i>	December 31, 2026	Business Owner
Sean Frantom, <i>District 7</i>	December 31, 2024	Sales Manager
Brandon Garrett, <i>District 8, Mayor Pro Tempore</i>	December 31, 2026	Sales Manager
Francine Scott, <i>District 9</i>	December 31, 2024	Retired
Wayne Guilfoyle, <i>District 10</i>	December 31, 2026	Business Owner

The daily operation of the Consolidated Government is directed by an Administrator, who is appointed by and serves at the pleasure of the Commission. The Administrator is the administrative officer and head of the administrative branch of the Consolidated Government, responsible to the Commission for the proper administration of all affairs of the Consolidated Government.

*Takiyah Douse* has been the Interim Administrator of the Consolidated Government since February 2022. She has been employed by the Consolidated Government since 2008, holding several leadership positions, including Director of the Central Services Department. Ms. Douse earned a bachelor's degree in Business Management and Finance from Paine College, earned a master's degree in Business Administration from Troy State University, and conducted Post-Baccalaureate Accounting Studies at the James M. Hull College of Business at Augusta University. She is also a recent graduate of the Carl Vinson Institute of Government - University of Georgia Certified Public Manager program.

*Donna Williams, C.G.F.M.*, has served as the Director of Finance of the Consolidated Government since November 2007. She has been employed by the County and the Consolidated Government for approximately 30 years and served as the Assistant Director of Finance from 1984 until she assumed the position of Interim Director of Finance on March 1, 2006 and the position of Director of Finance on November 8, 2007. Ms. Williams earned a Certified Governmental Financial Manager certificate in 1997 and received a B.B.A. degree in Accounting from Augusta University in 1979.

## THE SYSTEM

### Introduction

The Revenue Bond Law authorizes the Consolidated Government to acquire and operate for users within and outside its territorial boundaries systems, plants, works, instrumentalities, and properties (i) used or useful in connection with obtaining a water supply and conserving, treating, and disposing of water for public and private uses and (ii) used or useful in connection with collecting, treating, and disposing of sewage and wastewater.

The City's water system was established in 1840 to provide water service to the City. The City's water system was a surface water system. The City's sewer system was established in approximately 1850 to provide sewer service to the City.

The County's water system was established in 1949 by a private developer to provide water service to a private development and was conveyed to the County in 1951. The County's water system was a well water system. The County's sewer system was established in 1950 to provide sewer service to portions of the unincorporated areas of the County.

The consolidation of the governments of the City and the County vested ownership and operation of the System with the Consolidated Government. The System operates as a department of the Consolidated Government known as the Utilities Department.

## Principal Administrative Personnel

The Consolidated Government administers the daily operations of the System through its Utilities Department. The Administrator of the Consolidated Government, who is appointed by the Commission upon recommendation of the Mayor, oversees the management and coordination of the operations and activities of the Utilities Department. The chief managerial officer of the Utilities Department is the Director, who is appointed by the Commission.

*Wes Byne* has served as the Director of the Utilities Department since April of 2021. Mr. Byne was previously employed as a consulting engineer for Constantine from 2018 through 2021, as a Principal Civil Engineer for Walt Disney World from 2016 through 2018, as an Engineering Manager for the Consolidated Government from 2012 through 2016, as a consulting engineer from 2008 through 2012), as an assistant director for the System from 2005 through 2008, and as a research scientist at University of Georgia from 1999 through 2005. Mr. Byne has worked in the water resources field dealing with water supply and treatment, long-term planning, environmental sustainability, and regulatory permitting for 25 years. He received a Bachelor's degree in Agricultural Engineering from the University of Georgia in 1997 and a Master's degree in Biological Systems Engineering from Virginia Tech in 2000. Mr. Byne is a licensed Professional Engineer in Georgia and Florida. He previously sat on the board of WaterReuse Florida dealing with sustainability of water resources in the State of Florida.

*Steven J. Little, C.P.A.*, has served as the Assistant Director of Finance and Administration of the Utilities Department since December of 2001. From 2000 to 2001, he was the Assistant to the Chief Financial Officer at the national headquarters for Electrolux Home Products, makers of Frigidaire appliances, formerly located in Augusta, Georgia. Prior to that, he was the Chief Financial Officer for a start-up medical referral company and its sister corporation in Aiken, South Carolina. His previous experience includes over 10 years of public accounting, with an emphasis in auditing local governments, and internal auditing for a private utility company. Mr. Little is a licensed certified public accountant and received a B.B.A. degree in Accounting from Iowa State University in 1982.

*D. Allen Saxon, Jr.* has served as the Assistant Director for Facility Operations with responsibility for all wastewater treatment and water production facilities since April 1, 2012. From March 2001 until he assumed his current position, he served as the Assistant Director of Wastewater for the Utilities Department. Mr. Saxon previously served as the Supervisor of Water Pollution for the City for 17 years until September 1994, when he resigned to further his education. He is an active member of the Georgia Association of Water Professionals, the Water Environment Federation and the American Water Works Association. Mr. Saxon earned a B.B.A. degree in 1983 from Augusta College and an M.S. degree in 1996 from Georgia State University. Mr. Saxon is certified as a Class I Wastewater Treatment System Operator by the State of Georgia.

*Horace Luke* has been the Assistant Director of Fort Eisenhower Operations for the Utilities Department since January of 2008. Mr. Luke served as the Manager of Fort Eisenhower's Water System and Water Pollution System for 28 years. He is an active member of the Georgia Association of Water Professionals and the American Water Works Association. Mr. Luke is certified by the State of Georgia as a Class I Water Treatment System Operator, Wastewater Water Treatment System Operator, Laboratory Analyst, and Backflow Technician.

*Chad Hendrix*, has been the Assistant Director for the Engineering Division of the Utilities Department since March of 2023. Mr. Hendrix has been employed by the Consolidated Government in the Utilities Department for over 8 years. Prior to his employment with the Consolidated Government, Mr. Hendrix worked for the City of Charleston, South Carolina's water system as a project engineer/manager. His previous experience within the water resources industry includes over 24 years in utility engineering within both the private and public sectors. Mr. Hendrix is an active member of the Georgia Association of Water Professionals and the Georgia Society of Professional Engineers. He received a Bachelor of Science degree in Civil Engineering with a minor in Environmental Engineering from Clemson University in 2000 and is a Registered Professional Engineer in the States of Georgia and South Carolina. He is also certified by the State of Georgia with his Wastewater Collection System and Water Distribution System licenses.

*Kelsey T. Henderson*, has been the Assistant Director of Construction and Maintenance for the Utilities Department since May of 2015. Mr. Henderson has been employed by the Consolidated Government since 2004 by working throughout different divisions of the Utilities Department including Construction and Maintenance, Engineering, and Fort Eisenhower Operations. He is certified by the State of Georgia with his Wastewater Collections and Water Distribution Licenses. Mr. Henderson is also an active member of the Georgia Association of Water Professionals and the American Water Works Association.

## System Facilities

### *Water System*

The System's primary sources of raw water are the Savannah River and the Augusta Canal, which draws water from and is located parallel to the Savannah River. See **"THE SYSTEM - Water Sources"** herein. The System has six water intakes located on the Augusta Canal (four primary and two secondary), plus three diesel-engine-driven raw water pumps that can pump from either the Augusta Canal or the river. The Consolidated Government ordinarily pumps raw water from the System's primary water intakes, through the System's raw water pump station located on the Augusta Canal, to the System's surface water treatment plant located on Highland Avenue. The location of the Highland Avenue water treatment plant allows most of the water treated at that plant to be fed by gravity throughout the System's distribution network. The Consolidated Government also pumps treated water from the Highland Avenue plant to eight of the System's elevated storage tanks, from which the treated water is then fed by gravity throughout the System's water distribution network.

The System also pumps raw water from the Savannah River at an electrically-operated pumping station located on Pistol Range Road adjacent to the river. Water from this source is pumped to a storage reservoir at the N. Max Hicks water treatment plant located on Tobacco Road. The Consolidated Government pumps treated water from the N. Max Hicks plant to the System's elevated and ground storage tanks, from which the treated water is then fed by gravity or pumped throughout the System's water distribution network.

The Consolidated Government also obtains raw water for the System from the Tuscaloosa Formation aquifer. The Consolidated Government taps the aquifer through 21 active wells. The Consolidated Government pumps raw water from these 21 wells to the System's ground water treatment plants located on Peach Orchard Road, the Highway 56 Loop, and Old Waynesboro Road (known as "Little Spirit Creek Ground Water Treatment Plant"). The Consolidated Government then pumps this treated water to the System's storage facilities, from which the treated water is then re-pumped throughout the System's water distribution network.

The Consolidated Government owns three raw water pumps located at the System's water intakes on the Augusta Canal with raw water pumping capacity of 20 million gallons per day ("MGD"), 30 MGD and 50 MGD respectively. These raw water pumps are powered by water-driven turbines that take advantage of the falling water from the Augusta Canal to the Savannah River, were originally constructed in 1952, 1975, and 2015, respectively. The older two pumps were improved in 1993 and 1999 and are in good condition. The condition of the newest raw water pump is excellent. The Consolidated Government also owns three standby, diesel engine-driven raw water pumps, with a water intake that can be used in the Augusta Canal or the Savannah River, with one having a raw water pumping capacity of 20 MGD from the Savannah River and 17 MGD from the Augusta Canal and two having a capacity of 24 MGD each from the Savannah River and 22 MGD from the Augusta Canal. The smaller diesel standby auxiliary system was originally constructed in 1975, was improved in 1999, and is in good condition. The two larger diesel standby auxiliary systems were installed in 2009. The Consolidated Government has raw water storage capacity of approximately 124 million gallons at two raw water storage reservoirs that serve the System's Highland Avenue water treatment plant and approximately 45 million gallons at one raw water storage reservoir that serves the System's N. Max Hicks plant.

The Consolidated Government's 21 active wells have an aggregate well-water pumping capacity rated at 20.3 MGD. These wells were originally constructed between 1949 and 1995. The condition of the wells is good and are reviewed on a periodic basis through a contract with the United States Geologic Survey.

The Consolidated Government owns five water treatment plants, which are described below.

Water Treatment Facility	Rated Capacity for Treatment of Raw Water (MGD)	Treated Water Pumping Rated Capacity (MGD)	2023 Production of Treated Water (MGD)		Date of Original Construction	Dates of Improvements
			Average	Maximum		
Highland Avenue	60.0	34.5	23.01	50.82	1932	1949, 1954, 1987, 1994, 2000, 2002, and 2009
Peach Orchard	5.0	10.3	1.76	2.86	1966	1969 and 1996
Highway 56 Loop	10.0	10.3	1.99	4.99	1979	1985, 1992, and 1996
Little Spirit Creek	5.0	7.9	1.84	2.56	2001	None
N. Max Hicks	<u>15.0</u>	<u>15.0</u>	<u>6.72</u>	8.99	2005	None
Totals	<u>95.0</u>	<u>78.0</u>	<u>35.32</u>	n/a		

The condition of the water treatment facilities is good.



The Consolidated Government owns 13 ground storage tanks with an aggregate storage capacity for treated water of 20.55 million gallons and 16 elevated storage tanks with an aggregate storage capacity for treated water of 12.35 million gallons. These storage tanks were constructed between 1935 and 2012 and are in good condition. In addition, the Consolidated Government has 19.20 million gallons of clear well water storage capacity at its water treatment plants.

The System's water distribution network consists of approximately 1,469 miles of pipelines, ranging in size from six inches to 24 inches in diameter. Most of the pipelines are made of cast iron or ductile iron. Approximately 20% of the pipelines have been in service for 50 years or more, with the oldest pipelines installed approximately 120 years ago. The general condition of the water distribution network is good.

The Consolidated Government maintains standby power systems in the form of diesel-engine powered generators at its water treatment plants, to insure reliability of its water system during periods of power outage. The Consolidated Government also owns 20 buildings, approximately 138 vehicles, and various equipment related to its water system.

### *Sewer System*

The Consolidated Government's sewer system consists of a sewage and wastewater treatment and collection system. The sewer system dates from storm water drains constructed in downtown Augusta prior to 1900. The older portion of the sewer system was designed to transport storm water from the downtown area. Over time, sanitary sewage was diverted into the storm sewers, and the City's downtown storm sewers evolved into a combined storm and sanitary sewer system. Until 1968, the outfall sewers emptied into the Savannah River without treatment. In the 1980s and early 1990s, the City eliminated all then-known combined sewers by constructing trunk mains to separate sanitary sewage from storm water. Due to the continued occurrence of storm water infiltration to the sanitary system during rain events, the Consolidated Government investigated the locations of remaining connections between storm sewers and the sanitary sewer system and has taken measures to address locations where significant amounts of storm water infiltration may occur. Unidentified connections between storm sewers and the sanitary sewer system may remain.

The Consolidated Government owns two wastewater treatment plants, which are described below.

<u>Plant</u>	<u>Rated Average Day Treatment Capacity (MGD)</u>	<u>2023 Treated Wastewater (MGD)</u>		<u>Date of Original Construction</u>	<u>Dates of Improvements</u>	<u>Receiving Stream</u>
		<u>Average</u>	<u>Maximum<sup>2</sup></u>			
James B. Messerly <sup>1</sup>	46.10	40.02	75.28	1968	1976, 1984, 1995, 1997, 2001, 2002, and 2010	Butler Creek
Spirit Creek <sup>3</sup>	2.24	n/a	n/a	1988	1995	Spirit Creek

<sup>1</sup> Rated maximum day capacity for the James B. Messerly Plant is 69.8 MGD.

<sup>2</sup> Flows in excess of rated treatment capacity result primarily from major infiltration and inflow of storm water into the wastewater collection and conveyance system following significant rainfall. As discussed above, the Consolidated Government continues to take measures to address locations where significant amounts of storm water infiltration may occur.

<sup>3</sup> The Spirit Creek wastewater treatment plant is currently off-line, and all influent to the plant is pumped to the James B. Messerly wastewater treatment plant. The Consolidated Government does continue to maintain the permit for this facility providing the opportunity to begin using the facility again if the need arises.

The condition of the two wastewater treatment plants is good.

The Consolidated Government's wastewater collection and conveyance system consists of eight drainage basins, 81 permanent wastewater pumping stations, several small temporary wastewater pumping stations on Fort Eisenhower, and approximately 1,064 miles of collection pipes that transport primarily sanitary sewage. Approximately 80% of the wastewater collection system is drained by gravity, and the remainder requires pumping at least once. The collection and conveyance system uses a combination of eight-inch to 84-inch collection pipes. Most of the collection pipes are made of vitrified clay, but some are made of brick, concrete, and polyvinyl chloride. Approximately 20% of the collection pipes have been in service for 50 years or more, with the oldest collection pipes installed approximately 115 years ago. The collection and conveyance system has standby pumps and a standby power system. The general condition of the collection and conveyance system is good. The Consolidated

Government is currently constructing upgrades to interceptor and relief sewers, improvements to reduce infiltration and inflow of storm water into the wastewater collection and conveyance system, and expansions into areas not currently served by the wastewater collection and conveyance system.

## **Contract Operator of Wastewater Treatment Plants**

### *The Operations Contract*

The Consolidated Government and Inframark, LLC d/b/a ESG Operations (successor to ESG Operations, LLC) (the “Operator”) have entered into an Agreement for Operations, Maintenance and Management Services, dated December 16, 2009, as amended by amendments dated October 4, 2011, January 1, 2012, January 1, 2013, January 1, 2014, June 3, 2014, January 1, 2017, January 1, 2018, January 1, 2019, January 1, 2021, January 1, 2023, and January 1, 2024 (collectively the “Operations Contract”), under the terms of which the Operator agreed to operate, maintain, and manage the Consolidated Government’s two wastewater treatment plants and to operate and maintain the Consolidated Government’s industrial pretreatment and sludge disposal programs.

The term of the Operations Contract commenced on January 1, 2010 and expires on December 31, 2024. The Consolidated Government may terminate the Operations Contract at any time upon four months’ notice. The Consolidated Government may terminate the Operations Contract for a material breach of the Operations Contract by the other party after giving the other party written notice of the breach and 45 days to correct the breach.

The Operations Contract requires the Consolidated Government to pay the Operator a fee for services rendered during an initial period from January 1, 2010 to December 31, 2010 and for each 12-month period thereafter equal to a base fee equaling the actual Cost of services performed during such period, plus a management and administrative fee equaling 12% of the base fee. Pursuant to the Operations Contract, the base fee is \$6,679,000 and the management and administrative fee equals \$801,490 for calendar year 2024. The management and administrative fee will increase proportionately to increases in the base fee during subsequent years.

Under the Operations Contract, the term “Cost” means the total of costs for the scope of work defined by the Operations Agreement as determined on an accrual basis in accordance with generally accepted accounting principles, including but not limited to direct labor, labor overhead, chemicals, materials, supplies, utilities, equipment, maintenance, repair, and outside services.

### *The Operator*

The Operator is headquartered in Horsham, Pennsylvania and, among other things, specializes in the operation, maintenance, and management of water, wastewater, public works, and other utility facilities for private and public sector owners. The Operator provides full contract operation and management services and is responsible for overall system performance. The Operator operates several water and wastewater facilities throughout the United States and employs nearly 3,000 people nationwide. The Operator manages day-to-day operations and services under the Operations Contract from its corporate offices in Macon, Georgia.

## **Water Sources**

The Consolidated Government is located on the south bank of the Savannah River. The primary sources of raw water for the System are the Savannah River and the Augusta Canal. The Augusta Canal diverts water from the Savannah River, is approximately seven miles long, and runs parallel to the Savannah River. The Augusta Canal was constructed in 1845 and enlarged in 1875 as a means of transportation for cotton barges and to provide water power for textile mills and other industries located in the City. The City began using the Augusta Canal as a source of raw water in 1885.

With an average daily flow of 6.1 billion gallons, the Savannah River has the volume and stability to provide an adequate supply of raw water for the Consolidated Government’s water system for the foreseeable future. The Savannah River’s lowest current daily flow is 2.0 billion gallons, which occurs during the summer in dry years. Lake Hartwell, Richard B. Russell Lake, Thurmond Lake, and Stevens Creek Dam are located above the Augusta Canal on the Savannah River. All of these impoundments are controlled by the U.S. Army Corps of Engineers and provide at least minimum flows in the Savannah River for aquatic life and potable water usage by the Consolidated Government.

The System also obtains raw water from the Tuscaloosa Formation aquifer through 21 active wells.

The Consolidated Government plans to continue to use the Augusta Canal and the Savannah River as its primary sources of raw water for the System and to use the aquifer as a secondary source of raw water for the

System. See “**THE SYSTEM - Governmental Approvals and Environmental Regulation -- Water Withdrawal**” for a description of the water withdrawal limits from the Savannah River, Augusta Canal, and the Tuscaloosa Formation Aquifer.

### **Service Area**

The System supplies water to residential, commercial, and industrial customers located within Richmond County and to the U.S. Army Cyber Center of Excellence & Fort Eisenhower (formerly known as Fort Gordon) (“Fort Eisenhower”), which is located in Richmond County. The System supplies water to a geographic area of approximately 210 square miles (which constitutes approximately 88% of the land area of Richmond County exclusive of the area encompassing Fort Eisenhower). The System provides sewer services to residential, commercial, and industrial customers located within Richmond County and to Fort Eisenhower. The System provides sewer services to a geographic area of approximately 106 square miles (which constitutes approximately 44% of the land area of Richmond County exclusive of Fort Eisenhower). The System also provides water and sewer services to Fort Eisenhower, which encompasses a geographic area of approximately 69 square miles. The Consolidated Government has the non-exclusive right to provide water and sewer service within Richmond County. The water and sewer systems of the City of Hephzibah provide water and sewer service within those jurisdictions in Richmond County. The City of Blythe provides water service but not sewer service within that city.

### **Fort Eisenhower Municipal Services Partnership**

In 2005, the United States Congress, pursuant to the federal National Defense Authorization Act, authorized the Secretary of the United States Army (the “Army”) to carry out a pilot program at not more than two Army installations in the United States to procure one or more identified municipal services from neighboring local governments for the purpose of evaluating the efficacy of procuring such services rather than providing them directly. In 2006, the Secretary of the Army selected Fort Eisenhower as one of the installations to participate in the program with the Consolidated Government to procure water and sewer services.

The Army and the Consolidated Government currently participate in the program through contracts entered into by the parties under which the Consolidated Government (1) has assumed the ownership, operation, maintenance, upgrade, renewal, and replacement of the water distribution and wastewater collection facilities at Fort Eisenhower (the “Fort Eisenhower Facilities”) and (2) provides potable water and wastewater treatment services to Fort Eisenhower. The Fort Eisenhower Facilities consist primarily of approximately 112 miles of water distribution lines, two 1.25-million gallon elevated storage tanks, approximately 88 miles of wastewater collection lines, and 41 wastewater pump stations. The Consolidated Government began providing potable water to Fort Eisenhower on March 1, 2008. The Consolidated Government began receiving wastewater from Fort Eisenhower for treatment at the System’s wastewater treatment facilities on October 1, 2011.

The Consolidated Government purchased, operates, and maintains the Fort Eisenhower Facilities pursuant to a contract with the Army (the “Fort Eisenhower Facilities Contract”), dated September 28, 2007, as amended July 15, 2010 and September 30, 2016. The Fort Eisenhower Facilities Contract is for a 50-year term that expires in 2057. Pursuant to the Fort Eisenhower Facilities Contract and the most recent amendment dated March 18, 2024, the Consolidated Government (1) currently receives fixed monthly payments of \$333,692 (\$4,004,304 annually) for operation and maintenance services, (2) currently receives fixed monthly payments of \$395,357 (\$4,744,284 annually) for scheduled renewal and replacement of the Fort Eisenhower Facilities, and (3) receives reimbursement for initial capital upgrades to the Fort Eisenhower Facilities undertaken by the Consolidated Government. The fixed monthly payments are subject to adjustment based on the consumer price index.

The Consolidated Government provides water and wastewater treatment services to Fort Eisenhower pursuant to a contract with the Army (the “Fort Eisenhower Commodities Contract”), dated January 31, 2023 (which replaces a prior contract dated September 27, 2012). Pursuant to the Fort Eisenhower Commodities Contract, the Consolidated Government has agreed to furnish and the Army has agreed to purchase potable water and wastewater treatment services from February 1, 2023 through December 31, 2032. The Fort Eisenhower Commodities Contract provides a commodity charge for water service at a rate of \$2.65 per thousand gallons and for wastewater treatment service at a rate of \$3.15 per thousand gallons for the period from October 1, 2022 through September 30, 2023, increasing at 4.5% per year thereafter. The current rates are \$2.75 per thousand gallons for water service and \$3.28 per thousand gallons for wastewater treatment service (for the period from October 1, 2023 through September 30, 2024). The Fort Eisenhower Commodities Contract provides that the estimated annual usage during the term of the contract will be 950 million gallons of water provided to Fort Eisenhower and 650 million gallons of wastewater carried off of Fort Eisenhower; however, annual usage has historically been lower than these estimates, and there can be no assurance that in the future annual usage will equal or exceed these estimates.

## Service Area Demographic Information

Set forth below is selected demographic data for Richmond County.

Year	Population <sup>1</sup>	Per Capita Income <sup>2</sup>		Median Household Income <sup>3</sup>		Median Age <sup>3</sup>
		County	State	County	State	
2022	206,640	\$42,289	\$56,589	\$49,915	\$71,355	35.0
2021	205,673	43,706	56,184	48,048	66,559	35.3
2020	206,607	41,139	51,469	43,882	61,224	34.4
2019	202,518	37,625	48,535	44,973	61,980	34.7
2018	201,667	36,387	46,626	39,413	58,756	34.4
2017	201,673	35,640	44,993	37,324	56,183	34.3
2016	201,949	34,111	43,033	41,419	53,559	34.0
2010	200,549	30,108	34,487	39,152	46,430	33.9
2000	199,775	22,437	28,531	33,086	33,086	32.3

Sources:

<sup>1</sup> U.S. Department of Commerce, Bureau of the Census. All population figures for years other than 2020, 2010, and 2000 are estimates by the U.S. Department of Commerce, Bureau of the Census.

<sup>2</sup> U.S. Department of Commerce, Bureau of Economic Analysis.

<sup>3</sup> U.S. Department of Commerce, Bureau of the Census, American Community Survey 1-Year or 5-Year Estimates.

## Service Area Economic Information

The following information is provided to give prospective investors an overview of the general economic conditions in Richmond County. These statistics have not been adjusted to reflect economic trends.

### Summary of Richmond County Construction Activity

<u>Activity</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New Residential Construction Permits Issued	2,109	3,381	2,394	2,624	2,720
New Commercial Construction Permits Issued	705	507	1,039	481	518
Certificates of Occupancy Issued	432	461	576	586	497
Letters of Completion <sup>1</sup>	309	218	233	254	383
Inspections Completed	24,671	27,903	27,267	14,976	29,676
Demolition Permits Issued	232	285	397	272	247

<sup>1</sup> A letter of completion is issued upon completion of a renovation of a building that already had a Certificate of Occupancy.

Source: Augusta Planning and Development Department. Numbers for the cities of Hephzibah and Blythe are not included.

**[Remainder of Page Intentionally Left Blank]**

Set forth below are the percentages of land use for various purposes within Richmond County, computed based upon the assessed value shown on Richmond County's consolidation and evaluation tax digest sheets for the various categories for ad valorem property tax purposes.

<u>Year</u>	<u>Category of Land Use</u>				
	<u>Residential</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other<sup>1</sup></u>
2023	51.03%	0.56%	36.96%	7.50%	3.95%
2022	50.15	0.62	36.85	8.02	4.36
2021	47.31	0.63	38.83	9.03	4.20
2020	46.00	0.59	40.46	9.13	3.82
2019	48.17	0.67	38.04	9.23	3.89

<sup>1</sup> Includes preferential, conservation use, utility, and miscellaneous.

Source: State of Georgia Department of Revenue, Property Tax Division.

Following is a table showing the 2023 industry mix in Richmond County for each major sector of the local economy.

<u>2023 Industry Mix in Richmond County by Sector</u>	
<u>Industry</u>	<u>Average Monthly Employment by Percentage</u>
Goods-Producing:	
Agriculture, Forestry, Fishing & Hunting	0.0%
Mining	0.1
Construction	2.9
Manufacturing	8.1
Service-Providing:	
Utilities	0.2
Wholesale Trade	2.6
Retail Trade	9.9
Transportation and Warehousing	2.9
Information	1.0
Finance and Insurance	1.6
Real Estate and Rental and Leasing	1.3
Professional, Scientific, and Technical Services	4.4
Management of Companies and Enterprises	0.2
Administrative, Support, Waste Management, and Remediation Services	7.7
Educational Services	1.0
Health Care and Social Assistance	19.5
Arts, Entertainment, and Recreation	1.6
Accommodation and Food Services	9.8
Other Services (Except Public Administration)	2.9
Unclassified - industry not assigned	0.2
Government:	
Federal Government	7.8
State Government	7.4
Local Government	6.9
Total	<u>100.0%</u>

Source: Georgia Department of Labor, Labor Market Explorer.

Set forth below are the largest employers, other than the Consolidated Government, located in Richmond County, their industries, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in Richmond County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below.

Largest Employers in Richmond County

<u>Employer</u>	<u>Industry</u>	<u>Employees</u>
U.S. Army Cyber Center of Excellence & Fort Eisenhower <sup>1</sup>	Government/Military	29,252 <sup>2</sup>
Augusta University	Government/Higher Education	6,775
National Security Agency Augusta	Federal Government	6,000
Augusta University Hospitals	Healthcare	5,341
Richmond County School System	Government/K-12 Education	4,398
Piedmont Augusta Hospital	Healthcare	3,000
VA Medical Center	Government/Healthcare	2,082
Doctors Hospital	Healthcare	1,837
Automatic Data Processing	Customer Service	1,542
East Central Regional Hospital	Government/Healthcare	1,400
EZGO Textron	Golf Car/Utility Vehicles	1,350
Graphic Packaging International LLC <sup>3</sup>	Bleached Paperboard	963
Ferrara USA	Cookies and Crackers	900
FPL Food, LLC	Beef Products	660

<sup>1</sup> Commonly referred to as “Fort Eisenhower,” this military installation encompasses approximately 55,597 acres including portions of Richmond, Columbia, McDuffie, and Jefferson Counties.

<sup>2</sup> Includes military and civilian employees.

<sup>3</sup> Graphic Packaging sold its Augusta facility to Clearwater Paper Corporation effective May 1, 2024.

Source: Augusta Economic Development Authority.

In addition to the employers listed above, the Savannah River Site, which is a nuclear reservation owned and operated by the U.S. Department of Energy, is a major regional employer with approximately 11,000 employees. The Savannah River Site occupies approximately 310 square miles adjacent to the Savannah River acres in south-central South Carolina and is approximately 25 miles southeast of Richmond County.

Set forth below are labor statistics for Richmond County for the past five years, with comparative data for the State of Georgia.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Employment	82,737	81,148	81,983	78,733	79,146
Unemployment	3,400	6,116	2,714	3,888	3,808
Total Labor Force	86,137	87,264	84,697	82,621	82,954
County Unemployment Rate	3.9%	7.0%	3.2%	4.7%	4.6%
State Unemployment Rate	3.3%	5.3%	2.6%	3.3%	2.9%

Source: State of Georgia Department of Labor.

According to the State of Georgia Department of Labor, the preliminary April 2024 unemployment rate for Richmond County was 4.2 percent, compared to 2.9 percent for the State of Georgia.

Total Deposits in Richmond County  
Financial Institutions as of June 30

<u>Year</u>	<u>Total Deposits (in millions)</u>
2019	\$3,481
2020	3,838
2021	4,370
2022	4,917
2023	4,408

Source: Federal Deposit Insurance Corporation, Summary of Deposits.

According to the Federal Deposit Insurance Corporation, as of June 30, 2023, Richmond County had 14 FDIC-insured financial institutions with a total of 36 branch offices.

**Customers**

*Water System*

Set forth below is information concerning the demand for water from the System for its past five fiscal years and for the three-month periods ended March 31, 2023 and 2024.

	<u>Water Demand</u>					<u>Three-Month Periods Ended March 31</u>	
	<u>Years Ended December 31</u>						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>
Average Daily (MGD)	36.70	37.08	35.51	35.23	34.91	34.22	31.20
Maximum Daily (MGD)	50.00	47.90	46.89	56.21	62.56	36.71	34.66

Set forth below is the number of connections to the water system by customer class as of the dates shown.

	<u>Number of Water Connections</u>					
	As of December 31					As of
<u>Customer Class</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>March 31, 2024</u>
Residential	57,250	58,142	58,542	58,558	59,161	59,236
Commercial and Industrial <sup>1</sup>	<u>6,327</u>	<u>6,377</u>	<u>6,387</u>	<u>6,444</u>	<u>6,459</u>	<u>6,464</u>
Total	<u>63,577</u>	<u>64,519</u>	<u>64,929</u>	<u>65,002</u>	<u>65,620</u>	<u>65,700</u>

<sup>1</sup> Includes apartment complexes, which are served by a single connection.

**[Remainder of Page Intentionally Left Blank]**

Set forth below is information concerning the ten largest water customers of the System for the year ended December 31, 2023. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the System.

Ten Largest Water Customers

<u>Customer</u>	<u>Gallons Metered<sup>1</sup></u>	<u>Total Billing</u>	<u>Percentage of Total Water Revenues</u>
Fort Eisenhower Muni Serv. Contr.	521,884	\$1,382,992.60	2.81%
Augusta University	309,953	1,312,837.53	2.67
FPL Food LLC	215,851	828,096.85	1.68
Kemira Chemicals Inc.	155,017	592,933.40	1.21
Thermal Ceramics	130,603	516,449.76	1.05
EKA Chemicals Inc.	123,217	471,162.92	0.96
Union Agener Inc.	115,363	451,089.35	0.92
Solvay Specialty Polymers USA LLC	116,204	414,417.18	0.84
Graphic Packaging International LLC <sup>2</sup>	97,289	391,233.67	0.80
Starbucks Manufacturing Corporation	80,686	313,762.88	0.64
Total	<u>1,866,067</u>	<u>\$6,674,976.14</u>	<u>13.57%</u>

<sup>1</sup> In thousands.

<sup>2</sup> Graphic Packaging sold its Augusta facility to Clearwater Paper Corporation effective May 1, 2024.

*Sewer System*

Set forth below is information concerning the demand for sewer service from the System for its past five fiscal years and for the three-month periods ended March 31, 2023 and 2024.

Treated Wastewater Flow

	<u>Years Ended December 31</u>					<u>Three-Month Periods Ended March 31</u>	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>
Average Daily (MGD)	35.63	41.30	37.96	33.76	40.02	44.30	36.64
Maximum Daily (MGD)	84.55	84.32	98.17	73.61	75.28	75.28	71.71

Set forth below is the number of connections to the sewer system by customer class as of the dates shown.

Number of Sewer Connections

<u>Customer Class</u>	<u>As of December 31</u>					<u>As of</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>March 31, 2024</u>
Residential	47,615	48,474	48,923	49,007	49,547	49,641
Commercial and Industrial <sup>1</sup>	<u>4,499</u>	<u>4,548</u>	<u>4,556</u>	<u>4,566</u>	<u>4,604</u>	<u>4,639</u>
Total	<u>52,114</u>	<u>53,022</u>	<u>53,479</u>	<u>53,573</u>	<u>54,151</u>	<u>54,280</u>

<sup>1</sup> Includes apartment complexes, which are served by a single connection.



Set forth below is information concerning the ten largest sewer customers of the System for the year ended December 31, 2023. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the System.

Ten Largest Sewer Customers

<u>Customer</u>	<u>Gallons Metered<sup>1</sup></u>	<u>Total Billing<sup>2</sup></u>	<u>Percentage of Total Sewer Revenues</u>
Augusta University	207,308	\$1,937,259.79	4.22%
EKA Chemicals Inc.	123,217	1,469,196.83	3.20
FPL Food LLC	211,379	1,179,823.06	2.57
Solvay Specialty Polymers USA LLC	149,269	1,090,383.38	2.37
Fort Eisenhower Muni Serv. Contr.	338,727	1,066,996.35	2.32
Manus Bio Inc.	113,604	853,691.08	1.86
Union Agener Inc.	95,269	793,971.50	1.73
NSAG Water Service	32,186	377,878.35	0.82
Starbucks Manufacturing Corporation	59,473	376,460.97	0.82
KPR US LLC	<u>38,039</u>	<u>329,955.06</u>	<u>0.72</u>
Total	<u>1,368,471</u>	<u>\$9,475,616.37</u>	<u>20.63%</u>

<sup>1</sup> In thousands.

<sup>2</sup> Based upon water consumption plus additional sewer surcharges.

**Rates, Fees, and Charges**

Monthly residential service charges for water and sewer services generally consist of a monthly base charge regardless of the size of the customer's water meter plus a volume charge applied to the monthly water consumption. Monthly commercial service charges for water and sewer services generally consist of a monthly demand charge based upon the size of a customer's water meter plus a volume charge applied to the monthly water consumption. In addition, connection fees varying by water meter size are charged to new customers connecting to the System.

The water and sewer rates to all customers within each class of service are uniform. Other than water service provided to public parks, fire hydrants, and fire sprinklers, the Consolidated Government does not provide any free water or sewer service.

The Consolidated Government has adjusted its water and sewer rate schedules each year since 2007. A summary of the residential water and sewer service rate schedules in effect since January 1, 2019 is set forth below.

Monthly Residential Water Service Rates

<u>Effective Period</u>	<u>Base Charge</u>	<u>Volume Charge (per 1,000 gallons)</u>	
		<u>First 5,000</u>	<u>More Than 5,000</u>
January 1, 2019 to December 31, 2019	\$17.25	\$1.65	\$4.00
January 1, 2020 to December 31, 2020	\$17.77	\$1.70	\$4.12
January 1, 2021 to December 31, 2021	\$18.30	\$1.75	\$4.24
January 1, 2022 to December 31, 2022	\$18.85	\$1.80	\$4.37
January 1, 2023 to December 31, 2023	\$19.42	\$1.86	\$4.51
January 1, 2024 to present	\$20.00	\$1.92	\$4.65

Monthly Residential Sewer Service Rates  
(Based on Water Consumption<sup>1</sup>)

<u>Effective Period</u>	<u>Base Charge</u>	<u>Volume Charge (per 1,000 gallons)</u>
January 1, 2019 to December 31, 2019	\$17.25	\$4.00
January 1, 2020 to December 31, 2020	\$17.77	\$4.12
January 1, 2021 to December 31, 2021	\$18.30	\$4.24
January 1, 2022 to December 31, 2022	\$18.85	\$4.37
January 1, 2023 to December 31, 2023	\$19.42	\$4.51
January 1, 2024 to present	\$20.00	\$4.65

<sup>1</sup> For all periods shown, the Consolidated Government used a winter billing method for calculating monthly residential sewer service rates. Under this method, rates for each 12-month period from April 1 to March 31 of the following year are fixed based on average monthly gallons consumed by the customer during the prior December, January and February.

The Consolidated Government currently charges commercial customers the monthly base charges set forth in the table below plus an additional monthly charge of \$3.91 per each thousand gallons of water used for water service and an additional monthly charge of \$4.25 per each thousand gallons of water used for sewer service.

Monthly Minimum Charges on Commercial Meters (as of January 1, 2024)

<u>Meter Size</u>	<u>Monthly Base Charge</u>	
	<u>Water</u>	<u>Sewer</u>
5/8" and 3/4"	\$ 21.85	\$ 38.57
1"	30.97	55.11
1-1/4" and 1-1/2"	51.27	92.08
2"	73.69	133.06
3"	123.25	223.97
4"	178.52	324.46
6"	301.10	548.41
8"	436.70	796.13
10"	583.26	1,064.23
12"	756.92	1,347.78

The Consolidated Government also charges commercial sewer customers a surcharge for disposal of certain types of high strength wastewater. The Consolidated Government imposes a surcharge of \$0.514 per pound for biological oxygen demand and suspended solids in excess of 200 parts per million.

The Consolidated Government currently charges the Army, pursuant to the Fort Eisenhower Commodities Contract, a rate of \$2.75 per thousand gallons for water service and a rate of \$3.28 per thousand gallons for sewer service at Fort Eisenhower. For more information, see **"THE SYSTEM - Fort Eisenhower Municipal Services Program"** herein.

Set forth below are the water connection fees presently in effect for the Consolidated Government.

Water Connection Fees

<u>Meter Size</u>	<u>Tap Fee<sup>1</sup></u>	<u>Tap Fee<sup>2</sup></u>
5/8" and 3/4"	\$499	n/a
1"	541	n/a
1-1/4" and 1-1/2"	681	n/a
2"	1,219	n/a
3"	893 <sup>(3)</sup>	\$1,343
4"	1,302 <sup>(3)</sup>	2,118
6"	2,331 <sup>(3)</sup>	3,921
8"	3,445 <sup>(3)</sup>	5,765

<sup>1</sup> For turbine meters.

<sup>2</sup> For compound meters.

<sup>3</sup> Plus installation costs. The tap fee includes only the cost of the meter and strainer (and excludes the additional cost of valves and pipes).

The Consolidated Government presently charges a sewer connection fee of \$125 plus installation costs for a six-inch tap.

Set forth below is a comparison of average monthly residential water and sewer bills of customers of the System and customers of other water and sewer systems surrounding the Consolidated Government or which are similar to the System.

<u>Utility</u>	<u>Monthly Residential Water and Sewer Bill for Rates in Effect on January 1, 2024<sup>1</sup></u>
The System <sup>2</sup>	\$ 72.85
Columbia County, Georgia	53.78
North Augusta, South Carolina <sup>3</sup>	44.50
North Augusta, South Carolina <sup>4</sup>	67.11
Aiken, South Carolina <sup>3</sup>	53.97
Aiken, South Carolina <sup>4</sup>	108.04
Atlanta, Georgia	121.96
Athens-Clarke County, Georgia	85.35
Brunswick-Glynn County, Georgia	69.52
Savannah, Georgia	58.96
Columbus, Georgia	57.13
Macon-Bibb County, Georgia	55.86

<sup>1</sup> Based upon monthly water consumption of 5,000 gallons.

<sup>2</sup> Assumes the water and sewer service rates that became effective on January 1, 2024 were in effect.

<sup>3</sup> Inside the city customers.

<sup>4</sup> Outside the city customers.

### Rate Setting Process

Under Georgia law, the Consolidated Government has the exclusive authority to establish rates and charges for water and sewer service supplied by the System. The rates charged by the Consolidated Government for water and sewer service supplied by the System are not subject to review or approval by any federal or state regulatory body. The Commission establishes the rates, which are subject to change at any time, as the Commission deems advisable. On August 15, 2000, the Commission adopted an ordinance whereby the water and sewer rates of the System are to be adjusted as established in each annual budget of the Consolidated Government or in connection with financing capital improvements to the System. The staff of the System makes periodic reviews of the rate structure to determine if modifications are needed. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES**

**2024 BONDS - Rate Covenant**” herein for a description of the Consolidated Government’s agreements concerning the rates, fees, and charges for the services, facilities, and commodities to be furnished by the System. No statutory procedures are required as a condition precedent to a change in rates.

### **Billing and Collection**

The Consolidated Government presently uses a cycle billing method, consisting of ten cycles, for System service. The cycles are relatively evenly distributed throughout each month. Normally, 26 to 32 days are allowed between each meter reading for each cycle, bills are generated 32 to 36 days after the read date, then bills are due 21 days after the bill date. Due dates are spread throughout each month

The Consolidated Government presently prepares a monthly, combined water and sewer bill for each customer of the System. A 10% penalty is added to the bill if payment is not made by the due date. If the delinquent amount is not paid by the due date for the next succeeding bill, water and sewer service is discontinued and a \$25 delinquent fee is charged. To restore service, the customer must pay all overdue amounts, penalties, and delinquent fees in full. The Consolidated Government collected in excess of 95% of its total billings for the System during its past five fiscal years. The Consolidated Government’s present policy is to write off, as uncollectible, overdue accounts of the System that are more than 6 months old and to turn these accounts over to a private collection agency for collection. Upon application for service, the Consolidated Government requires a \$25 non-refundable service fee from new customers of the System.

### **Governmental Approvals and Environmental Regulation**

#### *Water Withdrawal*

The Georgia Water Quality Control Act authorizes the State of Georgia Department of Natural Resources, Environmental Protection Division (“EPD”), to regulate the withdrawal of water from lakes, streams, and aquifers in Georgia. The Consolidated Government holds permits for withdrawal of raw water in the following amounts from the following sources:

<u>Raw Water Source</u>	<u>Permitted Withdrawal (MGD)</u>		<u>2023 Actual Withdrawal (MGD)</u>	
	<u>Monthly Average</u>	<u>Maximum</u>	<u>Monthly Average</u>	<u>Maximum</u>
Savannah River/Augusta Canal (Surface Water) <sup>1</sup>	45.0	50.0	30.64	41.75
Tuscaloosa Formation Aquifer (Groundwater) <sup>2</sup>	18.4	None	5.31	10.37
Savannah River (Surface Water)	<u>15.0</u>	21.0	<u>8.30</u>	10.16
Totals	<u>78.4</u>	n/a	<u>44.16</u>	n/a

<sup>1</sup> The existing permit for water withdrawal from the Savannah River/Augusta Canal provides on its face an expiration date of October 31, 2010, and the Consolidated Government has filed an application with EPD for the renewal of the permit. EPD has not yet issued the new permit, and in accordance with Georgia law, the existing permit will not expire until the application for the new permit has been finally determined by EPD. EPD issued a letter to the Consolidated Government on September 27, 2012 confirming that the existing permit has been extended. In December 2023, EPD issued a draft permit for withdrawal and water diversion to the Augusta Canal, with a 10-year span. The Consolidated Government and EPD are currently in negotiations over the final terms of these agreements, which do not materially change the limits of withdrawal.

<sup>2</sup> Also subject to a withdrawal limit of 18.4 annual average MGD. Permit authorizes withdrawal from 21 wells. The Consolidated Government has 21 active wells but does not withdraw water from all of them simultaneously. Thus, at no time is the Consolidated Government withdrawing from all 21 wells.

### *FERC License for Augusta Canal*

The Federal Power Act and its amendments provide that the Federal Energy Regulatory Commission (“FERC”) has licensing jurisdiction over the construction, operation, and maintenance of dams, water conduits, reservoirs, or other works utilizing streams or other bodies of water subject to federal jurisdiction for the purpose of generating hydro-electric power. Since 1885, the City, succeeded by the Consolidated Government, has used water diverted from the Savannah River into the Augusta Canal as its primary source of raw water and, since 1898, to generate hydro-mechanical power from the falling water in the Augusta Canal to power its raw water intake pump station located on the Augusta Canal. There are currently three hydroelectric facilities operated by the Augusta Canal Authority, two of which are owned by the Authority, powered by water from the Augusta Canal. Each of the three hydro-electric facilities are individually licensed to operate by FERC. The Consolidated Government believes that FERC does not have licensing jurisdiction over the use of the Augusta Canal by the Consolidated Government for water supply needs or to generate hydro-mechanical power to power its raw water intake pump station.

In 1929, the City was granted a license that expired in 1979 to use the Augusta Canal for hydro-electric power generation. Discussions with FERC regarding relicensing of the Augusta Canal began in 1976 prior to expiration of the license. In 1983, the City’s application for relicensing was accepted by FERC. Late in the consultation phase of the application review, the Fish and Wildlife Service of the United States Department of the Interior took the position that the City needed to undertake an “instream flow incremental methodology” (“IFIM”) study to determine the effects that the diversion of water to the Augusta Canal to generate hydro-electric power may have on fish habitats in the Savannah River. The City disagreed with the scope of the requested study, and consequently the City’s relicensing application was dismissed by FERC in January of 1994.

A new application for a preliminary permit to license was filed with FERC by the Consolidated Government on June 12, 1996 in competition with an application for permit to license filed by Fall Line Hydro Company, Inc. The Consolidated Government was given municipal preference and was issued a preliminary permit to license on September 27, 1996. The purpose of a preliminary permit is to maintain priority of application for a license during the term of the permit while the permittee conducts studies to address the feasibility of the proposed project. In further pursuit of the final FERC license, the Consolidated Government contracted with EDAW, Inc., an environmental consulting firm, to perform an IFIM fish study to assess the effect on the fish habitats, and with Dr. Gene Eidson to perform the required endangered species study.

An August 19, 1996 letter from the Fish and Wildlife Service to the Consolidated Government expressed opposition to any “additional water withdrawals from the Augusta Canal for new [power] generation capacity.” In letters dated November 24, 1999 and June 1, 2000 from the Fish and Wildlife Service to FERC, the Fish and Wildlife Service expressed its desire that the Consolidated Government address the “major resource problems” associated with licensing, including (1) provision of adequate flows for fish habitat in the area of the Savannah River bypassed by the Augusta Canal, (2) upstream and downstream passage of migratory fish, and (3) cumulative entrainment and mortality of fish which enter the Augusta Canal. These communications were unusual in their aspect of being issued prior to the submittal of the IFIM study results. The Fish and Wildlife Service also recommended that FERC integrate the relicensing of the Consolidated Government’s facilities with the licenses for the three hydro-electric facilities located on the Augusta Canal so that common licensing issues relating to all of these projects could be addressed on a coordinated basis. In addition, the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration of the United States Department of Commerce intervened in the licensing proceedings and has taken the same position as the Fish and Wildlife Service.

Because the preliminary permit expired prior to completion of the IFIM study, the Consolidated Government applied for and was issued another preliminary permit to license on February 4, 2000, which was effective for a period of three years. During this period, the Consolidated Government completed all studies addressing the concerns expressed by the Fish and Wildlife Service, including the IFIM study. The Consolidated Government submitted its application for relicensing, including the IFIM study results, to FERC in January of 2003, and it submitted a revision to its application in June of 2003. In its application, the Consolidated Government did not propose to develop new hydro-electric generation facilities or to produce electric power. Instead, the Consolidated Government has proposed that FERC grant a license to the Consolidated Government for facilities consisting of the existing Augusta Diversion Dam on the Savannah River, the existing Augusta Diversion Dam impoundment, and the existing Augusta Canal.

FERC accepted the Consolidated Government’s application for relicensing in February of 2004 and completed an environmental assessment. The Fish and Wildlife Service, the National Marine Fisheries Service, and the state agencies with jurisdiction have agreed on a letter of intent that addresses a number of disputed issues, including the amount of flow permitted in the Augusta Canal versus the bypassed area of the Savannah River and the timing and need for fish ways in the bypassed area. The relicensing process is on-going. The Consolidated Government continues to work with FERC to move towards licensure, but it is expected that resolution will take at least an additional two to three years.

The Consolidated Government expects that FERC will ultimately grant the license to the Consolidated Government; however, the Consolidated Government cannot predict when the license will be issued or what restrictions FERC might seek to place on the Consolidated Government's use of the existing Augusta Diversion Dam on the Savannah River, the existing Augusta Diversion Dam impoundment, and the existing Augusta Canal. The license, when issued, might contain terms that would negatively impact amount of flow permitted in the Augusta Canal that would require curtailment of power generation at one or more of the hydroelectric facilities.

Currently, the Consolidated Government operates as though the terms of the agreement are in place for structural analysis and maintenance activities related to the daily operation of the Augusta Canal. The final agreement on the licensing is contingent on several on-going activities in the Savannah River, including the relicensing of the Stevens Creek/Dominion Energy facility immediately upstream of the Augusta Canal and the removal of a federal dam known as the New Savannah Bluff Lock and Dam, which is approximately 10 miles downstream of the Augusta Canal. The exact terms and conditions of the agreement on the Augusta Canal may be modified based on those activities; however, the Consolidated Government does not anticipate that final licensing agreement will not reduce the ability of the Augusta Canal flows to be used for water supply. While the Consolidated Government expects any outstanding issues to be resolved within the next three years; no assurance can be given that these issues will be resolved within that timeframe or what the terms and conditions of any final licensing agreement will provide.

#### *Water Treatment*

EPD also regulates water treatment systems in Georgia. EPD has issued to the Consolidated Government operating permits for the treatment of water in the following amounts at the following water treatment facilities:

<u>Water Treatment Facility</u>	<u>Permitted Treatment Capacity (MGD)</u>		<u>2023 Actual Treatment Flow (MGD)</u>	
	<u>Monthly Average</u>	<u>Maximum</u>	<u>Monthly Average</u>	<u>Maximum</u>
N. Max Hicks	15.0	15.0	6.72	8.99
Highland Avenue	60.0	60.0	23.01	50.82
Peach Orchard, Highway 56 Loop, and Little Spirit Creek <sup>1</sup>	<u>18.4</u>	None	<u>5.59</u>	10.37
Totals	<u>93.4</u>	n/a	<u>35.32</u>	n/a

<sup>1</sup> Permitted treatment capacity at these facilities is limited on a combined basis to the permitted withdrawal amount from the Tuscaloosa Formation aquifer. See **"THE SYSTEM - Governmental Approvals and Environmental Regulation -- Water Withdrawal"** herein.

#### *PFAS Detection in Groundwater*

Under the federal Safe Drinking Water Act, EPA has the authority to set enforceable National Primary Drinking Water Regulations ("NPDWRs") for drinking water contaminants and require monitoring of public water systems. On April 10, 2024, EPA finalized an NPDWR establishing legally enforceable levels for six "per- and polyfluoroalkyl substances" ("PFAS") in drinking water. The NPDWR also requires public water systems to perform initial monitoring for PFAS by April 26, 2027 and thereafter continue with ongoing compliance monitoring. By April 26, 2029 public water systems must implement solutions that reduce PFAS below the required limits set forth in the NPDWR.

The Consolidated Government's water treatment system is subject to the NPDWR. Accordingly, the Consolidated Government has begun the initial monitoring of its active wells as required by the NPDWR. In connection with this initial monitoring, a limited number of PFAS that are above the regulatory limits set forth in the NPDWR has been detected in several wells and at two of the water treatment facilities that treat water from the System's wells. As a result, two of the wells with the highest concentration of PFAS have been taken off line. Wells with lower levels of PFAS are still being operated but water from those wells is blended with surface water to ensure PFAS levels are in compliance with regulatory limits, and, in fact, below detection limits.

The Consolidated Government is currently evaluating various options to help ensure that all PFAS regulatory limits are met by the System. These options include installing a treatment system to address PFAS at the two water treatment facilities where PFAS was detected. The proposed treatment system would consist of an activated carbon or resin-column filtration system. Additionally, the Consolidated Government is also exploring options for blending

groundwater with surface water to reduce PFAS levels and permanently closing off certain wells from the System that have had PFAS detections and replacing those wells with new wells in locations with no PFAS detections.

#### *Wastewater Treatment*

The Consolidated Government's wastewater operations are subject to the regulatory requirements imposed by the federal Water Pollution Control Act, as amended (the "Clean Water Act"), and the Georgia Water Quality Control Act. The regulatory requirements are administered by the federal Environmental Protection Agency ("EPA") and EPD. EPD has issued to the Consolidated Government operating permits for the treatment of wastewater in the following amounts at the following wastewater treatment plants:

<u>Plant</u>	<u>Permitted Limit on Flow (MGD)</u>		<u>2023 Actual Treatment Flow (MGD)</u>	
	<u>Monthly Average</u>	<u>Weekly Average</u>	<u>Monthly Average</u>	<u>Weekly Average</u>
James B. Messerly	46.10	57.60	34.97	40.53
Spirit Creek <sup>1</sup>	<u>2.24</u>	<u>2.80</u>	n/a	n/a
Totals	<u>48.34</u>	<u>60.40</u>	n/a	n/a

<sup>1</sup> The Spirit Creek plant is not currently in operation. The Consolidated Government does continue to maintain the permit for this facility providing it with the opportunity to begin using the facility again if the need arises.

State and federal regulations applicable to the Consolidated Government's wastewater operations deal with, among other issues, the quality of effluent that may be discharged from the Consolidated Government's wastewater treatment plants, the disposal of sludge generated by the wastewater treatment plants, and the nature of waste material (particularly industrial waste) discharged into the collection system. To comply with federal regulations concerning the industrial discharge of waste materials into the sewer system, the Consolidated Government must administer and enforce industrial pretreatment limitation standards upon users of the sewer system. The City had an industrial waste program in effect since 1983. At that time, the County adopted an ordinance identical to the City ordinance which designated the City as the control authority for industrial pretreatment. As a condition of having received federal EPA grant funds under the Clean Water Act for planning, design, and construction of various wastewater projects, the Consolidated Government is subject to additional regulatory requirements. Among the grant-related requirements are guidelines that must be followed concerning planning methodologies, design criteria, construction activities, and the operation, maintenance, and financing of facilities.

#### *National Pollutant Discharge Elimination System ("NPDES") Permits*

Under the Clean Water Act, an NPDES permit is required for discharges of pollutants to surface water. Therefore, to comply with federally mandated effluent quality and disposal criteria, the Consolidated Government must operate its wastewater treatment plants according to discharge limitations and reporting requirements set forth in NPDES permits.

The Consolidated Government is required to maintain separate NPDES permits for the Messerly and Spirit Creek wastewater treatment plants allowing discharges to Butler Creek and Spirit Creek, respectively. The NPDES permit for the Spirit Creek wastewater treatment plant provides on its face an expiration date of February 26, 2024, and the NPDES permit for the Messerly wastewater treatment plant provides on its face an expiration date of May 31, 2024. The Consolidated Government submitted a timely permit renewal request for both of these permits. Although EPD has not yet taken action on the renewal permits, EPD has acknowledged receipt of the renewal applications and has confirmed to the Consolidated Government that the expired permits are administratively extended until new permits are issued. These renewal applications are believed to be currently under review by EPD.

In addition to the NPDES permits discussed above for the two wastewater treatment plants, the Consolidated Government is covered under a general NPDES permit issued by EPD for the discharge of filter backwash and settling basin drawdown water to waters of the State of Georgia. Coverage under this permit allows the Consolidated Government to discharge filter backwash and settling basin drawdown water from the Highland Avenue water treatment plant to Oates Creek, a tributary of Butler Creek.

### *Impact of Savannah Harbor TMDL on NPDES Permits*

Under the Clean Water Act, each state, including the State of Georgia, is required to adopt, periodically review, and revise water quality standards, which are subject to EPA review and approval. In addition to setting water quality standards, states must also assess the quality of water and identify those waters for which the standards are not being met. If a water segment is not meeting standards, it is considered “impaired” and must be addressed through a total maximum daily load (“TMDL”). A TMDL essentially defines the maximum amount of man-made and natural pollution that a water segment can assimilate and still attain standards. The TMDL then takes this pollution cap and allocates it to individual sources of pollution through a wasteload allocation. Once a TMDL has been established, NPDES permits must contain limits that are consistent with the wasteload allocation in the TMDL.

In 2006, EPA promulgated a final TMDL for dissolved oxygen in the Savannah Harbor, Chatham and Effingham Counties, Georgia (“Savannah Harbor TMDL”). The wasteload allocation in the Savannah Harbor TMDL applied to regulated wastewater and storm water discharges to the Savannah Harbor, as well as regulated dischargers located upstream of the Savannah Harbor in the Augusta, Georgia area, including the Consolidated Government. The Savannah Harbor TMDL assigned a wasteload allocation of “0 lbs/day” of oxygen-demanding substances from regulated dischargers. Incorporation of this wasteload allocation into the Consolidated Government’s NPDES permits for discharges to Butler Creek and Spirit Creek would require the Consolidated Government to implement potentially costly capital improvements.

In 2007, the Consolidated Government, along with several other regulated dischargers in the Augusta, Georgia area, filed a Complaint for Declaratory and Injunctive Relief against EPA in the United States District Court, Southern District, Augusta Division. The Complaint challenged the Savannah Harbor TMDL on numerous technical and legal grounds. EPD subsequently revised its criteria for dissolved oxygen and the revised criteria were approved by EPA in 2010. EPD, the South Carolina Department of Health and Environmental Control, and EPA, along with the Savannah River/Harbor Discharge Group, began working together in 2012 to develop an alternative restoration plan to meet the new dissolved oxygen criteria. The document entitled “Subcategory 5R Documentation For Point Source Dissolved Oxygen Impaired Water in the Savannah River Basin, Georgia and South Carolina” was developed in 2015. EPA has subsequently withdrawn the TMDL and is addressing the water quality concerns in the Savannah Harbor through a restoration plan based on the 2015 document in lieu of a TMDL. While this plan is the basis for NPDES permit renewals in the basin, no assurance can be given as to how these issues may ultimately impact the Consolidated Government’s NPDES permit limits in the future.

### *Other Approvals*

EPD has the authority to review and approve the plans and specifications for the improvements and extensions to the System that are described in this Official Statement under the caption “**PLAN OF FINANCING - System Improvements.**” When these plans and specifications are finalized, the Consolidated Government will submit them to EPD for approval. EPD has delegated review authority to the Consolidated Government for water systems for subdivisions, apartment complexes, and shopping centers, for sewer systems up to 36” for gravity sewers and up to 700 GPM for pump stations. The Consolidated Government is not aware of any further approvals necessary for the planned improvements and extensions to the System or for the operation of the System.

### *Issues Relating to Noncompliance*

The Consolidated Government is currently in substantial compliance with all of its environmental permits and all environmental requirements applicable to the System.

### **Employees, Employee Relations, and Labor Organizations**

The Consolidated Government employed 298 persons related to the System as of April 1, 2024, all of whom are full-time employees. No employees of the Consolidated Government related to the System are represented by labor organizations or are covered by collective bargaining agreements, and the Consolidated Government is not aware of any union organizing efforts at the present time. The Administrator of the Consolidated Government believes that employee relations are good.

The System’s plant operators and maintenance and repair personnel are required to be certified by the State of Georgia. The Consolidated Government has a continuing education program to ensure that System personnel are qualified and able to meet the State of Georgia’s certification requirements.



## **SYSTEM FINANCIAL INFORMATION**

### **Accounting System and Policies**

The Consolidated Government maintains all of its funds and accounts relating to the System separate from other Consolidated Government funds. The accounting practices and policies of the Consolidated Government relating to the System conform to generally accepted accounting principles as applied to governments. The System is accounted for as an Enterprise Fund of the Consolidated Government. Enterprise Funds are used to account for operations (i) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (ii) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The System is accounted for using the accrual basis of accounting. Its revenues are recognized when earned, and its expenses are recognized when incurred.

Note 1 of the audited financial statements of the System included as Appendix A contains a detailed discussion of the Consolidated Government's significant accounting policies relating to the System.

### **Status of Financial Statements of the System for the Year Ended December 31, 2023**

Since the Preliminary Official Statement was circulated, the Consolidated Government has completed its Annual Comprehensive Financial Report for the year ended December 31, 2023 (the "2023 ACFR") and has submitted the 2023 ACFR to the State of Georgia Department of Audits and Accounts as required by Georgia law. The 2023 ACFR includes the audited basic financial statements for all funds of the Consolidated Government, including the Enterprise Fund for the operations of the System. A copy of the 2023 ACFR is available from the Consolidated Government upon request.

The Consolidated Government is currently in the process of preparing a separate financial report providing the audited financial statements of the System for the years ended December 31, 2023 and 2022 (the "2023 System Financial Report"). The Consolidated Government does not expect that the 2023 System Financial Report will be completed by the Consolidated Government and available until after the closing on the Series 2024 Bonds; however, it is not known with certainty when that will occur.

### **Historical and Pro Forma Capital Structure**

Set forth below is an historical, comparative summary of the capital structure of the System as of the end of its past five fiscal years and as of March 31, 2024. The information in the following table has been extracted from audited financial statements of the System for the years ended December 31, 2019 to 2022, from the 2023 ACFR for the year ended December 31, 2023, and from unaudited interim financial statements of the System for the three-month period ended March 31, 2024. Although the information for the years ended December 31, 2019 to 2023 was taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the capital structure of the System as of the end of the years shown. The unaudited interim amounts reflected below are not necessarily indicative of the amounts that will be outstanding as of the end of the full fiscal year. For more complete information, reference is made to the financial statements from which this information was extracted, copies of which are available from the Consolidated Government upon request.

**[Remainder of Page Intentionally Left Blank]**

### Historical Capital Structure of the System

	Amount Outstanding as of December 31 (Audited)					Amount Outstanding as of March 31, 2024 (Unaudited)
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
<b><u>Liabilities</u></b>						
<b>Current Liabilities</b>						
Accounts and other payables	\$ 6,170,634	\$ 3,585,936	\$ 6,158,939	\$ 6,159,037	\$ 10,417,698	\$ 6,591,620
Accrued interest	4,517,055	4,694,593	4,456,644	4,258,530	4,081,886	8,059,051
Due to other funds <sup>1</sup>	373,679	317,587	198,993	96,764	105,483	105,483
Accrued salaries	854,538	277,691	334,979	417,083	429,065	429,065
Compensated absences	872,451	1,172,760	574,879	723,824	677,000	677,001
Notes payable - current	758,665	770,116	793,540	817,676	842,547	911,626
Capital leases payable - current	318,779	371,712	292,784	384,170	316,945	316,945
Total current liabilities	<u>13,865,801</u>	<u>11,190,395</u>	<u>12,810,758</u>	<u>12,857,084</u>	<u>16,870,624</u>	<u>17,090,791</u>
<b>Current Liabilities (Payable From Restricted Assets)</b>						
Revenue bonds payable - current	<u>1,985,000</u>	<u>9,585,000</u>	<u>16,470,000</u>	<u>17,680,000</u>	<u>18,475,000</u>	<u>18,475,000</u>
Total current liabilities (payable from restricted assets)	<u>1,985,000</u>	<u>9,585,000</u>	<u>16,470,000</u>	<u>17,680,000</u>	<u>18,475,000</u>	<u>18,475,000</u>
<b>Long-Term Liabilities</b>						
Advance from other funds of the Government	406,080	244,059	45,066	103,397	120,273	120,273
Revenue bonds payable	459,459,114	446,997,131	427,658,408	407,281,588	386,393,406	385,650,436
Compensated absences	--	--	383,252	482,549	451,334	451,334
Notes payable <sup>2</sup>	10,438,502	10,050,559	9,257,019	8,439,343	7,596,797	7,596,797
Capital leases payable <sup>3</sup>	745,339	388,730	776,441	392,270	875,839	875,839
Net pension liability <sup>4</sup>	7,063,283	10,806,597	4,065,376	3,179,344	10,038,771	10,038,771
Total OPEB liability <sup>4</sup>	<u>14,928,495</u>	<u>18,280,527</u>	<u>16,077,863</u>	<u>9,493,815</u>	<u>9,210,798</u>	<u>9,210,798</u>
Total long-term liabilities	<u>493,040,813</u>	<u>486,767,603</u>	<u>458,263,425</u>	<u>429,372,306</u>	<u>414,687,219</u>	<u>413,944,248</u>
<b>Total Liabilities</b>	<u>508,891,614</u>	<u>507,542,998</u>	<u>487,544,183</u>	<u>459,909,390</u>	<u>450,032,843</u>	<u>449,510,039</u>
<b><u>Deferred Inflows of Resources</u></b>						
Deferred charge on refunding	6,355,888	5,697,550	5,084,819	4,519,970	4,005,342	4,005,342
Pension <sup>4</sup>	384,052	528,048	4,149,808	4,354,560	330,517	330,517
Other post-employment benefits <sup>4</sup>	---	---	---	<u>5,671,822</u>	<u>4,561,394</u>	<u>4,561,394</u>
<b>Total deferred inflows of resources</b>	<u>6,739,940</u>	<u>6,225,598</u>	<u>9,234,627</u>	<u>14,546,352</u>	<u>8,897,253</u>	<u>8,897,253</u>
<b><u>Net Position</u></b>						
Net Investment in Capital Assets	96,931,180	106,026,920	112,417,282	125,926,222	136,545,109	128,633,734
Restricted for capital outlay	38,480,617	37,224,276	36,993,392	22,000,986	15,286,676	24,508,432
Restricted for debt service	4,943,178	7,012,638	8,482,157	8,191,957	8,700,626	9,064,763
Unrestricted net position	<u>42,985,879</u>	<u>45,854,627</u>	<u>47,708,050</u>	<u>62,394,514</u>	<u>64,930,980</u>	<u>66,919,715</u>
<b>Total Net Position</b>	<u>183,340,854</u>	<u>196,118,461</u>	<u>205,600,881</u>	<u>218,513,679</u>	<u>225,463,391</u>	<u>229,126,644</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$698,972,408</u>	<u>\$709,887,057</u>	<u>\$702,379,691</u>	<u>\$692,969,421</u>	<u>\$684,393,487</u>	<u>\$687,533,936</u>
<b>Ratio of Long-Term Liabilities to Total Net Position</b>	<u>268.92%</u>	<u>248.20%</u>	<u>222.89%</u>	<u>196.50%</u>	<u>183.93%</u>	<u>180.66%</u>
<b>Long-Term Liabilities as a Percentage of Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>70.54%</u>	<u>68.57%</u>	<u>65.24%</u>	<u>61.96%</u>	<u>60.59%</u>	<u>60.21%</u>

<sup>1</sup> Represents amounts owed to the Consolidated Government's General Fund for System expenses paid from the General Fund. The System regularly reimburses the General Fund each month for expenses incurred in the prior month.

<sup>2</sup> Presently consists of two notes payable to the Georgia Environmental Finance Authority (the "GEFA Notes") to finance improvements to the System. The notes are general obligations of the Consolidated Government to which its full faith and credit and taxing power are pledged. Although the Consolidated Government intends to repay the notes from revenues of the System, the notes are not secured by any lien on the revenues of the System.

<sup>3</sup> Consists of a capital lease obligation through the lease pool program of the Georgia Municipal Association (the "Capital Lease"). Although the Consolidated Government intends to repay the Capital Lease from revenues of the System, the Capital Lease is not secured by any lien on the revenues of the System.

<sup>4</sup> The net pension liability, total OPEB liability, deferred inflow of resources related to the pension, and deferred inflow of resources related to the other post-employment benefits balances are calculated using actuarial reports from the Consolidated Government's actuaries. At this time, not all of the actuarial reports are available to determine the balances as of March 31, 2024, and, as such, these balances have not been adjusted from the balances as of December 31, 2023.

Set forth below is the pro forma capital structure of the System as of March 31, 2024, determined by the application of pro forma adjustments to the actual amounts outstanding as of March 31, 2024, which assume that the Series 2024 Bonds were issued on March 31, 2024 and that the Refunded Bonds were refunded and defeased on March 31, 2024.

Pro Forma Capital Structure of the System

	Amount Outstanding as of March 31, 2024 (Unaudited)
<b><u>Liabilities</u></b>	
<b>Current Liabilities</b>	
Accounts and other payables	\$ 6,591,620
Accrued interest	8,059,051
Due to other funds <sup>1</sup>	105,483
Accrued salaries	429,065
Compensated absences	677,001
Notes payable - current	911,626
Capital leases payable - current	<u>316,945</u>
Total current liabilities	<u>17,090,791</u>
<b>Current Liabilities (Payable From Restricted Assets)</b>	
Revenue bonds payable - current	<u>14,035,000</u>
Total current liabilities (payable from restricted assets)	<u>14,035,000</u>
<b>Long-Term Liabilities</b>	
Advance from other funds of the Government	120,273
Revenue bonds payable	441,005,000
Compensated absences	451,334
Notes payable <sup>2</sup>	7,596,797
Capital leases payable	875,839
Net pension liability	10,038,771
Total OPEB liability	<u>9,210,798</u>
Total long-term liabilities	<u>469,298,812</u>
<b>Total Liabilities</b>	<u>500,424,603</u>
<b><u>Deferred Inflows of Resources</u></b>	
Deferred charge on refunding	4,005,342
Pension <sup>4</sup>	330,517
Other post-employment benefits <sup>4</sup>	<u>4,561,394</u>
<b>Total deferred inflows of resources</b>	<u>8,897,253</u>
<b><u>Net Position</u></b>	
Net Investment in capital assets	128,633,734
Restricted for capital outlay	24,508,432
Restricted for debt service	9,064,763
Unrestricted net position	<u>66,919,715</u>
<b>Total Net Position</b>	<u>229,126,644</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>738,448,500</u>
<b>Ratio of Long-Term Liabilities to Total Net Position</b>	<u>204.82%</u>
<b>Long-Term Liabilities as a Percentage of Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>63.55%</u>

The Consolidated Government has no present plans to incur additional debt secured by revenues of the System in the next five years; provided, however, the Consolidated Government will consider issuing revenue bonds to refund outstanding Bonds from time to time if the opportunity arises to in order to achieve debt service savings. See “SYSTEM FINANCIAL INFORMATION - Capital Improvements Program” herein.

There has never been a default in payment of the principal of or interest on any revenue bonds of the Consolidated Government, the City, or the County secured by revenues of the System.

## Debt Service Requirements

Following are the principal and interest payment requirements with respect to the Series 2024 Bonds, compared to the principal and interest payment requirements with respect to the Prior Bonds that are not being refunded, for the years shown below. For purposes of calculating the principal payable in any year, the relevant maturity or mandatory redemption amount is used. The debt service requirements set forth below do not include debt service payable on obligations not secured by a lien on the revenues of the System, which consist of the GEFA Notes and the Capital Lease.

Year Ending October 1	Prior Bonds <sup>1</sup>		Series 2024 Bonds				Combined Total Debt Service Requirements
	Principal	Total Debt Service Requirements	Principal	Interest Rate	Interest	Total Debt Service Requirements	
2024	\$ 12,835,000	\$ 19,516,056	\$ 1,200,000	5.00%	\$ 1,186,199.31	\$ 2,386,199.31	\$ 21,902,255.31
2025	13,380,000	26,197,055	6,295,000	5.00	5,789,750.00	12,084,750.00	38,281,805.00
2026	13,960,000	26,205,570	6,605,000	5.00	5,475,000.00	12,080,000.00	38,285,570.00
2027	14,560,000	26,205,943	6,940,000	5.00	5,144,750.00	12,084,750.00	38,290,693.00
2028	15,185,000	26,201,390	7,285,000	5.00	4,797,750.00	12,082,750.00	38,284,140.00
2029	15,840,000	26,195,310	7,650,000	5.00	4,433,500.00	12,083,500.00	38,278,810.00
2030	23,350,000	32,244,255	1,575,000	5.00	4,051,000.00	5,626,000.00	37,870,255.00
2031	22,440,000	10,863,575	20,020,000	5.00	3,972,250.00	23,992,250.00	34,855,825.00
2032	39,865,000	30,238,125	1,735,000	5.00	2,971,250.00	4,706,250.00	34,944,375.00
2033	20,660,000	29,179,025	1,820,000	5.00	2,884,500.00	4,704,500.00	33,883,525.00
2034	21,590,000	27,292,850	1,915,000	5.00	2,793,500.00	4,708,500.00	32,001,350.00
2035	22,555,000	27,293,200	2,010,000	5.00	2,697,750.00	4,707,750.00	32,000,950.00
2036	23,575,000	27,293,500	2,110,000	5.00	2,597,250.00	4,707,250.00	32,000,750.00
2037	24,635,000	27,286,950	2,215,000	5.00	2,491,750.00	4,706,750.00	31,993,700.00
2038	---	27,291,975	2,325,000	5.00	2,381,000.00	4,706,000.00	31,997,975.00
2039	---	27,291,100	2,440,000	5.00	2,264,750.00	4,704,750.00	31,995,850.00
2040	14,000,000	15,547,525	2,565,000	5.00	2,142,750.00	4,707,750.00	20,255,275.00
2041	14,500,000	15,557,525	2,690,000	5.00	2,014,500.00	4,704,500.00	20,262,025.00
2042	15,715,000	16,265,025	2,825,000	4.00	1,880,000.00	4,705,000.00	20,970,025.00
2043	---	---	2,940,000	4.00	1,767,000.00	4,707,000.00	4,707,000.00
2044	---	---	3,060,000	4.00	1,649,400.00	4,709,400.00	4,709,400.00
2045	---	---	3,180,000	4.00	1,527,000.00	4,707,000.00	4,707,000.00
2046	---	---	3,305,000	4.00	1,399,800.00	4,704,800.00	4,704,800.00
2047	---	---	3,440,000	4.00	1,267,600.00	4,707,600.00	4,707,600.00
2048	---	---	3,575,000	4.00	1,130,000.00	4,705,000.00	4,705,000.00
2049	---	---	3,720,000	4.00	987,000.00	4,707,000.00	4,707,000.00
2050	---	---	3,870,000	4.00	838,200.00	4,708,200.00	4,708,200.00
2051	---	---	4,025,000	4.00	683,400.00	4,708,400.00	4,708,400.00
2052	---	---	4,185,000	4.00	522,400.00	4,707,400.00	4,707,400.00
2053	---	---	4,350,000	4.00	355,000.00	4,705,000.00	4,705,000.00
2054	---	---	4,525,000	4.00	181,000.00	4,706,000.00	4,706,000.00
Totals	<u>\$328,645,000</u>	<u>\$464,165,954</u>	<u>\$126,395,000</u>		<u>\$74,276,999.31</u>	<u>\$200,671,999.31</u>	<u>\$664,837,953.31</u>

<sup>1</sup> Excludes debt service on the Refunded Bonds payable after the issuance of the Series 2024 Bonds.

[Remainder of Page Intentionally Left Blank]

## **Five Year Operating History**

Set forth below is an historical, comparative summary of the revenues and expenses of the System for its past five fiscal years and for the three-month periods ended March 31, 2024 and 2023. The information in the following table has been extracted from audited financial statements of the System for the years ended December 31, 2019 to 2022, from the 2023 ACFR for the year ended December 31, 2023, and from unaudited interim financial statements of the System for the three-month period ended March 31, 2024. Although the information for the years ended December 31, 2019 to 2023 was taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the results of operations of the System as of the end of the years shown. The interim amounts set forth below have been prepared by the staff of the System without audit and, in the opinion of staff of the System, include all adjustments necessary for a fair statement of the operating results of the System for such interim periods, all of which adjustments are of a normal recurring nature. The interim amounts reflected below are not necessarily indicative of the financial results that will be achieved for the full fiscal year. For more complete information, reference is made to the financial statements from which this information was extracted, copies of which are available from the Consolidated Government upon request.

**[Remainder of Page Intentionally Left Blank]**

### Summary of System Revenues and Expenses

	Year Ended December 31 (Audited)					Three-Month Periods Ended March 31 (Unaudited)	
	2019	2020	2021	2022	2023	2023	2024
<b>Operating Revenues:</b>							
Water and sewerage sales	\$ 81,009,144	\$ 84,990,065	\$ 80,539,064	\$ 88,467,170	\$92,458,300	\$ 21,189,885	\$ 21,575,740
Industrial sewer charges	2,853,952	1,682,595	1,604,635	2,149,862	1,951,320	456,496	514,757
Water and sewerage service fees	4,679,721	4,290,015	3,615,367	6,660,666	4,121,385	924,640	1,676,800
Department of the Army revenue <sup>1</sup>	9,477,832	7,359,770	8,908,961	7,825,664	8,606,778	1,975,344	2,105,049
Other	<u>733,080</u>	<u>692,279</u>	<u>945,716</u>	<u>711,635</u>	<u>820,304</u>	<u>422,210</u>	<u>217,987</u>
Total operating revenues	<u>98,753,729</u>	<u>99,014,724</u>	<u>95,613,743</u>	<u>105,814,997</u>	<u>107,958,087</u>	<u>24,968,575</u>	<u>26,090,333</u>
<b>Operating Expenses:</b>							
Personnel services	21,055,477	20,052,513	17,345,298	20,732,748	23,993,518	5,029,498	5,110,206
Depreciation	18,434,940	18,406,664	18,546,517	18,868,335	19,974,042	4,740,000	4,740,000
Other operating expenses	6,019,239	5,229,708	5,175,800	6,833,291	7,096,686	1,814,708	1,865,341
Materials and supplies	12,682,575	10,023,724	11,869,919	13,911,378	15,793,451	2,980,855	2,727,766
Professional services	6,999,351	6,770,994	8,321,912	7,642,038	11,450,779	4,230,620	2,817,064
General allocation	1,403,969	1,456,489	1,565,700	1,640,790	1,658,540	414,633	448,143
Risk management	572,557	572,336	594,122	742,354	778,610	194,652	212,040
Vehicle cost allocation	762,466	753,896	718,967	735,343	819,523	199,154	224,256
Pymt in lieu of taxes	2,667,140	2,646,270	2,455,980	2,457,920	2,170,720	542,680	448,940
Pymt in lieu of franchise fees	<u>5,252,840</u>	<u>5,278,260</u>	<u>5,207,840</u>	<u>5,536,880</u>	<u>5,149,840</u>	<u>1,287,460</u>	<u>1,441,882</u>
Total operating expenses	<u>75,850,554</u>	<u>71,190,854</u>	<u>71,802,055</u>	<u>79,101,077</u>	<u>88,885,709</u>	<u>21,434,260</u>	<u>20,035,638</u>
<b>Net Operating Income</b>	<u>22,903,175</u>	<u>27,823,870</u>	<u>23,811,688</u>	<u>26,713,920</u>	<u>19,072,378</u>	<u>3,534,315</u>	<u>6,054,695</u>
<b>Non-Operating Revenues (Expenses):</b>							
Interest revenue <sup>2</sup>	601,769	440,042	854,950	1,072,819	2,572,586	97,354	406,015
Interest and fiscal charges <sup>3</sup>	(14,951,783)	(15,263,873)	(15,049,312)	(14,683,724)	(14,327,163)	(3,835,290)	(3,455,502)
Bond issuance costs	(503,976)	(265,464)	(462,663)	(426,931)	(389,424)	(97,356)	(97,356)
Gain (loss) on sale of assets	<u>46,921</u>	<u>43,032</u>	<u>(38,773)</u>	<u>175,935</u>	<u>18,236</u>	<u>15,210</u>	<u>125</u>
<b>Net non-operating expenses, net</b>	<u>(14,807,069)</u>	<u>(15,046,263)</u>	<u>(14,695,798)</u>	<u>(13,861,901)</u>	<u>(12,125,765)</u>	<u>(3,820,082)</u>	<u>(3,146,718)</u>
<b>Income Before Transfers</b>	8,096,106	12,777,607	9,115,890	12,852,019	6,946,613	(285,767)	2,907,977
<b>Transfers:</b>							
Transfers in from other funds	<u>223,320</u>	<u>---</u>	<u>366,530</u>	<u>60,779</u>	<u>3,096</u>	<u>735</u>	<u>626</u>
<b>Total Transfers</b>	<u>223,320</u>	<u>---</u>	<u>366,530</u>	<u>60,779</u>	<u>3,096</u>	<u>735</u>	<u>626</u>
<b>Change in Net Position</b>	8,319,426	12,777,607	9,482,420	12,912,798	6,949,709	(285,032)	2,908,603
<b>Total Net Position, Beginning of Period</b>	<u>175,021,428</u>	<u>183,340,854</u>	<u>196,118,461</u>	<u>205,600,881</u>	<u>218,513,679</u>	<u>218,513,679</u>	<u>225,463,391</u>
<b>Total Net Position, End of Period</b>	<u>\$183,340,854</u>	<u>\$196,118,461</u>	<u>\$205,600,881</u>	<u>\$218,513,679</u>	<u>\$225,463,391</u>	<u>\$218,228,647</u>	<u>\$228,371,994</u>

<sup>1</sup> Represents payments made by the Army to the Consolidated Government pursuant to the Fort Eisenhower Facilities Contract. For more information, see “**THE SYSTEM - Fort Eisenhower Municipal Services Program**” herein. See Note 8 of the audited financial statements of the System included as Appendix A to this Official Statement for further information concerning the Army revenue.

<sup>2</sup> Interest income for fiscal years 2019 through 2023 and for the three-month periods ended March 31, 2023 and 2024 includes investment earnings on the construction fund held under the Bond Resolution in the following amounts: fiscal year 2019 - \$404,061, fiscal year 2020 - \$280,504, fiscal year 2021 - \$721,391, fiscal year 2022 - \$978,469, fiscal year 2023 - \$459,320, three-month period ended March 31, 2023 - \$114,830, and three-month period ended March 31, 2024 - \$121,867.

<sup>3</sup> Interest and fiscal charges for fiscal years 2019 through 2023 and for the three-month periods ended March 31, 2023 and 2024 includes interest and fiscal charges on revenue bonds in the following amounts: fiscal year 2019 - \$14,596,803, fiscal year 2020 - \$14,938,333, fiscal year 2021 - \$14,746,848, fiscal year 2022 - \$14,405,037, fiscal year 2023 - \$14,142,056, three-month period ended March 31, 2023 - \$3,766,367, and three-month period ended March 31, 2024 - \$3,392,727.

## **Management's Discussion and Analysis of Results of Operations**

Total operating revenue increased from approximately \$98.8 million in fiscal year 2019 to approximately \$99.0 million in fiscal year 2020, while total operating expenses decreased from approximately \$75.9 million in fiscal year 2019 to approximately \$71.2 million in fiscal year 2020, resulting in a net operating income increase of approximately \$4.9 million (18.6%) during that period. System management attributes the increase in net operating income in part due to the effect of the COVID-19 pandemic, which resulted in the slight increase in operating revenue that was more than offset by lower costs due to shut downs and supply chain issues making purchasing difficult.

In fiscal year 2021, the System saw demand and operating revenue decrease by approximately \$3.4 million (3.4%) in spite of the Consolidated Government's annual 3% rate increase, again due to the continued COVID-19 pandemic, as well as an unusually wet year, causing a decrease in summer outside watering. As in fiscal year 2020, however, mainly due to COVID-related shut downs and a hiring freeze with much lower overtime, personnel costs also dropped by approximately \$2.7 million helping to offset higher operating costs due to supply chain and inflation pressures.

Revenues rebounded in fiscal 2022, with operating revenue increasing by approximately 6.9% from fiscal year 2020, exceeding the effect of the annual 3.0% rate increases in each of fiscal 2021 and fiscal year 2022. Fiscal year 2022 also experienced an increase in operating expenses of approximately \$7.1 million, most notably in personnel services, which was due to approximately \$2.5 million in salary increases necessitated by the decision of the largest nearby water utility to raise their minimum salaries to a level that compelled the Consolidated Government to match in order to compete in the labor market. Other operating expenses also continued to increase with supply chain and inflation pressures. As a result, the combined effect was a slight decrease in net operating income from fiscal year 2020, but an increase of approximately \$2.9 million (12.2%) from fiscal year 2021.

In fiscal year 2023, operating revenues increased by approximately \$2.2 million (2%) over fiscal year 2022 operating revenues. Continuing supply chain and inflation pressures, however, resulted in increased materials and supplies expense. In addition, professional services expense increased by approximately \$3.9 million from fiscal year 2022 to fiscal year 2023, due in large part from a one-time settlement with the Consolidated Government's wastewater plant operator of authorized, but contractually reimbursable wastewater plant capital expenditures of approximately \$2.7 million that had accumulated for several years.

The financial results for the three-month periods ended March 31, 2023 and 2024 show the significant effect of comparing early season operations with steady annual costs to revenue at the slowest time of the year for service demand, creating a slight net loss before transfers as of March 31, 2023, that quickly recovers to a surplus of \$6.9 million by the end of 2023. The three-month period ended March 31, 2024 is improved over the same period in 2023, with net income before transfers of approximately \$2.9 million (unaudited) for that period as compared to \$(285,032) (unaudited) in the same period during the prior year.

**[Remainder of Page Intentionally Left Blank]**

## Historical and Forecasted Debt Service Coverage Ratios

Set forth below is the System's historical ratios of Net Revenues Available for Debt Service to Debt Service on Revenue Bonds secured by revenues of the System, for the past five fiscal years and for the three-month periods ended March 31, 2023 and 2024.

	<u>Historical Debt Service Coverage Ratios</u>						
	Years Ended December 31					Three-month Periods Ended March 31	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>
Historical Net Revenues Available for Debt Service <sup>1</sup>	\$49,100,823	\$53,989,062	\$49,853,120	\$53,392,718	\$48,295,139	\$10,018,056	\$12,906,890
Historical Debt Service on Revenue Bonds <sup>2</sup>	<u>19,470,960</u>	<u>19,886,964</u>	<u>27,492,910</u>	<u>33,926,898</u>	<u>34,387,508</u>	<u>8,596,877<sup>3</sup></u>	<u>8,595,916<sup>3</sup></u>
Historical Debt Service Coverage Ratio	<u>2.52x</u>	<u>2.71x</u>	<u>1.81x</u>	<u>1.57x</u>	<u>1.40x</u>	<u>1.17x</u>	<u>1.50x</u>

<sup>1</sup> Change in net position of the System plus (i) interest on revenue bonds, (ii) depreciation and amortization, (iii) payments in lieu of taxes and payments in lieu of franchise fees, (iv) loss on sale of assets, and (v) transfers out to other funds; and minus (a) interest income earned on the Construction Fund held under the Bond Resolution, (b) gain on sale of assets, and (c) transfers in from other funds.

<sup>2</sup> Excludes debt service on the GEFA Notes and the Capital Lease, since these obligations are not secured by revenues of the System.

<sup>3</sup> 3/12ths of Historical Debt Service on Revenue Bonds.

The Consolidated Government has prepared a financial forecast of the System's net revenues available for debt service, for a period of six years commencing with fiscal year 2024, based upon assumptions and estimates concerning future events and circumstances that the Consolidated Government believes to be reasonable. The Consolidated Government's financial forecast has been examined and reported on by Raftelis Financial Consultants, Inc., Charlotte, North Carolina, the Consolidated Government's feasibility consultant. The forecasted Debt Service Coverage Ratios set forth below are derived from the financial forecast included in Appendix B to this Official Statement, the Feasibility Report prepared by Raftelis Financial Consultants, Inc.

THE FINANCIAL FORECAST IS BASED SOLELY UPON ASSUMPTIONS MADE BY THE CONSOLIDATED GOVERNMENT, INCLUDING, WITHOUT LIMITATION, ASSUMPTIONS AS TO RATES FOR WATER AND SEWER SERVICE, STABILITY AND GROWTH OF THE CUSTOMER BASE, AND OPERATING EXPENSES. THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH SUCH ASSUMPTIONS, THAT UNCONTROLLABLE FACTORS WILL NOT AFFECT SUCH ASSUMPTIONS, OR THAT THE FORECASTED RESULTS WILL BE ACHIEVED. THE ACHIEVEMENT OF THE FINANCIAL FORECAST WILL BE AFFECTED BY ECONOMIC CONDITIONS AND OTHER UNCONTROLLABLE FACTORS AND IS DEPENDENT UPON THE OCCURRENCE OF FUTURE EVENTS THAT CANNOT BE ASSURED. THUS, THE ACTUAL RESULTS ACHIEVED MAY VARY FROM THOSE FORECAST, AND SUCH VARIATIONS COULD HAVE AN ADVERSE EFFECT UPON THE SYSTEM'S NET REVENUES AVAILABLE FOR DEBT SERVICE. THE ASSUMPTIONS AND RATIONALE INCLUDED IN THE FEASIBILITY REPORT ARE AN INTEGRAL PART OF THE FORECAST. THE FEASIBILITY REPORT, INCLUDING ALL COMMENTS, ASSUMPTIONS, NOTES, AND DISCLAIMERS, SHOULD BE READ IN ITS ENTIRETY. See **"FEASIBILITY REPORT"** in Appendix B to this Official Statement.



Forecasted Debt Service Coverage Ratios

	Years Ending December 31					
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Forecasted Net Revenues Available for Debt Service <sup>1</sup>	\$52,203,480	\$55,329,829	\$58,676,885	\$62,261,637	\$66,099,960	\$70,227,672
Maximum Annual Debt Service on Prior Bonds and Series 2024 Bonds <sup>2</sup>	<u>38,290,693</u>	<u>38,290,693</u>	<u>38,290,693</u>	<u>38,290,693</u>	<u>38,290,693</u>	<u>38,290,693</u>
Forecasted Debt Service Coverage Ratio on Prior Bonds and Series 2024 Bonds <sup>2</sup>	<u>1.36x</u>	<u>1.44x</u>	<u>1.53x</u>	<u>1.63x</u>	<u>1.73x</u>	<u>1.83x</u>

<sup>1</sup> Change in net position of the System plus (i) interest on revenue bonds, (ii) depreciation and amortization, (iii) payments in lieu of taxes and payments in lieu of franchise fees, (iv) loss on sale of assets, and (v) transfers out to other funds; and minus (a) interest income earned on the Construction Fund held under the Bond Resolution, (b) gain on sale of assets, and (c) transfers in from other funds.

<sup>2</sup> Excludes the Refunded Bonds.

**[Remainder of Page Intentionally Left Blank]**

## Operating Budget

The Consolidated Government is not legally required to adopt a budget for the System. The staff of the System, however, prepares an annual operating budget for the System for management control purposes. The staff of the System uses the accrual basis of accounting in its annual operating budget for the System, which is consistent with the basis of accounting used in the System's financial statements.

Set forth below is a summary of the System's budget for the year ending December 31, 2024. This budget is based upon certain assumptions and estimates of the staff of the System regarding future events, transactions, and circumstances. Realization of the results projected in this budget will depend upon implementation by management of the System of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budget set forth below.

### System Budget for Year Ending December 31, 2024

<b>Operating Revenues:</b>	
Charges for service and sales	\$113,660,340
<b>Operating Expenses<sup>1</sup>:</b>	
Personnel services	26,114,770
Other operating expenses and supplies	42,450,780
Payment in lieu of taxes	1,795,760
Payment in lieu of franchise fees	5,767,530
Depreciation	<u>19,000,000</u>
Total operating expenses	<u>95,128,840</u>
<b>Operating Income</b>	<u>18,531,500</u>
<b>Non-Operating Revenues (Expenses):</b>	
Interest income	181,040
Interest expense	<u>(14,126,440)</u>
Total non-operating revenues (expenses)	<u>(13,945,400)</u>
<b>Change in Net Position</b>	<u>4,586,100</u>
<b>Total Net Position, Beginning of Year</b>	<u>226,218,041</u>
<b>Total Net Position, End of Year</b>	<u>\$230,804,141</u>

## Capital Improvements Program

The following table summarizes the estimated value of capital improvements made to the System in each year for the past five fiscal years and the funding sources for such capital improvements.

<u>Fiscal Year</u>	<u>Total Value of Capital Improvements</u>	<u>Funding Sources</u>	
		<u>System Revenues</u>	<u>Debt Proceeds and Investment Earnings</u>
2019	\$17,032,348	\$11,512,808	\$5,519,540
2020	21,739,558	15,086,745	6,652,813
2021	18,090,160	15,156,513	2,933,647
2022	11,866,187	7,926,636	3,939,551
2023	15,055,073	13,602,316	1,452,757

The staff of the System has developed a multi-year capital improvements program and a plan to finance the program that relies on proceeds of revenue bonds and investment earnings on such proceeds. The capital improvements program allows the staff of the System to plan, on a long-term basis, for future System capital needs. Each year the capital improvements program is updated.

The following table summarizes the System's capital improvements program for fiscal years 2024 through 2028.

Type of Capital Expenditure	Years Ending December 31					Total
	2024	2025	2026	2027	2028	
Water System	\$ ---	\$ 6,925,000	\$11,875,000	\$ 5,960,000	\$ ---	\$ 24,760,000
Sewer System	---	11,475,000	11,850,000	13,515,000	---	36,840,000
System-Wide Improvements	<u>18,405,755</u>	<u>13,767,753</u>	<u>10,755,000</u>	<u>11,115,400</u>	<u>\$6,556,362</u>	<u>60,600,270</u>
Total Costs	<u>\$18,405,755</u>	<u>\$32,167,753</u>	<u>\$34,480,000</u>	<u>\$30,590,400</u>	<u>\$6,556,362</u>	<u>\$122,200,270</u>
Type of Funding Source						
System Operating Revenues and Reserves	\$1,900,000	\$6,000,000	\$6,180,000	\$6,365,400	\$6,556,362	\$ 27,001,762
Series 2024 Bonds <sup>1</sup>	4,000,000	23,475,000	28,300,000	24,225,000	---	80,000,000
ARPA and Other Grant Funds	9,100,000	---	---	---	---	9,100,000
Prior Bond Proceeds	<u>3,405,755</u>	<u>2,692,753</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>6,098,508</u>
Total Funding Sources	<u>\$18,405,755</u>	<u>\$32,167,753</u>	<u>\$34,480,000</u>	<u>\$30,590,400</u>	<u>\$6,556,362</u>	<u>\$122,200,270</u>

<sup>1</sup> Represents proceeds of the Series 2024 Bonds. Excludes estimated investment earnings on the Series 2024 Bonds of approximately \$5.3 million, all of which will be applied to capital expenditures.

The staff of the System, as part of its regular planning process, anticipates additional capital expenditures beyond planned projects for routine, miscellaneous renewal and replacement. These costs are included in the estimates above which are expected to be funded by System revenues in the amount of approximately \$6.0 million per year for fiscal years 2025 through 2028.

## Employee Benefits

### General

The Consolidated Government presently maintains one agent multiple-employer (the "GMEBS Plan"), and six single-employer defined-benefit pension plans (the "General Retirement Plan," the "1945 Plan," the "General Pension Plan," the "Policemen's Pension Plan," the "Firemen's Pension Plan," and the "City Employees' Pension Plan"), described below, covering certain employees of the Consolidated Government, including certain employees related to the System. The Consolidated Government also presently maintains a defined-contribution plan and a deferred compensation plan, each described below, covering certain employees of the Consolidated Government, including certain employees related to the System, and provides certain other employee and post-employment benefits, which are described below, to certain employees of the Consolidated Government, including certain employees related to the System. The Consolidated Government does not maintain separate retirement plans or post-employment benefits for employees related to the System.

### Pension Plans

The GMEBS Plan is administered through the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. Effective January 1, 2008, the Consolidated Government revised the plan provisions governing the GMEBS and transferred all participants in the single-employer defined-benefit pension plan known as the "1977 Plan," which covered certain former County employees, into the GMEBS Plan. In addition, the Consolidated Government offered all participants in its defined-contribution plan described below the option to transfer their contributions from that plan to the revised GMEBS Plan. All but 290 of the participants in the defined-contribution plan elected to transfer their contributions to the GMEBS Plan.

The General Retirement Plan, the General Pension Plan, the Policemen's Pension Plan, the Firemen's Pension Plan, and the City Employee's Pension Plan cover former City employees. The 1945 Plan covers certain former County employees. The funding methods and determination of benefits payable for the defined-benefit plans in general provide that pension funds are to be accumulated from employee contributions, employer contributions, and

income from the investment of accumulated funds. Former City policemen and firemen hired before 1945 are covered under the General Pension Plan. Former City policemen hired between 1945 and 1949 are covered under the Policemen's Pension Plan. Former City firemen hired between 1945 and 1949 are covered under the Firemen's Pension Plan. Other former City employees hired between 1945 and 1949 are covered by the City Employees' Pension Plan. Former City employees hired after March 1, 1949 and before March 1, 1987, whose age did not exceed 35 at the time of their employment, are covered by the General Retirement Plan. Former City employees hired on or after March 1, 1987 and before consolidation of the City and County governments are covered by the GMEBS Plan. Former County employees hired prior to October 1, 1975 are covered by the 1945 Plan. Former County employees not covered by the 1945 Plan, whose age did not exceed 60 at the time of their employment, were covered by the 1977 Plan until January 1, 2008 and are now covered by the GMEBS Plan.

Consolidated Government employees who are not covered by another plan are covered by the defined-contribution plan described below. All of the Consolidated Government's pension plans, except for the GMEBS Plan, are closed to new employees.

Set forth below is selected information about the Consolidated Government's defined-benefit pension plans. All dollar amounts reported below are an allocation to the System of the total balances included in the Consolidated Government's annual comprehensive financial reports, copies of which are available from the Consolidated Government upon request. Membership data is shown for all participants in each plan.

Contributions to Defined-Benefit Pension Plans

	Years Ended December 31			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<i>1945 Plan</i>				
Employer Contributions	\$22,937	\$29,859	\$48,127	\$46,137
Employee Contributions	25	-0-	-0-	-0-
<i>General Retirement Plan</i>				
Employer Contributions	\$190,229	\$232,499	\$221,020	\$211,893
Employee Contributions	5,306	2,718	2,932	2,495
<i>GMEBS<sup>1</sup></i>				
Employer Contributions	\$692,084	\$729,203	\$836,656	\$806,357
Employee Contributions	524,963	745,373	707,795	689,285

<sup>1</sup> The 1977 Plan was terminated effective January 1, 2008 when all participants in the 1977 Plan were transferred to the GMEBS Plan.

**[Remainder of Page Intentionally Left Blank]**

Net Pension Liability of Defined-Benefit Pension Plans

<u>Actuarial Valuation Date</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>
<i>1945 Plan</i>						
12/31/19	\$728,746	\$ 552,226	\$ 176,520	75.8%	\$---	n/a
12/31/20	679,038	554,299	124,739	81.6	---	n/a
12/31/21	659,607	612,978	46,629	92.9	---	n/a
12/31/22	666,497	479,265	187,232	71.9	---	n/a
<i>General Retirement Plan</i>						
12/31/19	\$8,319,079	\$6,830,853	\$1,488,226	82.1%	\$61,722	2411.2%
12/31/20	8,057,268	7,190,933	866,335	89.2	50,977	1699.5
12/31/21	7,731,204	8,081,361	(350,157)	104.5	39,500	(886.5)
12/31/22	7,769,518	6,206,450	1,563,068	79.9	44,464	3515.4
<i>GMEBS<sup>1</sup></i>						
12/31/19	\$20,920,821	\$15,522,284	\$5,398,537	74.2%	\$10,133,974	53.3%
12/31/20	26,202,875	16,387,352	9,815,523	62.5	11,005,606	89.2
12/31/21	28,506,920	24,138,016	4,368,904	84.7	11,152,247	39.2
12/31/22	27,339,219	25,910,175	1,429,044	94.8	10,691,749	13.4

<sup>(1)</sup> The 1977 Plan was terminated effective January 1, 2008 when all participants in the 1977 Plan were transferred to the GMEBS Plan.

Membership in Defined-Benefit Pension Plans

	<u>Retirees and Beneficiaries Receiving Benefits</u>	<u>Terminated Plan Members Entitled to But Not Yet Receiving Benefits</u>	<u>Active Plan Members</u>
1945 Plan <sup>1</sup>	16	---	---
General Retirement Plan <sup>1</sup>	181	5	7
GMEBS <sup>2</sup>	808	194	2,211

<sup>1</sup> As of December 31, 2022 actuarial valuation date.

<sup>2</sup> As of July 1, 2022 actuarial valuation date.

The Consolidated Government is required by Georgia law to have an actuarial valuation of its defined-benefit pension plans done once every two years. The Consolidated Government met the minimum funding levels prescribed by state law through January 1, 2024.

The Consolidated Government has an actuarial valuation of the GMEBS Plan done every year and an actuarial valuation of the 1945 Plan and the General Retirement Plan done once every two years. The actuarial report prepared by The Segal Group, Inc. ("Segal"), dated September 14, 2023, presents the results of the July 1, 2023 actuarial valuation of the GMEBS Plan. The actuarial reports prepared by the CBIZ Benefits & Insurance Services, Inc. ("CBIZ"), dated May 26, 2022, present the results of the January 1, 2022 actuarial valuations of the General Retirement Plan and the 1945 Plan. For more complete information, reference is made to these actuarial reports, copies of which are available from the Consolidated Government upon request.

Note 5 of the audited financial statements included as Appendix A to this Official Statement contains a detailed description of the Consolidated Government's defined-benefit pension plans covering employees of the Consolidated Government and reports on an allocation to the System of the total balances in the plans. This description includes the principal actuarial assumptions used by Segal in preparing the actuarial valuation of the GMEBS Plan as of July 1, 2022, and used by CBIZ in preparing the actuarial valuations of the 1945 Plan and the General Retirement Plan as of January 1, 2022.

INFORMATION INCLUDED IN THIS SECTION REGARDING THE CONSOLIDATED GOVERNMENT'S DEFINED-BENEFIT PENSION PLANS RELIES ON INFORMATION PRODUCED BY THESE PENSION PLANS AND THEIR INDEPENDENT ACCOUNTANTS AND ACTUARIES. ACTUARIAL ASSESSMENTS ARE "FORWARD-LOOKING" INFORMATION THAT REFLECT THE JUDGMENT OF THE FIDUCIARIES OF THESE PENSION PLANS. ACTUARIAL ASSESSMENTS ARE BASED UPON A VARIETY OF ASSUMPTIONS, ONE OR MORE OF WHICH MAY PROVE TO BE INACCURATE OR BE CHANGED IN THE FUTURE, AND WILL CHANGE WITH THE FUTURE EXPERIENCE OF THESE PENSION PLANS.

#### *Defined Contribution Plan*

The Consolidated Government maintains a single employer, defined-contribution plan created in accordance with Internal Revenue Code Section 401(a) for certain of its full-time employees, including full-time employees related to the System. In a defined-contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Consolidated Government has no liability under this plan except for contributions established and made each year. Employees are eligible to participate in the plan after one month of employment. Participants in the plan are required to contribute 4% of their salary, and the Consolidated Government is required to contribute 2% of the participant's salary to the plan. The Consolidated Government's contributions for each employee are fully vested after five years of continuous employment. The plan is administered by Nationwide Life Insurance. As of December 31, 2022, there were approximately 173 participants in the plan. For the year ended December 31, 2022, participants in the plan contributed approximately \$185,016 and the Consolidated Government contributed approximately \$92,525. The plan is currently closed to new participants.

#### *Deferred Compensation Plan*

The Consolidated Government also offers its employees, including employees related to the System, a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is available to all employees and permits them to defer income taxation of a portion of their salary to future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency, but employees do not incur a penalty for early withdrawal. All of the contributions into the plan come from employee contributions. In accordance with Internal Revenue Code Section 457, plan assets are held in trust for the exclusive benefit of plan participants. Accordingly, the assets and liabilities of the trust are not reflected in the City's financial statements.

#### *Other Employee Benefits*

Consolidated Government employees, including employees related to the System, accrue vacation and sick leave in different amounts, depending upon the period of time the Consolidated Government has employed them. The maximum amount of vacation leave that employees may accumulate is 43 days. The Consolidated Government pays accrued vacation leave upon termination of employment and has reflected a liability for accumulated vacation pay in its financial statements. The maximum amount of sick leave that Consolidated Government employees (other than firefighters) may accumulate is 132 days. The Consolidated Government, however, does not pay accrued sick leave upon termination of employment and has not reflected accumulated sick leave as a liability in the Consolidated Government's financial statements.

#### *Other Post-Retirement Benefits*

In addition to pension benefits, the Consolidated Government provides certain medical and death benefits for eligible retired employees of the Consolidated Government and their spouses, including eligible retired employees related to the System and their spouses. The Consolidated Government's employees who are also participants in one of the retirement plans are eligible for these post-employment retirement benefits if they reach normal retirement age or are totally disabled while employed by the Consolidated Government. The cost of these benefits is recognized as expenditures as claims and premiums are paid. For the year ended December 31, 2022, the Consolidated Government contributed \$297,761 to post-employment retirement benefits costs allocable to the System. The Consolidated Government currently funds and intends to continue to fund these benefits on a pay-as-you-go basis. No trust fund has been established for future funding of these benefits. As of December 31, 2022, the most recent date for which an actuarial valuation is available, the actuarial accrued liability for benefits allocable to the System was \$9,493,815 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability allocable to the System of \$9,493,815. As of the December 31, 2022 actuarial valuation, there were 547 retirees and spouses of retirees receiving these post-employment retirement benefits. See Note 6 of the audited financial statements of the Consolidated Government included as Appendix A to this Official Statement for further information concerning the Consolidated Government's post-retirement benefits.

## Risk Management

### *Insurance Coverage and Governmental Immunity*

Under Georgia law, the defense of sovereign immunity is available to the Consolidated Government, except for actions for the breach of written contracts and actions for the recovery of damage for any claim for which liability insurance protection has been provided, but only to the extent of the liability insurance provided. The Consolidated Government, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the Consolidated Government in the exercise of its delegated powers.

The Consolidated Government carries liability insurance for the System or is self-insured for the types of claims and in amounts that are customary for similar enterprises. The Consolidated Government also carries property and casualty damage insurance on buildings and other physical assets related to the System. See “**SUMMARY OF THE BOND RESOLUTION - Insurance**” in Appendix C to this Official Statement for a description of the Consolidated Government’s covenants regarding insurance for the System.

Present insurance coverage for the Consolidated Government (including the System but excluding coverage relating to its airports) is summarized below:

<u>Type</u>	<u>Amount in Force</u>	
Building and Contents <sup>1</sup>	\$922,991,197	
Employee Blanket Bond	100,000	
Public Official Bond for each Commissioner	10,000	

  

<u>Type</u>	<u>Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Aggregate</u>
Public Officials’ Liability <sup>2</sup>	\$ 2,000,000	None
Pollution Legal Liability	10,000,000	\$10,000,000
Directors and Officers Liability <sup>3</sup>	1,000,000	1,000,000
Automobile Liability <sup>4</sup>	1,000,000	None

<sup>1</sup> Includes boiler and machinery and valuable papers. Deductible of \$50,000 applies.

<sup>2</sup> Self-insured retention of \$250,000 applies.

<sup>3</sup> Self-insured retention of \$10,000 applies.

<sup>4</sup> Includes pilot and fleet coverage, combined single limit (bodily injury and property damage).

The Consolidated Government maintains four Risk Management Funds to account for and finance its self-insured risks of loss. The Risk Management Funds are maintained to provide general liability insurance, workers’ compensation coverage, and unemployment coverage for the Consolidated Government. As of December 31, 2022, the fund balances of the Risk Management Funds totaled \$1,034,593. In addition, as of December 31, 2022, the Consolidated Government designated \$4,525,000 of its unreserved fund balance in its general fund for risk management. The Consolidated Government is also self-insured for its workers’ compensation coverage through a self-insurance program that is administered under contracts with third party administrators. For a description of the Consolidated Government’s self-insurance programs, see Note 11 to the audited financial statements of the Consolidated Government included as Appendix A to this Official Statement.

A summary of the Consolidated Government’s self-insured retention and excess liability insurance coverage is set forth below:

<u>Type</u>	<u>Self-Insured Retention</u>		<u>Excess Liability Insurance Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Aggregate</u>	<u>Each Occurrence</u>	<u>Aggregate</u>
Workers’ Compensation	\$1,000,000	None	\$1,000,000	None

The Consolidated Government requires payment and performance surety bonds and builders' risk insurance of all contractors and subcontractors involved in construction related to the System. The Consolidated Government requires the surety bonds to be issued by surety firms listed on the U.S. Treasury-approved list and the builders' risk insurance to be in the amount of the contract sums.

### *Cybersecurity*

Cybersecurity is a significant concern for city and county governments, including the Consolidated Government. The Consolidated Government relies on computer systems and technologies to conduct many of its operations, including its internal and external communications, customer facing interactions, dissemination of information, online services, life safety services, operation of the System, accounting, and other administrative functions. Despite security measures, policies, and training, the Consolidated Government, like other public and private entities, is vulnerable to cyberattacks by third parties.

The Consolidated Government experienced and responded to a cybersecurity incident that began on May 21, 2023. On that date, the Consolidated Government began experiencing a disruption to certain of its computer systems. Based on its investigation, the Consolidated Government determined that an unauthorized actor gained access to certain Consolidated Government computer systems. The Consolidated Government did not communicate with the cybercrime group that has claimed responsibility for the incident. The Consolidated Government cooperated with law enforcement in their investigation into the incident.

During the disruption, the office of Mayor Garnett Johnson voluntarily released public statements on the Consolidated Government's website regarding the status of the disruption and its impact on Consolidated Government operations.

While the 2023 cybersecurity incident disrupted the Consolidated Government's daily operations in certain ways, the disruption did not have a material impact on the Consolidated Government's operations or on its finances and did not compromise the delivery of water/wastewater services to customers of the System. The Consolidated Government's revenue sources (including System revenues) were not impacted or compromised, and the incident did not disrupt the Consolidated Government's ability to meet employee payroll or make vendor payments, its access to banking services, or its ability to make timely debt service payments on outstanding debt. Due to the incident, ad valorem property taxes levied for 2023 were not billed until mid-September 2023 and were not due until mid-November 2023, and as of the date hereof 91.3% of the 2023 assessed ad valorem property taxes have been collected.

Since the resolution of the cybersecurity incident, the Consolidated Government reassessed its security practices and protocols and has undertaken additional recommended measures in order to further enhance its cybersecurity. Based on best practices, the Consolidated Government does not disclose its cybersecurity threat contingency plans (including whether the Consolidated Government has obtained cybersecurity insurance). Due to the evolving nature of cyber threats, no assurances can be given, however, that these security measures or contingency plans will successfully prevent cyberattacks in the future.

## **LEGAL MATTERS**

### **Pending Litigation**

The Consolidated Government, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of the affairs of the System. The Consolidated Government, after reviewing the current status of all pending and threatened litigation relating to the System with its counsel, Plunkett, Hamilton, Manton & Graves, LLP, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the Consolidated Government relating to the System or its officials in such capacity are adequately covered by insurance or self-insurance reserves maintained by the Consolidated Government or will not have a material adverse effect upon the financial position or results of operations of the System.

There is no litigation now pending or, to the knowledge of the Consolidated Government, threatened against the Consolidated Government which restrains or enjoins the issuance or delivery of the Series 2024 Bonds, the pledge of the Pledged Revenues to secure the Series 2024 Bonds, or the use of the proceeds of the Series 2024 Bonds or which questions or contests the validity of the Series 2024 Bonds or the proceedings and authority under which they are to be issued and secured. There is no litigation now pending or, to the knowledge of the Consolidated Government, threatened against the Consolidated Government that contests or questions the creation,



organization, or existence of the Consolidated Government or the title of the present members or other officials of the Consolidated Government to their respective offices.

## **Tax Matters**

### *Generally*

In the opinion of Murray Barnes Finister LLP, Bond Counsel, under existing statutes, rulings and court decisions, and assuming compliance by the Consolidated Government with certain tax covenants, interest on the Series 2024 Bonds (including any original issue discount properly allocable to a holder of the Series 2024 Bonds) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. Except as provided below with respect to original issue premium, no opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on, or the ownership of, the Series 2024 Bonds.

Ownership of the Series 2024 Bonds may result in other collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2024 Bonds. Purchasers of the Series 2024 Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In rendering its opinion that the interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, Bond Counsel will (a) rely as to questions of fact material to its opinion upon certificates and certified proceedings of public officials, including officials of the Consolidated Government, and representations of the Consolidated Government (including representations as to the use and investment of the proceeds of the Series 2024 Bonds), without undertaking to verify the same by independent investigation and (b) assume continued compliance by the Consolidated Government with its covenants relating to the use of the proceeds of the Series 2024 Bonds and compliance with the requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), including the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the related Series 2024 Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds.

### *Original Issue Premium*

An amount equal to the excess of the purchase price of a Series 2024 Bonds over its stated redemption price at maturity constitutes premium on such Series 2024 Bond. A purchaser of a Series 2024 Bond must amortize any premium over such Series 2024 Bond’s term using constant yield principles, based on the Series 2024 Bond’s yield to maturity. As premium is amortized, the purchaser’s basis in such Series 2024 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Series 2024 Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

The foregoing is a general discussion of certain federal income tax consequences of original issue premium and does not purport to deal with all tax questions that may be relevant to particular investors or circumstances. Purchasers of any Series 2024 Bond at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Series 2024 Bonds.

### *Original Issue Discount*

In the opinion of Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, any original issue discount in the selling price of a Series 2024 Bond, to the extent properly allocable to a holder of such Series 2024 Bond, is excludable from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of such Series 2024 Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Series 2024 Bond was sold.

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a constant yield to maturity basis. The amount of the original issue discount that accrues to an owner of a discount bond who

acquires such discount bond during any accrual period generally equals (a) the issue price of such discount bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (b) the yield to maturity of such discount bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (c) any interest payable on such discount bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in a discount bond for the purpose of determining gain or loss upon a subsequent sale, exchange, payment, or redemption. Any gain realized by an owner from a sale, exchange, payment, or redemption of a discount bond would be treated as gain from the sale or exchange of such discount bond.

The foregoing is a general discussion of original issue discount. Purchasers of discount Series 2024 Bonds should consult their own tax advisors with respect to the determination and treatment of original issue discount for federal income tax purposes and with respect to state and local tax consequences of owning such discount Series 2024 Bonds.

#### *State of Georgia*

In the opinion of Bond Counsel, under existing law, interest on the Series 2024 Bonds is exempt from present state income taxation within the State of Georgia. Interest on the Series 2024 Bonds may or may not be subject to state or local income taxation in jurisdictions other than the State of Georgia. Purchasers of the Series 2024 Bonds should consult their own tax advisor with respect to the tax-exempt status of interest on the Series 2024 Bonds in a particular state or local jurisdiction other than the State of Georgia.

#### **Validation Proceedings**

The State of Georgia instituted proceedings in the Superior Court of Richmond County, Georgia to validate the Series 2024 Bonds and the security therefor. The State of Georgia was the plaintiff in the proceeding, and the Consolidated Government was the defendant. A final judgment confirming and validating the Series 2024 Bonds and the security therefor was entered on January 29, 2024. Under Georgia law, the judgment of validation will be forever final and conclusive against the Consolidated Government upon the validity of the Series 2024 Bonds and the security therefor.

#### **Closing Certificates**

At closing of the sale of the Series 2024 Bonds, the Consolidated Government will deliver to the purchasers a certificate (1) that no litigation is pending or threatened against it that would have a material effect on the issuance or validity of the Series 2024 Bonds or the security for the Series 2024 Bonds or, except as disclosed in this Official Statement, on the financial condition of the System, and (2) that the information contained in this Official Statement does not contain any misstatement of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

## **MISCELLANEOUS**

#### **Ratings**

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), have assigned ratings of "A1" and "A+," respectively, to the Series 2024 Bonds. The ratings reflect only the respective views of the rating agencies, and any desired explanation of the significance of each rating should be obtained from the rating agency furnishing such rating, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that either or both of such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the liquidity and market price of the Series 2024 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

### **Sale at Competitive Bidding**

The Series 2024 Bonds were offered by the Consolidated Government at competitive bidding on June 27, 2024, in accordance with the Notice of Sale. The interest rates shown on the inside cover page of this Official Statement are the interest rates to the Consolidated Government resulting from the award of the Series 2024 Bonds at a competitive bidding. The yields shown on the inside cover page of this Official Statement were furnished by Mesirow Financial, Inc., the successful bidder for the Series 2024 Bonds. All other information concerning the nature and terms of any re-offering should be obtained from the successful bidder for the Series 2024 Bonds and not from the Consolidated Government.

### **Financial Advisor**

The Consolidated Government has employed Davenport & Company LLC, Atlanta, Georgia, as its Financial Advisor in connection with the issuance of the Series 2024 Bonds. The Financial Advisor has not conducted a detailed investigation of the affairs of the Consolidated Government to determine the completeness or accuracy of this Official Statement. Because of its limited participation, the Financial Advisor has not independently verified any of the data contained herein, makes no representations or warranties, express or implied, as to the accuracy or completeness of such information, and has no responsibility for the accuracy or completeness thereof.

### **Independent Professionals**

The financial statements of the System as of December 31, 2022 and 2021 and for the years then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Macon, Georgia, independent certified public accountants, to the extent and for the periods indicated in their report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC.

The Consolidated Government has retained Raftelis Financial Consultants, Inc., Charlotte, North Carolina, as its financial consultant to prepare the Feasibility Report included as Appendix B to this Official Statement, which is included herein in reliance upon the authority of such firm as experts in related financial matters.

### **Verification of Mathematical Accuracy**

The Verification Agent will deliver to the Consolidated Government, on or before the delivery date of the Series 2024 Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the government obligations, to pay, when due, the principal of and interest on the Refunded Bonds.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the Consolidated Government and its representatives. The Verification Agent has restricted its procedures to recalculating the computations provided by the Consolidated Government and its representatives and has not evaluated or examined the assumptions or information used in the computations.

### **Additional Information**

Use of the words “shall,” “must,” or “will” in this Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2024 Bonds.

## **CERTIFICATION**

The execution and delivery of this Official Statement, and its distribution and use, have been duly authorized and approved by the Consolidated Government.

**AUGUSTA, GEORGIA**

By: /s/ Garnett L. Johnson  
Mayor, Augusta-Richmond County Commission

## **APPENDIX A**

### **FINANCIAL STATEMENTS OF THE SYSTEM**

The financial statements of the System as of December 31, 2022 and 2021 and for the years then ended, included as this Appendix A, have been audited by Mauldin & Jenkins, LLC, Macon, Georgia, independent certified public accountants, to the extent and for the periods indicated in their report thereon which appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC.

**[Remainder of Page Intentionally Left Blank]**

This page intentionally left blank.

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**FINANCIAL REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**FINANCIAL REPORT  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

---

**TABLE OF CONTENTS**

**Page**

<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1 – 3</b>
---	--------------

**FINANCIAL STATEMENTS**

<b>Statements of Net Position .....</b>	<b>4 and 5</b>
<b>Statements of Revenues, Expenses and Changes in Net Position .....</b>	<b>6</b>
<b>Statements of Cash Flows .....</b>	<b>7 and 8</b>
<b>Notes to Financial Statements.....</b>	<b>9 – 55</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

<b>1945 Plan – Schedule of Changes in the Utilities' Net Pension Liability and Related Ratios .....</b>	<b>56</b>
<b>General Retirement Plan – Schedule of Changes in the Utilities' Net Pension Liability and Related Ratios .....</b>	<b>57</b>
<b>Georgia Municipal Employees' Benefit System Plan – Schedule of Changes in the Utilities' Net Pension Liability and Related Ratios .....</b>	<b>58</b>
<b>1945 Plan – Schedule of Utilities Contributions .....</b>	<b>59</b>
<b>General Retirement Plan – Schedule of Utilities Contributions .....</b>	<b>60</b>
<b>Georgia Municipal Employees' Benefit System Plan – Schedule of Utilities Contributions.....</b>	<b>61</b>
<b>1945 Plan – Schedule of Pension Investment Returns .....</b>	<b>62</b>
<b>General Retirement Plan – Schedule of Pension Investment Returns .....</b>	<b>63</b>
<b>Schedule of Changes in the Utilities' Total OPEB Liability and Related Ratios.....</b>	<b>64</b>





## INDEPENDENT AUDITOR'S REPORT

---

To the Utilities Department  
Augusta-Richmond County Commission  
Augusta, Georgia

### Report on Audit of Financial Statements

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the **Augusta, Georgia Utilities** (the "Utilities"), an enterprise fund of Augusta, Georgia (the "Government") and do not purport to, and do not present fairly the financial position of the Government as of December 31, 2022 and 2021, the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Opinion***

We have audited the financial statements of the Utilities, an enterprise fund of the Government, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Utilities' financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Utilities, an enterprise fund of the Government, as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utilities and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

---

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utilities' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utilities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utilities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

---

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Utilities' Net Pension Liability and Related Ratios (on pages 57 – 59), Schedule of Utilities Contributions (on pages 60 – 62), Schedule of Pension Investment Returns (on pages 63 and 64), and the Schedule of Changes in the Utilities' Total OPEB Liability and Related Ratios (on page 65) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 31, 2023

# **FINANCIAL STATEMENTS**

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**STATEMENTS OF NET POSITION  
DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 38,326,111	\$ 28,233,620
Customer accounts receivable	26,780,220	23,018,913
Inventory	1,827,473	1,950,412
Notes receivable	15,932,077	15,043,405
Total current assets	<u>82,865,881</u>	<u>68,246,350</u>
<b>RESTRICTED CASH AND CASH EQUIVALENTS</b>		
Sinking fund - all funds	25,665,917	25,779,726
Construction fund - all funds	5,416,036	20,586,038
Total restricted cash and cash equivalents	<u>31,081,953</u>	<u>46,365,764</u>
<b>CAPITAL ASSETS</b>		
Capital assets not being depreciated	30,676,754	36,024,487
Capital assets, net of accumulated depreciation	532,622,715	534,277,130
Total capital assets	<u>563,299,469</u>	<u>570,301,617</u>
<b>OTHER ASSETS</b>		
Prepaid bond interest	6,134,041	6,674,126
Prepaid bond insurance	1,010,575	1,090,002
Total other assets	<u>7,144,616</u>	<u>7,764,128</u>
Total assets	<u>684,391,919</u>	<u>692,677,859</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	1,254,760	1,558,461
Pension	3,207,237	3,053,902
OPEB	4,115,505	5,089,469
Total deferred outflows of resources	<u>8,577,502</u>	<u>9,701,832</u>

(Continued)

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**STATEMENTS OF NET POSITION  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>		
Accounts and other payables	\$ 6,159,037	\$ 6,158,939
Accrued interest	4,258,530	4,456,644
Due to other funds of the Government	96,764	198,993
Accrued salaries	417,083	334,979
Compensated absences - current	723,824	574,879
Notes payable - current	817,676	793,540
Financed purchases payable - current	384,170	292,784
Total current liabilities payable from current assets	<u>12,857,084</u>	<u>12,810,758</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Revenue bonds payable - current	17,680,000	16,470,000
Total current liabilities payable from restricted assets	<u>17,680,000</u>	<u>16,470,000</u>
<b>LONG-TERM LIABILITIES</b>		
Advance from other funds of the Government	103,397	45,066
Revenue bonds payable	407,281,588	427,658,408
Compensated absences	482,549	383,252
Notes payable	8,439,343	9,257,019
Financed purchases payable	392,270	776,441
Net pension liability	3,179,344	4,065,376
Total OPEB liability	9,493,815	16,077,863
Total long-term liabilities	<u>429,372,306</u>	<u>458,263,425</u>
Total liabilities	<u>459,909,390</u>	<u>487,544,183</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred charge on refunding	4,519,970	5,084,819
Pension	4,354,560	4,149,808
Other post-employment benefits	5,671,822	-
Total deferred inflows of resources	<u>14,546,352</u>	<u>9,234,627</u>
<b>NET POSITION</b>		
Net investment in capital assets	125,926,222	112,417,282
Restricted for capital outlay	22,000,986	36,993,392
Restricted for debt service	8,191,957	8,482,157
Unrestricted net position	62,394,514	47,708,050
Total net position	<u>\$ 218,513,679</u>	<u>\$ 205,600,881</u>

**See Notes to Financial Statements.**

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating revenues</b>		
Water and sewerage sales	\$ 88,467,170	\$ 80,539,064
Industrial sewer charges	2,149,862	1,604,635
Water and sewerage service fees	6,660,666	3,615,367
Department of the Army revenue	7,825,664	8,908,961
Other	711,635	945,716
<b>Total operating revenues</b>	<u>105,814,997</u>	<u>95,613,743</u>
<b>Operating expenses</b>		
Personnel services	20,732,748	17,345,298
Depreciation	18,868,335	18,546,517
Other operating expenses	6,833,291	5,175,800
Materials and supplies	13,911,378	11,869,919
Professional services	7,642,038	8,321,912
General allocation	1,640,790	1,565,700
Risk management	742,354	594,122
Vehicle cost allocation	735,343	718,967
Payment in lieu of taxes	2,457,920	2,455,980
Payment in lieu of franchise fees	5,536,880	5,207,840
<b>Total operating expenses</b>	<u>79,101,077</u>	<u>71,802,055</u>
<b>Net operating income</b>	<u>26,713,920</u>	<u>23,811,688</u>
<b>Non-operating revenues (expenses)</b>		
Interest revenue	1,072,819	854,950
Interest and fiscal charges	(14,683,724)	(15,049,312)
Bond issuance costs	(426,931)	(462,663)
Gain (loss) on sale of capital assets	175,935	(38,773)
<b>Non-operating expenses, net</b>	<u>(13,861,901)</u>	<u>(14,695,798)</u>
<b>Income before transfers</b>	<u>12,852,019</u>	<u>9,115,890</u>
<b>Transfers</b>		
Transfers in from other funds of the Government	60,779	366,530
<b>Total transfers</b>	<u>60,779</u>	<u>366,530</u>
<b>Change in net position</b>	<u>12,912,798</u>	<u>9,482,420</u>
<b>Total net position, beginning of year</b>	<u>205,600,881</u>	<u>196,118,461</u>
<b>Total net position, end of year</b>	<u>\$ 218,513,679</u>	<u>\$ 205,600,881</u>

See Notes to Financial Statements.

**AUGUSTA, GEORGIA UTILITIES**  
**AUGUSTA, GEORGIA**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 102,009,792	\$ 98,329,806
Payments to suppliers	(39,376,957)	(33,215,236)
Payments to employees	(21,175,279)	(19,306,271)
Net cash provided by operating activities	<u>41,457,556</u>	<u>45,808,299</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Transfers in	<u>60,779</u>	<u>366,530</u>
Net cash provided by non-capital and related financing activities	<u>60,779</u>	<u>366,530</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	175,935	-
Acquisition and construction of capital assets	(11,866,187)	(16,895,871)
Principal payments on bonds	(16,470,000)	(9,585,000)
Principal payments on notes and lease payable	(1,086,325)	(1,291,227)
Proceeds from issuance of capital leases	-	829,894
Payments of bond issuance costs	(347,504)	(383,236)
Interest paid	(17,299,721)	(17,906,956)
Issuance of note receivable	(888,672)	(6,217,168)
Net cash used in capital and related financing activities	<u>(47,782,474)</u>	<u>(51,449,564)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<u>1,072,819</u>	<u>854,950</u>
Net cash provided by investing activities	<u>1,072,819</u>	<u>854,950</u>
Decrease in cash and cash equivalents	(5,191,320)	(4,419,785)
Cash and cash equivalents, beginning of year	<u>74,599,384</u>	<u>79,019,169</u>
Cash and cash equivalents, end of year	<u><u>\$ 69,408,064</u></u>	<u><u>\$ 74,599,384</u></u>
<b>Classified as:</b>		
Cash and cash equivalents	\$ 38,326,111	\$ 28,233,620
Restricted assets:		
Cash and cash equivalents	<u>31,081,953</u>	<u>46,365,764</u>
	<u><u>\$ 69,408,064</u></u>	<u><u>\$ 74,599,384</u></u>

(Continued)



**AUGUSTA, GEORGIA UTILITIES**  
**AUGUSTA, GEORGIA**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net operating income	\$ 26,713,920	\$ 23,811,688
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	18,868,335	18,546,517
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable and other receivables	(3,761,307)	3,033,650
Decrease in inventories	122,939	122,001
(Increase) decrease in deferred outflows of resources - pension	(153,335)	1,850,100
Decrease in deferred outflows of resources - OPEB	973,964	1,668,393
Increase in accounts payable	98	2,573,003
Increase in accrued expenses	82,104	57,288
Decrease in due to other funds	(43,898)	(317,587)
Increase (decrease) in compensated absences	248,242	(214,629)
Increase in deferred inflows or resources - pension	204,752	3,621,760
Decrease in net pension liability	(886,032)	(6,741,221)
Decrease in total OPEB liability	(6,584,048)	(2,202,664)
Net cash provided by operating activities	<u>\$ 35,785,734</u>	<u>\$ 45,808,299</u>

**See Notes to Financial Statements.**

## **NOTES TO FINANCIAL STATEMENTS**

# **AUGUSTA, GEORGIA UTILITIES AUGUSTA, GEORGIA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021**

---

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Augusta, Georgia Utilities (the “Utilities”) is a provider of water and sewer services located in Augusta, Georgia. The Utilities grants credit to residential, business, and industrial customers, substantially all of whom are located in the Central Savannah River Area. The Utilities accounts for its financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (“GAAP”) applicable to governmental units. The following is a summary of the significant accounting policies.

#### **A. Reporting Entity**

The Utilities is an enterprise fund of Augusta, Georgia (the “Government”). These financial statements present only an enterprise fund and are not intended to present fairly the financial position and results of operations of the Government in conformity with accounting principles generally accepted in the United States of America. The Utilities is an integral part of the Government’s financial reporting entity, and its results are included in the financial report of the Government, which should be read in conjunction with these financial statements.

#### **B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounting and reporting policies of the Utilities conform to GAAP. The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized as earned and expenses are recognized as incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Utilities are charges for goods and services provided. Operating expenses of the Utilities include the cost of these goods and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Utilities’ policy to use restricted resources first, then unrestricted resources as they are needed.

#### **C. Cash and Cash Equivalents**

Cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **D. Investments**

Investments are reported at fair value. Fair value is determined as follows: short-term investments are reported at cost, which approximates fair value; securities traded on national exchanges are valued at current prices or current prices of similar securities; securities for which an established market does not exist are reported at estimated fair value using selling prices for similar investments for which there is an active market.

#### **E. Accounts Receivable**

Accounts receivable includes billed but uncollected amounts and unbilled receivables based upon a prorated amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical trends.

#### **F. Inventories**

Inventories are stated at lower of cost (first in/first out) or market, and are accounted for using the consumption method.

#### **G. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are accounted for using the consumption method.

#### **H. Restricted Assets**

Certain assets are classified as restricted assets on the statements of net position because their use is limited by applicable debt covenants.

#### **I. Capital Assets**

Capital assets are recorded at cost when purchased. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred and major renewals and betterments are capitalized. Minimum capitalization costs are \$5,000 for all categories of capital assets. When items of capital assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Capital Assets (Continued)

Major outlays for capital assets and major improvements are capitalized as projects constructed.

The estimated lives used in determining depreciation are as follows:

	<u>Years</u>
Water and sewer systems	10 – 50
Buildings and other improvements	10 – 30
Vehicles	3 – 5
Machinery and equipment	5 – 10
Office furniture and fixtures	5 – 10
Financed purchases	3
Other capital items	3 – 12

The value of water and sewerage systems installed by various subdivision developers and deeded to Utilities at no cost prior to 1970 was recorded based on an appraisal by an engineering firm. Such donated assets are recorded at acquisition value.

#### J. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

#### K. Compensated Absences

The vacation policy of the Utilities provides for the accumulation of up to 43 days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned. The Utilities has assumed a first-in/first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the financial statements.

No accrual has been established for accumulated sick leave of employees since it is the Utilities' policy to record the cost of sick leave only when it is used.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Other than the items related to the changes in the net pension liability and total OPEB liability as discussed below, the Utilities had one item that qualified for reporting in this category, which is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Other than the items related to the changes in the net pension liability and total OPEB liability as discussed below, the Utilities had one item that qualified for reporting in this category, which is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

The Utilities also has deferred inflows and outflows related to the recording of changes in its net pension liability and total Other Post-Employment Benefits ("OPEB") liability. Certain changes in the net pension liability and total OPEB liability are recognized as pension and OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Utilities' actuary which adjust the net pension liability and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining lives of plan members. Changes in the actuarial assumptions which adjust the net pension liability and total OPEB liability are also recorded as deferred outflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension and OPEB expense over a five-year period. Additionally, any contributions made by the Utilities to the pension plans before year-end but subsequent to the measurement date of the Utilities' net pension liability are reported as deferred outflows of resources.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits as of December 31, 2022 and 2021 are summarized as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
As reported in the Statement of Net Position:		
Cash and cash equivalents	\$ 38,326,111	\$ 28,233,620
Restricted cash and cash equivalents	31,081,953	46,365,764
	<u>\$ 69,408,064</u>	<u>\$ 74,599,384</u>
 Cash deposited with financial institutions	 \$ 69,408,064	 \$ 74,599,384
	<u>\$ 69,408,064</u>	<u>\$ 74,599,384</u>

**Credit Risk.** State statutes authorize the Utilities to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

**Interest Rate Risk.** The Utilities' investment policy states that the Utilities will structure its portfolio to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to their maturity. The policy also emphasizes the purchase of shorter term or more liquid investments. The policy does not place formal limits on investment maturities.

**Custodial Credit Risk – Deposits.** The Utilities does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2022 and 2021, the Utilities did not have any balances exposed to custodial credit risk as uninsured and uncollateralized as defined by Government Accounting Standards Board ("GASB") pronouncements.

**Custodial Credit Risk – Investments.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Utilities will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 12,159,691	\$ -	\$ -	\$ -	\$ 12,159,691
Construction in progress	23,864,796	3,381,938	(8,729,671)	-	18,517,063
Total	36,024,487	3,381,938	(8,729,671)	-	30,676,754
Capital assets, being depreciated:					
Site improvements	70,802	-	-	-	70,802
Buildings	57,736,791	58,818	-	-	57,795,609
Vehicles	8,968,619	444,673	-	(273,096)	9,140,196
Machinery and equipment	21,463,590	721,806	-	(183,844)	22,001,552
Furniture and fixtures	1,600,983	12,736	-	-	1,613,719
Other capital	8,005,316	182,928	1,073,908	-	9,262,152
Water and sewerage systems	904,618,754	7,063,288	7,655,763	(140)	919,337,665
Contributed water and sewerage systems	10,563,423	-	-	-	10,563,423
Total	1,013,028,278	8,484,249	8,729,671	(457,080)	1,029,785,118
Less accumulated depreciation for:					
Site improvements	(3,862)	(667)	-	-	(4,529)
Buildings	(44,438,005)	(867,096)	-	-	(45,305,101)
Vehicles	(6,952,493)	(652,666)	-	273,096	(7,332,063)
Machinery and equipment	(18,966,413)	(457,349)	-	183,844	(19,239,918)
Furniture and fixtures	(1,232,902)	(119,334)	-	-	(1,352,236)
Other capital	(7,624,891)	(161,948)	-	-	(7,786,839)
Water and sewerage systems	(389,534,452)	(16,442,103)	-	140	(405,976,415)
Contributed water and sewerage systems	(9,998,130)	(167,172)	-	-	(10,165,302)
Total	(478,751,148)	(18,868,335)	-	457,080	(497,162,403)
Total capital assets, being depreciated, net	534,277,130	(10,384,086)	8,729,671	-	532,622,715
Total capital assets, net	\$ 570,301,617	\$ (7,002,148)	\$ -	\$ -	\$ 563,299,469

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2021 is as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 12,133,829	\$ 25,862	\$ -	\$ -	\$ 12,159,691
Construction in progress	27,882,810	10,709,826	(14,727,840)	-	23,864,796
Total	<u>40,016,639</u>	<u>10,735,688</u>	<u>(14,727,840)</u>	<u>-</u>	<u>36,024,487</u>
Capital assets, being depreciated:					
Site improvements	70,802	-	-	-	70,802
Buildings	57,638,170	98,621	-	-	57,736,791
Vehicles	8,934,478	632,463	-	(598,322)	8,968,619
Machinery and equipment	21,131,180	487,124	-	(154,714)	21,463,590
Furniture and fixtures	1,600,983	-	-	-	1,600,983
Other capital	7,634,076	371,240	-	-	8,005,316
Water and sewerage systems	885,320,179	4,570,735	14,727,840	-	904,618,754
Contributed water and sewerage systems	10,563,423	-	-	-	10,563,423
Total	<u>992,893,291</u>	<u>6,160,183</u>	<u>14,727,840</u>	<u>(753,036)</u>	<u>1,013,028,278</u>
Less accumulated depreciation for:					
Site improvements	(1,169)	(2,693)	-	-	(3,862)
Buildings	(43,460,791)	(977,214)	-	-	(44,438,005)
Vehicles	(7,017,136)	(533,679)	-	598,322	(6,952,493)
Machinery and equipment	(18,600,107)	(521,020)	-	154,714	(18,966,413)
Furniture and fixtures	(1,093,536)	(139,366)	-	-	(1,232,902)
Other capital	(7,490,625)	(134,266)	-	-	(7,624,891)
Water and sewerage systems	(373,463,345)	(16,071,107)	-	-	(389,534,452)
Contributed water and sewerage systems	(9,830,958)	(167,172)	-	-	(9,998,130)
Total	<u>(460,957,667)</u>	<u>(18,546,517)</u>	<u>-</u>	<u>753,036</u>	<u>(478,751,148)</u>
Total capital assets, being depreciated, net	<u>531,935,624</u>	<u>(12,386,334)</u>	<u>14,727,840</u>	<u>-</u>	<u>534,277,130</u>
Total capital assets, net	<u>\$ 571,952,263</u>	<u>\$ (1,650,646)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,301,617</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended December 31, 2022:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Revenue bonds	\$ 420,385,000	\$ -	\$ (16,470,000)	\$ 403,915,000	\$ 17,680,000
Add deferred amounts:					
Unamortized discounts	(496,193)	-	43,805	(452,388)	-
Unamortized premiums	24,239,601	-	(2,740,625)	21,498,976	-
Total bonds payable	<u>444,128,408</u>	<u>-</u>	<u>(19,166,820)</u>	<u>424,961,588</u>	<u>17,680,000</u>
Notes payable	10,050,559	-	(793,540)	9,257,019	817,676
Financed purchases	1,069,225		(292,785)	776,440	384,170
Net pension liability	4,065,376	720,661	(1,606,693)	3,179,344	-
Total OPEB liability	16,077,863	963,550	(7,547,598)	9,493,815	-
Compensated absences	<u>958,131</u>	<u>1,135,434</u>	<u>(887,192)</u>	<u>1,206,373</u>	<u>723,824</u>
Total long-term liabilities	<u>\$ 476,349,562</u>	<u>\$ 2,819,645</u>	<u>\$ (30,294,628)</u>	<u>\$ 448,874,579</u>	<u>\$ 19,605,670</u>

The following is a summary of long-term debt activity for the year ended December 31, 2021:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Revenue bonds	\$ 429,970,000	\$ -	\$ (9,585,000)	\$ 420,385,000	\$ 16,470,000
Add deferred amounts:					
Unamortized discounts	(539,996)	-	43,803	(496,193)	-
Unamortized premiums	27,152,127	-	(2,912,526)	24,239,601	-
Total bonds payable	<u>456,582,131</u>	<u>-</u>	<u>(12,453,723)</u>	<u>444,128,408</u>	<u>16,470,000</u>
Notes payable	10,820,675	-	(770,116)	10,050,559	793,540
Financed purchases	760,442	829,894	(521,111)	1,069,225	292,784
Net pension liability	10,806,597	4,022,909	(10,764,130)	4,065,376	-
Total OPEB liability	18,280,527	1,149,669	(3,352,333)	16,077,863	-
Compensated absences	<u>1,172,760</u>	<u>575,376</u>	<u>(790,005)</u>	<u>958,131</u>	<u>574,879</u>
Total long-term liabilities	<u>\$ 498,423,132</u>	<u>\$ 6,577,848</u>	<u>\$ (28,651,418)</u>	<u>\$ 476,349,562</u>	<u>\$ 18,131,203</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. LONG-TERM DEBT (CONTINUED)

#### Revenue Bonds

The Government issues bonds to provide funds for various projects. The revenue bonds outstanding are as follows:

	Interest Rate	Balance at December 31, 2022	Balance at December 31, 2021
Water and Sewer, Series 2012	3.00% to 5.00%	\$ 134,675,000	\$ 134,675,000
Water and Sewer, Series 2013	0.70% to 4.85%	13,530,000	14,595,000
Water and Sewer, Series 2014	3.00% to 4.50%	161,680,000	162,750,000
Water and Sewer, Series 2017	3.00% to 5.00%	74,820,000	87,365,000
Water and Sewer, Series 2019	2.35%	19,210,000	21,000,000
		<u>403,915,000</u>	<u>420,385,000</u>
Less: Unamortized discounts		(452,388)	(496,193)
Add: Unamortized premium		21,498,976	24,239,601
		<u><u>\$ 424,961,588</u></u>	<u><u>\$ 444,128,408</u></u>

During the year ended December 31, 2007, the Government issued \$177,010,000 in Series 2007 Water and Sewerage Revenue Bonds. A portion of the proceeds from the sale of these bonds was used to refund all of the former Series 1996 and 1997 Water and Sewerage Revenue Bonds in the amount of \$56,875,000. The remaining portion of the bond proceeds of \$120,135,000 was used to advance refund a portion of the Series 2000 and 2002 Water and Sewerage Revenue Bonds. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the 1996 and 1997 Bonds of approximately \$4,300,000. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2030 using the effective-interest method. The refunding decreased the total debt service payments over the next 21 years by approximately \$5,600,000 and produced an economic gain of approximately \$3,700,000. The advance refunding of the 2000 and 2002 Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$3,200,000. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through the year 2030 using the effective-interest method. The refunding decreased the total debt service payments over the next 23 years by approximately \$7,200,000 and produced an economic gain of approximately \$4,600,000. Proceeds of approximately \$126,793,000 from the defeased issues were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust fund with an escrow agency to provide for all future debt service payments on the above mentioned bonds. The bonds are due in annual installments of \$2,060,000 to \$12,260,000 plus interest at 4.0% to 5.0% through October 2030.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 4. LONG-TERM DEBT (CONTINUED)

#### Revenue Bonds (Continued)

During the year ended December 31, 2012, the Government issued \$138,830,000 in Series 2012 Water and Sewerage Revenue Refunding and Improvement Bonds for the purposes of: 1) refunding all of the Series 2002 Water and Sewerage Revenue Bonds, 2) financing the costs of making additions, extensions, and improvements to the water and sewer system, 3) funding a debt service reserve account for the 2012 Series Bonds, and 4) financing the costs of issuing the 2012 Series Bonds. The advance refunding of the 2002 series resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$600,000. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to increased expenses through the year 2033 using the effective-interest method. The refunding decreased the total debt service payments over the next 11 years by approximately \$78 million and produced an economic gain of approximately \$40 million. The bonds are due in annual installments of \$4,155,000 to \$20,095,000 plus interest at 3.0% to 5.0% through October 2042.

During the year ended December 31, 2013, the Government issued \$22,070,000 in Series 2013 Water and Sewerage Revenue Bonds for the purposes of: 1) funding, in part, the debt service reserve account for the Prior Lien Bonds, 2) funding a debt service reserve for the Series 2013 Bonds, and 3) paying the costs of issuance of the Series 2013 Bonds. Principal payments are due in annual installments commencing on October 1, 2014 through 2033. Interest payments are due in semi-annual installments on each April 1 and October 1 at varying rates between 0.7% and 4.85%.

During the year ended December 31, 2014, the Government issued \$169,180,000 in Series 2014 Water and Sewerage Revenue Refunding and Improvement Bonds for the purposes of: 1) refunding all of the Government's outstanding Water and Sewerage Revenue Bonds, Series 2004, 2) financing the costs of making additions, extensions, and improvements to the Government's water and sewer system, 3) funding a debt service reserve for the Series 2014 Bonds, and 4) paying the costs of the issuance of the 2014 Bonds. The advance refunding of the 2004 series resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$4.9 million. The difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged to decrease expenses through the year 2039 using the effective-interest method. The refunding decreased the total debt service payments over the next 11 years by approximately \$66.3 million and produced an economic gain of approximately \$33.1 million. Principal payments are due in annual installments of \$820,000 to \$24,635,000 commencing on October 1, 2015 through 2039. Interest payments are due in semi-annual installments on each April 1 and October 1 at varying rates between 3.00% and 4.50%.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. LONG-TERM DEBT (CONTINUED)

#### Revenue Bonds (Continued)

During the year ended December 31, 2017, the Government issued \$94,895,000 in Series 2017 Water and Sewerage Revenue Refunding and Improvement Bonds for the purposes of: 1) refunding all of the Series 2007 Water and Sewerage Revenue Bonds, and 2) paying the costs of issuance of the 2017 Series Bonds. The current refunding of the 2007 series resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$3.7 million. The difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged to increased expenses through the year 2030 using the effective-interest method. The refunding decreased the total debt service payments over the next 13 years by approximately \$37.3 million and produced an economic gain of approximately \$19.8 million. The bonds are due in annual installments of \$7,530,000 to \$11,040,000 plus interest at 5% through October 2030.

During the year ended December 31, 2019, the Government issued \$21,000,000 in Series 2019 Water and Sewerage Taxable Revenue Bonds for the purposes of: 1) financing the Government's capital projects supporting the expansion of the Fort Gordon Water and Sewerage system, 2) funding required debt service reserves, and 3) paying the costs of issuance associated with the 2019 Series Bonds. Principal payments are due in annual installments commencing on October 1, 2022 through 2031. Interest payments are due in semi-annual installments on each April 1 and October 1 at a 2.35% rate.

Annual debt service requirements to maturity for the revenue bonds as of December 31, 2022 are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 17,680,000	\$ 16,707,508	\$ 34,387,508
2024	18,475,000	15,908,663	34,383,663
2025	19,300,000	15,081,605	34,381,605
2026	20,170,000	13,303,993	33,473,993
2027	21,085,000	12,348,190	33,433,190
2028 – 2032	109,490,000	53,482,855	162,972,855
2033 – 2037	105,290,000	33,055,525	138,345,525
2038 – 2042	92,425,000	9,528,150	101,953,150
	<u>\$ 403,915,000</u>	<u>\$ 169,416,489</u>	<u>\$ 573,331,489</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. LONG-TERM DEBT (CONTINUED)

#### Notes Payable

The Utilities has incurred debt to the Georgia Environmental Finance Authority ("GEFA") for improvements to the water and sewer system. These notes are as follows:

Purpose	Original Amount	Interest Rate	Due Date	December 31, 2022	December 31, 2021
Water and sewer improvements	\$ 8,040,345	3.00%	2031	\$ 4,249,888	\$ 4,650,944
Water and sewer improvements	8,250,814	3.00%	2033	5,007,131	5,399,615
				<u>9,257,019</u>	<u>10,050,559</u>
		Less current maturities		<u>(817,676)</u>	<u>(793,540)</u>
				<u>\$ 8,439,343</u>	<u>\$ 9,257,019</u>

Notes payable debt service requirements to maturity are as follows as of December 31, 2022:

Year ending December 31,	Principal	Interest	Total
2023	\$ 817,676	\$ 266,528	\$ 1,084,204
2024	842,547	241,658	1,084,205
2025	868,173	216,031	1,084,204
2026	894,580	189,625	1,084,205
2027	921,789	162,415	1,084,204
2028 – 2032	4,550,268	380,248	4,930,516
2033	361,986	4,084	366,070
	<u>\$ 9,257,019</u>	<u>\$ 1,460,589</u>	<u>\$ 10,717,608</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. LONG-TERM DEBT (CONTINUED)

#### Financed Purchases

The Government has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as financed purchases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of December 31, 2022:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 414,433	\$ 384,170	\$ 30,263
2024	165,465	151,727	13,738
2025	248,968	240,543	8,425
	<u>\$ 828,866</u>	<u>\$ 776,440</u>	<u>\$ 52,426</u>

### NOTE 5. PENSION PLANS

The below disclosures and corresponding Required Supplementary Information related to the 1945 General Retirement and Georgia Municipal Employees' Benefit System Plans are representative of the Utilities portion of the respective Government plan, as the Utilities is only a fund of the Government and does not have a separate retirement plan for Utilities employees. All amounts reported below are an allocation of the total balances included in the Government's financial statements.

#### 1945 Plan

##### Plan Description

*Plan administration.* The 1945 Plan, a single-employer defined benefit pension plan, was available to all former Richmond County employees hired prior to October 1, 1975 that met the 1945 Plan's age and length of service requirements. The Pension and Audit Committee makes recommendations for changes to the 1945 Plan to the Augusta-Richmond County Commission which has the authority to amend the 1945 Plan document. The committee is comprised of the Augusta-Richmond County Commission Mayor, Mayor Pro-Tem, the Chairman of the Augusta-Richmond County Commission Finance Committee, the Government's Administrator, and the Government's Finance Director.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### 1945 Plan (Continued)

##### Plan Description (Continued)

*Plan administration (Continued).* The 1945 Plan was created by resolution of the Richmond County Board of Commissioners in March 1945. In February 2001, the Augusta-Richmond County Commission, as successor to the Richmond County Board of Commissioners, approved the restatement of the 1945 Plan effective January 1, 1997. This is a closed retirement plan (new employees may not participate in the 1945 Plan). The 1945 Plan does not issue a stand-alone financial statement report.

The Statement of Fiduciary Net Position for the 1945 Plan for the years ended December 31, 2022 and 2021 is presented below.

	<b>1945 Plan</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash	\$ 105,469	\$ 104,900
Investments, at fair value:		
Government securities	63,969	77,500
Common stock	216,485	325,444
Mortgage backed securities	39,783	48,630
Mutual funds	99,975	118,427
Accounts receivable	46,298	48,293
Interest receivable	-	621
Total assets	<u>571,979</u>	<u>723,815</u>
<b>LIABILITIES</b>		
Accounts payable	-	12
Total liabilities	<u>-</u>	<u>12</u>
<b>NET POSITION</b>		
Restricted for pension benefits	<u>\$ 571,979</u>	<u>\$ 723,803</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### 1945 Plan (Continued)

##### Plan Description (Continued)

*Plan administration (Continued).* The Statement of Changes in Fiduciary Net Position for the 1945 Plan for the years ended December 31, 2022 and 2021 is presented below.

	1945 Plan	
	2022	2021
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 46,138	\$ 48,127
Total contributions	<u>46,138</u>	<u>48,127</u>
Investment earnings:		
Interest	1,043	111
Net increase (decrease) in fair value of investments	<u>(84,803)</u>	<u>80,030</u>
Net investment earnings	<u>(83,760)</u>	<u>80,141</u>
Total additions	<u>(37,622)</u>	<u>128,268</u>
<b>DEDUCTIONS</b>		
Benefits	80,964	79,566
Administrative expenses	<u>33,238</u>	<u>33,864</u>
Total deductions	<u>114,202</u>	<u>113,430</u>
Change in net position	(151,824)	14,838
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>723,803</u>	<u>708,965</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 571,979</u>	<u>\$ 723,803</u>

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 5. PENSION PLANS (CONTINUED)

#### 1945 Plan (Continued)

##### Plan Description (Continued)

*Plan membership.* At December 31, 2022 and 2021, pension plan membership consisted of the following:

	2022	2021
Retirees and beneficiaries	16	16

*Benefits provided.* Participants in the 1945 Plan who retired at or after age 60 are entitled to a monthly benefit equal to 2% of average earnings multiplied by years of service. The 1945 Plan provides death and disability benefits. These benefit provisions and all other requirements, including amendments, are established by Government ordinance. The 1945 Plan also provides for reduced benefits if the participant elects to retire after attaining age 50 and completing 15 years of service.

*Contributions.* Employees are required to make contributions to the 1945 Plan equal to 5% of earnings. The Government is required to contribute the remaining amounts necessary to fund the 1945 Plan. The contribution amount is determined using actuarial methods and assumptions approved by the trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. Administrative costs of the 1945 Plan are financed through investment income. If a participant terminates employment prior to completion of ten years of credited service, the participant receives a lump-sum amount equal to his/her total contributions to the 1945 Plan, with 5% interest computed from January 1, 1997. After completion of at least ten years of credited service, the participant receives a monthly benefit deferred to his/her normal retirement date, equal to the benefit computed as for normal retirement multiplied by the percentage based on completed years of credited service, as follows: 50% after ten years, increasing 10% each year to 100% after 15 years of credited service.

##### Net Pension Liability of the Utilities

The Government's net pension liability was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### 1945 Plan (Continued)

##### Net Pension Liability of the Utilities (Continued)

*Actuarial assumptions.* The total pension liability in the December 31, 2022 and 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2022</u>	<u>2021</u>
Inflation	2.00%	2.00%
Salary increases	N/A	N/A
Investment rate of return, net of pension plan investment expenses	7.00%	7.00%

For the December 31, 2022 and 2021 actuarial valuation, mortality rates were based on the Pub-2010 General Employees Amt-Weighted with Scale AA to 2023 and 2022, respectively.

All actuarial assumptions were reviewed prior to the preparation of the December 31, 2022 and 2021 valuation. As a very significant portion of the actuarial liability is attributable to inactive lives, the two assumptions (investment return and mortality table) that have the most significant impact on the liabilities were revised to reflect the actuary's anticipated future experience of the plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 and 2021 are: Equity Securities – 6% and Fixed Income Securities – 2.5%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00% and 7.00% as of December 31, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Government contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### 1945 Plan (Continued)

#### Net Pension Liability of the Utilities (Continued)

*Changes in the Net Pension Liability of the Government.* The changes in the components of the net pension liability of the Government for the year ended December 31, 2022 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at December 31, 2021</b>	<u>\$ 659,607</u>	<u>\$ 612,978</u>	<u>\$ 46,629</u>
<b>Changes for the year:</b>			
Interest	42,947	-	42,947
Difference between expected and actual experience	65,032	-	65,032
Contributions – employer	-	46,138	(46,138)
Net investment income	-	(87,979)	87,979
Benefit payments, including refunds of employee contributions	(100,395)	(100,395)	-
Other	(694)	-	(694)
Administrative expense	-	8,523	(8,523)
<b>Net changes</b>	<u>6,890</u>	<u>(133,713)</u>	<u>140,603</u>
<b>Balances at December 31, 2022</b>	<u><u>\$ 666,497</u></u>	<u><u>\$ 479,265</u></u>	<u><u>\$ 187,232</u></u>

The Plan's fiduciary net position as a percentage of the total pension liability: 71.9%

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### 1945 Plan (Continued)

#### Net Pension Liability of the Utilities (Continued)

*Changes in the Net Pension Liability of the Government (Continued).* The changes in the components of the net pension liability of the Utilities for the year ended December 31, 2021 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at December 31, 2020</b>	\$ 679,038	\$ 554,299	\$ 124,739
<b>Changes for the year:</b>			
Interest	46,817	-	46,817
Difference between expected and actual experience	13,215	-	13,215
Contributions – employer	-	48,127	(48,127)
Net investment income	-	76,244	(76,244)
Benefit payments, including refunds of employee contributions	(75,564)	(75,564)	-
Other	(3,899)	-	(3,899)
Administrative expense	-	9,872	(9,872)
<b>Net changes</b>	<u>(19,431)</u>	<u>58,679</u>	<u>(78,110)</u>
<b>Balances at December 31, 2021</b>	<u>\$ 659,607</u>	<u>\$ 612,978</u>	<u>\$ 46,629</u>

The Plan's fiduciary net position as a percentage of the total pension liability: 92.9%

The required schedule of changes in the Utilities' net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following table presents the net pension liability of the Utilities, calculated using the discount rate, as well as what the Utilities' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 5. PENSION PLANS (CONTINUED)

#### 1945 Plan (Continued)

#### Net Pension Liability of the Utilities (Continued)

*Sensitivity of the net pension liability to changes in the discount rate* (Continued). The following table represents the sensitivity analysis discussed above as of December 31, 2022:

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$ 234,666	\$ 187,232	\$ 145,248

The following table represents the sensitivity analysis discussed above as of December 31, 2021:

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$ 97,098	\$ 46,629	\$ 2,102

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2022 and 2021, and the current sharing pattern of costs between employer and employee.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 5. PENSION PLANS (CONTINUED)

#### 1945 Plan (Continued)

##### Pension Expense and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the Utilities recognized pension expense of \$79,080. At December 31, 2022, the Utilities reported the net difference between projected and actual earnings on pension plan investments in the amount of \$57,761 as a deferred outflow of resources, which will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2023	\$ 1,715
2024	14,067
2025	16,419
2026	<u>25,560</u>
Total	<u>\$ 57,761</u>

For the year ended December 31, 2021, the Utilities recognized pension expense of \$8,635. At December 31, 2021, the Utilities reported the net difference between projected and actual earnings on pension plan investments in the amount of \$54,059 as a deferred inflow of resources, which will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2022	\$ (7,667)
2023	(24,871)
2024	(11,988)
2025	<u>(9,533)</u>
Total	<u>\$ (54,059)</u>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### General Retirement Plan

##### Plan Description

*Plan administration.* The General Retirement Plan (the "1949 Plan"), a single-employer defined benefit pension plan, was available to all former City of Augusta employees hired after March 1, 1949 and before March 1, 1987, whose age did not exceed 35 years at the time of their employment and are not participants of the 1977 Plan, are covered under the General Retirement Plan. The Pension and Audit Committee makes recommendations for changes to the 1949 Plan to the Augusta-Richmond County Commission which has the authority to amend the 1949 Plan document. The committee is comprised of the Augusta-Richmond County Commission Mayor, Mayor Pro-Tem, the Chairman of the Augusta-Richmond County Commission Finance Committee, the Government's Administrator, and the Government's Finance Director.

The 1949 Plan was created by an Act of the General Assembly of Georgia (Senate Bill No. 130) on March 1, 1949. In February 2001, the Augusta-Richmond County Commission, as successor to the Richmond County Board of Commissioners, approved the restatement of the 1949 Plan effective January 1, 1997. This is a closed retirement plan (new employees may not participate in the 1949 Plan). The 1949 Plan does not issue a stand-alone financial statement report.

The Statement of Fiduciary Net Position for the 1949 Plan for the years ended December 31, 2022 and 2021 is presented below.

		<b>General Retirement Plan</b>	
		<b>2022</b>	2021
<b>ASSETS</b>			
Cash	\$	349,581	\$ 304,305
Investments, at fair value:			
Government securities		500,926	612,543
Common stock		4,129,685	5,980,530
Mortgage backed securities		316,405	336,754
Mutual funds		838,511	942,465
Accounts receivable		213,784	222,992
Interest receivable		-	4,750
Total assets		<u>6,348,892</u>	<u>8,404,339</u>
<b>LIABILITIES</b>			
Accounts payable		<u>247,172</u>	<u>254,866</u>
Total liabilities		<u>247,172</u>	<u>254,866</u>
<b>NET POSITION</b>			
Restricted for pension benefits	\$	<u>6,101,720</u>	<u>\$ 8,149,473</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### General Retirement Plan (Continued)

##### Plan Description (Continued)

*Plan administration (Continued).* The Statement of Changes in Fiduciary Net Position for the 1949 Plan for the years ended December 31, 2022 and 2021 is presented below.

		<b>General Retirement Plan</b>	
		<b>2022</b>	2021
<b>ADDITIONS</b>			
Contributions:			
Employer	\$	393,881	\$ 402,904
Employee		2,580	2,752
Total contributions		<u>396,461</u>	<u>405,656</u>
Investment earnings:			
Net increase (decrease) in fair value of investments		<u>(1,566,807)</u>	922,568
Net investment earnings		<u>(1,566,807)</u>	<u>922,568</u>
Total additions		<u>(1,170,346)</u>	1,328,224
<b>DEDUCTIONS</b>			
Benefits		821,639	834,654
Administrative expenses		<u>55,768</u>	<u>72,058</u>
Total deductions		<u>877,407</u>	906,712
Change in net position		<u>(2,047,753)</u>	421,512
<b>NET POSITION, BEGINNING OF YEAR</b>		<u>8,149,473</u>	7,727,961
<b>NET POSITION, END OF YEAR</b>	<b>\$</b>	<u><u>6,101,720</u></u>	<u><u>\$ 8,149,473</u></u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### General Retirement Plan (Continued)

##### Plan Description (Continued)

*Plan membership.* At December 31, 2022 and 2021, pension plan membership consisted of the following:

	<u>2022</u>	<u>2021</u>
Active participants	7	7
Retirees and beneficiaries	181	190
Vested terminated	5	5
	<u>193</u>	<u>202</u>

*Benefits provided.* Pension benefits vest after an employee is 45 years of age and has 15 years of full-time employment. An employee may retire at age 60 with 25 years of service and receive annual pension benefits equal to 2% of the employee's average salary earned during the last three years of employment, multiplied by the number of full-time years of employment. The 1949 Plan provides death and disability benefits. These benefit provisions and all other requirements, including amendments, are established by Government ordinance. All full-time employees hired before July 1, 1980 must contribute 8% of gross earnings, and employees hired after July 1, 1980 must contribute 5% of gross earnings to the 1949 Plan, with the Government contributing remaining amounts sufficient to provide future pensions.

*Contributions.* Employer contributions for 2022 are determined as part of the January 1, 2022 actuarial valuation using the frozen entry age cost method. The contribution amount is determined using actuarial methods and assumptions approved by the trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. Administrative costs of the 1949 Plan are financed through investment income. The unfunded accrued liability is composed of pieces that are amortized over various periods to comply with Georgia law as a level percentage of payroll. When the actuarial value of assets exceeds 150% of the present value of accrued benefits, the Official Code of Georgia Annotated ("O.C.G.A.") states that there is no minimum required contribution. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standard measure of the pension obligation. For the year ended December 31, 2022, the active member contribution rate was 5.6% of annual pay, and the Government's contribution rate was 476.55% of annual payroll. For the year ended December 31, 2021, the active member contribution rate was 7.1% of annual pay, and the Government's contribution rate was 536.43% of annual payroll.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### General Retirement Plan (Continued)

##### Net Pension Liability (Asset) of the Utilities

The Utilities' net pension liability (asset) was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability in the December 31, 2022 and 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2022</u>	<u>2021</u>
Inflation	2.00%	2.00%
Salary increases	3.00%	3.00%
Investment rate of return, net of pension plan investment expenses	7.00%	7.00%

For the December 31, 2022 actuarial valuation, mortality rates were based on the Pub-2010 General Employee (50%) and Public Safety (50%) Amt- Weighted with Scale AA to 2023. For the December 31, 2021 actuarial valuation, mortality rates were based on the Pub-2010 General Employee (50%) and Public Safety (50%) Amt-Weighted with Scale AA to 2022.

All actuarial assumptions were reviewed prior to the preparation of the December 31, 2022 and 2021 valuations. As a very significant portion of the actuarial liability is attributable to inactive lives, the two assumptions (investment return and mortality table) that have the most significant impact on the liabilities were revised to reflect the actuary's anticipated future experience of the 1949 Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 and 2021 are: Equity Securities – 6% and Fixed Income Securities – 2.5%.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### General Retirement Plan (Continued)

##### Net Pension Liability (Asset) of the Utilities (Continued)

*Discount rate.* The discount rate used to measure the total pension liability was 7.00% as of December 31, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that Utilities contributions will be made at rates equal to the difference between actuarially determined contribution rates, and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability (Asset) of the Utilities.* The changes in the components of the net pension liability (asset) of the Utilities for the year ended December 31, 2022 were as follows:

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at December 31, 2021</b>	<b>\$ 7,731,204</b>	<b>\$ 8,081,361</b>	<b>\$ (350,157)</b>
<b>Changes for the year:</b>			
Service cost	694	-	694
Interest	512,087	-	512,087
Difference between expected and actual experience	306,516	-	306,516
Contributions – employer	-	211,893	(211,893)
Contributions – employee	-	2,495	(2,495)
Net investment income	-	(1,271,381)	1,271,381
Benefit payments, including refunds of employee contributions	(809,395)	(809,395)	-
Assumption changes	28,412	-	28,412
Administrative expense	-	(8,523)	8,523
<b>Net changes</b>	<b>38,314</b>	<b>(1,874,911)</b>	<b>1,913,225</b>
<b>Balances at December 31, 2022</b>	<b>\$ 7,769,518</b>	<b>\$ 6,206,450</b>	<b>\$ 1,563,068</b>

The Plan's fiduciary net position as a percentage of the total pension liability: 79.9%

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### General Retirement Plan (Continued)

##### Net Pension Liability (Asset) of the Utilities (Continued)

*Changes in the Net Pension Liability (Asset) of the Utilities (Continued).* The changes in the components of the net pension liability of the Utilities for the year ended December 31, 2021 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at December 31, 2020</b>	\$ 8,057,268	\$ 7,190,933	\$ 866,335
<b>Changes for the year:</b>			
Service cost	724	-	724
Interest	562,939	-	562,939
Difference between expected and actual experience	(230,445)	-	(230,445)
Contributions – employer	-	221,020	(221,020)
Contributions – employee	-	2,932	(2,932)
Net investment income	-	1,190,854	(1,190,854)
Benefit payments, including refunds of employee contributions	(673,874)	(673,874)	-
Assumption changes	14,592	-	14,592
Administrative expense	-	149,496	(149,496)
<b>Net changes</b>	<b>(326,064)</b>	<b>890,428</b>	<b>(1,216,492)</b>
<b>Balances at December 31, 2021</b>	<b>\$ 7,731,204</b>	<b>\$ 8,081,361</b>	<b>\$ (350,157)</b>

The Plan's fiduciary net position as a percentage of the total pension liability: 104.5%

The required schedule of changes in the Utilities' net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### General Retirement (Continued)

##### Net Pension Liability (Asset) of the Utilities (Continued)

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following table presents the net pension liability (asset) of the Utilities, calculated using the discount rate, as well as what the Utilities' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

The following table represents the sensitivity analysis discussed above as of December 31, 2022:

<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
\$ 2,260,786	\$ 1,563,068	\$ 961,939

The following table represents the sensitivity analysis discussed above as of December 31, 2021:

<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
\$ 389,636	\$ (350,157)	\$ (985,793)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2022 and 2021, and the current sharing pattern of costs between employer and employee.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 5. PENSION PLANS (CONTINUED)

#### General Retirement (Continued)

##### Pension Expense and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the Utilities recognized pension expense of \$488,415. At December 31, 2022, the Government reported the net difference between projected and actual earnings on pension plan investments in the amount of \$692,018 as a deferred inflow of resources, which will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2023	\$ (27,120)
2024	149,623
2025	208,102
2026	<u>361,413</u>
Total	<u>\$ 692,018</u>

For the year ended December 31, 2021, the Utilities recognized pension expense of (\$474,878). At December 31, 2021, the Government reported the net difference between projected and actual earnings on pension plan investments in the amount of \$970,301 as a deferred inflow of resources, which will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2022	\$ (184,204)
2023	(405,270)
2024	(220,913)
2025	<u>(159,914)</u>
Total	<u>\$ (970,301)</u>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Georgia Municipal Employees' Benefit System Plan

##### Plan Description

Employees from the City of Augusta hired after March 1, 1987, and before consolidation on December 31, 1996, and who were not participants in any other employer-sponsored retirement plan, and Augusta Canal Authority employees are covered under the Georgia Municipal Employees' Benefit System ("GMEBS") Plan, a multiple-employer defined benefit pension plan. The GMEBS Plan provides pension benefits, deferred allowances, and death and disability benefits. In 2008, the GMEBS Plan was reopened to participants of the 1998 Defined Contribution Plan who opted to convert to the GMEBS Plan. Participation in the GMEBS Plan is mandatory for all new employees. These benefit provisions and all other requirements, including amendments, are established by Government ordinance. A participant may retire after reaching the age of 65 if the participant is not classified as public safety personnel; participating public safety personnel may retire at age 65 or age 55 with 25 years of total credited service, whichever is earlier. Early retirement may be taken at age 55 with ten years of credited service. Benefits vest after ten years of service. Employees who retire at or after age 55 with ten or more years of service are entitled to pension payments for the remainder of their lives equal to 1¼% of their final five-year average salary times the number of years of which they were employed as a participant in the GMEBS Plan. The final five-year average salary is the average salary of the employee during the final five years of full-time employment. Pension provisions include deferred allowances, whereby an employee may terminate his or her employment with the Government after accumulating ten years of service but before reaching the age of 55. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching the age of 55. Employees must contribute 4% of their gross earnings to the GMEBS Plan. In addition, the Government must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as amended by GMEBS. The GMEBS Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees' Benefit System, 201 Pryor Street, SW, Atlanta, Georgia 30303.

*Plan membership.* The following schedule reflects membership for the GMEBS Plan as of July 1, 2022 and July 1, 2021.

	<b>2022</b>	2021
Active participants	<b>2,210</b>	2,323
Retirees and beneficiaries	<b>808</b>	801
Vested terminated	<b>194</b>	159
	<b><u>3,212</u></b>	<u>3,283</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Georgia Municipal Employees' Benefit System Plan (Continued)

##### Plan Description (Continued)

*Contributions.* The GMEBS Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the GMEBS Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the GMEBS Plan, as adopted by the Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Government is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the Commission. For the year ended December 31, 2022, the active member contribution rate was 7.5% of annual pay, and the Government's contribution rate was 6.4% of annual payroll. For the year ended December 31, 2021, the active member contribution rate was 6.8% of annual pay and the Government's contribution rate was 7.1% of annual payroll. Utility contributions to the GMEBS Plan were \$797,298 and \$836,656 for the years ended December 31, 2022 and 2021, respectively.

##### Net Pension Liability of the Utilities

The Utilities' net pension liability was measured as of March 31, 2022 and 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2022 and 2021 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2022 and 2021.

*Actuarial assumptions.* The total pension liability in the July 1, 2022 and 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>2022</b>	2021
Inflation	<b>2.25%</b>	2.25%
Salary increases, plus service based merit increases	<b>2.25%</b>	2.25%
Investment rate of return, net of pension plan investment expenses, including inflation	<b>7.375%</b>	7.375%

For the July 1, 2022 actuarial valuation, mortality rates were based on the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Georgia Municipal Employees' Benefit System Plan (Continued)

##### Net Pension Liability of the Utilities (Continued)

*Actuarial assumptions (Continued).* For the July 1, 2021 actuarial valuation, mortality rates were based on the RP-2000 Combined Healthy Mortality Table with gender-distinct rates set forward two years for males and one year for females. The actuarial assumptions used in the July 1, 2022 and 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

Cost of living adjustments were assumed to be 0.00-2.25% although the GMEBS Plan allowance for annual cost of living adjustment is variable, as established by the Commission, in an amount not to exceed 2.25%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20%	7.30%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Cash	-	%
Total	100%	

\* Rates shown are net of the 2.25% assumed rate of inflation.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Georgia Municipal Employees' Benefit System Plan (Continued)

##### Net Pension Liability of the Utilities (Continued)

*Actuarial assumptions (Continued).* Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	7.05%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Cash	- %	
Total	100%	

\* Rates shown are net of the 2.75% assumed rate of inflation.

*Discount rate.* The discount rate used to measure the total pension liability was 7.375% as of March 31, 2022 and 7.375% as of March 31, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Government contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Georgia Municipal Employees' Benefit System Plan (Continued)

##### Net Pension Liability of the Utilities (Continued)

*Changes in the Net Pension Liability of the Utilities.* The changes in the components of the net pension liability of the Utilities for the year ended December 31, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at December 31, 2021</b>	\$ 28,506,920	\$ 24,138,016	\$ 4,368,904
<b>Changes for the year:</b>			
Service cost	818,425	-	818,425
Interest	1,933,267	-	1,933,267
Difference between expected and actual experience	(2,731,353)	-	(2,731,353)
Contributions – employer	-	806,356	(806,356)
Contributions – employee	-	689,285	(689,285)
Net investment income	-	1,510,118	(1,510,118)
Benefit payments, including refunds of employee contributions	(1,188,040)	(1,188,040)	-
Administrative expense	-	(45,560)	45,560
<b>Net changes</b>	<b>(1,167,701)</b>	<b>1,772,159</b>	<b>(2,939,860)</b>
<b>Balances at December 31, 2022</b>	<b>\$ 27,339,219</b>	<b>\$ 25,910,175</b>	<b>\$ 1,429,044</b>

The Plan's fiduciary net position as a percentage of the total pension liability:

94.8%

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Georgia Municipal Employees' Benefit System Plan (Continued)

##### Net Pension Liability of the Utilities (Continued)

*Changes in the Net Pension Liability of the Utilities (Continued).* The changes in the components of the net pension liability of the Utilities for the year ended December 31, 2021 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at December 31, 2020</b>	\$ 26,202,875	\$ 16,387,352	\$ 9,815,523
<b>Changes for the year:</b>			
Service cost	798,296	-	798,296
Interest	1,850,619	-	1,850,619
Difference between expected and actual experience	675,659	-	675,659
Contributions – employer	-	703,222	(703,222)
Contributions – employee	-	707,795	(707,795)
Net investment income	-	6,996,407	(6,996,407)
Benefit payments, including refunds of employee contributions	(1,020,529)	(1,020,529)	-
Administrative expense	-	363,769	(363,769)
<b>Net changes</b>	<u>2,304,045</u>	<u>7,750,664</u>	<u>(5,446,619)</u>
<b>Balances at December 31, 2021</b>	<u>\$ 28,506,920</u>	<u>\$ 24,138,016</u>	<u>\$ 4,368,904</u>

The Plan's fiduciary net position as a percentage of the total pension liability: 84.7%

The required schedule of changes in the Utilities' net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Georgia Municipal Employees' Benefit System Plan (Continued)

##### Net Pension Liability of the Utilities (Continued)

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the Utilities, calculated using the discount rate, as well as what the Utilities' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

The following table represents the sensitivity analysis discussed above as of December 31, 2022:

<u>1% Decrease</u> <u>(6.375%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.375%)</u>	<u>1% Increase</u> <u>(8.375%)</u>
\$ 7,537,370	\$ 1,429,044	\$ (1,273,579)

The following table represents the sensitivity analysis discussed above as of December 31, 2021:

<u>1% Decrease</u> <u>(6.375%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.375%)</u>	<u>1% Increase</u> <u>(8.375%)</u>
\$ 8,039,423	\$ 4,368,904	\$ 1,358,019

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2022 and 2021, and the current sharing pattern of costs between employer and employee.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Georgia Municipal Employees' Benefit System Plan (Continued)

##### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the Utilities recognized pension expense of (\$71,915). At December 31, 2022, the Utilities reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 936,463	\$ (2,258,216)
Changes in assumptions	846,081	-
Net difference between projected and actual earnings on pension plan investments	-	(2,096,346)
Government contributions subsequent to the measurement date	<u>674,916</u>	<u>-</u>
Total	<u><u>\$ 2,457,460</u></u>	<u><u>\$ (4,354,562)</u></u>

For the year ended December 31, 2021, the Utilities recognized pension expense of \$563,722. At December 31, 2021, the Utilities reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,263,235	\$ -
Changes in assumptions	1,141,555	-
Net difference between projected and actual earnings on pension plan investments		(3,125,448)
Government contributions subsequent to the measurement date	<u>649,112</u>	<u>-</u>
Total	<u><u>\$ 3,053,902</u></u>	<u><u>\$ (3,125,448)</u></u>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Georgia Municipal Employees' Benefit System Plan (Continued)

##### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Utilities contributions subsequent to the measurement date of \$674,916 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31,</u>		
2023	\$	(421,228)
2024		(598,765)
2025		(1,110,847)
2026		10,467
Thereafter		<u>(451,645)</u>
Total	\$	<u><u>(2,572,018)</u></u>

Utilities contributions subsequent to the measurement date of \$649,112 are reported as deferred outflows of resources and were recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31,</u>		
2022	\$	(150,842)
2023		(28,898)
2024		(214,084)
2025		(748,227)
Thereafter		<u>421,393</u>
Total	\$	<u><u>(720,658)</u></u>

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 5. PENSION PLANS (CONTINUED)

#### **City Employees' Pension Plan**

The City Employees' Pension Plan covered former City of Augusta employees. Policemen and firemen hired before 1945 are covered under the General Pension Plan. Other former City of Augusta employees hired between 1945 and 1949 are covered by the City Employees' Pension Plan. Pension benefits are being paid under these plans to retired employees and beneficiaries. These are closed retirement plans (new employees may not participate in the plans). During the years ended December 31, 2022 and 2021, the City Employees' Pension Plan has one and one participant, respectively, with Government contributions of \$47,090 and \$45,102, respectively. This plan does not issue stand-alone financial statement reports.

#### **Retirement Savings Plan**

All full-time employees with more than one month of service and Canal Authority employees were eligible to participate in the Retirement Savings Plan (the "1998 Plan").

The 1998 Plan is a defined contribution plan under Section 401(a) of the Internal Revenue Code, and is administered by Nationwide Life Insurance, PPA support. The 1998 Plan was organized and may be amended by a majority vote of the full-body of the governing board, the Augusta-Richmond County Commission. Employees contribute 4% of their salary, and the Government contributes 2% of the employee's salary. Contribution requirements may be amended by a majority vote of the full-body of the governing board, the Augusta-Richmond County Commission. At December 31, 2022 and 2021, there were 173 and 173 plan participants, respectively. Participants are considered fully vested in the Government's contributions after completing five years of service. For the years ended December 31, 2022 and 2021, the employees' contributions were \$185,016 and \$271,306, respectively, and the Government's contributions were \$92,525 and \$100,089, respectively. This is a closed retirement plan (new employees may not participate in the Plan).

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 6. OTHER POST-EMPLOYMENT BENEFITS

#### Plan Administration and Benefits

The Utilities administers a single-employer defined benefit Post-Retirement Benefit Plan (the “OPEB Plan”). The OPEB Plan is under the direction of the Utilities. The OPEB plan provides medical and death benefits to eligible retirees and their spouses. The provisions and obligations to contribute are established and may be amended by the Augusta-Richmond County Commission. The requirements are that the employee must meet specific age and service requirements depending on which retirement plan the employee is covered under, which are the 1945 Plan, 1949 Plan, 1977 Plan, and GMEBS Plan. The benefits include the employee’s option of retaining their health insurance coverage after they retire and the Utilities will contribute a percentage dependent on the retirement plan the employee is covered under. The percentages are as followed: 70% - 80% for the County 1945, County 1977, and GMEBS plans and 90% for the City 1945 and City 1949 plans. The Augusta-Richmond County Commission established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the OPEB Plan.

#### Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan as of the latest actuarial valuation at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Active members	<b>1,593</b>	1,728
Retired members	<b>547</b>	545
	<b><u>2,140</u></b>	<b><u>2,273</u></b>

#### Contributions

The Utilities has elected to fund the OPEB Plan on a “pay as you go” basis. The OPEB Plan is fully funded by the Utilities and plan members are not required to contribute. Contribution requirements may be amended by a majority vote of the full-body of the Augusta-Richmond County Commission. For the years ended December 31, 2022 and 2021, the Utilities contributed \$297,761 and \$347,191, respectively, for the pay as you go benefits for the OPEB Plan.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### Total OPEB Liability of the Utilities

The Utilities' total OPEB liability was measured as of December 31, 2022 and 2021, and was determined by an actuarial valuation as of December 31, 2022 and 2021.

*Actuarial assumptions.* The total OPEB liability in the December 31, 2022 and 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>2022</b>	<b>2021</b>
Discount rate	<b>4.31%</b>	<b>2.06%</b>
Healthcare cost trend rate (graded by 0.50% per year to an ultimate rate of 3.50%)	<b>6.00%</b>	<b>5.50%</b>
Salary scale (per year under discount rate)	<b>3.00%</b>	<b>3.00%</b>

For the December 31, 2022 actuarial valuation, mortality rates were based on the Pub-2010 50% Public Safety/50% General Employees Headcount-Weighted Mortality with MP-2021 fully generational improvement scale. For the December 31, 2021 actuarial valuation, mortality rates were based on the Pub-2010 50% Public Safety/50% General Employees Headcount-Weighted Mortality with MP-2021 fully generational improvement scale.

The actuarial assumptions used in the December 31, 2022 and 2021 valuations were based on the results of an actuarial experience study for the period 2010 – 2014.

#### Discount rate

The discount rate used to measure the total OPEB liability was 4.31% and 2.06% for the years ended December 31, 2022 and 2021, respectively. This rate was determined using an index rate of 20-year, tax-exempt general obligation ("GO") municipal bonds with an average rating of AA or higher – which was 3.31% and 2.06% as determined by the GO Bond Buyer 20-Bond GO Index Rate as of December 31, 2022 and 2021, respectively.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### Changes in the Total OPEB Liability of the Utilities

The changes in the total OPEB liability of the Utilities for the years ended December 31, 2022 and 2021 were as follows:

	<b>Total OPEB Liability</b>	
	<b>2022</b>	<b>2021</b>
<b>Beginning balance</b>	<b>\$ 16,077,863</b>	<b>\$ 18,280,527</b>
<b>Changes for the year:</b>		
Service cost	652,317	660,397
Interest	311,233	332,656
Experience differences	(445,623)	227,656
Assumption changes	(6,762,377)	(3,077,666)
Benefit payments	(339,598)	(345,707)
<b>Net change</b>	<b>(6,584,048)</b>	<b>(2,202,664)</b>
<b>Ending balance</b>	<b>\$ 9,493,815</b>	<b>\$ 16,077,863</b>

The required schedule of changes in the Utilities' total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

#### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Utilities, as well as what the Utilities' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

The following table represents the sensitivity analysis discussed above as of December 31, 2022:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>3.31%</b>	<b>4.31%</b>	<b>5.31%</b>
Total OPEB liability	\$ 11,182,624	\$ 9,493,815	\$ 8,165,705

The following table represents the sensitivity analysis discussed above as of December 31, 2021:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>1.06%</b>	<b>2.06%</b>	<b>3.06%</b>
Total OPEB liability	\$ 19,645,860	\$ 16,077,863	\$ 13,338,923

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### **Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Utilities, as well as what the Utilities' total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

The following table represents the sensitivity analysis discussed above as of December 31, 2022:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
	<b><u>6.00% to 3.50%</u></b>	<b><u>7.00% to 4.50%</u></b>	<b><u>8.00% to 5.50%</u></b>
Total OPEB liability	\$ 8,103,435	\$ 9,493,815	\$ 11,276,782

The following table represents the sensitivity analysis discussed above as of December 31, 2021:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
	<b><u>5.50% to 3.50%</u></b>	<b><u>6.50% to 4.50%</u></b>	<b><u>7.50% to 5.50%</u></b>
Total OPEB liability	\$ 12,914,056	\$ 16,077,863	\$ 20,325,441

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2022 and 2021, and the current sharing pattern of costs between employer and inactive employees.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the years ended December 31, 2022 and 2021, the Utilities recognized OPEB expense of \$948,460 and \$1,758,884, respectively. At December 31, 2022, the Utilities reported deferred outflows and inflows of resources related to OPEB from the following:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 733,923	\$ (394,461)
Changes of assumptions	3,381,582	(5,277,361)
Total	<u>\$ 4,115,505</u>	<u>\$ (5,671,822)</u>

The above amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending December 31,</u>	
2023	\$ (15,091)
2024	(15,091)
2025	(15,091)
2026	(15,091)
2027	(15,091)
Thereafter	(1,480,862)
Total	<u>\$ (1,556,317)</u>

For the year ended December 31, 2021, the Utilities recognized pension expense of \$1,758,884. At December 31, 2021, the Utilities reported deferred outflows of resources related to OPEB from the following:

	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ 896,558
Changes of assumptions	4,192,911
Total	<u>\$ 5,089,469</u>

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### OPEB Expense and Deferred Outflows of Resources Related to OPEB (Continued)

The above amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending December 31,</u>	
2022	\$ 758,311
2023	758,311
2024	758,311
2025	758,311
2026	758,311
Thereafter	<u>1,297,914</u>
Total	<u>\$ 5,089,469</u>

### NOTE 7. RISK MANAGEMENT

The Government, including the Utilities, is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Government purchased commercial insurance to cover employee life, health, property and liability, and disability insurance programs, each of which cover the Utilities.

There were no significant reductions of insurance coverage compared to the prior year. Settled claims in the past three years have not exceeded the coverages.

The Government records an estimated liability for indemnity workers' compensation claims against the Government; however, this liability is not allocated to enterprise funds. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses). Claims liabilities include specific, incremental claim adjustment expenses and allocated loss adjustment expenses. Because all workers' compensation claims are expected to be settled within one year, the related unpaid claims liability is not discounted and the entire liability is classified as current. Activity is accounted for in the General Fund of the Government.



## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 8. DEPARTMENT OF THE ARMY REVENUE

In September 2007, the Utilities entered into a contract with the Department of Defense ("DOD") for the privatization of the water and wastewater system for the Army base located at Fort Gordon, Georgia. The contract term is for 50 years with a renewal option. The contract provides for selling the existing infrastructure assets to the Utilities, paying for renewal and replacement of infrastructure, reimbursing the cost of any new assets added to the water and wastewater system, and paying the Utilities to operate and maintain the water and wastewater system. Payments from the DOD to the Utilities are provided for in different ways for each provision of the contract.

Payment for renewal and replacement of infrastructure – Payments for renewal and replacement of the water and wastewater system were calculated based on an estimated schedule of asset replacement with inflation over the 50-year term of the contract. This estimated cost was then amortized on a present value basis to a monthly amount. This amount, along with the estimated monthly payment for operations and maintenance agreed upon at the contract signing date, is billed monthly to the DOD and remains constant for the first two years of the contract. After the first two years of the contract and every three years thereafter, the monthly amount of either of these payments may be renegotiated within contractually specified limits. For the years ended December 31, 2022 and 2021, the Utilities recognized \$7,825,664 and \$8,908,961, respectively, of revenue for these payments as Department of the Army revenue.

Reimburse the cost of any new assets added to the system – Any new assets required for the infrastructure of Fort Gordon are approved by the DOD, contracted by Utilities and reimbursed in full at the completion of the project by DOD. No such payments were made for the years ended December 31, 2022 and 2021.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
1945 PLAN  
SCHEDULE OF CHANGES IN THE UTILITIES'  
NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED DECEMBER 31,**

	Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,927	\$ 285
Interest on total pension liability	42,947	46,817	52,081	49,694	51,333	49,495	56,269	(61,063)	64,345
Difference between expected and actual experience	65,032	13,215	(20,085)	39,463	9,069	(5,466)	(37,220)	-	-
Benefit payments, including refunds of employee contributions	(100,395)	(75,564)	(80,488)	(87,748)	(77,992)	(42,710)	(72,642)	(73,566)	(82,785)
Other	(694)	(3,899)	(1,216)	65,071	5,241	10,219	(46,316)	51,812	-
<b>Net change in total pension liability</b>	<b>6,890</b>	<b>(19,431)</b>	<b>(49,708)</b>	<b>66,480</b>	<b>(12,349)</b>	<b>11,538</b>	<b>(99,909)</b>	<b>(22,890)</b>	<b>(18,155)</b>
<b>Total pension liability - beginning</b>	<b>659,607</b>	<b>679,038</b>	<b>728,746</b>	<b>662,266</b>	<b>674,615</b>	<b>663,077</b>	<b>762,986</b>	<b>785,876</b>	<b>804,031</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 666,497</b>	<b>\$ 659,607</b>	<b>\$ 679,038</b>	<b>\$ 728,746</b>	<b>\$ 662,266</b>	<b>\$ 674,615</b>	<b>\$ 663,077</b>	<b>\$ 762,986</b>	<b>\$ 785,876</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 46,138	\$ 48,127	\$ 29,859	\$ 22,937	\$ 22,989	\$ 25,847	\$ 23,270	\$ 27,023	\$ 27,863
Contributions - employee	-	-	-	25	540	605	683	615	619
Net investment income	(87,979)	76,244	60,591	91,937	(11,718)	73,883	24,986	1,268	48,474
Benefit payments, including refunds of member contributions	(100,395)	(75,564)	(80,488)	(87,748)	(77,992)	(42,710)	(72,642)	(73,567)	(80,442)
Administrative expense	8,523	9,872	(7,889)	15,266	(33,207)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(133,713)</b>	<b>58,679</b>	<b>2,073</b>	<b>42,417</b>	<b>(99,388)</b>	<b>57,625</b>	<b>(23,703)</b>	<b>(44,661)</b>	<b>(3,486)</b>
<b>Plan fiduciary net position - beginning</b>	<b>612,978</b>	<b>554,299</b>	<b>552,226</b>	<b>509,809</b>	<b>609,197</b>	<b>551,572</b>	<b>575,275</b>	<b>619,936</b>	<b>623,422</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 479,265</b>	<b>\$ 612,978</b>	<b>\$ 554,299</b>	<b>\$ 552,226</b>	<b>\$ 509,809</b>	<b>\$ 609,197</b>	<b>\$ 551,572</b>	<b>\$ 575,275</b>	<b>\$ 619,936</b>
<b>Utilities' net pension liability - ending (a) - (b)</b>	<b>\$ 187,232</b>	<b>\$ 46,629</b>	<b>\$ 124,739</b>	<b>\$ 176,520</b>	<b>\$ 152,457</b>	<b>\$ 65,418</b>	<b>\$ 111,505</b>	<b>\$ 187,711</b>	<b>\$ 165,940</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>71.9%</b>	<b>92.9%</b>	<b>81.6%</b>	<b>75.8%</b>	<b>77.0%</b>	<b>90.3%</b>	<b>83.2%</b>	<b>75.4%</b>	<b>78.9%</b>
<b>Covered payroll</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,804</b>	<b>\$ 10,098</b>	<b>\$ 13,676</b>	<b>\$ 12,316</b>	<b>\$ 12,308</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1411.1%</b>	<b>647.8%</b>	<b>815.3%</b>	<b>15</b>	<b>1348.2%</b>

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL RETIREMENT PLAN  
SCHEDULE OF CHANGES IN THE UTILITIES'  
NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED DECEMBER 31,**

	Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 694	\$ 724	\$ 1,417	\$ 4,292	\$ 7,393	\$ 9,576	\$ 20,501	\$ 19,698	\$ 18,239
Interest on total pension liability	512,087	562,939	605,042	615,678	618,203	591,551	624,302	652,200	670,782
Difference between expected and actual experience	306,516	(230,445)	(165,826)	(150,414)	60,111	(185,760)	37,619	(928,851)	-
Benefit payments, including refunds of employee contributions	(809,395)	(673,874)	(718,401)	(729,313)	(707,237)	(378,980)	(644,155)	(617,521)	-
Other	28,412	14,592	15,957	538,014	17,881	3,067	(420,075)	800,044	(594,302)
<b>Net change in total pension liability</b>	<b>38,314</b>	<b>(326,064)</b>	<b>(261,811)</b>	<b>278,257</b>	<b>(3,649)</b>	<b>39,454</b>	<b>(381,808)</b>	<b>(74,430)</b>	<b>94,719</b>
<b>Total pension liability - beginning</b>	<b>7,731,204</b>	<b>8,057,268</b>	<b>8,319,079</b>	<b>8,040,822</b>	<b>8,044,471</b>	<b>8,005,017</b>	<b>8,386,825</b>	<b>8,461,255</b>	<b>8,366,536</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 7,769,518</b>	<b>\$ 7,731,204</b>	<b>\$ 8,057,268</b>	<b>\$ 8,319,079</b>	<b>\$ 8,040,822</b>	<b>\$ 8,044,471</b>	<b>\$ 8,005,017</b>	<b>\$ 8,386,825</b>	<b>\$ 8,461,255</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 211,893	\$ 221,020	\$ 232,499	\$ 190,229	\$ 190,660	\$ 207,463	\$ 228,338	\$ 209,875	\$ 209,875
Contributions - employee	2,495	2,932	2,718	5,306	8,740	10,257	12,177	13,551	17,248
Net investment income	(1,271,381)	1,190,854	881,267	1,317,859	(336,432)	1,114,524	283,581	38,776	440,604
Benefit payments, including refunds of member contributions	(809,395)	(673,874)	(718,401)	(729,313)	(707,237)	(381,929)	(644,155)	(617,521)	(571,446)
Administrative expense	(8,523)	149,496	(38,003)	125,256	(342,732)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(1,874,911)</b>	<b>890,428</b>	<b>360,080</b>	<b>909,337</b>	<b>(1,187,001)</b>	<b>950,315</b>	<b>(120,059)</b>	<b>(355,319)</b>	<b>96,281</b>
<b>Plan fiduciary net position - beginning</b>	<b>8,081,361</b>	<b>7,190,933</b>	<b>6,830,853</b>	<b>5,921,516</b>	<b>7,108,517</b>	<b>6,158,202</b>	<b>6,278,261</b>	<b>6,633,580</b>	<b>6,537,299</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 6,206,450</b>	<b>\$ 8,081,361</b>	<b>\$ 7,190,933</b>	<b>\$ 6,830,853</b>	<b>\$ 5,921,516</b>	<b>\$ 7,108,517</b>	<b>\$ 6,158,202</b>	<b>\$ 6,278,261</b>	<b>\$ 6,633,580</b>
<b>Utilities' net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 1,563,068</b>	<b>\$ (350,157)</b>	<b>\$ 866,335</b>	<b>\$ 1,488,226</b>	<b>\$ 2,119,306</b>	<b>\$ 935,954</b>	<b>\$ 1,846,815</b>	<b>\$ 2,108,564</b>	<b>\$ 1,827,675</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>79.9%</b>	<b>104.5%</b>	<b>89.2%</b>	<b>82.1%</b>	<b>73.6%</b>	<b>88.4%</b>	<b>76.9%</b>	<b>74.9%</b>	<b>78.4%</b>
<b>Covered payroll</b>	<b>\$ 44,464</b>	<b>\$ 39,500</b>	<b>\$ 50,977</b>	<b>\$ 61,722</b>	<b>\$ 93,499</b>	<b>\$ 121,553</b>	<b>\$ 154,777</b>	<b>\$ 202,138</b>	<b>\$ 270,337</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>3515.3%</b>	<b>-886.5%</b>	<b>1699.5%</b>	<b>2411.2%</b>	<b>2266.7%</b>	<b>770.0%</b>	<b>1193.2%</b>	<b>1043.1%</b>	<b>676.1%</b>

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
GEORGIA MUNICIPAL EMPLOYEES' BENEFIT SYSTEM PLAN  
SCHEDULE OF CHANGES IN THE UTILITIES'  
NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED DECEMBER 31,**

	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>								
Service cost	\$ 818,425	\$ 798,296	\$ 722,671	\$ 709,282	\$ 645,235	\$ 586,193	\$ 540,202	\$ 587,496
Interest on total pension liability	1,933,267	1,850,619	1,682,221	1,578,574	1,265,491	1,117,740	1,013,170	932,266
Differences between expected and actual experience	(2,731,353)	675,659	721,270	329,373	104,288	16,965	66,416	(71,499)
Changes of assumptions	-	-	-	-	-	-	-	(236,967)
Benefit payments, including refunds of employee contributions	(1,188,040)	(1,020,529)	(972,780)	(874,569)	(753,287)	(675,072)	(594,484)	(504,346)
Other	-	-	3,128,672	1,357	2,855,579	-	-	-
<b>Net change in total pension liability</b>	<b>(1,167,701)</b>	<b>2,304,045</b>	<b>5,282,054</b>	<b>1,744,017</b>	<b>4,117,306</b>	<b>1,045,826</b>	<b>1,025,304</b>	<b>706,950</b>
<b>Total pension liability - beginning</b>	<b>28,506,920</b>	<b>26,202,875</b>	<b>20,920,821</b>	<b>19,176,804</b>	<b>15,059,498</b>	<b>14,013,672</b>	<b>12,988,368</b>	<b>12,281,418</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 27,339,219</b>	<b>\$ 28,506,920</b>	<b>\$ 26,202,875</b>	<b>\$ 20,920,821</b>	<b>\$ 19,176,804</b>	<b>\$ 15,059,498</b>	<b>\$ 14,013,672</b>	<b>\$ 12,988,368</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 806,356	\$ 703,222	\$ 685,856	\$ 574,746	\$ 532,072	\$ 463,134	\$ 515,392	\$ 531,246
Contributions - employee	689,285	707,795	745,373	524,963	449,295	410,195	370,231	348,069
Net investment income	1,510,118	6,996,407	(1,222,708)	598,677	1,793,824	1,515,377	45,004	953,628
Benefit payments, including refunds of member contributions	(1,188,040)	(1,020,529)	(972,780)	(874,569)	(753,287)	(675,072)	(594,484)	(504,348)
Administrative expenses	(45,560)	363,769	30,475	(35,761)	(168,536)	(161,930)	(25,302)	(20,782)
Other	-	-	1,598,852	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>1,772,159</b>	<b>7,750,664</b>	<b>865,068</b>	<b>788,056</b>	<b>1,853,368</b>	<b>1,551,704</b>	<b>310,841</b>	<b>1,307,813</b>
<b>Plan fiduciary net position - beginning</b>	<b>24,138,016</b>	<b>16,387,352</b>	<b>15,522,284</b>	<b>14,734,228</b>	<b>12,880,860</b>	<b>11,329,156</b>	<b>11,018,315</b>	<b>9,710,502</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 25,910,175</b>	<b>\$ 24,138,016</b>	<b>\$ 16,387,352</b>	<b>\$ 15,522,284</b>	<b>\$ 14,734,228</b>	<b>\$ 12,880,860</b>	<b>\$ 11,329,156</b>	<b>\$ 11,018,315</b>
<b>Utilities' net pension liability - ending (a) - (b)</b>	<b>\$ 1,429,044</b>	<b>\$ 4,368,904</b>	<b>\$ 9,815,523</b>	<b>\$ 5,398,537</b>	<b>\$ 4,442,576</b>	<b>\$ 2,178,638</b>	<b>\$ 2,684,516</b>	<b>\$ 1,970,053</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>94.8%</b>	<b>84.7%</b>	<b>62.5%</b>	<b>74.2%</b>	<b>76.8%</b>	<b>85.5%</b>	<b>80.8%</b>	<b>84.8%</b>
<b>Covered payroll</b>	<b>\$ 10,691,749</b>	<b>\$ 11,152,247</b>	<b>\$ 11,005,606</b>	<b>\$ 10,133,974</b>	<b>\$ 10,157,002</b>	<b>\$ 9,553,878</b>	<b>\$ 8,957,103</b>	<b>\$ 8,141,331</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>13.4%</b>	<b>39.2%</b>	<b>89.2%</b>	<b>53.3%</b>	<b>43.7%</b>	<b>22.8%</b>	<b>30.0%</b>	<b>24.2%</b>

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
1945 PLAN  
SCHEDULE OF UTILITIES CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31,**

	Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 41,288	\$ 48,127	\$ 29,859	\$ 22,937	\$ 22,989	\$ 25,847	\$ 23,270	\$ 27,023	\$ 299,600
Contributions in relation to the actuarially determined contribution	46,138	48,127	29,859	22,937	22,989	25,847	23,270	27,023	27,863
Contribution deficiency (excess)	\$ (4,850)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 271,737
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 10,804	\$ 10,098	\$ 13,676	\$ 12,316	\$ 12,308
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	212.78%	255.95%	170.15%	219.41%	226.38%

**Notes to the Schedule:**

(1) Actuarial Assumptions

Valuation Date	December 31, 2022
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value, five-year smoothing period
Assumed Rate of Return on Investments	7.00%
Projected Salary Increases	N/A
Cost-of-living Adjustment	2.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

(2) The schedule will present 10 years of information once it is accumulated.

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL RETIREMENT PLAN  
SCHEDULE OF UTILITIES CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31,**

	Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 115,483	\$ 221,020	\$ 232,499	\$ 190,229	\$ 190,660	\$ 207,463	\$ 228,338	\$ 209,875	\$ 209,875
Contributions in relation to the actuarially determined contribution	211,893	221,020	232,499	190,229	190,660	207,463	228,338	209,875	209,875
Contribution deficiency (excess)	\$ (96,410)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 39,500	\$ 41,202	\$ 50,977	\$ 61,722	\$ 93,499	\$ 121,553	\$ 154,777	\$ 202,138	\$ 270,337
Contributions as a percentage of covered payroll	536.44%	536.43%	456.09%	308.20%	203.92%	170.68%	147.53%	103.83%	77.63%

**Notes to the Schedule:**

(1) Actuarial Assumptions

Valuation Date	December 31, 2022
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value, five-year smoothing period
Assumed Rate of Return on Investments	7.00%
Projected Salary Increases	3.00%
Cost-of-living Adjustment	2.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

(2) The schedule will present 10 years of information once it is accumulated.

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
GEORGIA MUNICIPAL EMPLOYEES' BENEFIT SYSTEM PLAN  
SCHEDULE OF UTILITIES CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31,**

	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 822,567	\$ 858,007	\$ 822,567	\$ 622,038	\$ 649,419	\$ 450,094	\$ 442,711	\$ 425,267
Contributions in relation to the actuarially determined contribution	806,357	836,656	729,203	692,084	532,072	467,732	515,392	531,631
Contribution deficiency (excess)	\$ 16,210	\$ 21,351	\$ 93,364	\$ (70,046)	\$ 117,347	\$ (17,638)	\$ (72,681)	\$ (106,364)
Covered payroll	\$ 10,691,749	\$ 11,152,405	\$ 11,152,247	\$ 10,133,974	\$ 10,157,002	\$ 9,553,878	\$ 8,957,103	\$ 8,143,319
Contributions as a percentage of covered payroll	7.54%	7.50%	6.54%	6.83%	5.24%	4.90%	5.75%	6.53%

**Notes to the Schedule:**

(1) Actuarial Assumptions

Valuation Date  
Cost Method  
Actuarial Asset Valuation Method

July 1, 2022

Projected Unit Credit

Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted to be within 20% of market value.

Assumed Rate of Return on Investments  
Projected Salary Increases  
Cost-of-living Adjustment  
Amortization Method  
Remaining Amortization Period

7.375%

2.25% plus service based merit increases

N/A

Closed level dollar for unfunded liability

Remaining amortization period varies for the bases, with a net effective amortization period of 15-20 years.

(2) The schedule will present 10 years of information once it is accumulated.



**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
1945 PLAN  
SCHEDULE OF PENSION INVESTMENT RETURNS  
FOR THE YEAR ENDED DECEMBER 31,**

---

	Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	-14.6%	11.1%	10.6%	17.0%	-2.4%	17.9%	7.1%	-1.8%	7.0%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL RETIREMENT PLAN  
SCHEDULE OF PENSION INVESTMENT RETURNS  
FOR THE YEAR ENDED DECEMBER 31,**

---

	Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	-19.4%	14.8%	12.2%	20.5%	-5.1%	13.2%	6.2%	-1.2%	8.2%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**AUGUSTA, GEORGIA UTILITIES  
AUGUSTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE UTILITIES' TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
FOR THE YEAR ENDED DECEMBER 31,**

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>					
Service cost	\$ 652,317	\$ 660,397	\$ 403,872	\$ 908,376	\$ 333,487
Interest on total OPEB liability	311,233	332,656	356,396	434,672	401,163
Differences between expected and actual experience	(445,623)	227,656	1,376,688	-	-
Changes of assumptions	(6,762,377)	(3,077,666)	1,613,587	3,727,487	-
Benefit payments	(339,598)	(345,707)	(398,511)	(483,836)	(398,505)
<b>Net change in total OPEB liability</b>	<b>(6,584,048)</b>	<b>(2,202,664)</b>	<b>3,352,032</b>	<b>4,586,699</b>	<b>336,145</b>
<b>Total OPEB liability - beginning</b>	<b>16,077,863</b>	<b>18,280,527</b>	<b>14,928,495</b>	<b>10,341,796</b>	<b>10,005,651</b>
<b>Total OPEB liability - ending</b>	<b>\$ 9,493,815</b>	<b>\$ 16,077,863</b>	<b>\$ 18,280,527</b>	<b>\$ 14,928,495</b>	<b>\$ 10,341,796</b>
 <b>Covered payroll</b>	 \$ 7,106,709	 \$ 6,635,364	 \$ 6,800,295	 \$ 6,469,685	 \$ 6,960,467
 <b>Utilities' total OPEB liability as a percentage of covered payroll</b>	 133.59%	 242.31%	 268.82%	 230.75%	 148.58%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

This page intentionally left blank.

## **APPENDIX B**

### **FEASIBILITY REPORT**

The Consolidated Government has retained Raftelis Financial Consultants, Inc., Charlotte, North Carolina, as its financial consultant to develop certain reports and studies relating to the System and certain financial matters. The Feasibility Report, prepared by Raftelis Financial Consultants, Inc., has been included as this Appendix B in reliance upon the authority of such firm as experts in related financial matters.

**[Remainder of Page Intentionally Left Blank]**

This page intentionally left blank.

# Augusta, Georgia

---

## Financial Feasibility Evaluation of Proposed Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2024



June 27, 2024

## **Evaluation by Financial Feasibility Consultants**

### **Augusta, Georgia**

### **Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2024**

We have evaluated the accompanying Forecast Statement of Revenues, Expenses, Debt Service, and Debt Service Coverage (Forecast Statement) for Augusta, Georgia's (the "Consolidated Government") water and sewer utility systems (the "System") for the six fiscal years ending December 31, 2024 through December 31, 2029. Our evaluation was conducted in accordance with guidelines for the water and wastewater industry and included such procedures as we considered necessary to evaluate the assumptions of the Consolidated Government.

In evaluating the financial feasibility of the project, those assumptions that we believe are most significant include:

- Projected growth in customers and demand for water and sewer services and the resulting impact on the forecast of revenues during the forecast period;
- Projected operating costs for providing water and sewer services to meet demand during the forecast period;
- Projected water and sewer rates during the forecast period; and
- Projected capital costs and sources of financing to meet infrastructure investment needs during the forecast period.

The accompanying Forecast Statement has been presented to be consistent with the specific requirements of the coverage tests identified in the Master Bond Resolution, duly adopted on October 16, 2012, as amended (the "Bond Resolution"), providing for the issuance of its water and sewerage revenue bonds. The Forecast Statement, together with the Summary of Significant Forecast Assumptions, which is included as an integral part of the forecast, constitutes the "Feasibility Evaluation" for the proposed capital projects and bond financing. Capitalized terms used herein and not defined herein shall have the meaning set forth in the Bond Resolution.

In our opinion, the accompanying Forecast Statement is presented in conformity with industry guidelines for presentation of a forecast, and the underlying assumptions provide a reasonable basis for the System's forecast. Based upon the assumptions in our report, the estimated Net Operating Revenues provide adequate funds to maintain debt service coverage ratios during the forecast period as required by the rate covenant as set forth in Section 8.1 of the Bond Resolution (the "Rate Covenant") to support the issuance of the Consolidated Government's proposed Water and Sewerage Revenue Refunding and Improvement Revenue Bonds, Series 2024 (the "Series 2024 Bonds"). However, there will usually be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Raftelis Financial Consultants, Inc.

Charlotte, NC  
June 27, 2024

By: Chad Cowan  
Senior Manager



# Augusta, Georgia

## Water and Sewerage Utility System

### Forecast Statement of Revenues, Expenses, Debt, & Debt Service Coverage

### Fiscal Year Ending December 31

	<b>FY 2023</b> (Actual - Unaudited)	<b>FY 2024</b> (Estimated) <sup>1</sup>	<b>FY 2025</b> (Projected)	<b>FY 2026</b> (Projected)	<b>FY 2027</b> (Projected)	<b>FY 2028</b> (Projected)	<b>FY 2029</b> (Projected)
<b>Operating Revenues (2)</b>							
Water & Sewerage Sales	\$ 92,458,300	\$ 94,159,950	\$ 98,397,148	\$ 102,825,019	\$ 107,452,145	\$ 112,287,492	\$ 117,340,429
Industrial Sewer Charges	1,951,320	2,340,990	2,446,335	2,556,420	2,671,458	2,791,674	2,917,299
Water & Sewerage Service Fees	4,121,386	4,952,500	5,175,363	5,408,254	5,651,625	5,905,948	6,171,716
Department of the Army Revenue (3)	8,606,778	8,420,200	8,672,806	8,932,990	9,200,980	9,477,009	9,761,320
Other Operating Revenues	<u>820,304</u>	<u>1,183,150</u>	<u>1,194,982</u>	<u>1,206,931</u>	<u>1,219,001</u>	<u>1,231,191</u>	<u>1,243,503</u>
Subtotal: Operating Revenues	\$ 107,958,088	\$ 111,056,790	\$ 115,886,632	\$ 120,929,614	\$ 126,195,210	\$ 131,693,314	\$ 137,434,267
	<b>FY 2023</b> (Actual - Unaudited)	<b>FY 2024</b> (Estimated)	<b>FY 2025</b> (Projected)	<b>FY 2026</b> (Projected)	<b>FY 2027</b> (Projected)	<b>FY 2028</b> (Projected)	<b>FY 2029</b> (Projected)
<b>Operating Expenses (3)</b>							
Personnel Services	\$ (23,169,787)	\$ (24,328,276)	\$ (25,058,124)	\$ (25,809,868)	\$ (26,584,164)	\$ (27,381,689)	\$ (28,203,139)
Other Operating Expenses	(7,096,686)	(5,196,330)	(5,352,220)	(5,512,786)	(5,678,170)	(5,848,515)	(6,023,971)
Material & Supplies	(15,793,451)	(17,019,750)	(17,530,343)	(18,056,253)	(18,597,940)	(19,155,879)	(19,730,555)
Payment in Lieu of Taxes	(2,170,720)	(1,795,760)	(1,867,590)	(1,942,294)	(2,019,986)	(2,100,785)	(2,184,817)
Payment in Lieu of Franchise Fees	(5,149,840)	(5,767,530)	(5,940,556)	(6,118,773)	(6,302,336)	(6,491,406)	(6,686,148)
Professional Services	(11,450,779)	(9,710,430)	(10,001,743)	(10,301,795)	(10,610,849)	(10,929,175)	(11,257,050)
Other Allocations (GF/Risk/Vehicles)	\$ (3,256,673)	\$ (3,887,630)	\$ (4,004,259)	\$ (4,124,387)	\$ (4,248,118)	\$ (4,375,562)	\$ (4,506,829)
Depreciation	<u>(19,974,042)</u>	<u>(20,000,000)</u>	<u>(20,003,600)</u>	<u>(20,530,908)</u>	<u>(21,062,035)</u>	<u>(21,597,096)</u>	<u>(22,136,209)</u>
Subtotal: Operating Expenses	\$ (88,061,978)	\$ (87,705,706)	\$ (89,758,435)	\$ (92,397,064)	\$ (95,103,598)	\$ (97,880,106)	\$ (100,728,717)
<b>Operating Income</b>	<b>\$ 19,896,109</b>	<b>\$ 23,351,084</b>	<b>\$ 26,128,198</b>	<b>\$ 28,532,551</b>	<b>\$ 31,091,611</b>	<b>\$ 33,813,208</b>	<b>\$ 36,705,549</b>
	<b>FY 2023</b> (Actual - Unaudited)	<b>FY 2024</b> (Estimated)	<b>FY 2025</b> (Projected)	<b>FY 2026</b> (Projected)	<b>FY 2027</b> (Projected)	<b>FY 2028</b> (Projected)	<b>FY 2029</b> (Projected)
<b>Nonoperating Revenues (Expenses)</b>							
Investment Earnings	\$ 2,572,586	\$ 2,817,213	\$ 3,815,049	\$ 3,055,177	\$ 2,365,678	\$ 2,279,137	\$ 2,686,701
Bond Interest & Fiscal Charges	(14,396,242)	(17,877,088)	(25,650,171)	(24,963,926)	(24,256,116)	(23,508,540)	(22,729,163)
Bond Issuance Costs	(389,424)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
Intergovernmental Revenue		9,100,000					
Other Non-Operating Revenue	<u>18,236</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal: Nonoperating Revenues (Expenses)	\$ (12,194,844)	\$ (6,249,875)	\$ (22,185,122)	\$ (22,258,749)	\$ (22,240,438)	\$ (21,579,403)	\$ (20,392,462)
<b>Income Before Transfers and Capital Contributions</b>	<b>\$ 7,701,266</b>	<b>\$ 17,101,209</b>	<b>\$ 3,943,076</b>	<b>\$ 6,273,801</b>	<b>\$ 8,851,173</b>	<b>\$ 12,233,805</b>	<b>\$ 16,313,087</b>
<b>Adjustments (7)</b>							
Plus: Depreciation and amortization	\$ 20,363,466	\$ 20,350,000	\$ 20,353,600	\$ 20,880,908	\$ 21,412,035	\$ 21,947,096	\$ 22,486,209
Plus: Interest Expense	14,396,242	17,877,088	25,650,171	24,963,926	24,256,116	23,508,540	22,729,163
Plus: Payment in Lieu of Taxes	2,170,720	1,795,760	1,867,590	1,942,294	2,019,986	2,100,785	2,184,817
Plus: Payment in Lieu of Franchise Fees	5,149,840	5,767,530	5,940,556	6,118,773	6,302,336	6,491,406	6,686,148
Less: Intergovernmental Revenue	-	(9,100,000)	-	-	-	-	-
Less: GEFA Loan Interest	(254,186)	(228,940)	(202,927)	(176,122)	(148,502)	(120,041)	(90,715)
Less: Gain or Loss on Sale of Assets	(18,236)						
Less: Interest Earned on Construction Funds (8)	<u>(459,320)</u>	<u>(1,359,167)</u>	<u>(2,214,953)</u>	<u>(1,301,854)</u>	<u>(388,609)</u>	<u>-</u>	<u>-</u>
<b>Net Operating Revenues</b>	<b>\$ 49,049,792</b>	<b>\$ 52,203,480</b>	<b>\$ 55,337,113</b>	<b>\$ 58,701,726</b>	<b>\$ 62,304,535</b>	<b>\$ 66,161,591</b>	<b>\$ 70,308,709</b>
<b>Total Debt Service</b>							
Existing Senior Lien Debt	\$ 34,387,508	\$ 27,470,388	\$ 26,197,055	\$ 26,205,570	\$ 26,205,943	\$ 26,201,390	\$ 26,195,310
Proposed 2024 Bonds (9)	-	2,386,199	12,084,750	12,080,000	12,084,750	12,082,750	12,083,500
Subtotal Senior Lien Debt	<u>34,387,508</u>	<u>29,856,587</u>	<u>38,281,805</u>	<u>38,285,570</u>	<u>38,290,693</u>	<u>38,284,140</u>	<u>38,278,810</u>
Existing GEFA Loans	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>
Subtotal GEFA Loans	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>	<u>1,084,205</u>
Subtotal: Total Debt Service	\$ 35,471,712	\$ 30,940,791	\$ 39,366,010	\$ 39,369,775	\$ 39,374,897	\$ 39,368,345	\$ 39,363,015
<b>Debt Service Coverage - Parity Indebtedness</b>							
Calculated Using Net Operating Revenues (10)	<b>1.43</b>	<b>1.75</b>	<b>1.45</b>	<b>1.53</b>	<b>1.63</b>	<b>1.73</b>	<b>1.84</b>
<b>Total Debt Service: Parity plus GEFA</b>	<b>\$ 35,471,712</b>	<b>\$ 30,940,791</b>	<b>\$ 39,366,010</b>	<b>\$ 39,369,775</b>	<b>\$ 39,374,897</b>	<b>\$ 39,368,345</b>	<b>\$ 39,363,015</b>
<b>Debt Service Coverage - Total Debt</b>							
Calculated Using Net Operating Revenues	<b>1.38</b>	<b>1.69</b>	<b>1.41</b>	<b>1.49</b>	<b>1.58</b>	<b>1.68</b>	<b>1.79</b>
<b>Net Revenues After Total Debt</b>	<b>\$ 13,578,080</b>	<b>\$ 21,262,688</b>	<b>\$ 15,971,104</b>	<b>\$ 19,331,952</b>	<b>\$ 22,929,638</b>	<b>\$ 26,793,246</b>	<b>\$ 30,945,694</b>
<b>Other Expenditures and Transfers</b>							
Rate Funded Capital (11)	\$ (3,405,821)	\$ (11,000,000)	\$ (6,000,000)	\$ (6,180,000)	\$ (6,365,400)	\$ (6,556,362)	\$ (6,753,053)
Transfers in from other funds	<u>3,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal: Other Expenditures and Transfers	\$ (3,402,725)	\$ (11,000,000)	\$ (6,000,000)	\$ (6,180,000)	\$ (6,365,400)	\$ (6,556,362)	\$ (6,753,053)
<b>Surplus Revenues Remaining/(Used)</b>							
<b>After Total Cash Needs</b>	<b>\$ 3,332,351</b>	<b>\$ 4,058,565</b>	<b>\$ 4,377,910</b>	<b>\$ 6,392,739</b>	<b>\$ 8,630,526</b>	<b>\$ 11,644,693</b>	<b>\$ 15,321,677</b>
<b>Beginning Balance - Cash and Cash Equivalents</b>	\$ 38,326,111	\$ 41,658,462	\$ 45,717,027	\$ 50,094,937	\$ 56,487,677	\$ 65,118,202	\$ 76,762,896
<b>Ending Balance - Cash and Cash Equivalents</b>	\$ 41,658,462	\$ 45,717,027	\$ 50,094,937	\$ 56,487,677	\$ 65,118,202	\$ 76,762,896	\$ 92,084,573

#### Summary of Significant Forecast Assumptions:

- 1) FY2024 is estimated based on the Consolidated Government's adopted budget and projected based on actual revenues and expenses through the first five months of 2024.
- 2) User charge revenues in FY 2024 through FY 2029 are calculated based on projected customer information and demand and approved increases in the user rates and charges for water and sewer service for FY 2024. The Forecast assumes that the Commission will approve annual increase to rates and charges for FY 2025 through FY 2029 at 4.50% annually; however, such rate increases have not been approved by the Commission and cannot be implemented without such approval. Includes revenues from water tap fees, water reuse charges, sewer upgrades, and other miscellaneous revenues. Revenues from water tap fees are assumed to increase based on the projected growth in new customers connecting to the System. All other miscellaneous revenues are assumed to remain flat over the forecast period. See additional information in Sections 4 and 5.
- 3) As outlined in the contract with Fort Eisenhower, future rates for Operation and Maintenance of the systems will change based on the change in CPI, which is estimated for the forecast period at 3.00% per year. Rates for water and sewer services will increase at a rate of 4.50% through the forecast period.
- 4) Operating expenses in FY 2024 through 2029 are based on historical costs from 2019 through 2023 with projected growth of 3.00% annually. For the purposes of the projection, the FY 2023 Professional Services line was adjusted to exclude one-time expenses related to the Water Treatment plant. See additional information in Section 6.
- 5) Investment earnings are based on prior year's ending fund balance with an assumed earnings rate of 3.5%. This amount includes interest earned on bond-funded construction funds. See Footnote 8 for additional information.
- 6) Intergovernmental Revenue includes the allocation of ARPA fund and other grants to fund
- 7) Per the Bond Resolution, certain expenses are not included in the definition of Expenses of Operation and Maintenance and those amounts are allowed to be excluded when calculating Net Operating Revenues. For additional details, refer to the definition of "Expenses of Operation and Maintenance" in the Bond Resolution and Section 5.3 of the Bond Resolution.
- 8) Per the Bond Resolution, interest earned on construction funds are not included in Net Operating Revenues. The increase in investment earnings reflect projected earnings on the proceeds from the Series 2024 Bonds.
- 9) Future debt includes the Series 2024 Bonds with a par amount of \$126,395,000 including both new money and refunding bonds. The specific financing terms and conditions are described in Sections 8 and 9.
- 10) As outlined in the rate covenant in the Bond Resolution, the Consolidated Government covenants that it will continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and will prescribe, fix, maintain, and collect rates, fees, and other charges for the services, facilities, and commodities furnished by the System fully sufficient to: (a) provide for 100% of the Expenses of Operation and Maintenance and for the accumulation in the Revenue Fund of a reasonable reserve therefor to the extent required by the Bond Resolution; and (b) produce Net Operating Revenues in each Fiscal Year that (together with Investment Earnings, other than Investment Earnings on the Construction Fund) (i) will equal at least 110% of the Debt Service Requirement on the Senior Bonds then Outstanding for the year of computation and 100% of the Debt Service Requirement on all Subordinate Bonds then Outstanding for the year of computation; (ii) will enable the Consolidated Government to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Fund and to any Financial Facility Issuer, any Reserve Account Credit Facility Provider, and any Qualified Hedge Provider; (iii) will enable the Consolidated Government to accumulate an amount to be held in the Utility General Fund as required by the Bond Resolution, and such greater amount which in the judgment of the Consolidated Government is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the

System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and (iv) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Bond Resolution from prior Fiscal Years.

- 11) Represents annual funding from current revenues for capital improvements, ARPA Funds and other grants as identified in the Consolidated Government's capital improvement plan. See Section 7 for additional information.

## Table of Contents

<b>1. BASIS OF PRESENTATION.....</b>	<b>1</b>
<b>2. SCOPE OF OPERATIONS .....</b>	<b>3</b>
<b>3. DEMAND FOR SERVICES .....</b>	<b>5</b>
<b>4. RATES &amp; CHARGES .....</b>	<b>7</b>
<b>5. REVENUES.....</b>	<b>10</b>
<b>6. OPERATING EXPENSES .....</b>	<b>13</b>
<b>7. CAPITAL PROJECTS.....</b>	<b>14</b>
<b>8. FINANCING PLAN .....</b>	<b>18</b>
<b>9. DEBT SERVICE OBLIGATIONS .....</b>	<b>19</b>
<b>10. FUND BALANCES.....</b>	<b>21</b>

# LIST OF FIGURES AND TABLES

---

Table 1: Historical Customer Billing Data ..... 6

Table 2: Existing Rates ..... 8

Table 3: Historical Rate Increases & Rate Forecast ..... 9

Table 4: Operating Revenue Detail .....11

Table 5: Non-operating Revenue Detail.....12

Table 6: Operating Expenses .....13

Table 7: Sources and Uses of Funds – Series 2024 Bonds .....18

Table 8: Existing Debt Service .....19

Table9: Future Debt Service.....20

Table10: Cash & Cash Equivalents.....23

# 1. BASIS OF PRESENTATION

---

Raftelis Financial Consultants, Inc. (“RFC”) has been engaged by Augusta, Georgia (the “Consolidated Government”) to evaluate the financial feasibility of proposed improvements to its water and sewer utility system (the “System”). The opinion letter to the Consolidated Government included as part of the Feasibility Evaluation is based on the Forecast Statement of Revenues, Expenses, Debt Service, and Debt Service Coverage (the “Forecast Statement”) and the Summary of Significant Forecast Assumptions (taken together, the Feasibility Evaluation) which presents, to the best of the Consolidated Government’s knowledge and belief, based upon available information, the expected revenues, expenses, debt service, and debt service coverage for the Consolidated Government’s System during the forecast period.

All schedules in the Forecast Statement have been presented in accordance with the Consolidated Government’s annual accounting cycle, based upon its fiscal year beginning January 1 and ending December 31 (Fiscal Year or FY). The Forecast Statement reflects the Consolidated Government’s judgment as of June 1, 2024, the date of this Forecast Statement, of the anticipated conditions and the Consolidated Government’s expected course of action during each of the six fiscal years ending December 31, 2024 through December 31, 2029.

The Feasibility Evaluation will be included as a part of the Official Statement for the Consolidated Government’s Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2024 (the “Series 2024 Bonds”), which will be issued on parity with the System’s outstanding Senior Bonds under the Consolidated Government’s Master Bond Resolution, duly adopted on October 16, 2012, as amended (the “Bond Resolution”). The Series 2024 Bonds will be used to finance a wide range of projects as further outlined in Section 7. Section 9 provides a summary of the sources and uses of the Series 2024 Bonds.

The Feasibility Evaluation has been based upon cost, operating, demographic and other relevant information provided by the Consolidated Government and the debt service schedules provided to the Consolidated Government by its Financial Advisor, Davenport & Company, LLC. The Feasibility Evaluation is presented in conformity with the methodology for calculating debt service coverage prescribed in the Bond Resolution. The definitions of capitalized terms not specifically provided in this document are provided in the Bond Resolution.

The Consolidated Government has covenanted in the Bond Resolution that it will continuously own, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and will prescribe, fix, maintain, and collect rates, fees and other charges for service, facilities, and commodities furnished by the System fully sufficient to : (a) provide 100% of the Expense of Operation and Maintenance and for the accumulation in the Revenue Fund a reasonable reserve therefor to the extent required by the Bond Resolution; and (b) produce Net Operating Revenues in each Fiscal Year that (together with Investment Earnings other than Investment Earnings in the Construction Fund) that (i) will produce at least 110% of the Debt Service Requirement on the Senior

Bonds then Outstanding and (ii) 100% of the Debt Service Requirement on all Subordinate Bonds then Outstanding, will enable the Consolidated Government to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Fund and to any Financial Facility Issuer, any Reserve Account Credit Facility Provider and any Qualified Hedge Provider; (iii) will enable the Consolidated Government to accumulate an amount to be held in the Utility General Fund as required by the Bond Resolution, and such greater amount which in the judgement of the Consolidated Government is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or is required by any governmental agency having jurisdiction over the System; and (iv) will remedy all deficiencies in required payment into any of the funds and accounts mentioned in the Bond Resolution from prior Fiscal Years.

The Series 2024 Bonds will be issued on parity with the Consolidated Government's outstanding Senior Bonds for the System. The other existing debt of the System are loans from the Georgia Environmental Finance Authority ("GEFA"). The GEFA loans are a general obligations of the Consolidated Government to which its full faith and credit and taxing power are pledged. Although the Consolidated Government intends to repay the GEFA loans from revenues of the System, the loans are not secured by any lien on the revenues of the System.

In the Forecast Statement, the forecasts of revenues and expenses are prepared on a cash basis consistent with the Consolidated Government's budgeting process for the System and are adjusted to meet the specific requirements of the coverage tests identified in the Bond Resolution. Compliance with the Rate Covenant is demonstrated on the Forecast Schedule under the heading Senior Debt Service Coverage. In each year of the forecast period, the ratio calculated using Net Operating Revenues is greater than 110% of the principal of and interest on the Senior Bonds (including the Series 2024 Bonds and after the refunding of the refunded Series 2012 Bonds) in each year of the forecast, thus meeting the requirements of the rate covenant of the Bond Resolution for the forecast period.

The assumptions disclosed herein are those that the Consolidated Government believes are significant to the forecast. There will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

## 2. SCOPE OF OPERATIONS

---

The Consolidated Government is located in the central eastern portion of the State of Georgia on the south bank of the Savannah River, which is the Georgia-South Carolina state boundary, approximately 155 miles east of Atlanta, Georgia and 75 miles southwest of Columbia, South Carolina, with an estimated population of over 200,000. Policymaking and legislative authority are vested in the Augusta-Richmond County Commission (the “Commission”) consisting of ten commissioners and a full-time Mayor who is elected on a county-wide basis. Each commissioner is elected by voters residing within such commissioner’s commission district. Commission District 9 encompasses all of commission districts 1, 2, 4 and 5. Commission District 10 encompasses all of the commission districts 3,6,7, and 8. The Administrator of the Consolidated Government is responsible for the daily operations of Consolidated Government and serves at the pleasure of the Commission. Water and sewer services are managed as a separate department.

### THE SYSTEM

The Consolidated Government owns and operates a water supply, treatment, and distribution system and a sanitary sewer treatment and collection system (the “System”). The water system consists of of a raw water surface water supply with a monthly average allotment of 75 million gallons per day (“MGD”), a ground water supply with a monthly average allotment of 18.4 MGD, raw surface water storage capacity of approximately 169 million gallons, six raw surface water pumps with aggregate raw water pumping capacity of 138 MGD, 21 active wells with aggregate well-water pumping capacity of 21.15 MGD, five water treatment plants with an aggregate rated capacity for treatment of 95MGD and an aggregate treated water pumping rated capacity of 78.0 MGD, treated water storage capacity of 52.10 million gallons and a water distribution network of 1,350 miles of pipeline.

The sewer system consists of one active wastewater treatment plant with a treatment capacity of 46.1 MGD, one inactive wastewater treatment plant with a treatment capacity of 2.24MGD and a wastewater collection system of 81 permanent wastewater pumping stations, several small temporary wastewater pumping stations on Fort Eisenhower and approximately 1,064 miles of collection sewers.

The water system serves an approximately 210 square mile area and has approximately 65,700 water accounts. The sewer system serves an approximately 106 square mile area and has approximately 54,280 sewer accounts. The System also provides water and sewer services to the U.S. Army Signal Center, U.S. Army Cyber Center of Excellence and Fort Eisenhower (collectively, “Fort Eisenhower”), which is located primarily in the geographic territory of the Consolidated Government.



## REGULATIONS

The operation of the Consolidated Government's water and sewer facilities is regulated by the United States Environmental Protection Agency (EPA) and the Georgia Environmental Protection Division of the Department of Natural Resources (EPD). The water and sewer projects identified in the capital improvement plan (CIP) have been designed by the Consolidated Government to be in compliance with all appropriate regulations and to address the water and sewer requirements of the Consolidated Government's service area. Even though federal and state environmental legislation and regulations are constantly evolving, management does not anticipate regulatory changes that will require additional capital costs to maintain operating permits during the forecast period, or that will otherwise have a material impact on the construction cost of the projects to be funded by the Series 2024 Bonds or other financings.

The Consolidated Government is currently in substantial compliance with all Federal and State environmental legislation and regulations, and necessary measures are being taken in an effort to ensure that EPD's standards for discharge and non-discharge are met in the future.

### 3. DEMAND FOR SERVICES

---

A review of historical billing data revealed that over the last five years, account and demand growth for water and sewer has been relatively low. Specifically, the number of water customers increased at an annual compounded rate less than 1.00% from FY 2019 through FY 2023. Over the same time period, billable water consumption remained relatively flat from FY 2019 to FY 2023. The sewer utility has experienced similar growth in both accounts and consumption over the past five years.

Water and sewer customer accounts and billable demand have been forecasted with FY 2023 serving as the base year. For water and wastewater systems, and in an effort to be conservative, customer accounts and billable demand for all customer classes (Residential, Commercial, Irrigation, and Fort Eisenhower) have been forecasted to increase at 0.00% annually over the forecast period (FY 2024 – FY 2029).

The following tables, Table 1 show a summary of the historical number of customer accounts and corresponding water and sewer usage for the fiscal years 2019 through 2023.

Historical growth in the customer base for water and sewerage has averaged less than 1.00% from 2019 through 2023. Additionally, consumption for both water and sewer declined from 2019 through 2023. Based on this recent track record, the forecast assumes 0.00% growth for both the overall customer base and consumption from 2024 through 2029.

**Table 1: Historical Customer Billing Data**

	<b><u>FY 2019</u></b> <i>Actual</i>	<b><u>FY 2020</u></b> <i>Actual</i>	<b><u>FY 2021</u></b> <i>Actual</i>	<b><u>FY 2022</u></b> <i>Actual</i>	<b><u>FY 2023</u></b> <i>Actual</i>
<b>Billing Data</b>					
<u>Water Accounts</u>					
Residential	57,250	58,142	58,542	58,558	59,161
Business	5,374	5,418	5,447	5,479	5,481
Industrial	48	48	48	47	48
Church	379	374	375	390	386
Education	89	101	86	105	112
Government	437	436	431	423	432
<b>Total Water Accounts</b>	<b>63,577</b>	<b>64,519</b>	<b>64,929</b>	<b>65,002</b>	<b>65,620</b>
		1.48%	0.64%	0.11%	0.95%
<u>Sewer Accounts</u>					
Residential	47,615	48,474	48,923	49,007	49,547
Business	3,929	3,974	3,990	4,007	4,038
Industrial	37	37	38	38	39
Church	267	263	264	260	260
Education	68	75	66	67	70
Government	198	199	198	194	197
<b>Total Sewer Accounts</b>	<b>52,114</b>	<b>53,022</b>	<b>53,479</b>	<b>53,573</b>	<b>54,151</b>
		1.74%	0.86%	0.18%	1.08%
<b>Consumption Data (In Thousands of Gallons)</b>					
<u>Water Accounts</u>					
Residential	4,243,485	3,889,792	3,985,264	4,019,248	3,849,619
Business	4,667,258	3,310,734	3,553,968	4,173,427	4,365,317
Industrial	1,529,720	1,440,061	1,391,053	1,389,237	1,109,945
Church	58,672	41,537	46,111	55,368	52,583
Education	143,106	97,333	104,531	114,466	169,291
Government	1,643,497	1,770,650	1,664,689	1,788,631	2,203,216
<b>Total Water Accounts</b>	<b>12,285,738</b>	<b>10,550,107</b>	<b>10,745,616</b>	<b>11,540,377</b>	<b>11,749,971</b>
		-14.13%	1.85%	7.40%	1.82%
<u>Sewer Accounts</u>					
Residential	2,043,074	1,912,957	1,966,320	2,007,456	1,975,088
Business	3,304,888	2,137,621	2,316,050	2,825,104	3,272,534
Industrial	1,106,042	1,268,668	1,016,097	992,458	959,514
Church	33,524	23,652	27,036	29,886	31,119
Education	125,270	86,215	86,851	86,954	94,431
Government	775,190	834,022	803,908	755,605	708,490
<b>Total Sewer Accounts</b>	<b>7,387,988</b>	<b>6,263,135</b>	<b>6,216,262</b>	<b>6,697,463</b>	<b>7,041,176</b>
		-15.23%	-0.75%	7.74%	5.13%

Source: Consolidated Government/Account information is as December 31<sup>st</sup> of each year.

## 4. RATES & CHARGES

---

The Consolidated Government maintains separate rates and charges for water and sewer customers.

### EXISTING RATES

The Consolidated Government's existing water rate structure consists of both fixed charges and volumetric rates that vary by customer class. All customers pay a fixed monthly base charge that varies by customer class and by meter size for commercial and industrial accounts and accounts maintained by departments of the Consolidated Government (collectively, "Commercial Accounts"). All residential accounts pay the same fixed base charge regardless of meter size. The Consolidated Government's volumetric rates, assessed per thousand gallons (kgal), consist of a two-tier increasing block rate structure for residential accounts while Commercial Accounts volumetric rates are assessed per thousand gallons with a sign tier based on customer class.

Similarly, the Consolidated Government's sewer rates and charges consist of both a fixed charge (based on class and meter size) for Commercial Accounts and a volumetric fee based on customer class. All residential accounts within the City pay the same fixed base charge regardless of meter size and a single volumetric rate per kgal. Table 2 presents the existing rates for the Consolidated Government, effective as of January 1, 2024. These rates included a 3.00% increase for both water and sewer fees over 2023.

The Consolidated Government currently charges the Army, pursuant to the Fort Eisenhower Commodities Contract, a rate of \$2.75 per thousand gallons for water service and a rate of \$3.28 per thousand gallons for sewer service at Fort Eisenhower and will increase annually at a rate of 4.50% through October of 2032 as established in the Fort Eisenhower Commodities Contract.

## Table 2: Existing Rates

Water Rates Effective January 1, 2024

Section 1

Residential Rate Structure				
Meter Size	Water		Sewer	
	Base Charge	Rate per Kgal	Base Charge	Rate per Kgal
All Meters	\$ 20.00	\$1.92 for 1st 5,000 \$4.65 over 5,000	\$ 20.00	\$ 4.65

Commercial (Non-residential)				
Meter Size	Water		Sewer	
	Base Charge	Rate per Kgal	Base Charge	Rate per Kgal
5/8" & 3/4"	\$ 21.85	\$3.91	\$ 38.57	\$4.25
1"	\$ 30.97	Same	\$ 55.11	Same
1-1/4" & 1-1/2"	\$ 51.27	Same	\$ 92.08	Same
2"	\$ 73.69	Same	\$ 133.06	Same
3"	\$ 123.25	Same	\$ 223.97	Same
4"	\$ 178.52	Same	\$ 324.46	Same
6"	\$ 301.10	Same	\$ 548.41	Same
8"	\$ 436.70	Same	\$ 796.13	Same
10"	\$ 583.26	Same	\$ 1,064.23	Same
12"	\$ 756.92	Same	\$ 1,347.78	Same

Augusta Richmond County Government Accounts (only)				
Meter Size	Water		Sewer	
	Base Charge	Rate per Kgal	Base Charge	Rate per Kgal
5/8" & 3/4"	\$ 10.93	\$1.96	\$ 19.29	\$2.13
1"	\$ 15.49	Same	\$ 27.56	Same
1-1/4" & 1-1/2"	\$ 25.64	Same	\$ 46.04	Same
2"	\$ 36.85	Same	\$ 66.53	Same
3"	\$ 61.63	Same	\$ 111.99	Same
4"	\$ 89.26	Same	\$ 162.23	Same
6"	\$ 150.55	Same	\$ 274.21	Same
8"	\$ 218.35	Same	\$ 398.07	Same
10"	\$ 291.63	Same	\$ 532.12	Same
12"	\$ 378.46	Same	\$ 673.89	Same

## HISTORICAL RATE INCREASES & RATE FORECAST

The Commission approves a rate structure on an annual basis during its budgeting process. Since 2020, the Commission has consistently adopted a rate increase of 3% annual for water and sewer service for residential and commercial customers. Rate increases for Fort Eisenhower are established in its contract with the Consolidated Government and will increase at 4.5% annually.

Table 3 identifies the actual rate increases as a percentage for 2020 through 2024 and forecast rate increases for 2025-2029. The forecast rates have not been adopted by the Commission and there can be no assurance that the Commission will implement the forecast rates. The Consolidated Government is required to maintain rates at a level sufficient to satisfy the rate covenant in the Bond Resolution, which rates may be less than or greater than the forecast rates.

**Table 3: Historical Rate Increases & Rate Forecast**

Year	Water	Sewer	Status
2020	3.00%	3.00%	Actual
2021	3.00%	3.00%	Actual
2022	3.00%	3.00%	Actual
2023	3.00%	3.00%	Actual
2024	3.00%	3.00%	Actual
2025	4.50%	4.50%	Forecast
2026	4.50%	4.50%	Forecast
2027	4.50%	4.50%	Forecast
2028	4.50%	4.50%	Forecast
2029	4.50%	4.50%	Forecast

## 5. REVENUES

---

The Consolidated Government collects revenue from a number of different sources, all of which is deposited into the Revenue Fund. Operating revenues consist primarily of water and sewer revenues from residential, commercial and industrial users and revenue from the United States Army (with respect to water and sewer services provided to Fort Eisenhower). Other operating revenues include revenues from reuse charges, tap fees, penalties, and other miscellaneous charges. Non-operating revenues include primarily revenues from line maintenance fees and interest earnings.

### USER CHARGE REVENUES

Operating revenues are generated primarily from water and sewer charges assessed to residential, commercial and industrial users and charges from the United States Army for water and sewer service to Fort Eisenhower. Projected revenues have been forecast by applying the annual rate adjustments set forth in Section 4 to the user rates and charges. Projected customer demand and usage is assumed to be flat based on recent historical performance.

### FORT EISENHOWER REVENUE

The Army and the Consolidated Government currently participate in the program through contracts entered into by the parties under which the Consolidated Government (1) has assumed the ownership, operation, maintenance, upgrade, renewal, and replacement of the water distribution and wastewater collection facilities at Fort Eisenhower (the “Fort Eisenhower Facilities”) and (2) provides potable water and wastewater treatment services to Fort Eisenhower. The Fort Eisenhower Facilities consist primarily of approximately 112 miles of water distribution lines, two 1.25-million gallon elevated storage tanks, approximately 88 miles of wastewater collection lines, and 41 wastewater pump stations. The Consolidated Government began providing potable water to Fort Eisenhower on March 1, 2008. The Consolidated Government began receiving wastewater from Fort Eisenhower for treatment at the System’s wastewater treatment facilities on October 1, 2011.

The Consolidated Government purchased, operates, and maintains the Fort Eisenhower Facilities pursuant to a contract with the Army (the “Fort Eisenhower Facilities Contract”), dated September 28, 2007, as amended July 15, 2010 and September 30, 2016. The Fort Eisenhower Facilities Contract is for a 50-year term that expires in 2057. Pursuant to the Fort Eisenhower Facilities Contract and the most recent amendment dated March 18, 2024, the Consolidated Government (1) currently receives fixed monthly payments of \$333,692 (\$4,004,304 annually) for operation and maintenance services, (2) currently receives fixed monthly payments of \$395,357 (\$4,744,284 annually) for scheduled renewal and replacement of the Fort Eisenhower Facilities, and (3) receives reimbursement for initial capital upgrades to the Fort Eisenhower Facilities undertaken by the Consolidated Government. The fixed monthly payments are subject to adjustment based on the consumer price index, beginning October 1, 2017.

The Consolidated Government provides water and wastewater treatment services to Fort Eisenhower pursuant to a contract with the Army (the “Fort Eisenhower Commodities Contract”), dated January 31, 2023 (which replaces a prior contract dated September 27, 2012). Pursuant to the Fort Eisenhower Commodities Contract, the Consolidated Government has agreed to furnish and the Army has agreed to purchase potable water and wastewater treatment services from October 1, 2022 through September 30, 2032. The Fort Eisenhower Commodities Contract provides a commodity charge for water service at a rate of \$2.65 per thousand gallons and for wastewater treatment service at a rate of \$3.15 per thousand gallons for the period from October 1, 2022 through September 30, 2023, increasing at 4.50% per year thereafter through the forecast period. The current rates are \$2.75 per thousand gallons for water service and \$3.28 per thousand gallons for wastewater treatment service (for the period from October 1, 2023 through September 30, 2024) increasing at 4.50% per year thereafter through the forecast period. The Fort Eisenhower Commodities Contract provides that the estimated annual usage during the term of the contract will be 950 million gallons of water provided to Fort Eisenhower and 650 million gallons of wastewater carried off of Fort Eisenhower; however, annual usage has historically been lower than these estimates, and there can be no assurance that in the future annual usage will equal or exceed these estimates.

## OTHER OPERATING & NON-OPERATING REVENUES

In addition to user charge revenues, the Consolidated Government collects revenue from a number of other operating sources. The two most significant of these revenues are late payment fees and other miscellaneous revenues. Other operating revenue sources also include water tap fees, sewer upgrades, and revenue from reuse customers. Other operating revenue from these sources is projected based on FY 2023 unaudited results plus 1.00% annual growth over the forecast period.

Table 4 presents unaudited FY 2023 results and projected operating revenues over the forecast period.

**Table 4: Operating Revenue Detail**

	<b>FY 2023</b> (Actual - Unaudited)	<b>FY 2024</b> (Estimated)	<b>FY 2025</b> (Projected)	<b>FY 2026</b> (Projected)	<b>FY 2027</b> (Projected)	<b>FY 2028</b> (Projected)	<b>FY 2029</b> (Projected)
<b>Operating Revenues</b>							
Water & Sewerage Sales	\$ 92,458,300	\$ 94,159,950	\$ 98,397,148	\$ 102,825,019	\$ 107,452,145	\$ 112,287,492	\$ 117,340,429
Industrial Sewer Charges	1,951,320	2,340,990	2,446,335	2,556,420	2,671,458	2,791,674	2,917,299
Water & Sewerage Service Fees	4,121,386	4,952,500	5,175,363	5,408,254	5,651,625	5,905,948	6,171,716
Department of the Army Revenue	8,606,778	8,420,200	8,672,806	8,932,990	9,200,980	9,477,009	9,761,320
Other Operating Revenues	820,304	1,183,150	1,194,982	1,206,931	1,219,001	1,231,191	1,243,503
Subtotal: Operating Revenues	\$ 107,958,088	\$ 111,056,790	\$ 115,886,632	\$ 120,929,614	\$ 126,195,210	\$ 131,693,314	\$ 137,434,267

Non-operating revenues consist primarily of line maintenance fees, interest earnings on reserves and other miscellaneous, non-operating sources. The Consolidated Government earns interest on its surplus funds. For the purpose of this Financial Forecast, future interest earnings are based on projected fund balances and an interest rate of 3.5% annually. Miscellaneous, non-operating revenues include a number of different other sources and are not considered material. They are not projected to generate any income (\$0) over the forecast period.



Table 5 presents unaudited FY 2023 results and projected non-operating revenues over the forecast period. The Intergovernmental Revenue Amount outlined below includes ARPA Revenues and other grants that will be used to offset capital costs.

**Table 5: Non-operating Revenue Detail**

	<u><b>FY 2023</b></u> (Actual - Unaudited)	<u><b>FY 2024</b></u> (Estimated)	<u><b>FY 2025</b></u> (Projected)	<u><b>FY 2026</b></u> (Projected)	<u><b>FY 2027</b></u> (Projected)	<u><b>FY 2028</b></u> (Projected)	<u><b>FY 2029</b></u> (Projected)
<b>Nonoperating Revenues (Expenses)</b>							
Investment Earnings	\$ 2,572,586	\$ 2,817,213	\$ 3,807,765	\$ 3,030,336	\$ 2,322,780	\$ 2,217,506	\$ 2,605,664
Bond Interest & Fiscal Charges	(14,396,242)	(18,085,213)	(26,144,502)	(25,455,008)	(24,748,447)	(24,001,372)	(23,221,745)
Bond Issuance Costs	(389,424)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
Intergovernmental Revenue		9,100,000					
Other Non-Operating Revenue	18,236	60,000	-	-	-	-	-
Subtotal: Nonoperating Revenues (Expenses)	\$ (12,194,844)	\$ (6,458,000)	\$ (22,686,738)	\$ (22,774,672)	\$ (22,775,667)	\$ (22,133,866)	\$ (20,966,081)

## 6. OPERATING EXPENSES

Operating expenses represent normal, recurring expenses necessary to operate and maintain the System in good condition incurred. Operating expenses are based on the Consolidated Government's historical operating results from FY 2019 through FY 2023 during which time expenses increased approximately 3.00% annually. Historical calculations reflect a downward adjustment of \$2.7 million to FY 2023 expenses due to a one-time expense related to the operation of the wastewater treatment plant that was paid within the professional services line item. Based on this historical record, projected expenses are forecast to grow annually at a rate of 3.00%. Operating expenses have been projected for the forecast period and are shown in Table 6.

**Table 6: Operating Expenses**

	<b>FY 2023</b> (Actual - Unaudited)	<b>FY 2024</b> (Estimated)	<b>FY 2025</b> (Projected)	<b>FY 2026</b> (Projected)	<b>FY 2027</b> (Projected)	<b>FY 2028</b> (Projected)	<b>FY 2029</b> (Projected)
<b>Operating Expenses</b>							
Personnel Services	\$ (23,169,787)	\$ (24,328,276)	\$ (25,058,124)	\$ (25,809,868)	\$ (26,584,164)	\$ (27,381,689)	\$ (28,203,139)
Other Operating Expenses	(7,096,686)	(5,196,330)	(5,352,220)	(5,512,786)	(5,678,170)	(5,848,515)	(6,023,971)
Material & Supplies	(15,793,451)	(17,019,750)	(17,530,343)	(18,056,253)	(18,597,940)	(19,155,879)	(19,730,555)
Payment in Lieu of Taxes	(2,170,720)	(1,795,760)	(1,867,590)	(1,942,294)	(2,019,986)	(2,100,785)	(2,184,817)
Payment in Lieu of Franchise Fees	(5,149,840)	(5,767,530)	(5,940,556)	(6,118,773)	(6,302,336)	(6,491,406)	(6,686,148)
Professional Services	(11,450,779)	(9,710,430)	(10,001,743)	(10,301,795)	(10,610,849)	(10,929,175)	(11,257,050)
Other Allocations (GF/Risk/Vehicles)	\$ (3,256,673)	\$ (3,887,630)	\$ (4,004,259)	\$ (4,124,387)	\$ (4,248,118)	\$ (4,375,562)	\$ (4,506,829)
Depreciation	(19,974,042)	(20,000,000)	(20,003,600)	(20,530,908)	(21,062,035)	(21,597,096)	(22,136,209)
Subtotal: Operating Expenses	\$ (88,061,978)	\$ (87,705,706)	\$ (89,758,435)	\$ (92,397,064)	\$ (95,103,598)	\$ (97,880,106)	\$ (100,728,717)

## 7. CAPITAL PROJECTS

---

The Series 2024 Bonds will fund a wide-range of capital projects for the System. Below is a detailed list of the various projects that will be funded. The Series 2024 Bonds will fund projects to maintain and improve projects related to both the water and wastewater systems.

### **Project A: Task Order Project 2024**

1. Scope of Work: On-call services to contract for small water and sewer line projects which are typically non-emergency but require expedited effort to resolve.
2. Proposed Cost: \$2,250,000

### **Project B: Data Logging Equipment**

1. Scope of Work: Monitoring instrumentation to measure sewer inflows during rainfall events, as well as pressure transients in the potable distribution system.
2. Proposed Cost: \$375,000

### **Project C: Fiber Installation Projects**

1. Scope of Work: Fiber optic installation between monitoring stations, lift stations and tanks to support SCADA infrastructure. Many of these projects are looping the existing infrastructure for redundancy.
2. Proposed Cost: \$500,000

### **Project D: Relocation of Utilities as Part of Augusta Engineering Downtown Roadway Improvements**

1. Scope of Work: Includes rehabilitation and replacement of water and sewer facilities including manholes and water and sewer line repair or replacement:
  - a. 13<sup>th</sup> St (RA Dent to Reynolds) – 2,500' and approximately 24 manholes and 38 distinct pipe sections
  - b. 5<sup>th</sup> St and 6<sup>th</sup> St – 10,000' and approximately 75 manholes
  - c. Broad St – 12,800' and approximately 50 manholes
  - d. Telfair St & 10<sup>th</sup> St SS – 8,800' and 36 manholes
  - e. Greene St – 2,500' and approximately 24 manholes and 38 distinct pipe sections
2. Proposed Cost: \$5,700,000

### **Project E: Relocation of Utilities as Part of Augusta Engineering Roadway Improvements Program**

1. Scope of Work: Includes rehabilitation and replacement of water and sewer facilities including manholes and water and sewer line repair or replacement:
  - a. McNutt Rd – 2,500' and 5 hydrants
  - b. Old Waynesboro Rd Improvements – 5,000' of thin-walled PVC pipe replacement to improve service
  - c. Wrightsboro Rd (Marks Church to Ohio) – 1,000' of water piping
  - d. Willis Foreman Rd Water Main – Multi-year, multi-phase project connecting two main highway systems in South Augusta. 2,000' of 24/16/12" water main and gravity sewer for future expansion

2. Proposed Cost: \$2,700,000

#### **Project F: Belair Area and Fox Den Sewer Connections**

1. Scope of Work: Installation of sanitary sewer in a neighborhood that does not currently have sewer service.
  - a. Belair Area East - Installation of approximately 25,000' of sanitary sewer. Will increase customer base by approximately 2,500 customers.
  - b. Belair Area West - Installation of approximately 17,500' of sanitary sewer. Will increase customer base by approximately 2,000 customers.
  - c. Belair Area Step - Installation of approximately 1,250' of pressurized sanitary sewer to serve 25 residents that currently are not served.
  - d. Fox Den Sewer - Installation of approximately 8,000' of sanitary sewer in a neighborhood that does not currently have sewer service. Will increase customer base by approximately 250 customers.
2. Proposed Cost: \$11,540,000

#### **Project G: Sanitary Sewer/Water Rehab & Replacement**

1. Scope of Work: Rehab/replace existing sewer lines.
  - a. Camp Hancock Phase II – Cast In Place Pipe Lining and Replacement of 2,700' of 24" diameter clay sewer
  - b. Camp Hancock Phase III - Cast In Place Pipe Lining and Replacement of 1,000' of 24" diameter clay sewer
  - c. Olive Rd - Upgrade an existing concrete gravity main which has exceeded its service life.
  - d. Twiggs St - Improvements to sanitary sewer service adjacent to Twiggs St and to serve a small unsewered area.
  - e. Woodson Ln - Relocation of a sanitary trunk main to maintain service and allow for system expansion.
  - f. Reynolds St 42"/8" - Replacement of approximately 800' of 42" combination sewer with new 8" sanitary sewer.
  - g. Corporate Park Sewer Water - Installation of 5,000' of new 12" water main, a sewer pump station, and 4,000' of 6" force main to support industrial development.
  - h. Travis Boykin Rd Sewer/Water - Supplemental funding to install approximately 12,000' of sanitary sewer and replace thin-walled PVC water pipe.
  - i. Laney Walker Sewer - Rehabilitation in-place of a 24" concrete sewer serving one of Augusta's industrial areas.
2. Proposed Cost: \$6,875,000

#### **Project H: Sanitary Sewer Basin**

1. Scope of Work: Program to remove infiltration and inflow through engineering analysis and in-place pipe repair and partial replacement
  - a. Butler Creek Main Capacity – Area is approximately 0.5 square miles
  - b. Rock Creek Basin I/I - Area is approximately 3.32 square miles
  - c. Rocky Creek Basin I/I – Area is approximately 8.83 square miles
  - d. Second St Basin I/I – Area is approximately 1.66 square miles
2. Proposed Cost: \$5,050,000

### **Project I: Water Line Rehab & Replacement**

1. Scope of Work: Program to systematically replace old water pipes in established areas.
  - a. Water Line Replacement – Crockett Ln
  - b. Water Line Replacement – Crossing Ct
  - c. Water Line Replacement – Dorn Dr
  - d. Water Line Replacement – Chester Ave
  - e. Water Line Replacement – Shelby Dr
  - f. Water Line Replacement – Woodlake & Quail Hollow
  - g. Water Line Replacement – Wooten Rd
  - h. Water Line Replacement – Pinnacle Way & Sand Ridge Sub - System Interconnect to support water transmission between pressure systems.
  - i. Water Line Replacement – Bedford Dr - Replacement of 1450' of asbestos cement water main.
  - j. Water Line Replacement – Valencia Way - Improvements to the southern distribution system to support industry development in the southern system.
  - k. Water Line Replacement – Clanton Rd - Water system improvements to support new industry in the south-central section of the system.
  - l. Georgetown Richmond Hill Connector - System Interconnect to support water transmission between pressure systems.
2. Proposed Cost: \$7,885,000

### **Project J: Water Facility Repair & Upgrades**

1. Scope of Work: Refurbish,/Replace/Upgrade Water Facilities
  - a. GWTP Supplemental Feeds - Finished water interconnects to the existing groundwater plants 1 & 2 due to PFAS contamination found in wells.
  - b. Highland Ave Dam Clearing - Removal of large trees, and repair of slopes to stabilize two raw water reservoirs.
  - c. Hicks WTP Filter Repair - Systematic replacement of filter bottoms and material to support higher flow rates.
  - d. GWTP 3 Clearwell Seepage - Repair of efflorescence in the walls of groundwater plant 3.
  - e. Highland WTP Filters - Systematic replacement of filter bottoms and material to support higher flow rates.
  - f. Turknnett Springs Dredging - Dredging of spoil material from a sediment basin that serves the drinking water process at the main water plant.
  - g. GWTP 1 MCC Room - Upgrade of the motor control center at groundwater plant 1 to support new motors.
  - h. Highland WTP Roof Repairs - Replacement of membrane roof at the main water treatment plant.
  - i. Hicks WTP Pond Dam Clearing - Removal of large trees, and repair of slopes to stabilize a raw water reservoir at the southern water treatment plant.
  - j. Tank Painting - Program to spot repair water tanks during repainting process.
2. Proposed Cost: \$6,875,000

### **Project K.: Raw Water Facility Repair & Upgrades**

1. Scope of Project: Refurbish,/Replace/Upgrade Raw Water Facilities
  - a. RWPS Round House Roof Replacement - Replacement of a roof on a historical structure at the raw water pumping station.
  - b. Weigles Gate Repair - Repair of overflow structure to stabilize the raw water delivery and support FERC licensing.
  - c. Augusta Diversion Dam (ADD) Repair - Improvements to the diversion dam in the Savannah River to support more accurate flow delivery into the raw water canal.
  - d. Bulkhead Gates - Improvements to a main flow isolation structure to support the raw water delivery and support FERC licensing.
  - e. Canal-Embankment Clearing Ph 3 - Clearing of large trees to support FERC inspection and licensing.
2. Proposed Cost: \$10,000,000

### **Project L: Messerly WWTP Improvements & Additions**

1. Scope of Project: Refurbish,/Replace/Upgrade Wastewater Facilities
  - a. Grease Receiving Station - New grease receiving station to allow improvement fats, oils, and grease processing and sale of separated brown grease.
  - b. Headworks - New influent pumping station to enhance grit removal in the plant inflow.
  - c. Aeration - Improve aeration in retrofitted basins to allow additional system capacity.
  - d. Digesters - Improve digesters in retrofitted basins to allow additional system capacity.
  - e. Primary Retrofit - Upgrade primary clarifiers to allow additional load to support new industries.
2. Proposed Cost: \$20,250,000

### **Total Project Costs: \$80,000,000**

The Series 2024 Bonds will fund a significant portion of the System's upcoming capital plan. The balance of funding for water distribution and sewer system projects is expected to be paid from System operating revenue and reserves, ARPA and other grant funds and proceeds of prior revenue bonds on a pay as you go basis ("PAYGO").

For purposes of the FY 2024 forecast, the Consolidated Government has estimated \$1,900,000 of PAYGO funding will be provided in FY 2024. Additionally, the System anticipates funding an additional \$9,100,000 in 2024 projects with ARPA and other Grant Funds. The System budgeted to expend \$14,405,755 in PAYGO expenditures in FY 2024 but the System anticipates expending approximately \$11,000,000 in FY 2024 slightly less than the budgeted amount.. The Consolidated Government estimates it will provide \$6,000,000 in PAYGO funding in FY 2025 and that this amount will increase by 3.00% annually thereafter. The projected PAYGO amounts are exclusive of the expenditure of prior revenue bond on bond funded projects.

## 8. FINANCING PLAN

The Consolidated Government has worked with its financial advisors, consulting engineers, and other independent consultants (Financing Team) to evaluate various financing strategies for the CIP projects funded with the Series 2024 Bonds. The Consolidated Government has selected a financing plan designed to accomplish the following objectives:

- Conform with credit criteria established by rating agencies;
- Minimize debt service and related charges; and
- Provide funds as needed and in the most cost-effective manner.
- Refund a portion of the Series 2012 Bonds for debt service savings.

The proceeds from the Series 2024 Bonds that are not deposited in the refunding escrow will be available at closing on or about July 18, 2024 and will be used to fund capital projects as described in Section 7.

**Table 7: Sources and Uses of Funds – Series 2024 Bonds <sup>(1)</sup>**

Sources:	New Money Portion	Refunding Portion	Total
<b>Bond Proceeds:</b>			
Par Amount	78,875,000.00	47,520,000.00	126,395,000.00
Net Premium/OID	2,390,886.65	3,965,751.00	6,356,637.65
	81,265,886.65	51,485,751.00	132,751,637.65
<b>Other Sources of Funds:</b>			
Debt Service Reserve Contribution		2,621,523.92	2,621,523.92
Refunded Series 2012 SF - Principal		4,230,000.00	4,230,000.00
Refunded Series 2012 SF - Interest		636,637.50	636,637.50
		7,488,161.42	7,488,161.42
	81,265,886.65	58,973,912.42	140,239,799.07
<b>Uses:</b>	<b>New Money Portion</b>	<b>Refunding Portion</b>	<b>Total</b>
<b>Project Fund Deposits:</b>			
Project Fund	80,000,000.00		80,000,000.00
<b>Refunding Escrow Deposits:</b>			
Cash Deposit		1.21	1.21
SLGS Purchases		58,211,387.00	58,211,387.00
		58,211,388.21	58,211,388.21
<b>Delivery Date Expenses:</b>			
Cost of Issuance	499,228.61	300,771.39	800,000.00
Underwriter's Discount	765,087.50	460,944.00	1,226,031.50
	1,264,316.11	761,715.39	2,026,031.50
<b>Other Uses of Funds:</b>			
Additional Proceeds	1,570.54	808.82	2,379.36
	81,265,886.65	58,973,912.42	140,239,799.07

(1) Information provided by Davenport & Company LLC, as Financial Advisor for the Series 2024 Bonds and reflect results of the Consolidated Government's bond sale that occurred on June 27, 2024.

## 9. DEBT SERVICE OBLIGATIONS

The Consolidated Government's outstanding debt obligations currently include five series of revenue bonds and two GEFA loans, which are loans obtained from the Georgia Environmental Financing Authority. The Consolidated Government's outstanding revenue bonds constitute Senior Bonds per the Bond Resolution. The existing GEFA loans are not secured by a lien on the revenues of the System, but the Consolidated Government intends to pay them from such revenues. The Consolidated Government's existing annual debt service payments (principal and interest) during the forecast period are provided in Table 8. The table reflects the issuance of the Series 2024 Bonds and the refunding of a portion of the Series 2012 Bonds.

**Table 8: Existing Debt Service**

<b>Existing Annual Debt Service</b>	<b><u>FY 2024</u></b> <i>Projected</i>	<b><u>FY 2025</u></b> <i>Projected</i>	<b><u>FY 2026</u></b> <i>Projected</i>	<b><u>FY 2027</u></b> <i>Projected</i>	<b><u>FY 2028</u></b> <i>Projected</i>	<b><u>FY 2029</u></b> <i>Projected</i>
<b><u>Senior Bonds</u></b>						
Series 2012 Revenue Bonds	\$ 3,645,950	\$ 2,372,675	\$ 2,372,675	\$ 2,372,675	\$ 2,372,675	\$ 2,372,675
Series 2013 Revenue Bonds	\$ 1,723,430	\$ 1,722,630	\$ 1,728,245	\$ 1,729,710	\$ 1,726,210	\$ 1,457,525
Series 2014 Revenue & Refunding Bonds	\$ 8,252,588	\$ 8,252,938	\$ 8,257,238	\$ 8,255,338	\$ 8,252,388	\$ 8,253,388
Series 2017 Refunding Revenue Bonds	\$ 11,105,800	\$ 11,106,300	\$ 11,106,300	\$ 11,104,800	\$ 11,110,800	\$ 11,372,800
Series 2019 Taxable (Ft. Eisenhower)	\$ 2,742,620	\$ 2,742,513	\$ 2,741,113	\$ 2,743,420	\$ 2,739,318	\$ 2,738,923
<b><i>Subtotal: Revenue Bond Indebtedness</i></b>	<b>\$ 27,470,388</b>	<b>\$ 26,197,055</b>	<b>\$ 26,205,570</b>	<b>\$ 26,205,943</b>	<b>\$ 26,201,390</b>	<b>\$ 26,195,310</b>
<b><u>GEFA Loans</u></b>						
Series 2010 Main Interceptor GEFA Loan	\$ 535,099	\$ 535,099	\$ 535,099	\$ 535,099	\$ 535,099	\$ 535,099
Series 2010 Butler Creek GEFA Loan	\$ 549,106	\$ 549,106	\$ 549,106	\$ 549,106	\$ 549,106	\$ 549,106
<b><i>Subtotal: GEFA Loans</i></b>	<b>\$ 1,084,205</b>	<b>\$ 1,084,205</b>	<b>\$ 1,084,205</b>	<b>\$ 1,084,205</b>	<b>\$ 1,084,205</b>	<b>\$ 1,084,205</b>

The Series 2024 Bonds will be issued on parity with the System's existing Senior Bonds and in a senior lien position to the existing GEFA loan. Table 9 presents the updated debt service schedule reflecting the impact of the 2024 Bonds. The Series 2024 Bond have a par amount of \$126,395,000 with an average coupon rate of 4.32% and True Interest Cost of 3.95%. It also assumes level principal and interest payments over 30-years. with a final maturity in 2054.



**Table9: Future Debt Service**

	<b><u>FY 2024</u></b> <i>Estimate</i>	<b><u>FY 2025</u></b> <i>Forecast</i>	<b><u>FY 2026</u></b> <i>Forecast</i>	<b><u>FY 2027</u></b> <i>Forecast</i>	<b><u>FY 2028</u></b> <i>Forecast</i>	<b><u>FY 2029</u></b> <i>Forecast</i>
<b>Existing Debt Service</b>						
Senior Bonds	\$ 27,470,388	\$ 26,197,055	\$ 26,205,570	\$ 26,205,943	\$ 26,201,390	\$ 26,195,310
GEFA Loans	1,084,205	1,084,205	1,084,205	1,084,205	1,084,205	1,084,205
Subtotal: Existing Debt	28,554,592	27,281,260	27,289,775	27,290,147	27,285,595	27,279,515
<b>Estimated Debt</b>						
<u>Senior Debt</u>						
Series 2024 Revenue Bonds	\$ 1,186,199	\$ 12,084,750	\$ 12,080,000	\$ 12,084,750	\$ 12,082,750	\$ 12,083,500
Subtotal: Proposed Debt	\$ 1,186,199	\$ 12,084,750	\$ 12,080,000	\$ 12,084,750	\$ 12,082,750	\$ 12,083,500
<b>Estimated Total Annual Debt Service</b>	<b>\$ 29,740,791</b>	<b>\$ 39,366,010</b>	<b>\$ 39,369,775</b>	<b>\$ 39,374,897</b>	<b>\$ 39,368,345</b>	<b>\$ 39,363,015</b>
<b>Estimated Senior Bond Annual Debt Service</b>	<b>\$ 28,656,587</b>	<b>\$ 38,281,805</b>	<b>\$ 38,285,570</b>	<b>\$ 38,290,693</b>	<b>\$ 38,284,140</b>	<b>\$ 38,278,810</b>

## 10. FUND BALANCES

---

All Revenues from operations are deposited into the Consolidated Government's Revenue Fund where they are used to pay the reasonable and necessary expenses of operating and maintaining the System. Outside of the Revenue Fund, the Consolidated Government's Bond Resolution establishes two major funds for maintaining liquidity and for use in addressing both operating and capital needs.

### SINKING FUND

The Consolidated Government Water and Sewerage System Sinking Fund maintains five accounts known as the Interest Account, the Hedge Payments Account, the Principal Account, the Capitalized Interest Account; and the Debt Service Reserve Account. The Interest and Principal Accounts are used for (i) the payment of the interest on the bonds secured under the Bond Resolution as the interest is due, (ii) the payment of the principal on Bonds at their respective maturities, and (iii) the redemption of Bonds before maturity. The Hedge Account is used to make payments on any Hedge Agreements. The Consolidated Government is not a party to any Hedge Agreements. The Capitalized Interest account will not be utilized in connection with the issuance of the Series 2024 Bonds. The Debt Service Reserve Account must be maintained at an amount equal to the Debt Service Reserve Requirement (or such lesser amount that is required to be accumulated in the Debt Service Reserve Account in connection with the periodic accumulation to the Debt Service Reserve Requirement upon the failure of the Consolidated Government to provide a substitute Reserve Account Credit Facility in certain events). Under the terms of the Bond Resolution after the required transfers from the Revenue Fund into the accounts held in the Sinking Fund and certain other accounts under the Bond Resolution, any remaining amounts in the Revenue Fund less a reasonable working capital reserve are to be transferred monthly to the Utility General Fund; provided that the amount of such working capital reserve will be a minimum of the lesser of \$2.5 million or 90 days of operating revenue for the proceeding fiscal year.

### UTILITY GENERAL FUND

Under the terms of the Bond Resolution, in addition to the monthly deposits to be made to the Utility General Fund from moneys in the Revenue Fund as described above, the Consolidated Government must deposit in the Utility General Fund all termination payments received under any Hedge Agreements. All sums accumulated and retained in the Utility General Fund must be used first to prevent default in the payment of interest on or principal of the Senior Bonds when due and then must be applied by the Consolidated Government from time to time, as and when the Consolidated Government may determine, to the following purposes:

- (1) to the payment of Expenses of Operation and Maintenance, to the extent moneys are not available for such purpose in the Revenue Fund, including, without limitation, PILOT and PILOF payments;

- (2) to the restoration of the Interest Account, the Principal Account and the Hedge Payments Account to the respective amounts required at that time to be held therein;
- (3) to the restoration of the Rebate Fund to the amount required at that time to be held therein;
- (4) to the payment of any and all amounts which may then be due and owing to any Financial Facility Issuer securing Senior Bonds;
- (5) to the restoration of the Debt Service Reserve Account (including the reinstatement of any Reserve Account Credit Facility) to the amount required at that time to be held therein;
- (6) to the payment of any and all amounts that may then be due and owing to any Reserve Account Credit Facility Provider;
- (7) to prevent default in the payment of interest on or principal of the Subordinate Bonds when due;
- (8) to the restoration of the funds and accounts relating to Subordinate Bonds to the respective amounts required at that time to be held therein;
- (9) to the payment of all amounts required to be paid to any Financial Facility Issuer securing Subordinate Bonds as compensation for the Financial Facility Issuer securing Subordinate Bonds and as satisfaction of any other amounts due under the Financial Facility Agreement;
- (10) to the payment of any and all amounts that may then be due and owing under any Hedge Agreement (including termination payments, fees, expenses, and indemnity payments);
- (11) to the payment of any and all governmental charges and assessments against the System or any part thereof that may then be due and owing;
- (12) to the payment of any and all amounts that may then be due and owing under any Other System Obligation;
- (13) to make acquisitions, betterments, extensions, repairs, or replacements or other capital improvements (including the purchase of equipment) to the System deemed necessary by the Consolidated Government (including payments under contracts with vendors, suppliers, and contractors for the foregoing purposes); and
- (14) at the option of the Consolidated Government, to the acquisition of Senior Bonds by redemption or by purchase in the open market at a price not exceeding the callable price as provided and in accordance with the terms and conditions of the Bond Resolution, which Senior Bonds may be any of the Senior Bonds, prior to their respective maturities, and when so used for such purposes the moneys must be withdrawn from the Utility General Fund and deposited into the Interest Account and the Principal Account for the Senior Bonds to be so redeemed or purchased.

Table 10 shows the beginning and year end cash and cash equivalents balances for the Utility General Fund for each fiscal year from fiscal year from 2019 through 2023 and the estimated beginning and year end cash and cash equivalents balances over the forecast period assuming no net changes in receivables and payables. The projection assumes that all unrestricted cash remains in the System

during the forecast period, as the Commission is free to remove cash from the Utility General Fund that's in excess of the working capital reserve required by the Bond Resolution.

**Table10: Cash & Cash Equivalents**

	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>	<b><u>FY 2022</u></b>	<b><u>FY 2023</u></b>
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Unaudited Actual</i>
<b>Cash and Cash Equivalents</b>					
<u>Beginning Cash and Cash Equivalents</u>	\$ 30,432,366	\$ 48,188,622	\$ 34,442,244	\$ 28,233,620	\$ 38,326,111
<u>Change in cash and cash equivalents</u>	<u>\$ 17,756,256</u>	<u>\$ (13,746,378)</u>	<u>\$ (6,208,624)</u>	<u>\$ 10,092,491</u>	<u>\$ 3,332,351</u>
<u>Ending Cash and Cash Equivalents</u>	\$ 48,188,622	\$ 34,442,244	\$ 28,233,620	\$ 38,326,111	\$ 41,658,462
	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>	<b><u>FY 2028</u></b>
	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
<b>Cash and Cash Equivalents</b>					
<u>Beginning Cash and Cash Equivalents</u>	\$ 41,658,462	\$ 45,717,027	\$ 50,094,937	\$ 56,487,677	\$ 65,118,202
<u>Change in cash and cash equivalents</u>	<u>\$ 4,058,565</u>	<u>\$ 4,377,910</u>	<u>\$ 6,392,739</u>	<u>\$ 8,630,526</u>	<u>\$ 11,644,693</u>
<u>Ending Cash and Cash Equivalents</u>	\$ 45,717,027	\$ 50,094,937	\$ 56,487,677	\$ 65,118,202	\$ 76,762,896

## **APPENDIX C**

### **SUMMARY OF THE BOND RESOLUTION**

This Appendix C has been prepared by Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel.

The Master Bond Resolution adopted by the Augusta-Richmond County Commission on October 16, 2012, as supplemented by the Parity Bond Resolution adopted by the Commission on June 18, 2013, as supplemented on July 16, 2013, as supplemented by a Series 2014 Bond Resolution adopted by the Commission on August 25, 2014, as supplemented on September 16, 2014, as supplemented by a Series 2017 Bond Resolution adopted by the Commission on September 5, 2017, as supplemented on October 17, 2017, as supplemented by a Series 2019 Bond Resolution adopted by the Commission on November 5, 2019, and as supplemented by a Series 2024 Bond Resolution adopted by the Commission on December 5, 2023, as supplemented on June 27, 2024 (collectively the “Bond Resolution”), is a contract for the benefit of the owners of the Bonds that specifies the terms and details of the Series 2024 Bonds and that defines the security for the Series 2024 Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Bond Resolution. Other provisions of the Bond Resolution are described in this Official Statement under the captions **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS - Pledge of Revenues,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS - Funds Created by the Bond Resolution and Flow of Funds,”** and **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS - Rate Covenant.”** Reference is made to the Bond Resolution in its entirety for a complete recital of the detailed provisions thereof, copies of which are available from the Consolidated Government upon request.

**[Remainder of Page Intentionally Left Blank]**

This page intentionally left blank.

## SUMMARY OF THE BOND RESOLUTION

The following is a general summary of the Bond Resolution pursuant to which the Series 2024 Bonds will be issued. The summary hereinafter set forth does not purport to be complete or definitive, and for further information, reference is made to the Bond Resolution, copies of which are available from the Consolidated Government upon request. The following summary is qualified in its entirety by express reference to such documents comprising the Bond Resolution.

### Definitions

The following is a summary of certain of the defined terms used in and certain provisions of the Bond Resolution. Reference is made to the Bond Resolution for the full definition of all terms and for the definition of capitalized terms used herein but not otherwise defined herein.

**“Accreted Value”** means, with respect to each Compound Interest Bond, the principal amount of such Compound Interest Bond, plus, on the date of calculation, the interest accrued thereon to such date compounded at the interest rate thereof on each compounding date contained in such Compound Interest Bond, and, with respect to any calculation on a date other than a compounding date, the Accreted Value means the Accreted Value as of the preceding compounding date plus interest on such amount from such compounding date to the date of calculation at a rate equal to the interest rate on such Compound Interest Bond.

**“Additional Bonds”** means any revenue bonds of the Consolidated Government ranking on parity with the Prior Bonds and the Series 2024 Bonds that may hereafter be issued pursuant to the Master Resolution.

**“Additional Interest”** means, for any period during which any Pledged Bonds are owned by a Liquidity Facility Issuer pursuant to a Liquidity Facility or Liquidity Facility Agreement, the amount of interest accrued on such Pledged Bonds at the Pledged Bond Rate less the amount of interest that would have accrued during such period on an equal principal amount of Bonds at the Bond Rate.

**“Balloon Bonds”** means any series of Bonds 25% or more of the original principal amount of which (a) is due in any 12-month period or (b) may, at the option of the Bondholders, be required to be redeemed, prepaid, purchased directly or indirectly by the Consolidated Government, or otherwise paid in any 12-month period; provided that, in calculating the principal amount of such Bonds due or required to be redeemed, prepaid, purchased, or otherwise paid in any 12-month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be redeemed or amortized prior to such 12-month period.

**“Balloon Date”** means any Principal Maturity Date or Put Date on which more than 25% of the original principal amount of related Balloon Bonds mature or are subject to mandatory redemption or could, at the option of the Bondholders, be required to be redeemed, prepaid, purchased directly or indirectly by the Consolidated Government, or otherwise paid.

**“Beneficial Owner”** means the owner of a beneficial interest in the Bonds registered in Book-Entry Form.

**“Bond Counsel”** means any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing appointed by the Consolidated Government.

**“Bond Rate”** means the rate of interest per annum payable on specified Bonds other than Pledged Bonds.

**“Bond Register”** means the registration books maintained and to be maintained by the Bond Registrar.

**“Bond Registrar”** means the commercial bank designated by the Consolidated Government with respect to any series of Bonds. Such Bond Registrar shall perform the duties required of Bond Registrar set forth in the Bond Resolution. U.S. Bank Trust Company, National Association (formerly U.S. Bank National Association) is designated as Bond Registrar for the Series 2024 Bonds.

**“Bond Resolution”** means the Master Resolution as it may from time to time be modified, supplemented, or amended by Supplemental Resolutions.

**“Bondholder”** means the registered owner of one or more Bonds.

**“Bonds”** means any revenue bonds authorized by and authenticated and delivered by the Consolidated Government pursuant to the Bond Resolution, including the Prior Bonds, the Series 2024 Bonds, any Additional Bonds, and Subordinate Bonds.

**“Book-Entry Form”** or **“Book-Entry System”** means, with respect to the Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in Bonds and bond service charges may be transferred only through book-entry and (b) physical Bonds in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with physical Bonds in the custody of a Securities Depository.

**“Capitalized Interest Account”** means the Capitalized Interest Account within the Sinking Fund established in the Bond Resolution.

**“Code”** means the Internal **Revenue** Code of 1986, as amended and any regulations promulgated thereunder.

**“Commitment,”** when used with respect to Balloon Bonds, means a binding written commitment from a financial institution, surety, or insurance company to refinance such Bonds on or prior to any Balloon Date thereof, including without limitation any Liquidity Facility for such Bonds.

**“Compound Interest Bonds”** means Bonds that bear interest which is calculated based on periodic compounding, payable only at maturity or earlier redemption.

**“Consolidated Government”** means Augusta, Georgia, a political subdivision of the State, existing as such pursuant to the Constitution, statutes **and** laws of the State.

**“Construction Fund”** means the Augusta, Georgia Water and Sewerage Construction Fund created in the Bond Resolution.

**“Construction Fund Depository”** means any commercial bank or banks designated by the Consolidated Government to serve as depository with respect to the Construction Fund or any account established therein, and any successor depository of such fund or account hereafter designated by the Consolidated Government in a Supplemental Resolution.

**“Costs,”** with respect to any Project, means the total cost, paid or incurred, to study, plan, design, finance, acquire, construct, reconstruct, install, or otherwise develop the Project and shall include, but shall not be limited to, the following costs and expenses relating to such Project and the reimbursement to the Consolidated Government for any such items previously paid by the Consolidated Government:

- (a) the cost of all lands, real or personal properties, rights, easements, and franchises acquired;
- (b) the cost of all machinery and equipment, financing charges, and interest prior to and during construction and for six months after completion of construction;
- (c) the cost of the acquisition, construction, reconstruction, or installation of any Project;
- (d) the cost of engineering, architectural, development, and supervisory services, fiscal agents’ and legal expenses, plans and specifications, and other expenses necessary or incident to determining the feasibility or practicability of any Projects, administrative expenses, and such other expenses as may be necessary or incident to any financing by Bonds;
- (e) the cost of placing any Project in operation;



- (f) the cost of condemnation of property necessary for such construction and operation;
- (g) the costs of issuing any Bonds to finance any Project or to refund any Bonds; and
- (h) any other costs that may be incident to any Project.

**“Credit Facility”** means any letter of credit, insurance policy, guaranty, surety bond, or similar obligation, arrangement, or instrument issued by a bank, insurance company, or other financial institution that is used by the Consolidated Government to enhance the Consolidated Government’s credit by assuring owners of any of the Bonds that principal of and interest on such Bonds will be paid promptly when due. The term Credit Facility shall not include a Reserve Account Credit Facility.

**“Credit Facility Agreement”** means an agreement between the Consolidated Government and a Credit Facility Issuer pursuant to which the Credit Facility Issuer issues a Credit Facility and may include the promissory note or other instrument evidencing the Consolidated Government’s obligations to a Credit Facility Issuer pursuant to a Credit Facility Agreement. The term Credit Facility Agreement shall not include a Reserve Account Credit Facility.

**“Credit Facility Issuer”** means any issuer of a Credit Facility then in effect for all or part of the Bonds. The term Credit Facility Issuer shall not include any Reserve Account Credit Facility Provider. Whenever in the Bond Resolution the consent of the Credit Facility Issuer is required, such consent shall only be required from the Credit Facility Issuer whose Credit Facility is issued with respect to the Bonds for which the consent is required.

**“Current Interest Bonds”** means those Bonds that bear interest payable on a periodic basis and that are not Compound Interest Bonds.

**“Debt Service Requirement”** means the total principal and interest coming due, whether at maturity or upon mandatory redemption, in any specified period. For purposes of calculating the Debt Service Requirement, the following assumptions shall be used:

(a) If any Bonds Outstanding or proposed to be issued shall bear interest at a Variable Rate, the interest coming due in any specified future period shall be determined as if the Variable Rate in effect at all times during such future period equaled (1) the average of the actual Variable Rates that were in effect (weighted according to the length of the period during which each such Variable Rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), or (2) if no such Bonds are then Outstanding, the thirty year Revenue Bond Index most recently published in The Bond Buyer or if the Revenue Bond Index is no longer available, the current average annual long-term fixed rate of interest on securities of similar quality and having a similar maturity date as certified by a Financial Advisor.

(b) If any Compound Interest Bonds are Outstanding or proposed to be issued, the total principal and interest coming due in any specified period shall be determined, with respect to such Compound Interest Bonds, by Series Resolution of the Consolidated Government authorizing such Compound Interest Bonds.

(c) With respect to any Bonds secured by a Financial Facility, Debt Service Requirement shall include (i) any commission or commitment fee obligations with respect to such Financial Facility, (ii) the outstanding amount of any Reimbursement Obligation owed to the relevant Financial Facility Issuer and interest thereon, (iii) any Additional Interest owed on Pledged Bonds to a Liquidity Facility Issuer, and (iv) any remarketing agent fees.

(d) With respect to any Hedged Bonds, the interest on such Hedged Bonds during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by the Consolidated Government on such Hedged Bonds pursuant to their terms and (y) the amount of Hedge Payments payable by the Consolidated Government under the related Hedge Agreement and subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided,

however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the Consolidated Government on the related Hedged Bonds shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the “Determination Period”) shall be computed by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables that were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period).

(e) For the purpose of calculating the Debt Service Requirement on Balloon Bonds (1) which are subject to a Commitment or (2) which do not have a Balloon Date within 12 months from the date of calculation, such Bonds shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 25 years at an assumed interest rate (which shall be the thirty year Revenue Bond Index most recently published in The Bond Buyer or if the Revenue Bond Index is no longer available, the interest rate certified by a Financial Advisor to be the interest rate at which the Consolidated Government could reasonably expect to borrow the same amount by issuing Bonds with the same priority of lien as such Balloon Bonds and with a 25-year term); provided, however, that if the maturity of such Bonds (taking into account the term of any Commitment) is in excess of 25 years from the date of issuance, then such Bonds shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Bonds to maturity (including the Commitment) and at the interest rate applicable to such Bonds.

(f) For the purpose of calculating the Debt Service Requirement on Balloon Bonds (1) which are not subject to a Commitment and (2) which have a Balloon Date within 12 months from the date of calculation, the principal payable on such Bonds on the Balloon Date shall be calculated as if paid on the Balloon Date.

(g) The principal of and interest on Bonds and Hedge Payments shall be excluded from the determination of Debt Service Requirement to the extent that the same were or are expected to be paid with amounts on deposit on the date of calculation (or Bond proceeds to be deposited on the date of issuance of proposed Bonds) in the Construction Fund, the Sinking Fund, or a similar fund for Subordinate Bonds.

(h) With respect to any Federal Credit Payment Bonds, the interest on such Federal Credit Payment Bonds for so long as the Federal government continues to pay the Federal Credit Payments to the Consolidated Government shall be calculated by subtracting the amount of Federal Credit Payments paid or payable by the Federal government with respect to such Federal Credit Payment Bonds from the amount of interest payable by the Consolidated Government on such Federal Credit Payment Bonds pursuant to their terms.

**“Debt Service Reserve Account”** means the Debt Service Reserve Account within the Sinking Fund established in the Bond Resolution.

**“Debt Service Reserve Requirement”** means, as of any date of calculation, (i) with respect to the Prior Bonds, an amount equal to the least of (a) 10% of the original principal amount of the Prior Bonds, (b) 50% of the maximum annual Debt Service Requirement on the Prior Bonds payable in any Fiscal Year or (c) 125% of the average annual Debt Service Requirement on the Prior Bonds payable in the then current or any succeeding Fiscal Year, and (ii) with respect to Additional Bonds, including the Series 2024 Bonds, the amount, if any, set forth in a Supplemental Resolution authorizing such Additional Bonds.

**“Depository”** means, with respect to the Construction Fund or any account established therein, the Construction Fund Depository, and, with respect to each other fund established under the Bond Resolution, the depository of such fund, and any successor depository of such fund hereafter designated by the Consolidated Government in a Supplemental Resolution.

**“DTC”** means The Depository Trust Company, New York, New York, or its nominee, or its successors and assigns, or any other depository performing similar functions under the Bond Resolution.

**“Event of Default”** means any of the events defined as such in the Bond Resolution and described herein under “– Events of Default and Remedies.”

**“Expenses of Operation and Maintenance”** means all expenses reasonably incurred in connection with the operation and maintenance of the System, including salaries, wages, the cost of materials and supplies, rentals of leased property, if any, management fees, payments to others for the purchase of water, if any, and for the treatment and disposal of sewerage, the cost of audits, Paying Agent’s and Bond Registrar’s fees, payment of premiums for insurance required by the Bond Resolution and other insurance that the Consolidated Government deems prudent to carry on the System and its operations and personnel, and, generally, all expenses, exclusive of interest on the Bonds and depreciation or amortization, that under accounting principles generally accepted for municipal utility purposes are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary or desirable for the proper operation and maintenance of the System shall be included. “Expenses of Operation and Maintenance” also includes the Consolidated Government’s obligations under any contract with any other political subdivision or public agency or authority of one or more political subdivisions pursuant to which the Consolidated Government undertakes to make payments measured by the expenses of operating and maintaining any facility that constitutes part of the System and that is owned or operated in part by the Consolidated Government and in part by others.

**“Federal Credit Payment Bonds”** means any Bonds for which the Consolidated Government shall be entitled to receive Federal Credit Payments.

**“Federal Credit Payments”** means any periodic direct federal credit payments required to be paid by the Federal government to the Consolidated Government relating to any series of Bonds in an amount equal to a percentage of the interest payments on such Bonds if the Consolidated Government irrevocably elected in a Supplemental Resolution authorizing the issuance of such Bonds to include such direct federal credit payments in the definition of “Operating Revenues” herein.

**“Financial Advisor”** means an investment banking or financial advisory firm, commercial bank, or any other Person who or which is appointed by the Consolidated Government for the purpose of passing on questions relating to the availability and terms of specified types of Bonds and is actively engaged in and, in the good faith opinion of the Consolidated Government, has a favorable reputation for skill and experience in underwriting or providing financial advisory services in respect of similar types of securities.

**“Financial Facility”** means a Credit Facility or a Liquidity Facility.

**“Financial Facility Agreement”** means a Credit Facility Agreement or a Liquidity Facility Agreement.

**“Financial Facility Issuer”** means a Credit Facility Issuer or a Liquidity Facility Issuer.

**“Fiscal Year”** means the 12-month period used by the Consolidated Government for its general accounting purposes, as it may be changed from time to time and which shall initially be the period beginning on January 1 of each calendar year and ending December 31 of the same calendar year.

**“Fitch”** means Fitch, Inc., doing business as Fitch Ratings, or, if such limited partnership is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Consolidated Government. The notice address of Fitch shall be One State Street Plaza, New York, New York 10004.

**“Forecast Period”** means a period of five consecutive Fiscal Years commencing with the Fiscal Year after the later of (a) the Fiscal Year in which any proposed Additional Bonds are to be issued or (b) the Fiscal Year in which any Project to be financed with the proceeds of any proposed Additional Bonds is expected to be completed.

**“Government Loans”** means loans to the Consolidated Government by the government of the United States or the State, or by any department, authority, or agency of either, for the purpose of acquiring, constructing, reconstructing, improving, bettering, or extending any part of the System.

**“Government Obligations”** means (a) obligations of the United States and of its agencies and instrumentalities, (b) obligations fully insured or guaranteed by the United States government or United States government agency or (c) obligations of any corporation of the United States government (including any obligations described in (a), (b) or (c) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America).

**“Hedge Agreement”** means, without limitation, (a) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (b) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (c) any contract to exchange cash flows or payments or series of payments; (d) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (e) any other type of contract or arrangement that the Consolidated Government determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

**“Hedge Payments”** means amounts payable by the Consolidated Government pursuant to any Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments.

**“Hedge Payments Account”** means the Hedge Payments Account within the Sinking Fund established in the Bond Resolution.

**“Hedge Period”** means the period during which a Hedge Agreement is in effect.

**“Hedge Receipts”** means amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments.

**“Hedged Bonds”** means any Bonds for which the Consolidated Government shall have entered into a related Hedge Agreement.

**“Independent Certified Public Accountant”** means a certified public accountant, or a firm of certified public accountants, who or which is “independent” as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote his or its full time to the Consolidated Government (but who or which may be regularly retained by the Consolidated Government).

**“Independent Consulting Engineer”** means a firm of engineers or utility consultants experienced in the planning and management of water and sewer systems and having a nationally recognized reputation for such work.

**“Interest Payment Date”** means (a) with respect to the Series 2024 Bonds, each April 1 and October 1, commencing on October 1, 2024, and (b) with respect to other series of Bonds, the interest payment date specified in the Supplemental Resolution authorizing such Bonds.

**“Investment Earnings”** means all interest received on and profits derived from investments made with Pledged Revenues or any moneys in the funds and accounts established under Article V.

**“Liquidity Facility”** means any letter of credit, standby bond purchase agreement, line of credit, revolving credit agreement, or similar obligation, arrangement, or instrument issued by a bank, insurance company, or other financial institution that is used by the Consolidated Government to perform one or more of the following tasks: (a) providing liquidity for the owners of Bonds through undertaking to cause Bonds to be bought from the owners thereof when submitted pursuant to an arrangement prescribed by a Series Resolution; or (b) remarketing any Bonds so submitted to the Liquidity Facility Issuer (whether or not the same Liquidity Facility Issuer is remarketing the Bonds).

**“Liquidity Facility Agreement”** means an agreement between the Consolidated Government and a Liquidity Facility Issuer pursuant to which the Liquidity Facility Issuer issues a Liquidity Facility and may include the promissory note or other instrument evidencing the Consolidated Government’s obligations to a Liquidity Facility Issuer pursuant to a Liquidity Facility Agreement.

**“Liquidity Facility Issuer”** means any issuer of a Liquidity Facility then in effect for all or part of the Bonds.

**“Master Resolution”** means the Master Bond Resolution duly and validly adopted by the Consolidated Government on October 16, 2012, authorizing the issuance and delivery of the Series 2012 Bonds.

**“Moody’s”** means Moody’s Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Consolidated Government. The notice address of Moody’s shall be 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

**“Net Operating Revenues”** means Operating Revenues after provision for payment of all Expenses of Operation and Maintenance and excluding Federal Credit Payments and including any PILOT payments and PILOF payments.

**“Operating Revenues”** means all income and revenue of any nature derived from the operation of the System, including monthly water and sewerage billings, service charges, other charges for water and sewerage service and the availability thereof (other than any special assessment proceeds), connection or tap fees (whether accounted for as revenues or as contributed capital), local, state, or federal grants or other moneys received for the payment of Expenses of Operation and Maintenance and any Federal Credit Payments, but excluding local, state, or federal grants, loans, capital improvement contract payments, or other moneys received for capital improvements to the System and excluding Investment Earnings.

**“Other System Obligations”** means obligations of any kind, including but not limited to, Government Loans, revenue bonds, capital leases, installment purchase agreements, or notes (but excluding Bonds and related obligations to Financial Facility Issuers, Reserve Account Credit Facility Providers and Qualified Hedge Providers), incurred or issued by the Consolidated Government to finance or refinance the cost of acquiring, constructing, reconstructing, improving, bettering, or extending any part of the System or for any other purpose with respect to the System.

**“Outstanding”** means, when used in reference to the Bonds, all Bonds that have been duly authenticated and delivered under the Bond Resolution, with the exception of (a) Bonds in lieu of which other Bonds have been issued under agreement to replace lost, mutilated, stolen, or destroyed obligations, (b) Bonds surrendered by the owners in exchange for other Bonds and (c) Bonds for the payment of which provision has been made in accordance with the Bond Resolution as described in “- Defeasance” herein. In determining the amount of Compound Interest Bonds Outstanding under the Bond Resolution, the Accreted Value of such Compound Interest Bonds at the time of determination shall be used.

**“Participants”** means those financial institutions for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository in the Book-Entry System, as such listing exists at the time of such reference.

**“Paying Agent”** means the commercial bank or banks appointed by the Consolidated Government to serve as paying agent in accordance with the terms of the Bond Resolution for any series of Bonds. U.S. Bank Trust Company, National Association (formerly U.S. Bank National Association) is designated as Paying Agent for the Series 2024 Bonds.

**“Permitted Investments”** means and includes any of the following securities, if and to the extent the same are at the time legal for investment of Consolidated Government funds:

(a) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated, as amended;

(b) bonds or obligations of the Consolidated Government, or bonds or obligations of the State of Georgia, or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

(c) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;

(d) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(e) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(f) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any proceeds of any bonds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia or with a trust office located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or other states or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations referred to in paragraph (c) above, obligations of the agencies and instrumentalities of the United States government referred to in paragraph (d) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities referred to in paragraph (e) above;

(g) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referred to in paragraph (c) and (d) above and repurchase agreements fully collateralized by any such obligations;

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

(iii) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(iv) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia; and

(h) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys; and

(i) any other investments authorized by the laws of the State of Georgia from time to time.

**“Person”** means any natural person, firm, association, corporation, limited liability company, partnership, joint stock company, joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

**“PILOF”** means payments in lieu of franchise fees paid from Operating Revenues to the Consolidated Government intended to approximate franchise fees paid by other utility companies providing services within the Consolidated Government and calculated as a percentage of metered revenue of the System.

**“PILOT”** means payments in lieu of taxes paid from Operating Revenues to the Consolidated Government intended to approximate the ad valorem property taxes that would be payable on the net depreciated value of above-ground System structures if such assets were subject to ad valorem property tax.

**“Pledged Bond”** means any Bond purchased and held by a Liquidity Facility Issuer pursuant to a Liquidity Facility Agreement. A Bond shall be deemed a Pledged Bond only for the actual period during which such Bond is owned by a Liquidity Facility Issuer pursuant to a Liquidity Facility Agreement.

**“Pledged Bond Rate”** means the rate of interest payable on Pledged Bonds, as may be provided in a Liquidity Facility or Liquidity Facility Agreement.

**“Pledged Revenues”** means Operating Revenues, after provision for payment of all Expenses of Operations and Maintenance, Investment Earnings, and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts specified in the Bond Resolution; provided that Pledged Revenues shall also include Hedge Receipts and exclude any amounts required in the Bond Resolution to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Code, including, but not limited to, amounts in the Rebate Fund.

The term **“principal”** means the principal amount of any Bond and includes the Accreted Value of any Compound Interest Bonds. All references to principal shall be construed as if they were also references to Accreted Value with respect to Compound Interest Bonds.

**“Principal Maturity Date”** means each date on which principal is to become due on any Bonds, by maturity or mandatory sinking fund redemption, as established in the Series Resolution for such Bonds.

**“Prior Bonds”** means, collectively, the Series 2012 Bonds (excluding any Series 2012 Bonds being refunded and defeased in connection with the issuance of the Series 2024 Bonds), the Series 2013 Bonds, the Series 2014 Bonds, the Series 2017 Bonds and the Series 2019 Bond.

**“Prior Bonds Reserve Subaccount”** is a subaccount of the Debt Service Reserve Account securing only the Prior Bonds.

**“Project”** means the acquisition, construction, reconstruction, improvement, betterment, extension, or equipping of the System, in whole or in part, with the proceeds of any Bonds.

**“Projected Senior Interest Payment”** means that sum, redetermined by the Consolidated Government monthly, which would have to be accumulated in the Interest Account by the next Interest Payment Date to pay interest on Senior Bonds that bear interest at a Variable Rate if such Variable Rate should continue to equal the rate borne by such Senior Bonds on the date of calculation.

**“Put Date”** means any date on which a Bondholder may elect to have Balloon Bonds redeemed, prepaid, purchased directly or indirectly by the Consolidated Government, or otherwise paid.

**“Qualified Hedge Provider”** means an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) at least as high as the middle range of the third highest rating category of each Rating Agency, but in no event lower than any Rating on the related Hedged Bonds at the time of execution of the Hedge Agreement, or (ii) in any such lower Rating that each Rating Agency indicates in writing to the Consolidated Government will not, by itself, result in a reduction or withdrawal of its Rating on the related Hedged Bonds that is in effect prior to entering into the Hedge Agreement. An entity’s status as a “Qualified Hedge Provider” is determined only at the time the Consolidated Government enters into a Hedge Agreement with such entity and cannot be redetermined with respect to that Hedge Agreement.

**“Rating”** means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

**“Rating Agencies”** or **“Rating Agency”** means Fitch, Moody’s, or Standard & Poor’s or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Bonds at the request of the Consolidated Government. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

**“Rebate Fund”** means the Augusta, Georgia Water and Sewerage System Rebate Fund established in the Bond Resolution.

**“Reimbursement Obligation”** means the obligation of the Consolidated Government to directly reimburse any Financial Facility Issuer for amounts paid by such Financial Facility Issuer under a Financial Facility, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument.

**“Reserve Account Credit Facility”** means the letter of credit, insurance policy, line of credit, or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of the Bond Resolution, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

**“Reserve Account Credit Facility Provider”** means any provider of a Reserve Account Credit Facility.

**“Reserve Subaccount”** means the Prior Bonds Reserve Subaccount and each additional subaccount created in the Debt Service Reserve Account in connection with the issuance of Additional Bonds.

**“Revenue Bond Law”** means the Revenue Bond Law (O.C.G.A. Section 36-82-60 et seq.), as amended from time to time.

**“Revenue Fund”** means the Augusta, Georgia Water and Sewerage System Revenue Fund described in the Bond Resolution.

**“Securities Depository”** means any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to provisions of Section 17A



of the Securities Exchange Act of 1934, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of beneficial interest in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, DTC.

**“Senior Bonds”** means the Prior Bonds, the Series 2024 Bonds, and any Additional Bonds.

**“Senior Hedge Agreements”** means Hedge Agreements relating to Hedged Bonds that are Senior Bonds.

**“Series Resolution”** means a bond resolution or bond resolutions of the Consolidated Government (which may be supplemented by one or more bond resolution(s)) to be adopted prior to and authorizing the issuance and delivery of any series of Bonds. The Master Resolution shall constitute the Series Resolution for the Series 2012 Bonds, as well as the Master Resolution for Additional Bonds and Subordinate Bonds. Such a bond resolution as supplemented shall establish the date or dates of the pertinent series of Bonds, the schedule of maturities of such Bonds, whether any such Bonds will be Compound Interest Bonds, the name of the purchaser(s) of such series of Bonds, the purchase price thereof, the rate or rates of interest to be borne thereby, whether fixed or variable, the interest payment dates for such Bonds, the terms and conditions, if any, under which such Bonds may be made subject to redemption (mandatory or optional) prior to maturity, the form of such Bonds, and such other details as the Consolidated Government may determine.

**“Series 2012 Bonds”** means the Augusta, Georgia Water and Sewerage Revenue Refunding and Improvement Bonds (Second Resolution), Series 2012, issued pursuant to the Bond Resolution.

**“Series 2013 Bonds”** means the Augusta, Georgia Water and Sewerage Taxable Revenue Bonds (Second Resolution), Series 2013, issued pursuant to the Bond Resolution.

**“Series 2014 Bonds”** means the Augusta, Georgia Water and Sewerage Revenue Refunding and Improvement Bonds (Second Resolution), Series 2014, issued pursuant to the Bond Resolution.

**“Series 2017 Bonds”** means the Augusta, Georgia Water and Sewerage Revenue Refunding Bonds, Series 2017, authorized issued pursuant to the Bond Resolution.

**“Series 2019 Bond”** means the Augusta, Georgia Water and Sewerage Taxable Revenue Bond, Series 2019, authorized issued pursuant to the Bond Resolution.

**“Series 2024 Bonds”** means the Augusta, Georgia Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2024, authorized to be issued pursuant to the Bond Resolution.

**“Sinking Fund”** means the Augusta, Georgia Water and Sewerage System Sinking Fund described in the Bond Resolution in which are held the Interest Account, Hedge Payments Account, Principal Account, Capitalized Interest Account and the Debt Service Reserve Account.

**“Standard and Poor’s”** or **“S&P”** means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Consolidated Government. The notice address of Standard & Poor’s shall be 55 Water Street, New York, New York 10041.

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

**“Subordinate Bonds”** means Bonds issued with a right to payment from the Pledged Revenues and secured by a lien on the Pledged Revenues expressly junior and subordinate to the Senior Bonds.

**“Subordinate Hedge Agreements”** means Hedge Agreements relating to Hedged Bonds that are Subordinate Bonds.

**“Supplemental Resolution”** means (a) any Series Resolution and (b) any modification, amendment, or supplement to the Master Resolution other than a Series Resolution.

**“System”** means the water and sewerage system of the Consolidated Government, as it now exists and as it may be hereafter added to, extended, improved, and equipped, either from the proceeds of the Bonds or from any other sources at any time hereafter, including, without limitation, (a) all wells, pumping stations, purification and treatment plants, and other sources of supply of water and all pipes, mains, and other parts of the facilities for the distribution of water and disposal and treatment of sewerage and all equipment and property used in connection therewith and (b) all other facilities or property of any nature or description, real or personal, tangible or intangible, now or hereafter owned or used by the Consolidated Government in the supply, treatment, disposal and distribution of water and sewerage, including solid waste facilities relating to sludge disposal, or held by the Consolidated Government to obtain future sources of raw water. The Consolidated Government may own a partial interest in any water and sewerage facility, the remaining interest in which may be owned by or on behalf of a political subdivision of the State or any agency or authority thereof. In case of such ownership, the rights and interests possessed by the Consolidated Government in such facility shall be included as part of the System.

**“Tax-Exempt Bonds”** means any Bonds the interest on which has been determined, in an unqualified opinion of Bond Counsel, to be excludable from the gross income of the owners thereof for federal income tax purposes.

**“Utility General Fund”** means the Augusta, Georgia Water and Sewerage System Utility General Fund described in the Bond Resolution.

**“Variable Rate”** means as to any Bonds, any portion of such Bonds the interest rate on which is not established at the time of original execution or issuance at a fixed or constant rate.

### **Pledge of Revenues**

Under the terms of the Bond Resolution, all Pledged Revenues are pledged to the prompt payment of the principal of, premium, if any, and interest on the Bonds. Such moneys and securities will immediately be subject to the lien of this pledge for the benefit of the Bondholders without any physical delivery thereof or further act, and the lien of this pledge will be valid and binding against the Consolidated Government and against all other persons having claims against the Consolidated Government, whether such claims have arisen in tort, contract, or otherwise, and regardless of whether such persons have notice of the lien of this pledge. Under the terms of the Bond Resolution, this pledge will rank superior to all other pledges that may hereafter be made of any of the Pledged Revenues, except for pledges of the Pledged Revenues hereafter made by the Consolidated Government in the Hedge Agreements to secure Hedge Payments, which may rank on a parity with this pledge as to the related Hedged Bonds. The lien of the pledge made in the Bond Resolution does not secure any obligation of the Consolidated Government other than the Bonds.

### **Investments**

Moneys in the funds and accounts established under the Bond Resolution must be invested and reinvested in Permitted Investments bearing interest at the highest rates reasonably available (except to the extent that a restricted yield is required or advisable under Section 148 of the Code). Subject to the first sentence, moneys in the Revenue Fund may be invested by the Consolidated Government in Permitted Investments maturing not later than the date or dates on which such moneys is required for the purposes intended. Moneys in the Interest Account and the Capitalized Interest Account may be invested by the Consolidated Government in Permitted Investments maturing or redeemable at the option of the holder prior to the next Interest Payment Date, but whenever prior to any Interest Payment Date the aggregate of the available moneys in such accounts exceeds the amount necessary to pay interest falling due on such Interest Payment Date, such excess may be invested in Permitted Investments maturing or redeemable at the option of the holder prior to the next following Interest Payment Date. Moneys in the Principal Account may be invested by the Consolidated Government in Permitted Investments maturing or redeemable at the option of the holder prior to the next Principal Maturity Date, but whenever prior to any Principal Maturity Date the aggregate of the available moneys in such account exceeds the amount necessary to pay principal falling due on such Principal Maturity Date, such excess may be invested in Permitted Investments maturing or redeemable at the option of the holder prior to the next following Principal Maturity Date. Moneys in the Hedge Payments Account

may be invested by the Consolidated Government in Permitted Investments maturing or redeemable at the option of the holder prior to the next due date of related Hedge Payments, but whenever prior to any due date of related Hedge Payments the aggregate of the available moneys in such account exceeds the amount necessary to pay related Hedge Payments falling due on such date, such excess may be invested in Permitted Investments maturing or redeemable at the option of the holder prior to the next following due date of related Hedge Payments. Moneys in the Debt Service Reserve Account must be invested by the Consolidated Government in Permitted Investments that mature or are redeemable at the option of the holder within 5 years from date of purchase. Subject to the foregoing first sentence under this heading, moneys in the Utility General Fund may be invested by the Consolidated Government in Permitted Investments. Whenever any moneys in the Debt Service Reserve Account or the Utility General Fund invested as above provided are needed for the payment of currently maturing principal of or interest on the Senior Bonds, the Consolidated Government must cause such investments to be liquidated at current market prices, to produce the amount required, without further instructions, and must cause the proceeds of such liquidation to be applied to the payment of such principal and interest.

Investment Earnings in each fund and account (except for those established pursuant to the provisions of the Bond Resolution described herein under the caption "SUMMARY OF THE BOND RESOLUTION - Defeasance" in this Appendix C) will be allocated as follows:

- (a) Investment Earnings from the investment of moneys of each account held in the Sinking Fund (except for the Debt Service Reserve Accounts) will be retained in the account of the Sinking Fund to which such investments relate;
- (b) Investment Earnings from the investment of moneys of each account held in the Construction Fund will be retained in the account of the Construction Fund to which such investments relate;
- (c) Investment Earnings from the investment of moneys in a Reserve Subaccount of the Debt Service Reserve Account will be retained in such Reserve Subaccount of the Debt Service Reserve Account at all times the balance is less than the related Debt Service Reserve Requirement; thereafter and at all times the balance of a Reserve Subaccount of the Debt Service Reserve Account is equal to or greater than the related Debt Service Reserve Requirement, such Investment Earnings will be deposited in the Interest Account;
- (d) Investment Earnings from the investment of moneys in the Rebate Fund will be retained in the Rebate Fund;
- (e) Investment Earnings from the investment of moneys in the Utility General Fund will be retained in the Utility General Fund; and
- (f) Investment Earnings from the investment of moneys in the Revenue Fund will be retained in the Revenue Fund.

The Series Resolution authorizing the issuance of any Subordinate Bonds will specify any maturity limitations and allocations of Investment Earnings on investments of moneys in the funds and accounts relating to such Subordinate Bonds.

Moneys in each of such funds will be accounted for as a separate and special fund apart from all other Consolidated Government funds, provided that investments of moneys therein may be made in a pool of investments together with other moneys of the Consolidated Government so long as sufficient Permitted Investments in such pool, not allocated to other investments of contractually or legally limited duration, are available to meet the requirements of the foregoing provisions.

#### **Additional Bonds**

The Bond Resolution provides that all Senior Bonds must have complete parity of lien on the Pledged Revenues despite the fact that any of the Senior Bonds may be delivered at an earlier date than any other of the Senior Bonds. Under the terms of the Bond Resolution, the Consolidated Government may issue Additional Bonds in accordance

with the Bond Resolution, and the Consolidated Government may issue no other obligations of any kind or nature payable from or enjoying a lien on the Pledged Revenues or any part thereof having priority over or (except as permitted in the Bond Resolution) on a parity with the Prior Bonds and the Series 2024 Bonds.

Under the terms of the Bond Resolution, any or all of the Senior Bonds may be refunded at maturity, upon redemption in accordance with their terms, or with the consent of the owners of the Senior Bonds, and the refunding Bonds so issued will constitute Additional Bonds, if:

(a) The Consolidated Government executes a certificate: (i) setting forth the aggregate amount of interest and principal of all Senior Bonds falling due during the then current Fiscal Year and for each subsequent Fiscal Year to and including the Fiscal Year of the last maturity of any Senior Bonds then Outstanding (A) with respect to all Senior Bonds Outstanding immediately prior to the date of authentication and delivery of such refunding Bonds and (B) with respect to all Senior Bonds to be Outstanding immediately thereafter; and (ii) demonstrating that the amount set forth for each Fiscal Year pursuant to (i)(B) above is no greater than the amount set forth for such Fiscal Year pursuant to (i)(A) above.

(b) As an alternative to, and in lieu of, satisfying the requirements described in clause (a) above, all Outstanding Senior Bonds are being refunded under arrangements that immediately result in making provision for the payment of the refunded Senior Bonds.

(c) The requirements described in clauses (d) and (f) below are met with respect to such refunding Bonds.

Bonds (including refunding Bonds that do not meet the requirements described above) may also be issued on a parity with the Prior Bonds and the Series 2024 Bonds pursuant to a Series Resolution, and the Bonds so issued will constitute Additional Bonds, if all of the following conditions are satisfied:

(a) Except in the case of Additional Bonds issued for refunding purposes as described above, there must have been procured and filed with the Consolidated Government either:

(i) a report by an Independent Certified Public Accountant to the effect that the historical Net Operating Revenues and Investment Earnings (excluding Investment Earnings, if any, on the Construction Fund) for a period of 12 consecutive months of the most recent 24 consecutive months prior to the issuance of the proposed Additional Bonds were equal to at least 125% of the maximum annual Debt Service Requirement on all Senior Bonds that will be Outstanding immediately after the issuance of the proposed Additional Bonds, in the then current or any succeeding Fiscal Year, or

(ii) (A) a report by an Independent Certified Public Accountant to the effect that the historical Net Operating Revenues and Investment Earnings (excluding Investment Earnings, if any, on the Construction Fund) for a period of 12 consecutive months of the most recent 24 consecutive months prior to the issuance of the proposed Additional Bonds were equal to at least 125% of the historical Debt Service Requirement on all Senior Bonds that were Outstanding during such 12-month period, and

(B) a report by an Independent Consulting Engineer to the effect that (A) the forecasted Net Operating Revenues and Investment Earnings (excluding Investment Earnings, if any, on the Construction Fund) for the period beginning on the expected date of issuance of the proposed Additional Bonds and ending on the date of commencement of the Forecast Period are expected to equal at least 100% of the Debt Service Requirement during such period on all Senior Bonds that will be Outstanding immediately after the issuance of the proposed Additional Bonds, after taking into account amounts deposited into the Capitalized Interest Account, and (B) the forecasted Net Operating Revenues and Investment Earnings (excluding Investment Earnings, if any, on the Construction Fund) for each Fiscal Year in the Forecast Period are expected to equal at least 125% of the maximum annual Debt Service Requirement on all Senior Bonds that will be Outstanding immediately after the issuance of the proposed Additional Bonds, in the then current or any succeeding Fiscal Year.

The reports by the Independent Certified Public Accountant that are described above may contain pro forma adjustments to historical Net Operating Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services, facilities, and commodities furnished by the System, imposed prior to the date of delivery of the proposed Additional Bonds and not fully reflected in the historical Net Operating Revenues actually received during such 12-month period. Such pro forma adjustments must be based upon a report of an Independent Consulting Engineer as to the amount of Operating Revenues that would have been received during such 12-month period had the new rate schedule been in effect throughout such 12-month period.

The report by the Independent Consulting Engineer that is required as described above may not take into consideration any rate schedule to be imposed in the future, unless such rate schedule has been adopted by resolution of the Commission. Such rate schedule adopted by resolution may contain, however, future effective dates.

(b) The Consolidated Government must have received, at or before issuance of the Additional Bonds, a report from an Independent Certified Public Accountant to the effect that the payments required to be made into each account of the Sinking Fund have been made and the balance in each account of the Sinking Fund is not less than the balance required by the Bond Resolution as of the date of issuance of the proposed Additional Bonds.

(c) The Series Resolution authorizing the proposed Additional Bonds must require the proceeds of such proposed Additional Bonds to be used to make capital improvements to the System, to fund interest on the proposed Additional Bonds, to acquire existing or proposed water utilities, to refund other obligations issued for such purposes (whether or not such refunding Bonds satisfy the requirements described above), to fund debt service reserve funds for Bonds and to pay expenses incidental thereto and to the issuance of the proposed Additional Bonds.

(d) If any Additional Bonds would bear interest at a Variable Rate, the Series Resolution under which such Additional Bonds are issued must provide a maximum rate of interest per annum which such Additional Bonds may bear.

(e) The Administrator of the Consolidated Government and the Director of the Utilities Department of the Consolidated Government must have certified, by written certificate dated as of the date of issuance of the Additional Bonds, that the Consolidated Government is in compliance with all requirements of the Bond Resolution.

(f) The Consolidated Government must have received an opinion of Bond Counsel, dated as of the date of issuance of the Additional Bonds, to the effect that the Series Resolution and any related Supplemental Resolution authorizing the issuance of Additional Bonds have been duly adopted by the Consolidated Government.

### **Subordinate Bonds**

Under the terms of the Bond Resolution, Bonds may also be issued on a subordinate basis with the Senior Bonds pursuant to a Series Resolution, payable from moneys that would otherwise be deposited in the Utility General Fund, and the Bonds so issued will constitute Subordinate Bonds, if all of the following conditions are satisfied:

(a) The Series Resolution authorizing the Subordinate Bonds must provide that such Subordinate Bonds will be junior and subordinate in lien and right of payment to all Senior Bonds Outstanding at any time.

(b) The Series Resolution authorizing the Subordinate Bonds must establish funds and accounts for the moneys that would otherwise be deposited in the Utility General Fund, to be used to pay debt service on the Subordinate Bonds, to pay Hedge Payments under Subordinate Hedge Agreements, and to provide reserves therefor.

(c) The requirements of clauses (c), (d), and (f) described herein under the caption “SUMMARY OF THE BOND RESOLUTION – Additional Bonds” in this Appendix C are met with respect to such Subordinate Bonds (as if such Bonds constituted Additional Bonds).

In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, or other similar proceedings in connection therewith, relative to the Consolidated Government or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution, or other winding up of the Consolidated Government, whether or not involving insolvency or bankruptcy, the owners of all Senior Bonds then Outstanding and related Qualified Hedge Providers will be entitled to receive payment in full of all principal and interest due on all such Senior Bonds in accordance with the provisions of the Bond Resolution and related Hedge Payments in accordance with the provisions of the Senior Hedge Agreements before the owners of the Subordinate Bonds or Qualified Hedge Providers are entitled to receive any payment from the Pledged Revenues or the amounts held in the funds and accounts created under the Bond Resolution on account of principal of, premium, if any, or interest on the Subordinate Bonds or Hedge Payments under Subordinate Hedge Agreements.

In the event that any of the Subordinate Bonds are declared due and payable before their expressed maturities because of the occurrence of an event of default (under circumstances when the provisions of the immediately preceding paragraph relating to insolvency are not applicable), the owners of all Senior Bonds Outstanding and related Qualified Hedge Providers at the time such Subordinate Bonds so become due and payable because of the occurrence of such an event of default will be entitled to receive payment in full of all principal and interest on all such Senior Bonds and all Hedge Payments under related Senior Hedge Agreements before the owners of the Subordinate Bonds or related Qualified Hedge Providers are entitled to receive any accelerated payment from the Pledged Revenues or the amounts held in the funds and accounts created under the Bond Resolution of principal of, premium, if any, or interest on the Subordinate Bonds or Hedge Payments under Subordinate Hedge Agreements.

If any Event of Default has occurred and is continuing (under circumstances when the provisions of the second preceding paragraph under this heading relating to insolvency are not applicable), the owners of all Senior Bonds then Outstanding and related Qualified Hedge Providers will be entitled to receive payment in full of all principal and interest then due on all such Senior Bonds and Hedge Payments under related Senior Hedge Agreements before the owners of the Subordinate Bonds or related Qualified Hedge Providers are entitled to receive any payment from the Pledged Revenues or the amounts held in the funds and accounts created under the Bond Resolution of principal of, premium, if any, or interest on the Subordinate Bonds or Hedge Payments under Subordinate Hedge Agreements.

No owner of Senior Bonds or any related Qualified Hedge Provider will be prejudiced in its right to enforce subordination of the Subordinate Bonds and Subordinate Hedge Agreements by any act or failure to act on the part of the Consolidated Government.

The obligations of the Consolidated Government to pay to the owners of the Subordinate Bonds the principal of, premium, if any, and interest thereon in accordance with their terms and to pay to related Qualified Hedge Providers Hedge Payments in accordance with the terms of the Subordinate Hedge Agreements is unconditional and absolute. Nothing in the Bond Resolution prevents the owners of the Subordinate Bonds or related Qualified Hedge Providers from exercising all remedies otherwise permitted by applicable law or under the Bond Resolution or the Subordinate Hedge Agreements upon default thereunder, subject to the rights contained in the Bond Resolution of the owners of Senior Bonds and related Qualified Hedge Providers to receive cash, property, or securities otherwise payable or deliverable to the owners of the Subordinate Bonds and related Qualified Hedge Providers, and any Series Resolution authorizing Subordinate Bonds may provide that, insofar as a trustee or paying agent for the Subordinate Bonds is concerned, the provisions described above will not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal of, premium, if any, and interest on such Subordinate Bonds and Hedge Payments under Subordinate Hedge Agreements if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the provisions described above.

Any series of Subordinate Bonds and related Subordinate Hedge Agreements may have such rank or priority with respect to any other series of Subordinate Bonds and related Subordinate Hedge Agreements as may be provided in the Series Resolution authorizing such series of Subordinate Bonds and may contain such other provisions as are not in conflict with the provisions of the Bond Resolution.

By proceedings authorizing Subordinate Bonds, the Consolidated Government may provide for the accession of such Subordinate Bonds and related Subordinate Hedge Agreements to the status of complete parity with the Senior Bonds and related Senior Hedge Agreements if, as of the date of accession, the conditions of clauses (a)(i) and (f) described herein under the caption “SUMMARY OF THE BOND RESOLUTION - Additional Bonds” in this Appendix C are satisfied, on a basis that includes all Outstanding Senior Bonds and such Subordinate Bonds, and if on the date of accession:

(a) the Reserve Subaccount of the Debt Service Reserve Account contains an amount equal to the Debt Service Reserve Requirement; and

(b) the Interest Account, the Principal Account, and the Hedge Payments Account contain the amounts that would have been required to be accumulated therein on the date of accession if the Subordinate Bonds had originally been issued as Additional Bonds.

### **Financial Facilities and Hedge Agreements**

In connection with the issuance of any Bonds under the Bond Resolution, the Consolidated Government may obtain or cause to be obtained one or more Financial Facilities providing for payment of all or a portion of the principal of, premium, if any, or interest due or to become due on such Bonds, providing for the purchase of such Bonds by the Financial Facility Issuer, or providing funds for the purchase of such Bonds by the Consolidated Government. In connection therewith the Consolidated Government will enter into Financial Facility Agreements with such Financial Facility Issuers providing for, among other things, (i) the payment of fees and expenses to such Financial Facility Issuers for the issuance of such Financial Facilities; (ii) the terms and conditions of such Financial Facilities and the Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Financial Facilities. The Consolidated Government may secure any Financial Facility by an agreement providing for the purchase of the Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as are specified by the Consolidated Government in the applicable Series Resolution. The Consolidated Government may in a Financial Facility Agreement agree to directly reimburse such Financial Facility Issuer for amounts paid under the terms of such Financial Facility, together with interest thereon; provided, however, that no Reimbursement Obligation may be created for purposes of the Bond Resolution until amounts are paid under such Financial Facility. Any such Reimbursement Obligation will be deemed to be a part of the Bonds to which the Financial Facility relates that gave rise to such Reimbursement Obligation, and references to principal and interest payments with respect to such Bonds must include principal and interest (except for Additional Interest and principal amortization requirements with respect to the Reimbursement Obligation that are more accelerated than the amortization requirements for the related Bonds, without acceleration) due on the Reimbursement Obligation incurred as a result of payment of such Bonds with the Financial Facility. All other amounts payable under the Financial Facility Agreement (including any Additional Interest and principal amortization requirements with respect to the Reimbursement Obligation that are more accelerated than the amortization requirements for the related Bonds, without acceleration) will be fully subordinate to the payment of debt service on the related class of Bonds. Any such Financial Facility will be for the benefit of and secure such Bonds or portion thereof as specified in the applicable Series Resolution.

In connection with the issuance of any Bonds or at any time thereafter so long as such Bonds remain Outstanding, the Consolidated Government may enter into Hedge Agreements with Qualified Hedge Providers, and no other providers, with respect to any Bonds. The Consolidated Government will authorize the execution, delivery, and performance of each Hedge Agreement in a Supplemental Resolution, in which it will designate the related Hedged Bonds. The Consolidated Government’s obligation to pay Hedge Payments may be secured by a pledge of, and lien on, the Pledged Revenues on a parity with the lien created by the provisions of the Bond Resolution described herein under the caption “SUMMARY OF THE BOND RESOLUTION - Pledged Revenues” in this Appendix C to secure the related Hedged Bonds, or may be subordinated in lien and right of payment to the payment of the Bonds, as determined by the Consolidated Government.

### **Operation and Maintenance of the System**

The Consolidated Government covenanted in the Bond Resolution that it will enforce reasonable rules and regulations governing the System and the operation thereof, that all compensation, salaries, fees, and wages paid by

it in connection with the operation, maintenance, and repair of the System will be reasonable, and that no more persons will be employed by it than are necessary, that it will operate the System in an efficient and economical manner and will at all times maintain the System in good repair and in sound operating condition, that it will make all necessary repairs, renewals, and replacements to the System, and that it will comply with all valid acts, rules, regulations, orders, and directions of any legislative, executive, administrative, or judicial body applicable to the System and the Consolidated Government's operation thereof.

## **Insurance**

With respect to the System, the Consolidated Government agreed in the Bond Resolution to carry adequate public liability, fidelity, and property insurance, such as is maintained by similar utilities as the System, including but not limited to the following:

(a) comprehensive general liability insurance on an occurrence or claims made basis; and

(b) the following properties must at all times be insured to the full insurable value thereof with a responsible insurance company or companies, authorized and qualified under the laws of the State to assume the risks thereof against loss or damage from the following causes: (i) all buildings and all machinery and equipment therein against loss or damage by fire, lightning, tornado, winds, and explosions; and (ii) all other property against loss or damage by fire or lightning if the same is not fireproof, and against loss or damage from other causes customarily insured against by similar utilities of like size; and

(c) fidelity bonds or policies covering all agents, employees, and officials of the Consolidated Government whose duties involve the receipt, custody, investment, or disbursement of Operating Revenues, Investment Earnings, Hedge Receipts, or other Pledged Revenues, including proceeds from the sale of Bonds, in an amount not less than the greatest amount reasonably anticipated to be within the custody or control of such officer, agent, or employee at one time.

The Consolidated Government agreed in the Bond Resolution to indemnify itself against the usual hazards incident to the construction of any Project, and without in any way limiting the generality of the above, agreed to: (a) require each construction contractor and each subcontractor to furnish a bond, or bonds, of such type and in amounts adequate to assure the faithful performance of their contracts and the payment of all bills and claims for labor and material arising by virtue of such contracts; and (b) require each construction contractor or the subcontractor to maintain at all times until the completion and acceptance of the Project adequate compensation insurance for all of their employees and adequate public liability and property damage insurance for the full and complete protection of the Consolidated Government from any and all claims of every kind and character which may arise by virtue of the operations under their contracts, whether such operations be by themselves or by anyone directly or indirectly for them, or under their control.

All such policies must be for the benefit of and made payable to the Consolidated Government and must be on deposit with the Consolidated Government; provided, however, the Consolidated Government may elect to be a self-insurer with respect to any risks for which insurance is required under the Bond Resolution. The cost of such insurance may be paid as an Expense of Operation and Maintenance.

All moneys received for losses under any such insurance policies, except public liability policies, are pledged by the Consolidated Government under the Bond Resolution as security for the Bonds until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by repairing the property damaged or replacing the property destroyed or by depositing the same in the Utility General Fund. Adequate provision for making good such loss and damage must be made within 120 days from the date of the loss. Insurance proceeds not used in making such provision must be deposited in the Utility General Fund on the expiration of such 120-day period. Such insurance proceeds must be payable to the Consolidated Government by appropriate clause to be attached to or inserted in the policies.



## **Sales, Leases, and Encumbrances**

Except as expressly permitted in the Bond Resolution, the Consolidated Government irrevocably covenanted, bound, and obligated itself in the Bond Resolution not to sell, lease, encumber, or in any manner dispose of the System as a whole or in part until all of the Bonds and all interest thereon are paid in full or provision for payment has been made.

The Consolidated Government reserved the right in the Bond Resolution to sell, lease, or otherwise dispose of any of the property comprising a part of the System in the following manner, if any one of the following conditions exists: (a) such property is not necessary for the operation of the System; (b) such property is not useful in the operation of the System; (c) such property is not profitable in the operation of the System; or (d) the disposition of such property will be advantageous to the System and will not adversely affect the security for the Bondholders. All proceeds of any such sale must be deposited in the Utility General Fund.

The Consolidated Government reserves the right to sell or transfer any portion of the System to any political subdivision or authority or agency of one or more political subdivisions of the State, provided that there must be first filed with the Consolidated Government: (a) an opinion of Bond Counsel to the effect that such sale will not adversely affect the extent to which interest on any Tax-Exempt Bonds is excluded from gross income for federal income tax purposes; and (b) an opinion of an Independent Consulting Engineer expressing the view that such sale will not result in any diminution of Pledged Revenues to the extent that in any future Fiscal Year the Pledged Revenues will be less than 125% of the maximum annual Debt Service Requirement on all Senior Bonds to be Outstanding after such sale, in the then current or any succeeding Fiscal Year. In reaching this conclusion, the Independent Consulting Engineer must take into consideration such factors as the Independent Consulting Engineer may deem significant, including (a) anticipated diminution of Operating Revenues, (b) anticipated increase or decrease in Expenses of Operation and Maintenance attributable to the sale, and (c) reduction in the annual Debt Service Requirement attributable to the application of the sale proceeds to the provision for payment of Bonds theretofore Outstanding. Such sale may include a partial interest in a water or sewer facility owned or to be owned in whole or in part by the Consolidated Government. All proceeds of any such sale will be deposited in the Utility General Fund.

The Consolidated Government reserves the right to transfer the System as a whole to any political subdivision or authority or agency of one or more political subdivisions of the State to which may be delegated the legal authority to own and operate the System, or any portion thereof, on behalf of the public, and which undertakes in writing, filed with the Consolidated Government, the Consolidated Government's obligations under the Bond Resolution, provided that there must be first filed with the Consolidated Government: (a) an opinion of Bond Counsel to the effect that such sale will not adversely affect the extent to which interest on any Tax-Exempt Bonds is excludable from gross income for federal income tax purposes; and (b) an opinion of an Independent Consulting Engineer expressing the view that such transfer will not result in any diminution of Pledged Revenues to the extent that in any future Fiscal Year the Pledged Revenues will be less than 125% of the maximum annual Debt Service Requirement on all Senior Bonds to be Outstanding after such sale, in the then current or any succeeding Fiscal Year. In reaching this conclusion, the Independent Consulting Engineer must take into consideration such factors as the Independent Consulting Engineer may deem significant, including any rate schedule to be imposed by the transferee political subdivision, authority, or agency.

## **Financial Statements**

The Consolidated Government agreed in the Bond Resolution, after the close of each Fiscal Year, to cause the books, records, and accounts of the System to be properly audited by an Independent Certified Public Accountant and to require such Independent Certified Public Accountant to complete its report within 180 days after the close of the Fiscal Year. The audit report must cover, but need not be limited to, a balance sheet, an income statement, a cash flow statement, and any other statement required by law or accounting convention, and a report by such Independent Certified Public Accountant disclosing any material financial default on the part of the Consolidated Government in the performance of any covenant in the Bond Resolution. A copy of such annual audit report must be made available to any Bondholder, Financial Facility Issuer, Qualified Hedge Provider, or Reserve Account Credit Facility Provider on request.

## **Satisfaction of Liens**

The Consolidated Government agreed in the Bond Resolution to duly pay and discharge or cause to be paid and discharged all taxes, assessments, and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Pledged Revenues, as well as any lawful claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon the System or the Pledged Revenues or any part thereof or that might impair the security of the Bonds, except when the Consolidated Government in good faith contests its liability to pay the same.

## **Compulsory Sewer Connections**

The Consolidated Government has agreed, to the extent permitted by law, and to the extent not prevented by physical impediments, to require every owner of each lot and parcel of land in the jurisdiction which is served by the Consolidated Government and which abuts upon any street or public way containing a sewage line forming a part of the System and upon which lot a building must subsequently be constructed for residential, commercial, or industrial use, to connect such building to such sewage line and to refrain from using any other method for the disposal of sewage.

## **Enforcement of Charges and Connections**

The Consolidated Government has agreed to compel the prompt payment of rates, fees, and charges imposed for service rendered on every lot or parcel connected with the System, and to that end will vigorously enforce all of the provisions of any resolution or ordinance of the Consolidated Government having to do with water and sewer connections and with water and sewer charges, and all of the rights and remedies permitted the Consolidated Government under law. The Consolidated Government has expressly covenanted and agreed that such charges will be enforced and promptly collected to the full extent permitted by law, including the requirement for the making of reasonable deposits by customers of the System to the extent required by the Consolidated Government and the securing of injunctions against the disposition of sewage or industrial waste into the System by any premises delinquent in the payment of such charges.

## **Events of Default and Remedies**

The Bond Resolution defines an “Event of Default” to mean the occurrence of any one or more of the following:

- (a) failure to pay the principal or redemption price of any Senior Bond when the same becomes due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (b) failure to pay any installment of interest on any Senior Bond when and as such installment of interest becomes due and payable; or
- (c) default is made by the Consolidated Government in the performance of any obligation in respect to the Debt Service Reserve Account for the Senior Bonds and such default continues for 30 days thereafter; or
- (d) the Consolidated Government (i) admits in writing its inability to pay its debts generally as they become due, (ii) files a petition in bankruptcy or takes advantage of any insolvency act, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (v) is adjudicated as bankrupt; or
- (e) a court of competent jurisdiction enters an order, judgment, or decree appointing a receiver of the System or any of the funds or accounts established in the Bond Resolution, or of the whole or any substantial part of the Consolidated Government’s property, or approving a petition seeking reorganization of the Consolidated Government under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State, and such order, judgment, or decree is not vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(f) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of any of the funds or accounts established in the Bond Resolution, or of the Consolidated Government or of the whole or any substantial part of the Consolidated Government's property, and such custody or control is not terminated or stayed within 60 days from the date of assumption of such custody or control; or

(g) the Consolidated Government fails to perform any of the other covenants, conditions, agreements, and provisions contained in the Senior Bonds or in the Bond Resolution on the part of the Consolidated Government to be performed (other than with respect to its continuing disclosure obligations), and such failure continues for 90 days after written notice specifying such failure and requiring it to be remedied has been given to the Consolidated Government by the owners of not less than, or a Credit Facility Issuer securing not less than, 25% in aggregate principal amount of the Senior Bonds; provided, however, if the failure stated in such notice can be corrected, but not within such 90 day period, the Consolidated Government will have 180 days after such written notice to cure such default if corrective action is instituted by the Consolidated Government within such 90 day period and diligently pursued until the failure is corrected; or

(h) an Event of Default under any Series Resolution relating to Senior Bonds occurs; or

(i) failure by any Liquidity Facility Issuer to pay the purchase price of Senior Bonds under any Liquidity Facility then in effect; or

(j) delivery to the Consolidated Government by a Credit Facility Issuer of written notice stating that an "Event of Default" has occurred under any Credit Facility Agreement relating to the Senior Bonds; or

(k) delivery to the Consolidated Government by a Qualified Hedge Provider of written notice stating that an "Event of Default" has occurred under any Senior Hedge Agreement.

Upon the happening and continuance of any Event of Default specified in clauses (a) or (b) above, then and in every such case, the principal of all Senior Bonds then Outstanding becomes due and payable immediately, together with the interest accrued thereon to the date of such acceleration, at the place of payment provided therein, and interest on the Senior Bonds ceases to accrue after the date of such acceleration, anything in the Bond Resolution or in the Senior Bonds to the contrary notwithstanding. Upon the happening and continuance of any Event of Default described above (except in clauses (a), (b), (i), (j) and (k)), then and in every such case, upon the written declaration of the owners of more than 50% in aggregate principal amount of all Senior Bonds then Outstanding or upon the written demand of a Credit Facility Issuer securing more than 50% in aggregate principal amount of the Senior Bonds then Outstanding, the principal of all Senior Bonds then Outstanding will become due and payable immediately, together with the interest accrued thereon to the date of such acceleration, at the place of payment provided therein, and interest on the Senior Bonds will cease to accrue after the date of such acceleration, anything in the Bond Resolution or in the Senior Bonds to the contrary notwithstanding.

Upon any declaration of acceleration under the Bond Resolution, the Consolidated Government must immediately draw under the applicable Credit Facility to the extent permitted by the terms thereof that amount which, together with other amounts on deposit under the Bond Resolution, will be sufficient to pay the principal of and accrued interest on the related Senior Bonds so accelerated.

The above provisions, however, are subject to the condition that if, after the principal of the Senior Bonds has been so accelerated, all arrears of interest upon such Bonds, and interest on overdue installments of interest at the rate on such Bonds has been paid by the Consolidated Government, the principal of such Bonds that has matured (except the principal of any Bonds not then due by their terms except as described above) has been paid, and the Consolidated Government has also performed all other things in respect to which it may have been in default under the Bond Resolution, and the Credit Facility Issuer must have reinstated the Credit Facility in the full amount available to be drawn thereunder by written notice to the Consolidated Government, then, in every such case, the owners of more than 50% in aggregate principal amount of all Senior Bonds then Outstanding by written notice to the Consolidated Government, may waive such default and its consequences and such waiver will be binding upon the Consolidated Government and upon all owners of the Bonds; but no such waiver will extend to or affect any subsequent default or impair any right or remedy consequent thereon. Notwithstanding the foregoing, as long as the

applicable Credit Facility Issuer does not then continue to dishonor draws under the Credit Facility, no Event of Default with respect to the related Senior Bonds may be waived without the express written consent of such Credit Facility Issuer.

Upon the happening and continuance of any Event of Default, any owner of Senior Bonds then Outstanding affected by the Event of Default or a duly authorized agent for such owner may proceed to protect and enforce its rights and the rights of the owners of Senior Bonds by such of the following remedies as it may deem most effectual to protect and enforce such rights:

- (a) by mandamus or other suit, action, or proceeding at law or in equity, enforce all rights of the owners of Senior Bonds, including the right to require the appointment of a receiver for the System or to exercise any other right or remedy provided by the Revenue Bond Law and to require the Consolidated Government to perform any other covenant or agreement contained in the Bond Resolution and to perform its duties under the Revenue Bond Law;
- (b) by bringing suit upon the Senior Bonds;
- (c) by action or suit in equity, require the Consolidated Government to account as if it were the trustee of an express trust for the owners of the Senior Bonds;
- (d) by action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the owners of the Senior Bonds; or
- (e) by pursuing any other available remedy at law or in equity or by statute.

In the enforcement of any remedy under the Bond Resolution, owners of Senior Bonds will be entitled to sue for, enforce payment on, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Consolidated Government for principal, redemption premium, interest, or otherwise, under any provision of the Bond Resolution or of the Senior Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Senior Bonds, together with any and all costs and expenses of collection and of all proceedings under the Bond Resolution and under such Senior Bonds, without prejudice to any other right or remedy of the owners of Senior Bonds, and to recover and enforce a judgment or decree against the Consolidated Government for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

If an Event of Default occurs and is not remedied, the Consolidated Government or a receiver appointed for the purpose will apply all Pledged Revenues as follows and in the following order of priority:

- (a) Expenses of Receiver and Paying Agent and Bond Registrar - to the payment of the reasonable and proper charges, expenses, and liabilities of the receiver and the Paying Agent and Bond Registrar under the Bond Resolution;
- (b) Expenses of Operation and Maintenance and Renewals and Replacements - to the payment of all reasonable and necessary Expenses of Operation and Maintenance and major renewals and replacements to the System;
- (c) Principal or Redemption Price, Interest and Hedge Payments - to the payment of the interest and principal or redemption price then due on the Senior Bonds and Hedge Payments then due under Senior Hedge Agreements, as follows:
  - (i) Unless the principal of all the Senior Bonds has become due and payable, all such moneys will be applied as follows:

first: To the payment to the persons entitled thereto of all installments of interest then due on the Senior Bonds, in the order of the maturity of such installments (with interest on defaulted installments of interest at the rate or rates borne by the Senior Bonds with respect to which such interest is due, but only to the extent permitted by law), and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference. As to any Compound Interest Bond that is a Senior Bond, such interest will accrue on the Accreted Value of such Bond and be set aside on a daily basis until the next compounding date for such Bonds, whereupon it will be paid to the owner of such Bond as interest on a defaulted obligation and only the unpaid portion of such interest (if any) will be treated as principal of such Bond.

second: to the payment of the Hedge Payments due under any Senior Hedge Agreements pursuant to their terms.

third: to the payment to the persons entitled thereto of the unpaid principal of any of the Senior Bonds that will have become due at maturity or upon mandatory redemption prior to maturity (other than Senior Bonds called for redemption for the payment of which moneys are held under the Bond Resolution), in the order of their due dates, with interest upon such Senior Bonds from the respective dates upon which they became due, and, if the amount available is not sufficient to pay in full Senior Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference. The Accreted Value of a Compound Interest Bond that is a Senior Bond (except for interest that has been paid under paragraph first) will be treated as principal for purposes of this paragraph third.

fourth: to the payment of the redemption premium on and the principal of any Senior Bonds called for optional redemption pursuant to their terms.

(ii) If the principal of all the Senior Bonds has become due and payable, all such moneys must be applied to the payment of the principal and interest then due and unpaid upon the Senior Bonds, with interest thereon as aforesaid, and due and unpaid Hedge Payments under Senior Hedge Agreements, without preference or priority of principal over interest or Hedge Payments or of interest over principal or Hedge Payments, or of Hedge Payments over principal or interest, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bonds, or of any such Hedge Payment over any other such Hedge Payment, ratably, according to the amounts due respectively for principal, interest, and Hedge Payments, to the persons entitled thereto without any discrimination or preference.

### **Rights of Credit Facility Issuer**

Notwithstanding any other provision of the Bond Resolution, in the event that the Consolidated Government draws under a Credit Facility any amount for the payment of principal of or interest on any Bonds, then upon such payment the Credit Facility Issuer will succeed to and become subrogated to the rights of the recipients of such payments and such principal or interest will be deemed to continue to be unpaid and Outstanding for all purposes and will continue to be fully secured by the Bond Resolution until the Credit Facility Issuer, as successor and subrogee, has been paid all amounts owing in respect of such subrogated payments of principal and interest. Such rights will be limited and evidenced by having the Consolidated Government note the Credit Facility Issuer's rights as successor and subrogee on its records, and the Consolidated Government must, upon request, deliver to the Credit Facility Issuer (a) in the case of interest on the Bonds, an acknowledgment of the Credit Facility Issuer's ownership of interest to be paid on the Bonds specifying the amount of interest owed, the period represented by such interest, and the numbers of the Bonds on which such interest is owed and (b) in the case of principal of the Bonds, either the Bonds themselves duly assigned to the Credit Facility Issuer or new Bonds registered in the name of the Credit Facility Issuer or in such other name as the Credit Facility Issuer specifies. Whenever moneys become available for the payment of any interest then overdue, the Credit Facility Issuer will be treated as to interest owed to it as successor and subrogee as if it had been the Bondholder of the Bonds on which such interest is payable on any special record date therefor.

## **Defeasance**

Bonds for the payment or redemption of which sufficient moneys or sufficient Government Obligations have been deposited with the Paying Agent or the Depository of the Sinking Fund (whether upon or prior to the maturity or the redemption date of such Bonds) will be deemed to be paid and no longer Outstanding under the Bond Resolution; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption must have been duly given as provided in the Bond Resolution or firm and irrevocable arrangements must have been made for the giving of such notice. Government Obligations will be considered sufficient for purposes of this paragraph only: (a) if such Government Obligations are not callable by the issuer of the Government Obligations prior to their stated maturity and (b) if such Government Obligations fall due and bear interest in such amounts and at such times as will assure sufficient cash (whether or not such Government Obligations are redeemed by the Consolidated Government pursuant to any right of redemption) to pay currently maturing interest and to pay principal and redemption premiums, if any, when due on the Bonds without rendering the interest on any Tax- Exempt Bonds includable in gross income of any owner thereof for federal income tax purposes.

## **Supplemental Resolutions Without Consent of Bondholders**

The Consolidated Government, from time to time and at any time, subject to the conditions and restrictions in the Bond Resolution, may adopt one or more Supplemental Resolutions which thereafter will form a part of the Bond Resolution, for any one or more or all of the following purposes:

- (a) to add to the covenants and agreements of the Consolidated Government in the Bond Resolution other covenants and agreements thereafter to be observed or to surrender, restrict, or limit any right or power reserved in the Bond Resolution to or conferred upon the Consolidated Government (including but not limited to the right to issue Additional Bonds);
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting, or supplementing any defective provision contained in the Bond Resolution, or in regard to matters or questions arising under the Bond Resolution, as the Consolidated Government may deem necessary or desirable and not inconsistent with the Bond Resolution;
- (c) to grant to or confer any additional rights, remedies, powers, or authorities that may be lawfully granted to or conferred upon the owners of the Bonds;
- (d) to subject to the lien and pledge of the Bond Resolution additional revenues, receipts, properties, or other collateral;
- (e) to evidence the appointment of successors to any Depositories, Paying Agent(s), or Bond Registrar(s);
- (f) to modify, amend, or supplement the Bond Resolution in such manner as to permit the qualification of the Bond Resolution under the Trust Indenture Act of 1939 or any federal statute hereinafter in effect, and similarly to add to the Bond Resolution such other terms, conditions, and provisions as may be permitted or required by such Trust Indenture Act of 1939 or any similar federal statute;
- (g) to make any modification or amendment of the Bond Resolution required in order to make any Bonds eligible for acceptance by DTC or any similar holding institution or to permit the issuance of any Bonds or interests therein in Book-Entry Form;
- (h) to modify any of the provisions of the Bond Resolution in any respect if such modification does not become effective until after the Bonds Outstanding immediately prior to the effective date of such Supplemental Resolution cease to be Outstanding and if any Bonds issued contemporaneously with or after the effective date of such Supplemental Resolution contain a specific reference to the modifications contained in such subsequent proceedings;

(i) subject to the provisions of the Bond Resolution, to modify the provisions of the Bond Resolution with respect to the disposition of any moneys remaining in the Construction Fund upon the completion of any Project;

(j) to modify the Bond Resolution to permit the qualification of any Bonds for offer or sale under the securities laws of any state in the United States of America;

(k) to modify the Bond Resolution to provide for the issuance of Additional Bonds or Subordinate Bonds, and such modification may deal with any subjects and make any provisions that the Consolidated Government deems necessary or desirable for that purpose;

(l) to make such modifications in the provisions of the Bond Resolution as may be deemed necessary by the Consolidated Government to accommodate the issuance of Bonds that (i) are Compound Interest Bonds (including, but not limited to, provisions for determining the Debt Service Requirement for such Compound Interest Bonds and for treatment of Accreted Value in making such determination) or (ii) bear interest at a Variable Rate; and

(m) to modify any of the provisions of the Bond Resolution in any respect (other than a modification of the type described in the Bond Resolution requiring the unanimous written consent of the Bondholders); provided that for (i) any Outstanding Bonds which are assigned a Rating and which are not secured by a Credit Facility providing for the payment of the full amount of principal and interest to be paid thereon, each Rating Agency has given written notification to the Consolidated Government that such modification will not cause the then applicable Rating on any Bonds to be reduced or withdrawn, and (ii) any Outstanding Bonds which are secured by Credit Facilities providing for the payment of the full amount of the principal and interest to be paid thereon, each Credit Facility Issuer has consented in writing to such modification.

Any Supplemental Resolution described above may be adopted by the Consolidated Government without the consent of or notice to the owners of any of the Bonds at the time Outstanding.

#### **Supplemental Resolutions Requiring Consent of Bondholders**

In addition to the Supplemental Resolutions described above, with the consent of the owners of not less than a majority in aggregate principal amount of the Outstanding Bonds of each class (senior and subordinate), voting separately by class, the Consolidated Government may from time to time and at any time adopt a Supplemental Resolution for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Resolution or of any Supplemental Resolution; provided, however, that no such Supplemental Resolution may: (a) extend the maturity date or due date of any mandatory sinking fund redemption with respect to any Bond Outstanding under the Bond Resolution; (b) reduce or extend the time for payment of principal of, redemption premium, or interest on any Bond Outstanding under the Bond Resolution; (c) reduce any premium payable upon the redemption of any Bond under the Bond Resolution or advance the date upon which any Bond may first be called for redemption prior to its stated maturity date; (d) give to any Senior Bond or Senior Bonds (or related Senior Hedge Agreements) a preference over any other Senior Bond or Senior Bonds (or related Senior Hedge Agreements); (e) permit the creation of any lien or any other encumbrance on the Pledged Revenues having a lien equal to or prior to the lien created under the Bond Resolution for the Senior Bonds; (f) reduce the percentage of owners of either class of Bonds required to approve any such Supplemental Resolution; or (g) deprive the owners of the Bonds of the right to payment of the Bonds or from the Pledged Revenues, without, in each case, the consent of the owners of all the Bonds then Outstanding. No amendment may be made as described above that affects the rights or duties of any Financial Facility Issuer securing any of the Bonds or any Qualified Hedge Provider under any Hedge Agreement without its written consent.

Notwithstanding any provision of the Bond Resolution to the contrary, upon the issuance of a Credit Facility to secure any Bonds and for the period in which such Credit Facility is outstanding, the Credit Facility Issuer may have the consent rights of the owners of the Bonds that are secured by such Credit Facility pertaining to some or all of the amendments or modifications of the Bond Resolution, to the extent provided in the applicable Series Resolution. Notwithstanding the foregoing, if a Credit Facility Issuer is granted the consent rights of the owners of any Bonds in a Series Resolution and refuses to exercise such consent rights, either affirmatively or negatively, then the registered owners of the Bonds secured by the related Credit Facility may exercise such consent rights.

This page intentionally left blank.



## **APPENDIX D**

### **FORM OF DISCLOSURE AGREEMENT**

The form of Continuing Disclosure Agreement included as this Appendix D is substantially the form to be entered into by the Consolidated Government in connection with the delivery of the Series 2024 Bonds.

**[Remainder of Page Intentionally Left Blank]**

This page intentionally left blank.

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by Augusta, Georgia (the “Consolidated Government”) a political subdivision of the State of Georgia, and Digital Assurance Certification, L.L.C. (“DAC”) in connection with the issuance by the Consolidated Government of \$126,395,000 in aggregate principal amount of its Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2024 (the “Series 2024 Bonds”). The Series 2024 Bonds are being issued pursuant to the Master Bond Resolution adopted by the Augusta-Richmond County Commission (the “Commission”) on October 16, 2012, as supplemented by the Parity Bond Resolution adopted by the Commission on June 18, 2013, as supplemented on July 16, 2013, as supplemented by a Series 2014 Bond Resolution adopted by the Commission on August 25, 2014, as supplemented on September 16, 2014, as supplemented by a Series 2017 Bond Resolution adopted by the Commission on September 5, 2017, as supplemented on October 17, 2017, as supplemented by a Series 2019 Bond Resolution adopted by the Commission on November 5, 2019, and as supplemented by a Series 2024 Bond Resolution adopted by the Commission on December 5, 2023, as supplemented on June 27, 2024 (collectively the “Resolution”). The Consolidated Government hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Consolidated Government for the benefit of the Beneficial Owners (as herein defined) of the Series 2024 Bonds and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Consolidated Government pursuant to the Rule and this Disclosure Agreement.

“Beneficial Owners” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2024 Bonds (including persons holding Series 2024 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2024 Bonds for federal income tax purposes.

“Consolidated Government” shall mean Augusta, Georgia, a political subdivision of the State of Georgia and its successors and assigns.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the Consolidated Government and which has filed with the Consolidated Government a written acceptance of such designation, and initially shall mean DAC.

“EMMA” shall mean MSRB’s Electronic Municipal Market Access system.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) of this definition. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean any period of 12 consecutive months adopted by the Consolidated Government as its fiscal year for financial reporting purposes and shall initially mean the period beginning on January 1 of each calendar year and ending December 31 of the same calendar year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” shall mean the Official Statement of the Consolidated Government relating to the Series 2024 Bonds.

“Participating Underwriter” shall mean the original purchaser of the Series 2024 Bonds who is required to comply with the Rule in connection with the offering of the Series 2024 Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Georgia.

“System” shall mean the water and sewerage system owned and operated by the Consolidated Government.

### Section 3. Provision of Annual Reports.

(a) The Consolidated Government shall, or shall cause the Dissemination Agent (if any) to, not later than the last day of the ninth month after the end of the Consolidated Government’s Fiscal Year (currently September 30) (the “Reporting Date”), beginning for the Fiscal Year ended December 31, 2023, provide to the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA) an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 business days prior to the Reporting Date, the Consolidated Government shall provide the Annual Report to the Dissemination Agent (if any). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the System may be submitted separately from the balance of

the Annual Report (*i.e.*, in the event that the audited financial statements have not been completed by the Reporting Date). In such event, the audited financial statements will be submitted promptly upon their availability. In the event that the audited financial statements are not available at the time of the Reporting Date and will be submitted at a later date, the Consolidated Government shall indicate in the Annual Report the date on which the audited financial statements of the System will be submitted. The audited financial statements of the System, when available, will be provided to the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA).

(b) The Consolidated Government or the Dissemination Agent (if any) shall also:

(i) determine each year prior to the Reporting Date the appropriate electronic format prescribed by the MSRB for filing with the MSRB, the proper form of such filing and the proper location for such filing (which, as of the date hereof, is EMMA);

(ii) if the Annual Report is not timely distributed/filed (or the audited financial statements which were to be separately submitted) by the date required in subsection (a), send a notice to the MSRB in an electronic format prescribed by the MSRB (which as of the date hereof is EMMA) in substantially the form attached hereto as Exhibit A; and

(iii) if the Dissemination Agent is other than the Consolidated Government, file a report with the Consolidated Government certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and the date provided.

Section 4. Content of Annual Reports. The Consolidated Government's Annual Report for each Fiscal Year shall contain or incorporate by reference the following:

(a) The System's financial statements for the preceding Fiscal Year, which are to be prepared in accordance with generally accepted accounting principles, as in effect from time to time and which shall be accompanied by an opinion letter, if available at the time of the submission of the Annual Report to the MSRB pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If generally accepted accounting principles changed from the previous Fiscal Year and if such changes are material to the Consolidated Government, a narrative description (as required by Section 8 of this Disclosure Agreement) of the impact of the changes on the Consolidated Government.

(c) A statement indicating that the Fiscal Year of the Consolidated Government has not changed, or, if the Fiscal Year has changed, a statement indicating the Consolidated Government's new Fiscal Year.

(d) To the extent not included in items provided pursuant to subsections (a) or (b) above, information for the preceding Fiscal Year regarding the following categories of financial information and operating data contained in the Official Statement: (i) average and maximum

daily (in million gallons per day) water demand of the System, (ii) number of water connections by customer class of the System, (iii) ten largest water customers of the System, (iv) average and maximum daily (in million gallons per day) treated wastewater flow of the System, (v) number of sewer connections by customer class of the System, (vi) ten largest sewer customers of the System, (vii) rates, fees, and charges of the System, (viii) historical debt service coverage ratio of the System, (ix) total costs of capital improvements and funding sources of the System and (x) the insurance coverage of the Consolidated Government, including the System.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Consolidated Government or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB in an electronic format prescribed by the MSRB (which, as of the date hereof, is EMMA). The Consolidated Government shall clearly identify each such other document so incorporated by reference.

#### Section 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Series 2024 Bonds:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or a Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds.
- (vii) Modification to rights of Beneficial Owners, if material.
- (viii) Bond calls, if material, and tender offers.
- (ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Series 2024 Bonds, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership, or a similar proceeding by the Consolidated Government.

(xiii) Consummation of a merger, consolidation, acquisition involving the Consolidated Government, or sale of all or substantially all of the assets of the Consolidated Government, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiv) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.

(xv) Incurrence of a Financial Obligation of the Consolidated Government, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Consolidated Government, any of which affect Beneficial Owners, if material.

(xvi) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Consolidated Government, any of which reflect financial difficulties.

(b) For the purposes of the event identified in subsection (a)(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Consolidated Government in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Consolidated Government, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Consolidated Government.

(c) If the Consolidated Government obtains knowledge of the occurrence of a Listed Event, the Consolidated Government or the Dissemination Agent (if any) shall file in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) (other than tender offers) and (ix) need not be given under this Disclosure Certificate any earlier than the notice (if any) of the underlying event is given to the owners of the affected Series 2024 Bonds pursuant to the Resolution.

(d) The content of any notice of the occurrence of a Listed Event under subsection (a) above shall be determined by the Consolidated Government and shall be in substantially the form attached hereto as Exhibit B.

Section 6. Termination of Reporting Obligation. The Consolidated Government's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2024 Bonds. If the Consolidated Government's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Consolidated Government and the Consolidated Government shall have no further responsibility hereunder. The Consolidated Government will provide notice of such termination to the MSRB in an electronic format prescribed by the MSRB (which, as of the date hereof, is EMMA).

Section 7. Dissemination Agent. The Consolidated Government may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and the Consolidated Government may, from time to time, discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment; Waiver. This Disclosure Agreement may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the Consolidated Government to the effect that the amendment does not violate the provisions of the Rule.

In the event that this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If the amendment or waiver relates to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible, the comparison must also be qualitative. A notice of the change in the accounting principles shall be filed with the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA) on or before the effective date of any such amendment or waiver.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Consolidated Government from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the Consolidated Government chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure



Agreement, the Consolidated Government shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Consolidated Government to comply with any provision of this Disclosure Agreement, any Beneficial Owner from time to time of the Series 2024 Bonds may initiate an action against the Consolidated Government to compel performance. A default under this Disclosure Agreement shall not be deemed a “default” or an “event of default” under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Consolidated Government to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Consolidated Government may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and the Consolidated Government may, from time to time, discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The obligations of the Consolidated Government under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2024 Bonds. The Consolidated Government has engaged DAC as the initial Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Consolidated Government and shall not be deemed to be acting in any fiduciary capacity for the Consolidated Government, the Beneficial Owners or any other party.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Consolidated Government, the Participating Underwriter, and Beneficial Owners from time to time of the Series 2024 Bonds, and shall create no rights in any other person or entity.

Section 13. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorney’s fees).

Section 14. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Agreement shall be accompanied by identifying information prescribed by the MSRB.

As of the date of this Disclosure Agreement, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed, and retransmitted by electronic means. In addition, such PDF files must be word-

searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

Section 17. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

{Signatures appear on the following pages]

Date: July 18, 2024.

AUGUSTA, GEORGIA

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

DIGITAL ASSURANCE CERTIFICATION,  
L.L.C.

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

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Augusta, Georgia

Name of Bond Issue: \$ \_\_\_\_\_ Augusta, Georgia Water and Sewerage Revenue  
Refunding and Improvement Bonds, Series 2024

CUSIP Numbers<sup>1</sup> \_\_\_\_\_

Date of Issuance: \_\_\_\_\_, 2024

NOTICE IS HEREBY GIVEN that Augusta, Georgia (the “Consolidated Government”) has not provided an Annual Report due with respect to the above-named bonds (the “Series 2024 Bonds”) as required by its Continuing Disclosure Agreement, dated \_\_\_\_\_, 2024. The Consolidated Government anticipates that the Annual Report will be filed by \_\_\_\_\_.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to \_\_\_\_\_.

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

AUGUSTA, GEORGIA

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

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

\_\_\_\_\_

<sup>1</sup>No representation is made as to the correctness of the CUSIP number(s) either as printed on the Series 2024 Bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

EXHIBIT B

NOTICE TO EMMA OF  
[INSERT THE LISTED EVENT]

Relating to

\$ \_\_\_\_\_  
AUGUSTA, GEORGIA  
WATER AND SEWERAGE REVENUE  
REFUNDING AND IMPROVEMENT BONDS,  
SERIES 2024

CUSIP NUMBERS<sup>2</sup>

Notice is hereby given that [insert the Listed Event] has occurred with respect to the above-captioned bonds (the “Series 2024 Bonds”). [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 5(a)(ix) shall include the following:

Augusta, Georgia (the “Consolidated Government”) has reserved the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional redemption provisions of said defeased bonds.

OR

The Consolidated Government has covenanted not to exercise any optional redemption provisions under the resolution pursuant to which the Series 2024 Bonds were issued; however, the sinking fund provision will survive the defeasance.

AND

---

<sup>2</sup>No representation is made as to the correctness of the CUSIP number either as printed on the bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

The Series 2024 Bonds have been defeased to [maturity/the first call date, which is \_\_\_\_\_]. This notice does not constitute a notice of redemption and no bonds should be delivered to the Consolidated Government or to the Paying Agent as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed \_\_\_\_\_ to \_\_\_\_\_ days prior to the redemption date.]

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

AUGUSTA, GEORGIA

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

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

This page intentionally left blank.



## **APPENDIX E**

### **FORM OF BOND COUNSEL OPINION**

The form of Bond Counsel Opinion included as this Appendix E has been prepared by Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2024 Bonds.

**[Remainder of Page Intentionally Left Blank]**

This page intentionally left blank.

# MURRAY BARNES FINISTER LLP

3525 PIEDMONT ROAD • 5 PIEDMONT CENTER • SUITE 515 • ATLANTA, GEORGIA 30305

July 18, 2024

Augusta-Richmond County Commission  
Augusta, Georgia

Mesirow Financial, Inc.  
Chicago, Illinois

U.S. Bank Trust Company, National  
Association  
Atlanta, Georgia

Re: \$126,395,000 Augusta, Georgia Water and Sewerage Revenue Refunding and  
Improvement Bonds, Series 2024

To the Addressees:

We have acted as Bond Counsel to Augusta, Georgia (the “Consolidated Government”), a body corporate and politic of the State of Georgia, in connection with the issuance of \$126,395,000 in aggregate principal amount of its Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2024 (the “Series 2024 Bonds”). We have examined the law and such certified proceedings, including a certified copy of the transcript of the validation proceeding concluded in the Superior Court of Richmond County, Georgia, and other papers, as we deemed necessary to render this opinion. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

The Series 2024 Bonds are being issued pursuant to an act of the Constitution and laws of the State of Georgia, including specifically the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-60 *et seq.*, as amended) (the “Revenue Bond Law”); and a Master Bond Resolution of the Consolidated Government adopted on October 16, 2012 (the “Master Bond Resolution”), as supplemented and amended by a Parity Bond Resolution duly and validly adopted on June 18, 2013 and a Supplemental Bond Resolution duly and validly adopted on July 16, 2013 (collectively the “Series 2013 Resolution”), as further supplemented and amended by a Series 2014 Bond Resolution duly and validly adopted on August 25, 2014 and a Supplemental Series 2014 Bond Resolution duly and validly adopted on September 16, 2014 (collectively the “Series 2014 Resolution”), as further supplemented and amended by a Series 2017 Bond Resolution duly and validly adopted on September 5, 2017 and a Supplemental Series 2017 Bond Resolution duly and validly adopted on October 17, 2017 (collectively the “Series 2017 Resolution”), as further supplemented and amended by a Series 2019 Bond Resolution duly and validly adopted on November 5, 2019 (the “Series 2019 Resolution”), and as further supplemented and amended by a Series 2024 Bond Resolution duly and validly adopted on December 5, 2023 and a Supplemental Series 2024 Bond Resolution duly and validly

adopted on June 27, 2024 (collectively the “Series 2024 Resolution” and together with the Master Bond Resolution, the Series 2013 Resolution, the Series 2014 Resolution, the Series 2017 Resolution and the Series 2019 Resolution, the “Bond Resolution”). Capitalized terms used, but not defined herein, shall have the meanings assigned to them in the Bond Resolution.

The Series 2024 Bonds mature and bear interest and are subject to transfer, exchange and redemption at the times, in the manner and on the terms specified in the Bond Resolution.

The proceeds of the sale of the Series 2024 Bonds, together with other available moneys, will be used for the purpose of (a) refunding the Augusta, Georgia Water and Sewerage Revenue Refunding and Improvement Bonds (Second Resolution), Series 2012 (the “Series 2012 Bonds”), maturing October 1, 2024 through October 1, 2029, inclusive, and October 1, 2031 and currently outstanding in the aggregate principal amount of \$57,590,000 (the “Refunded Bonds”), (b) financing the costs of making additions, extensions, and improvements to the Consolidated Government’s existing water and sewer system, and (c) paying the costs of issuing the Series 2024 Bonds.

Pursuant to the Bond Resolution, the Series 2024 Bonds constitute limited obligations of the Consolidated Government and are secured by and are payable solely from the Pledged Revenues on a parity basis with the Consolidated Government’s (a) the Series 2012 Bonds (excluding the Refunded Bonds), (b) Water and Sewerage Taxable Revenue Bonds (Second Resolution), Series 2013, (c) Water and Sewerage Revenue Refunding and Improvement Bonds (Second Resolution), Series 2014, (d) Water and Sewerage Revenue Refunding Bonds, Series 2017, and (e) Water and Sewerage Taxable Revenue Bond, Series 2019 (collectively, the “Prior Bonds”), except that the Series 2024 Bonds are not secured by the Debt Service Reserve Account. The Consolidated Government has reserved the right to issue Additional Bonds under the Bond Resolution and, if such Additional Bonds are issued, they will be secured by a lien on the Pledged Revenues on a parity with the lien thereon securing the Series 2024 Bonds and the Prior Bonds.

The Series 2024 Bonds do not constitute a debt or general obligation of the State of Georgia, any municipal corporation or any political subdivision of the State of Georgia, including the Consolidated Government, within the meaning of any constitutional or statutory limitation on indebtedness, nor a pledge of the faith and credit of any of the foregoing, nor shall any of the foregoing be subject to any pecuniary liability thereon. No holder of any of the Series 2024 Bonds shall ever have the right to compel the exercise of the taxing power of the State of Georgia, any municipal corporation or any political subdivision of the State of Georgia, including the Consolidated Government, to pay the same or the interest thereon.

As to questions of fact material to our opinion, we have relied upon (i) representations of duly authorized officers of the Consolidated Government and (ii) certified proceedings and other certifications of duly authorized officers of the Consolidated Government, without undertaking to verify the same by independent investigation.

We express no opinion with respect to the accuracy, completeness or sufficiency of the Official Statement or any other offering materials distributed in connection with the offering or sale of the Series 2024 Bonds. We express no opinion as to the compliance by the Consolidated Government or the purchaser of the Series 2024 Bonds with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Series 2024 Bonds.

In rendering our opinion that the interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, we have (i) relied as to questions of fact material to our opinion upon certificates and certified proceedings of public officials, including officials of the Consolidated Government and representations of the Consolidated Government, without undertaking to verify the same by independent investigation, and (ii) assumed the continued compliance by the Consolidated Government with its covenants relating to the use of the proceeds of the Series 2024 Bonds and compliance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), including the arbitrage requirements contained in Section 148 of the Code, that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order for the interest on the Series 2024 Bonds to be and continue to be excluded from gross income for federal income tax purposes. The inaccuracy of any such certificate or representation or the noncompliance with such covenants could cause interest on the Series 2024 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2024 Bonds.

Based upon our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Consolidated Government is a political subdivision of the State of Georgia with the power and authority to (a) adopt the Bond Resolution and perform its obligations thereunder and (b) issue, execute, deliver and perform its obligations under the Series 2024 Bonds.
2. The Bond Resolution has been duly adopted by the Consolidated Government and constitutes the legal, valid, binding and enforceable obligation of the Consolidated Government. The Bond Resolution creates a lien on the Pledged Revenues as security for the Series 2024 Bonds, the Prior Bonds and any Additional Bonds hereafter issued on a parity therewith.
3. The Series 2024 Bonds have been duly authorized, executed and delivered by the Consolidated Government and are legal, valid, binding and enforceable special obligations of the Consolidated Government payable solely from the Pledged Revenues.
4. The Bond Resolution and the Series 2024 Bonds have been duly validated by the Superior Court of Richmond County.
5. Under existing statutes, regulations, rulings and court decisions, interest on the Series 2024 Bonds (including any original issue discount properly allocable to a holder thereof) is excluded from gross income for federal income tax purposes and is not

an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. We express no opinion regarding any other federal tax consequences caused by the receipt or accrual of interest on the Series 2024 Bonds.

6. The interest on the Series 2024 Bonds is exempt from all present Georgia income taxes.

The rights of the owners of the Series 2024 Bonds and the enforceability of the Bond Resolution and the Series 2024 Bonds may be subject to (a) the exercise of judicial discretion in accordance with general principles of equity, (b) the valid exercise of the sovereign policy powers of the State of Georgia and of the constitutional powers of the United States of America, and (c) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. This opinion is intended solely for the use of the addressees and their permitted successors and/or assigns and may not be relied upon by any other person for any purpose without out prior written consent in each instance. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

MURRAY BARNES FINISTER LLP

By: \_\_\_\_\_  
A Partner

This page intentionally left blank.

---

## SUMMARY OF CONTENTS<sup>1</sup>

	<u>Page</u>
Introduction.....	1
Plan of Financing.....	8
The Series 2024 Bonds .....	10
Amendment to the Master Bond Resolution.....	14
Security and Sources of Payment for the Series 2024 Bonds.....	14
The Consolidated Government .....	22
The System .....	24
System Financial Information .....	43
Legal Matters .....	58
Miscellaneous .....	60
Certification .....	62
Appendix A: Financial Statements of the System.....	A-1
Appendix B: Feasibility Report .....	B-1
Appendix C: Summary of the Bond Resolution.....	C-1
Appendix D: Form of Disclosure Agreement .....	D-1
Appendix E: Form of Bond Counsel Opinion.....	E-1

**\$126,395,000**

**AUGUSTA, GEORGIA**

**Water and Sewerage Revenue  
Refunding and Improvement Bonds,  
Series 2024**

---

## OFFICIAL STATEMENT

---

---

No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Consolidated Government. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The delivery of this Official Statement at any time does not imply that the information herein is correct as of any time subsequent to this date.

Dated: June 27, 2024

---

<sup>1</sup> See detailed "TABLE OF CONTENTS" on pages (i) to (ii).