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INTERGOVERNMENTAL CONTRACT

This Intergovernmental Contract, made and entered into as of May 8, 2003 (this "Intergovernmental Contract"), by and among WALKER COUNTY (the "County"), a political subdivision of the State of Georgia, the CITY OF CHICKAMAUGA ("Chickamauga") a municipal corporation of the State of Georgia, the CITY OF FORT OGLETHORPE ("Fort Oglethorpe") a municipal corporation of the State of Georgia, the CITY OF LAFAYETTE ("Lafayette"), a municipal corporation of the State of Georgia, the CITY OF CITY OF LOOKOUT MOUNTAIN ("Lookout Mountain"), a municipal corporation of the State of Georgia, and the CITY OF ROSSVILLE ("Rossville"), a municipal corporation of the State of Georgia.

WITNESSETH:

WHEREAS, Section 48-8-110, *et seq.* of Official Code of Georgia Annotated ("O.C.G.A.") (the "Act") authorizes the imposition of a special county one percent sales and use tax (the "Special Sales Tax") for road, street, bridge and sidewalk purposes and for various capital outlay projects, including capital equipment; and

WHEREAS, O.C.G.A. Section 48-8-111(a)(1)(D) authorizes the imposition of the Special Sales Tax for the purpose of generating funds to be used and expended on a capital outlay project or projects, to be owned or operated or both either by the County, one or more municipalities, or any combination thereof, with respect to which the County has, prior to the call of the election authorizing such tax, entered into a contract or agreement, as authorized by Article IX, Section III of the Constitution of the State of Georgia, with one or more municipalities in the County, which municipality or municipalities contain more than one-half of the aggregate population of all municipalities within the County; and,

WHEREAS, Article IX, Section III, Paragraph I of the Constitution of the State of Georgia provides that, in pertinent part, any county, municipality or other political subdivision of the State of Georgia may contract for any period not exceeding fifty years with each other or with any public agency, public corporation, or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, for such activities, services or facilities which the county, municipality or public authority is authorized by law to undertake or provide; and

WHEREAS, Chickamauga, Fort Oglethorpe, Lafayette, Lookout Mountain, and Rossville (together, the "Municipalities" or "Cities") are all of the municipalities within the geographical confines of the County; and

WHEREAS, it is projected that the Special Sales Tax will raise a total of \$27,500,000 over 20 calendar quarters; and

WHEREAS, assuming collection of said total amount the County will receive \$20,625,000 (75% of the total proceeds collected) from the Special Sales Tax \$17,625,000 of which should be used for capital outlay projects and \$3,000,000 for road, street, and bridge projects of the County, (the "County Projects") with the remaining proceeds to be divided among the municipalities of the County; and

WHEREAS, assuming collection of the total amount projected, Chickamauga will receive approximately \$1,036,750 (3.77% of the total proceeds collected), of which \$75,000 shall be

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allocated for road, street, and bridge purposes and \$961,750 shall be allocated for the acquisition and construction of a downtown streetscape, recreation improvements, a cupola for the train station, a library addition, acquisition, construction, and equipping of water and sewer improvements, the acquisition and installation of computer upgrades at city hall, and the acquisition of vehicles and other equipment, each of said projects to be owned and operated by said municipality (collectively, the "Chickamauga Projects"); and

WHEREAS, assuming collection of the total amount projected, Fort Oglethorpe will receive approximately \$107,250 (.39% of the total proceeds collected) to undertake a capital outlay project consisting of sewer improvements, such project to be owned and operated by said municipality (the "Fort Oglethorpe Project"); and

WHEREAS, assuming collection of the total amount projected, Lafayette will receive approximately \$3,209,250 (11.67% of the total proceeds collected) of which \$350,000 shall be allocated for road, street, and bridge purposes and \$2,859,250 shall be allocated toward capital outlay projects consisting of the acquisition and construction of improvements and the purchase of a equipment for public safety, solid waste, recreation, and water and sewer, together with the acquisition of public works equipment, and the acquisition, construction, and equipping of new streetscapes, new buildings and improvements for public works, and airport equipment, building and site improvements, each of said projects to be owned and operated by said municipality (collectively, the "Lafayette Projects"); and

WHEREAS, assuming collection of the total amount projected, Lookout Mountain will receive approximately \$789,250 (2.87% of the total proceeds collected) of which \$90,000 shall be allocated for roads and \$699,250 shall be allocated toward outlay projects consisting of renovations to city hall, a new telephone system at city hall, the acquisition and installation of accounting software and computer upgrades, construction of pedestrian pathways, acquisition of vehicles and equipment, improvements to the City's soccer fields, acquisition of a fire engine, and construction of a nature trail, each of said projects to be owned and operated by said municipality (collectively, the "Lookout Mountain Projects"); and

WHEREAS, assuming collection of the total amount projected, Rossville will receive approximately \$1,732,500 (6.30% of the total proceeds collected) which shall be allocated toward capital outlay projects consisting of sanitary sewer and stormwater improvements, parks and recreation improvements, fire department living quarters improvements, a maintenance building addition, the acquisition of police vehicles, public works equipment, and fire department vehicles, each of said projects to be owned and operated by said municipality (collectively, the "Rossville Projects"); and

WHEREAS, the Chickamauga Projects, Lafayette Projects, Fort Oglethorpe Projects, Lookout Mountain Projects, and Rossville Projects are hereinafter collectively referred to as the "City Projects"; and

WHEREAS, on April 24, 2003 the Commissioner of Walker County adopted a resolution authorizing the imposition of the Special Sales Tax as authorized by the Act for the purposes, among other things, of providing funds for the City Projects and the County Projects; and

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WHEREAS, the Commissioner of Walker County has determined that it is in the best interest of the citizens of the County that the Special Sales Tax be imposed in the County for the raising of not more than \$27,500,000 for the foregoing purposes (\$23,985,000 for the above described capital outlay projects, portions of which may be financed pursuant to the hereinafter described general obligation debt, and \$3,515,000 for the above described road, street, and bridge purposes of the County, Chickamauga, Lafayette, and Lookout Mountain which will not be financed with general obligation debt), and the Commissioner recognizes that in order to facilitate the acquisition, construction, and equipping of portions of said capital outlay projects it is necessary for the County to issue its general obligation debt in the maximum principal amount of \$17,355,000 for such purposes; and

WHEREAS, under the terms of the Act, it is necessary for the Municipalities to enter into this Intergovernmental Contract with the County, as authorized by Article IX, Section III, Paragraph I of the Constitution of the State of Georgia, prior to the call of the election with respect to the Special Sales Tax; and

WHEREAS, the proceeds of said Special Sales Tax shall be distributed among the County and the Municipalities in accordance with the provisions of this Intergovernmental Contract, which has been entered into by and among said parties prior to the call of said election, in compliance with the Act and with Article IX, Section III of the Constitution of the State of Georgia; and

WHEREAS, the County will submit to the qualified voters of the County at an election to be held June 17, 2003, the question of whether the voters will approve the Special Sales Tax and the issuance of said general obligation debt of the County (the "Bonds"); and

WHEREAS, it is necessary that the County and the Municipalities provide for the division of funds representing the proceeds from the sale of the Bonds and the revenues produced by the Special Sales Tax; and

WHEREAS, it is necessary that the County and the Municipalities set forth their respective legal rights, responsibilities, and obligations regarding the construction, ownership, and operation of the City Projects and the County Projects.

NOW THEREFORE, for and in consideration of the premises, the fulfillment of the lawful conditions for imposition of the Special Sales Tax for the benefit of the citizens of the County and the Municipalities and the mutual covenants and agreements herein contained, the parties hereby agree as follows:

Section 1. If the Special Sales Tax is approved by a majority of the voters voting in the election on June 17, 2003, the County hereby agrees to impose the Special Sales Tax and issue the Bonds for the purpose, *inter alia*, of providing funds for the County Projects and the City Projects in accordance with the distribution provisions set forth in Sections 3 and 4 hereof; provided, however, that no proceeds of the Bonds shall be used for road, street, and bridge purposes. The Municipalities each hereby agree to acquire, construct, and install their respective Projects with the proceeds from the sale of the Bonds as set forth in Section 3 hereof and/or proceeds of the Special Sales Tax as set

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forth in Section 4 hereof, for the use and benefit of their respective citizens, all in accordance with Section 48-8-111(a)(1)(D) of the Act. This Intergovernmental Contract shall become effective as of the effective date of the Special Sales Tax. If the Special Sales Tax is not approved by a majority of the registered voters, then this Intergovernmental Contract shall be null and void and shall have no legal effect on any of the parties hereto.

Section 2. The Municipalities and the County hereby agree that all proceeds of the Special Sales Tax shall first be disbursed in accordance with Section 48-8-115 of the Act, which provides that one percent of the amount collected shall be paid into the general fund of the State Treasury in order to defray the costs of administration, and the remainder of the proceeds of the Special Sales Tax shall be distributed to the Commissioner of the County and shall be utilized as set forth in Section 4 hereof.

Section 3. It is the intent of the parties that the County and each City receive from a combination of Bond proceeds and/or proceeds to be received directly from the Special Sales Tax the percentages of proceeds described in the preamble to this Contract. After consulting with the Cities, the County shall determine the amount of Bond proceeds which can be allocated to each City's Projects and to the County Projects. The County and each City which receives Bond proceeds shall bear a proportionate share of interest costs and the costs of issuance of the Bonds. A City may elect not to receive Bond proceeds by so notifying the County within a reasonable time prior to the issuance of Bonds.

The parties hereto agree that no proceeds of the Bonds shall be used for road, street, and bridge purposes. Net proceeds of the Bonds shall be deposited into a special trust account of the County or at the request of a City, the portion of such net proceeds allocated for such City's projects shall be delivered to the City for deposit into a special trust account to be designated as such City's bond construction fund.

Cities which do not to establish their own bond construction fund will submit proper requisitions for their respective City Projects to the County on an as needed basis. The County will be responsible for distributing the proceeds of the Bonds for such Cities and will pay the proper requests of such Cities as Bond proceeds are available therefor. It is the intention of this paragraph to recognize the County's authority to determine the amount of Bonds to be issued, to determine which County Projects will receive Bond Proceeds, and in accordance with requests to be made by the Cities prior to issuance of the Bonds to determine the amount which each City will receive in Bond proceeds. The County Projects shall be funded with Bond proceeds in order of priority as established by the Commissioner of Walker County, and each City's Projects will be funded with Bond proceeds in order of priority as established by each City.

Prior to the first receipt of any proceeds of the Bonds, each City will execute a tax certificate and such other documents as may be required by bond counsel to assure that such proceeds are spent in accordance with the requirements of the Internal Revenue Code of 1986 and Georgia law, and to the extent permitted by law, each City will agree to indemnify and hold harmless the County for any expenditures of Bond proceeds by such City which results in an adverse effect on the tax exempt status of the County's sales tax bonds and to pay any costs or expenses the County may incur as a result of the failure of such City to spend Bond proceeds in accordance with applicable arbitrage regulations.

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Section 4. The County will direct the State of Georgia Department of Revenue, Sales and Use Tax Division, to remit the proceeds of the Special Sales Tax to a bank designated by the County:

(a) for deposit to a separate trust account to be maintained to pay principal of and interest on the Bonds until such time as the County, in its sole discretion, determines that the proceeds in said account equal the aggregate amount of principal and interest on the Bonds coming due in each bond year;

(b) the County shall distribute all proceeds of the Special Sales Tax subsequently received by the bank in any bond year (as defined in a tax certificate to be executed by the County concurrently with the issuance of the Bonds) to itself and to the Cities for their respective Projects. The County will be responsible for distributing the proceeds of the Special Sales Tax and will meet the requests of the Cities when it determines proceeds of the Special Sales Tax are available therefor. The County agrees that roads projects and the capital projects of any City which elects not to receive Bond proceeds shall in each year have priority in the receipt of proceeds of the Special Sales Tax; and

(c) on the first day of each bond year, the proceeds of the Special Sales Tax shall recommence being deposited as set forth in Section 4(a) hereof.

In accordance with Section 48-8-121(a)(2) of the Act, the County, Chickamauga, Lafayette, Fort Oglethorpe, Lookout Mountain, Rossville will create segregated accounting funds for the receipt of their respective distributions of the Special Sales Tax. Within these accounting funds, the County, Chickamauga, Fort Oglethorpe, Lafayette, Lookout Mountain, and Rossville will establish sub-accounts for each of their projects financed with the Special Sales Tax and maintain the records of each project and annual audit schedules required by Section 48-8-121(a)(2) of the Act.

Section 5. (a) The County shall hold title to and shall be solely responsible for acquiring, constructing, equipping, installing, operating, maintaining, and insuring the County Projects.

(b) Each of the Municipalities shall hold title to and shall be solely responsible for acquiring, constructing, equipping, installing, operating, maintaining, and insuring its respective City Projects.

Section 6. Chickamauga shall receive no more than \$1,036,750 from the Special Sales Tax and/Bond proceeds. Fort Oglethorpe shall receive no more than \$107,250 from the Special Sales Tax and/or Bond proceeds. Lafayette shall receive no more than \$3,209,250 from the Special Sales Tax and/or Bond proceeds. Lookout Mountain shall receive no more than \$789,250 from the Special Sales Tax and/or Bond proceeds. Rossville shall receive no more than \$1,732,500 from the Special Sales Tax and/or Bond proceeds. The County and each of the Municipalities receiving Bond proceeds shall share proportionately in the costs of issuance of the Bonds, which proportionate shares shall be deducted from the total amount which each such party is entitled to receive pursuant to this Contract. All other proceeds, including but not limited to any interest income, shall be the property of the County.

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Section 7. This Intergovernmental Contract is a full and complete statement of the agreement of the parties as to the subject matter hereof.

Section 8. The parties hereto covenant that they have the requisite legal authority to provide the services, perform the functions, and otherwise do all things necessary, convenient, and expedient to carry out the obligations and responsibilities herein set forth, either expressly or by reasonable implication. This Intergovernmental Contract shall constitute a binding, legal contract by and among the parties hereto, in accordance with Article IX, Section III, Paragraph I of the Constitution of the State of Georgia and has been authorized by proper action of the respective parties.

Section 9. Except for the City Projects and the City bond construction funds, custodial accounts for all bond proceeds and all receipts of the Special Sales Tax authorized pursuant to the election shall be designated by the Commissioner of Walker County. Each Municipality shall each designate a custodian for its respective projects and bond construction fund.

Section 10. This Intergovernmental Contract may be amended from time to time as the parties may agree.

IN WITNESS WHEREOF, the County, Chickamauga, Fort Oglethorpe, Lafayette, Lookout Mountain, and Rossville have caused their duly authorized officers to hereunto set their hands and affix their respective corporate seals, the day and year first above written.

WALKER COUNTY, GEORGIA

(S E A L)

Bebe Heiskell
Bebe Heiskell,
Commissioner of Walker County

Attest: Bridgett Garrett
Clerk

[Signatures of Cities on pages 7 through 11]

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CITY OF CHICKAMAUGA, GEORGIA

(SEAL)

By: Ray Crumley
Mayor

Attest: Jane Ramsey
City Clerk

[SIGNATURE PAGE TO INTERGOVERNMENTAL CONTRACT]

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CITY OF FORT OGLETHORPE, GEORGIA

(SEAL)

By: [Signature]
Mayor

Attest: [Signature]
City Clerk

[SIGNATURE PAGE TO INTERGOVERNMENTAL CONTRACT]

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CITY OF LAFAYETTE, GEORGIA

(SEAL)

By: *H. Neal Moore*
Mayor

Attest: *Mary Humphrey*
City Clerk

[SIGNATURE PAGE TO INTERGOVERNMENTAL CONTRACT]

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CITY OF LOOKOUT MOUNTAIN, GEORGIA

(SEAL)

By: James L. Ensey Jr.
Mayor

Attest: Mary Katherine Harper
City Clerk

[SIGNATURE PAGE TO INTERGOVERNMENTAL CONTRACT]

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(S E A L)

CITY OF ROSSVILLE, GEORGIA

By: Johnny Baker
Mayor

Attest: Sherry Foster
City Clerk

[SIGNATURE PAGE TO INTERGOVERNMENTAL CONTRACT]

AMENDMENT TO INTERGOVERNMENTAL CONTRACT

This Amendment to Intergovernmental Contract (this "Amendment"), made and entered into as of May 8, 2003, by and among WALKER COUNTY (the "County"), a political subdivision of the State of Georgia, the CITY OF CHICKAMAUGA ("Chickamauga") a municipal corporation of the State of Georgia, the CITY OF FORT OGLETHORPE ("Fort Oglethorpe") a municipal corporation of the State of Georgia, the CITY OF LAFAYETTE ("LaFayette"), a municipal corporation of the State of Georgia, the CITY OF CITY OF LOOKOUT MOUNTAIN ("Lookout Mountain"), a municipal corporation of the State of Georgia, and the CITY OF ROSSVILLE ("Rossville"), a municipal corporation of the State of Georgia (collectively, the "Municipalities" or the "Cities").

WITNESSETH:

WHEREAS, the parties hereto have approved and entered into an intergovernmental contract (the "Intergovernmental Contract"), dated as of May 8, 2003; and

WHEREAS, the City of LaFayette has requested certain clarifications relating to the way in which proceeds from the special county one percent sales and use tax (the "Special Sales Tax") and proceeds from the general obligation debt of the County (the "Bonds") shall be divided.

NOW THEREFORE, for and in consideration of the premises, the fulfillment of the lawful conditions for imposition of the Special Sales Tax for the benefit of the citizens of the County and the Municipalities and the mutual covenants and agreements contained herein and in the Intergovernmental Contract, the parties hereby agree as follows:

Section 1. The Intergovernmental Contract is amended to correct the spelling of the City of LaFayette from "Lafayette" to "LaFayette."

at the time of issuance of the Bonds and the County receiving the net Bond proceeds

Section 2. The provisions of the Intergovernmental Contract notwithstanding LaFayette will receive 11.67% of the Bond proceeds less LaFayette's proportionate share of the cost of issuance of the Bonds.

Section 3. The provisions of Section 4 of the Intergovernmental Contract notwithstanding, once sufficient funds are deposited into a separate trust account to be maintained to pay the principal of and interest on the Bonds in each bond year, the County shall distribute proceeds of the Special Sales Tax subsequently received by the bank in any bond year to itself and to the Cities on a monthly basis, assuming that the County continues to receive such money on a monthly basis. LaFayette will receive its proportionate 11.67% share on such monthly basis.

Section 4. The County will deliver funds to any City in the same manner that it delivers funds to LaFayette, provided that such City so notifies the County within a reasonable time prior to the issuance of the Bonds.

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Section 5. Section 6 of the Intergovernmental Contract is amended by adding the following sentence: Any interest income earned by a City on proceeds paid to it by the County shall be the property of such City.

Section 6. All provisions of the Intergovernmental Contract which are not inconsistent with this Amendment are hereby ratified and confirmed.

IN WITNESS WHEREOF, the County, Chickamauga, Fort Oglethorpe, LaFayette, Lookout Mountain, and Rossville have caused their duly authorized officers to hereunto set their hands and affix their respective corporate seals, the day and year first above written.

WALKER COUNTY, GEORGIA

(S E A L)

Bebe Heiskell
Bebe Heiskell,
Commissioner of Walker County

Attest: Briggitt Garrett
Clerk

[Signatures of Cities on pages 3 through 7]

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CITY OF LAFAYETTE, GEORGIA

(SEAL)

By: *H. Frank Florence*
Mayor

Attest: *Mary Humphreys*
City Clerk

[SIGNATURE PAGE TO AMENDMENT TO INTERGOVERNMENTAL CONTRACT]

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AMENDMENT TO INTERGOVERNMENTAL CONTRACT

This Amendment to Intergovernmental Contract (this "Amendment"), made and entered into as of June 12, 2003 by and among WALKER COUNTY (the "County"), a political subdivision of the State of Georgia, the CITY OF CHICKAMAUGA ("Chickamauga") a municipal corporation of the State of Georgia, the CITY OF FORT OGLETHORPE ("Fort Oglethorpe") a municipal corporation of the State of Georgia, the CITY OF LAFAYETTE ("LaFayette"), a municipal corporation of the State of Georgia, the CITY OF CITY OF LOOKOUT MOUNTAIN ("Lookout Mountain"), a municipal corporation of the State of Georgia, and the CITY OF ROSSVILLE ("Rossville"), a municipal corporation of the State of Georgia (collectively, the "Municipalities" or the "Cities").

WITNESSETH:

WHEREAS, the parties hereto have approved and entered into an intergovernmental contract (the "Intergovernmental Contract"), dated as of May 8, 2003; and

WHEREAS, the City of Chickamauga have requested certain clarifications relating to the way in which proceeds from the special county one percent sales and use tax (the "Special Sales Tax") and proceeds from the general obligation debt of the County (the "Bonds") shall be divided.

NOW THEREFORE, for and in consideration of the premises, the fulfillment of the lawful conditions for imposition of the Special Sales Tax for the benefit of the citizens of the County and the Municipalities and the mutual covenants and agreements contained herein and in the Intergovernmental Contract, the parties hereby agree as follows:

Section 1. The provisions of the Intergovernmental Contract notwithstanding, Chickamauga will receive at the time of issuance of the Bonds and the County receiving the net Bond proceeds 3.77% of the Bond proceeds less Chickamauga's proportionate share of the cost of issuance of the Bonds.

Section 2. The provisions of Section 4 of the Intergovernmental Contract notwithstanding, once sufficient funds are deposited into a separate trust account to be maintained to pay the principal of and interest on the Bonds in each bond year, the County shall distribute proceeds of the Special Sales Tax subsequently received by the bank in any bond year to itself and to the Cities on a monthly basis, assuming that the County continues to receive such money on a monthly basis. Chickamauga will receive its proportionate 3.77% share on such monthly basis.

Section 3. The County will deliver funds to any City in the same manner that it delivers funds to LaFayette, provided that such City so notifies the County within a reasonable time prior to the issuance of the Bonds.

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Section 4. Section 6 of the Intergovernmental Contract is amended by adding the following sentence: Any interest income earned by a City on proceeds paid to it by the County shall be the property of such City.

Section 5. All provisions of the Intergovernmental Contract which are not inconsistent with this Amendment are hereby ratified and confirmed.

IN WITNESS WHEREOF, the County, Chickamauga, Fort Oglethorpe, LaFayette, Lookout Mountain, and Rossville have caused their duly authorized officers to hereunto set their hands and affix their respective corporate seals, the day and year first above written.

WALKER COUNTY, GEORGIA

(S E A L)

Bebe Heiskell
Bebe Heiskell,
Commissioner of Walker County

Attest: Briggitt Barrett
Clerk

[Signatures of Cities on pages 3 through 7]

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(S E A L)

CITY OF CHICKAMAUGA, GEORGIA

By: Ray Crumpton
Mayor

Attest: Jane Ramsey
City Clerk

[SIGNATURE PAGE TO AMENDMENT TO INTERGOVERNMENTAL CONTRACT]