

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 4, 2019

NEW ISSUE  
BOOK-ENTRY ONLY  
BANK QUALIFIED

RATINGS: Moody's: "Aa3"  
See "MISCELLANEOUS, -Ratings" herein.

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, and assuming, among other matters, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, interest on the Bonds is exempt from present State of Georgia income taxation. See Appendix B attached hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds. The Authority has designated the Bonds as "qualified tax-exempt obligations" for purposes of § 265(b)(3) of the Internal Revenue Code of 1986, as amended. For a more complete discussion of the tax status of the Bonds and certain other tax consequences relating to the Bonds, see "LEGAL MATTERS -Tax Status" herein.*

**\$3,380,000\***

**CHATHAM COUNTY RECREATION AUTHORITY (GEORGIA)  
Revenue Bonds (Tybee Island Marine Science Center Project), Series 2019**

**Dated: Date of Issuance**

**Due: March 1, in the years and amounts  
as shown on inside cover**

CHATHAM COUNTY RECREATION AUTHORITY REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019 (the "Bonds") will be issued in registered form in the name of Cede & Co., as the nominee for The Depository Trust Company ("DTC"), New York, New York. Individual purchases of the Bonds must be made in book-entry form only, in authorized denominations of \$5,000 or any integral multiple thereof. Individual purchasers ("Beneficial Owners") of the Bonds will not receive physical delivery of the Bonds. Transfers of the Bonds will be effected through a book-entry system as described herein.

Interest on the Bonds will be payable on March 1 and September 1 of each year (each an "Interest Payment Date"), beginning September 1, 2019. So long as DTC or its nominee is the registered owner of the Bonds, disbursement of payments of principal of and interest on the Bonds to DTC is the responsibility of The Bank of New York Mellon Trust Company, N.A., as Paying Agent; disbursements of such payments to DTC Participants is the responsibility of DTC; and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants as more fully described herein. See "THE BONDS -Book-Entry Only System of Delivery of the Bonds" herein.

The Bonds are subject to optional and mandatory redemption prior to maturity.\*

Proceeds of the Bonds will be used to provide funds to pay (i) a portion of the costs of a new Tybee Island Marine Science Center in the City of Tybee Island, Georgia (the "City") which includes recreational picnic and playground areas, a dune walk, and climbable marine life replicas, and (ii) the costs of issuance of the Bonds.

The Bonds are special obligations of the Chatham County Recreation Authority (the "Authority") secured by and payable from certain payments payable by the City to the Authority under an Intergovernmental Contract by and between the City and the Authority, dated as of the date of issuance and delivery of the Bonds (the "Contract"). THE PROMISES OF THE CITY TO MAKE SUCH PAYMENTS PURSUANT TO THE CONTRACT CONSTITUTE A GENERAL OBLIGATION FOR WHICH ITS FULL FAITH, CREDIT, AND TAXING POWER ARE PLEDGED.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE BONDS OR THE SECURITY THEREFOR. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as, and if issued by the City, subject to the approval of legality by Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel, and certain other conditions, including validation of the Bonds and the security therefor by the Superior Court of Chatham County. Certain legal matters will be passed upon for the Authority by its counsel, R. Jonathan Hart, Savannah, Georgia, and for the City by its counsel, Ellis, Painter, Ratterree & Adams LLP, Savannah, Georgia. Gray Pannell & Woodward LLP, Savannah, Georgia, is acting as Disclosure Counsel to the Authority and the City. The Bonds are expected to be delivered in definitive form through DTC on or about March 14, 2019.



Official Statement dated: February \_\_, 2019

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion, or amendment without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\$3,380,000\*  
CHATHAM COUNTY RECREATION AUTHORITY (GEORGIA)  
REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> <sup>1</sup>
2020	\$120,000			
2021	120,000			
2022	125,000			
2023	125,000			
2024	130,000			
2025	140,000			
2026	145,000			
2027	150,000			
2028	155,000			
2029	160,000			
2030	165,000			
2031	175,000			
2032	180,000			
2033	190,000			
2034	195,000			
2035	205,000			
2036	210,000			
2037	220,000			
2038	230,000			
2039	240,000			

---

<sup>1</sup> CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included for the convenience of the holders of the Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their accuracy on the Bonds, as indicated above.

## **CHATHAM COUNTY RECREATION AUTHORITY**

### **Authority Members**

Commissioner Patrick K. Farrell, *Chairperson*  
Commissioner James J. Holmes  
Commissioner Helen L. Stone  
Edward Derst III  
Robert D. Fritts

### **Appointed Official**

Janice E. Bocook, *Secretary/Treasurer*

## **CITY OF TYBEE ISLAND**

### **Mayor and City Council**

Jason Buelterman, *Mayor*  
Barry Brown, *Mayor Pro Tem*  
John Branigin  
Wanda Doyle  
Julie Livingston  
Monty Parks  
Shirley Sessions

### **Appointed Officials**

Shawn Gillen, *City Manager*  
Angela Hudson, *Director of Finance*  
Janet LeViner, *City Clerk*

## **SPECIAL SERVICES**

### **Counsel to the Authority**

R. Jonathan Hart  
Savannah, Georgia

### **Independent Auditors for the City**

Mauldin & Jenkins, LLC  
Macon, Georgia

### **City Attorney**

Ellis, Painter, Ratterree & Adams LLP  
Savannah, Georgia

### **Underwriter**

Raymond James & Associates, Inc.  
Atlanta, Georgia

### **Bond Counsel and Disclosure Counsel**

Gray Pannell & Woodward LLP  
Savannah, Georgia

[THIS PAGE INTENTIONALLY LEFT BLANK]

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
The Authority.....	1
The City .....	1
Purpose of the Bonds .....	1
Terms of the Offering .....	2
Security and Sources of Payment for the Bonds.....	2
Bond Registrar and Paying Agent.....	2
Description of the Bonds .....	2
Additional Bonds .....	3
Professionals Involved in the Offering .....	3
Tax Status .....	3
Continuing Disclosure .....	3
Additional Information .....	4
THE BONDS .....	5
General Description .....	5
Redemption of the Bonds.....	5
Book-Entry Only System of Delivery of the Bonds .....	7
Authority for Issuance of the Bonds .....	9
Validation of the Bonds .....	9
Estimated Sources and Uses of Funds .....	9
The Project.....	10
Investment of Money .....	10
Security and Sources of Payment for the Bonds.....	12
Additional Bonds .....	13
Estimated Debt Service Schedule .....	14
THE AUTHORITY .....	15
The Authority.....	15
Principal Officials .....	15
THE CITY OF TYBEE ISLAND.....	16
Introduction.....	16
Government Format and Principal Officials.....	16
Government Services and Facilities.....	17
Employees, Employee Relations, and Labor Relations .....	17
Pension Plan.....	17
Other Employee Benefits.....	18
Governmental Immunity and Insurance Coverage .....	18
Population Information .....	19
Per Capita Personal Income .....	19
Bank Deposits .....	20
Industry and Employment.....	20
DEBT STRUCTURE OF THE CITY OF TYBEE ISLAND .....	22
Summary of City Debt by Category .....	22
Indebtedness of Overlapping Governmental Entities .....	22
Debt Limitation.....	23
CITY OF TYBEE ISLAND AD VALOREM TAXATION.....	24
Introduction.....	24

Property Subject to Taxation .....	24
Tax Relief Initiatives.....	26
Assessed Value .....	27
Annual Tax Levy .....	28
Property Tax Collections .....	28
M&O Tax Digest .....	29
Ten Largest Taxpayers.....	30
M&O Tax Levies and Collections for the City.....	31
Millage Rates .....	31
CITY OF TYBEE ISLAND FINANCIAL INFORMATION .....	32
Five-Year General Fund History.....	32
Accounting Policies .....	33
Independent Auditor’s Reports .....	34
Budgetary Process for General Fund .....	34
LEGAL MATTERS.....	36
Litigation.....	36
Legal Proceedings.....	36
Tax Status .....	36
<i>Federal Tax Exemption</i> .....	36
<i>State Tax Exemption</i> .....	37
<i>Bank Qualified Bonds</i> .....	37
<i>Maintenance of Tax Status</i> .....	37
<i>Premium Bonds</i> .....	38
<i>Original Issue Discount Bonds</i> .....	38
<i>Other Tax Consequences</i> .....	39
<i>Information Reporting and Backup Withholding</i> .....	39
<i>Disposition of the Bonds</i> .....	39
MISCELLANEOUS .....	40
Rating.....	40
Underwriting.....	40
Continuing Disclosure .....	40
Financial Statements .....	41
Miscellaneous .....	41
Forward-Looking Statements.....	41
Certification .....	42
Appendix A: AUDITED FINANCIAL STATEMENTS OF THE CITY OF TYBEE ISLAND, GEORGIA, FOR FISCAL YEAR ENDED JUNE 30, 2018	
Appendix B: FORM OF RESOLUTION AND CONTRACT	
Appendix C: FORM OF CONTINUING DISCLOSURE CERTIFICATE	
Appendix D: PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL	

\* \* \* \* \*

No dealer, broker, salesman, or other person has been authorized by the Authority, the City, or Raymond James & Associates, Inc., Atlanta, Georgia, or its successor in interest (the “**Underwriter**”), or any other person 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 representation must not be relied upon as having been authorized by the Authority, the City, or any other person, or any other person. Except where otherwise indicated, all information contained in this Official Statement has been provided

by the Authority and the City. Sources other than the Authority and the City are believed to be reliable, but are not guaranteed as to accuracy or completeness by the Authority or the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in any of the information set forth herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The Bonds have not been registered under the Securities Act of 1933, and the Resolution (as defined herein) has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES AGENCY, THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, AND NEITHER THE SEC NOR ANY STATE SECURITIES AGENCY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

This Preliminary Official Statement has been deemed final by the Authority and the City for purposes of Securities Exchange Act Rule 15c2-12, except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

[THIS PAGE INTENTIONALLY LEFT BLANK]



## OFFICIAL STATEMENT

Relating to

**\$3,380,000\***

**CHATHAM COUNTY RECREATION AUTHORITY (GEORGIA)  
REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT),  
SERIES 2019**

### INTRODUCTION

This Official Statement, including the cover page, inside cover, and the Appendices hereto, of the Chatham County Recreation Authority (the “**Authority**”) sets forth information concerning the Authority and the City of Tybee Island, Georgia (the “**City**”), and the proposed CHATHAM COUNTY RECREATION AUTHORITY REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019 (the “**Bonds**”).

The information contained in this section entitled “INTRODUCTION” is a brief description of the terms of and security for the Bonds and does not purport to be comprehensive or definitive. A full review of the entire Official Statement, as well as the documents summarized or described herein, should be made. All undefined, capitalized terms used herein shall have the meaning ascribed to such terms in the Resolution (hereinafter defined) unless the context requires otherwise.

#### **The Authority**

The Authority is a public body corporate and politic and has been created pursuant to an act of the General Assembly of the State of Georgia, the Chatham County Recreation Authority Act, Ga. Laws 1995, p. 4281 *et seq.* (the “**Act**”). The Authority was created for the general purpose of undertaking any “project” in connection with the acquisition, construction, equipping, maintenance, and operation of athletic and recreational centers, facilities, and areas, and the usual and convenient facilities appertaining thereto and extensions and improvements of such facilities for use of Chatham County (the “**County**”) or any municipality in Chatham County, all for the essential public purposes of the Authority. For more detailed information, see “THE AUTHORITY.”

#### **The City**

The City is a municipal corporation located in Chatham County, Georgia, and was created and is existing under the laws of the State of Georgia (the “**State**”). The City was originally incorporated in 1887, and currently operates by an act of the General Assembly of Georgia, Ga. Laws 1995, p. 4462, as amended. The City had an estimated population of 3,127 as of July 1, 2017, according to the U.S. Department of Commerce, Bureau of the Census. For more detailed information, see “CITY OF TYBEE ISLAND.”

#### **Purpose of the Bonds**

The Bonds are being issued to provide funds to pay (i) a portion of the costs of a new Tybee Island Marine Science Center in the City, which includes recreational picnic and playground areas, a dune walk, and climbable marine life replicas, and (ii) the costs of issuance of the Bonds. See “THE BONDS -Application of Bond Proceeds” and “THE BONDS -The Project.”

---

\* The use of the asterisk (\*) throughout this Preliminary Official Statement indicates information which is subject to change.

## Terms of the Offering

*Authority for Issuance.* The Bonds are being issued by the Authority pursuant to (i) the Act, (ii) the general laws of the State, in particular the Revenue Bond Law of Georgia (Ga. Laws 1937, p. 761; O.C.G.A. § 36-82-60 *et seq.*, as amended (the “**Revenue Bond Law**”), and (iii) the provisions of a bond resolution adopted by the Authority on February \_\_, 2019 (the “**Resolution**”).

*Offering.* The Bonds are offered when, as, and if issued by the Authority, subject to prior sale and to withdrawal or modification of the offer without notice, and to approval of legality by Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel, and to validation by the Superior Court of Chatham County, Georgia.

*Delivery.* The Bonds, in definitive form, are expected to be delivered through DTC in New York, New York, on or about March 14, 2019.

## Security and Sources of Payment for the Bonds

The Bonds are limited obligations of the Authority. The principal of and interest on the Bonds will be payable from revenues of the Authority including certain amounts to be paid by the City to the Authority under the provisions of an Intergovernmental Contract, to be dated as of the date of issuance and delivery of the Bonds (the “**Contract**”), by and between the Authority and the City. The Bonds will not be deemed to constitute a debt or general obligation or pledge of the faith and credit of the State or any political subdivision thereof, including the City or the Authority, within the meaning of any constitutional or statutory debt limitation. The payments provided for under the Contract constitute general obligations of the City for which its full faith, credit and taxing power are pledged. See “THE BONDS -Security and Sources of Payment of the Bonds” and “Appendix B: FORM OF RESOLUTION AND CONTRACT.”

## Bond Registrar and Paying Agent

The Bank of New York Mellon Trust Company, N.A., will act as Bond Registrar (the “**Bond Registrar**”) and Paying Agent (the “**Paying Agent**”) for the Bonds.

## Description of the Bonds

*Redemption Provisions.* The Bonds are subject to optional and mandatory redemption prior to maturity.\*

*Denominations.* Individual purchases of the Bonds may only be made in book-entry form in denominations of \$5,000 or any higher integral thereof.

*Registration and Transfer.* The Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will serve as securities depository for the Bonds and the Bonds may be registered, transferred, or exchanged in accordance with the rules of DTC.

*Manner of Making Payment.* Interest on the Bonds is payable on March 1 and September 1 (each an “**Interest Payment Date**”) in each year, commencing September 1, 2019. The interest so payable on any such Interest Payment Date will be paid to the person in whose name the Bonds are registered at the close of business on the 15th day of the calendar month preceding such Interest Payment Date (the “**Record Date**”); provided, however, that if and to the extent a default shall occur in the payment of interest due on said Interest Payment Date, such past due interest shall be paid to the persons in whose names outstanding Bonds are registered on a subsequent date of record established by notice given by mail by the Paying Agent (as defined herein) to the holders of the Bonds not less than 30 days preceding

such subsequent date of record. The Bonds bear interest at the rates per annum and mature in the amounts and at the times as set forth on the inside front cover page hereof.

So long as DTC or its nominee is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Paying Agent to Cede & Co., as nominee for DTC, which, in turn, will remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners (as defined herein).

For more detailed information on the Bonds, see “THE BONDS.”

### **Additional Bonds**

The Authority may issue additional bonds on a parity with the lien of the Bonds. See “THE BONDS -Additional Bonds” and “Appendix B: FORM OF RESOLUTION AND CONTRACT.”

### **Professionals Involved in the Offering**

Certain legal matters pertaining to the Authority and its authorization and issuance of the Bonds are subject to the approving opinion of Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel. Copies of such opinions will be available at the time of delivery of the Bonds, and a copy of the proposed form of said approving opinion is attached hereto as Appendix C. Certain other legal matters will be passed on for the Authority by its counsel, R. Jonathan Hart, Savannah, Georgia, and for the City by its counsel, Ellis, Painter, Ratterree & Adams LLP, Savannah, Georgia. Gray Pannell & Woodward LLP, Savannah, Georgia, is acting as Disclosure Counsel to the Authority and the City.

The financial statements of the City for the fiscal year ended June 30, 2018, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Macon, Georgia, to the extent and for the period indicated in their report thereon.

### **Tax Status**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decision, and assuming, among other matters, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”), and is not a specific preference item for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, interest on the Bonds is exempt from present State of Georgia income taxation. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See Appendix B attached hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds.

The Authority has designated the Bonds as “qualified tax-exempt obligations” for purposes of § 265(b)(3) of the Internal Revenue Code, as amended.

For a more complete discussion of the tax status of the Bonds and certain other tax consequences relating to the Bonds, see “LEGAL MATTERS -Tax Status” herein.

### **Continuing Disclosure**

The City will undertake all responsibility for any continuing disclosure to beneficial owners of the Bonds. The City will sign, as of the date of the issuance and delivery of the Bonds, a Continuing Disclosure Certificate, which will allow the Underwriter of the Bonds to comply with Securities and

Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”). The Authority shall have no liability to the beneficial owners of the Bonds or any other person with respect to the Rule.

For more detailed information on the City’s disclosure obligations see “MISCELLANEOUS -Continuing Disclosure” and “Appendix C: FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

### **Additional Information**

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Bonds, the Authority, the Resolution, the Contract, the City, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to, or summaries of, the Resolution, the Contract, or any other document or constitutional provision or statute are qualified in their entirety by the exact terms of such documents or constitutional provision or statute. All references herein to the Bonds are qualified in their entirety to the form thereof and the provisions with respect thereto included in the Resolution.

Copies of all documents described herein are available upon request, prior to the delivery of the Bonds, from Raymond James & Associates, Inc., Two Buckhead Plaza, Suite 702, 3050 Peachtree Road, N.W., Atlanta, Georgia 30305, and after delivery of the Bonds, upon payment to the City of a charge for copying, mailing, and handling, from the City of Tybee Island, 403 Butler Avenue, P. O. Box 2749, Tybee Island, Georgia 31328.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## THE BONDS

### General Description

The Bonds, dated as of their date of issuance and delivery, bear interest at the rates per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, and mature on March 1 in the years and principal amounts set forth on the inside cover page hereof. Interest shall be payable on March 1 and September 1 of each year, beginning September 1, 2019.

### Redemption of the Bonds\*

*Optional Redemption.* The Bonds maturing on March 1, 20\_\_, and thereafter are subject to redemption by the Authority, in whole or in part at any time, beginning March 1, 20\_\_ (if less than all of the Bonds of a maturity are to be redeemed, the actual Bonds of such maturity shall be selected by lot in such manner as may be designated by DTC while the Bonds are held as Book-Entry Bonds and by the Paying Agent if the Bonds are no longer held as Book-Entry Bonds), in such order as may be designated by the Authority at a redemption price of 100% of the principal amount of the Bonds called for redemption plus accrued interest to the redemption date.

The Bonds which are subject to optional redemption shall be called for redemption by the Bond Registrar pursuant to Section [302] of the Resolution upon receipt by the Bond Registrar at least 45 days prior to the redemption date of a certificate of the Authority directing such redemption. Such certificate shall specify the maturity or maturities of the Bonds to be redeemed, the redemption date, the principal amount of the Bonds or portions thereof so to be called for redemption, the applicable redemption price or prices, and the provision or provisions of the Resolution, pursuant to which such Bonds are to be called for redemption.

*Scheduled Mandatory Redemption.* The Bonds maturing on March 1, 20\_\_, are subject to scheduled mandatory redemption prior to maturity in part *pro rata* among the Bondholders of the mandatory Bonds to be redeemed (rounded to the nearest \$5,000 of the principal amount of each Bond) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of such redemption, in the following principal amounts and on the dates set forth below (the March 1, 20\_\_, amount to be paid at maturity rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

The *pro rata* redemption shall be made by redeeming from each Bondholder of the maturity to be redeemed that principal amount which bears the same proportion to the principal amount of such stated maturity registered in the name of such Bondholder as the total principal amount of such stated maturity to be redeemed on any date of scheduled mandatory redemption bears to the aggregate principal amount of such stated maturity Outstanding prior to redemption. If the Paying Agent cannot make a strict *pro rata* redemption among the Bondholders of a stated maturity, the Paying Agent will redeem more or less than a *pro rata* portion from one or more Bondholders of such stated maturity in such manner as the Paying Agent deems fair and reasonable. In connection with any such redemption prior to maturity, the Paying Agent will make appropriate entries in the Bond Register to reflect a portion of any Bond so redeemed and the amount of the principal remaining outstanding. The Paying Agent's notation in the Bond Register shall be conclusive as to the principal amount of any Outstanding Bond at any time.

*Notice of Redemption.* The Bond Registrar shall give notice of redemption one time not less than 30 days nor more than 45 days prior to the date fixed for redemption to the Holders of each of the Bonds

being called for redemption by first class mail (electronically while the Bonds are held as Book-Entry Bonds) at the address shown on the register of the Bond Registrar. Said notice shall contain the complete official name of the Bonds being redeemed, CUSIP number, certificate numbers, amounts called of each certificate (for partial calls), redemption date, redemption price, the Paying Agent's name and address (with contact person and phone number), date of issue of the Bonds, interest rate, and maturity date. Said notice shall also be given not less than 30 days nor more than 45 days prior to the date fixed for redemption, to the Electronic Municipal Market Access system (EMMA) operated by the Municipal Securities Rulemaking Board, or such other securities depository registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which disseminate redemption notices. No transfer or exchange of any Bond so called for redemption shall be allowed. If any Holder of any Bond being redeemed pursuant to the provisions of this Article shall fail to present for redemption any such Bond within 60 days after the date fixed for redemption, a second notice of the redemption of such Bond shall be given to said Owner at the address of said Owner as shown on the bond register of the Bond Registrar within 90 days after the date fixed for redemption. The failure of the Bond Registrar to give such notice shall not affect the validity of the proceedings for the redemption of any Bond as to which no such failure occurred. Any notice mailed or delivered as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

*Manner of Redemption.* Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In the case of the Bonds of denominations greater than \$5,000, if less than all of such Bonds of a single maturity then outstanding are to be called for redemption then for all purposes in connection with redemption, each \$5,000 of face value shall be treated as though it were a separate Bond in the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by any Bond are to be called for redemption, then upon notice of the intention to redeem such \$5,000 unit or units, the Owner of such Bond shall forthwith surrender such Bond to the Paying Agent for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption and there shall be issued to the Holder thereof, without charge therefor, fully registered Bonds for the unredeemed balance of the principal amount thereof, in any of the authorized denominations. If the Owner of any such Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Paying Agent for payment in exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of face value on and after the date fixed for redemption and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent and being available for the redemption) such Bond shall not be entitled to the benefit and security of the Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such \$5,000 unit or units.

*Effect of Redemption Call.* Notice having been given in the manner and under the terms and conditions hereinabove provided, and money for the payment of the redemption price being held by the Paying Agent, all as provided in the Resolution, the Bonds or the portion thereof so called for redemption shall become and be due and payable on the redemption date designated in such notice at the redemption price provided for redemption of such Bonds on such date. Interest on the Bonds or the portion thereof so called for redemption shall cease to accrue from and after the date fixed for redemption unless default shall be made in payment of the redemption price thereof upon presentation and surrender thereof. Such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bond or the portion thereof so called shall not be considered to be outstanding. Upon surrender of such Bond paid or redeemed in part only, the Authority shall execute and the Bond Registrar shall deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same type, of authorized denominations in the aggregate principal amount equal to the unpaid or unredeemed portion of the Bond.

## **Book-Entry Only System of Delivery of Bonds**

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the Bonds. The 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 Bond certificate will be issued for each maturity of the Bonds, in the principal amount of such maturity, and will be deposited with 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) and [www.dtc.org](http://www.dtc.org).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each 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 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 Securities, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Securities 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 notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 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 Authority or Paying Agent, on 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, Paying Agent, or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Paying Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered to DTC.

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



**Authority for Issuance of the Bonds**

The Bonds will be issued under the authority of the Constitution of the State, the general laws of the State, in particular, the Revenue Bond Law, and pursuant to the Act and the Resolution. The Act authorizes the Authority to issue its revenue bonds to construct, erect, acquire, own, repair, remodel, maintain, add to, extend, improve, equip, operate, and manage projects as defined in the Act.

Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes any county, municipality, school district, or other political subdivision of the State to contract for any period not exceeding 50 years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use facilities or equipment, if such contract deals with activities, services or facilities which the contracting parties are authorized by law to undertake or provide.

The City authorized and approved execution, delivery, and performance of the Contract pursuant to a resolution of the City Council of the City, the governing body of the City (the “City Council”), adopted on February \_\_, 2019.

**Validation of the Bonds**

As required by the Act and the Revenue Bond Law, the Bonds and the security therefor will be confirmed and validated by judgment of the Superior Court of Chatham County, Georgia, prior to the issuance of the Bonds. The form of the Contract to be entered into between the Authority and the City, which will be pledged to the security and payment of the Bonds, will be submitted as an integral part of the validation proceedings. It is expected that the Superior Court of Chatham County will make a declaratory adjudication of the validity and binding effect of the Contract and determine that the Contract is in all respects valid and binding upon the Authority and the City. The Revenue Bond Law provides that an adjudication as to the validity of the Contract shall be conclusive and binding upon the City and the resident citizens and property owners thereof. Under State law, the judgment of validation will be forever conclusive against the Authority and the City.

**Estimated Sources and Uses of Funds\***

Sources of Funds:

Proceeds from Sale of Bonds <sup>1</sup> .....	\$ _____
Total Sources of Funds: .....	\$ _____

Uses of Funds:

Costs of the Project <sup>2</sup> .....	\$ _____
Costs of Issuance <sup>3</sup> .....	_____
Total Uses of Funds: .....	\$ _____

<sup>1</sup> Includes [net] original issue [discount/premium] of \$\_\_\_\_\_.

<sup>2</sup> The City presently contemplates that approximately 95% of the net proceeds of the Bonds will be used to finance the acquisition, development, and improvement of real property. See “THE BONDS -The Project.”

<sup>3</sup> Includes estimated and budgeted fees of the attorneys, printing costs, bond validation fees, rating agencies’ fees, initial fee of Bond Registrar and Paying Agent, Underwriter’s Discount, and other miscellaneous fees and expenses.

Concurrently with the issuance and delivery of the Bonds, the Underwriter's Discount shall be paid, all costs and expenses in connection with the issuance and sale of the Bonds, including without limitation the fees and expenses of accountants, attorneys, and the cost of printing, validation fees, and other miscellaneous fees and expenses, shall be paid to those persons entitled to receive the same, and the balance of the proceeds from the sale of the Bonds shall be deposited in the CHATHAM COUNTY RECREATION AUTHORITY REVENUE BONDS, SERIES 2019 CONSTRUCTION FUND (the "**Construction Fund**"), created by the Authority pursuant to the terms of the Resolution.

## **The Project**

The Tybee Island Marine Science Center (the "**Project**") is a new marine science education interpretation facility being developed by the City. The facility will include a variety of outdoor exhibits and experiences, including recreational picnic and playground areas, large scale climbable marine animal replicas, a variety of interactive exhibits, and a dune habitat trail. The building will include two major galleries for interpretive exhibits, marine rescue and life support facilities and a variety of elevated outdoor walkways and overlooks with views across the undisturbed dune habitat and the ocean beyond.

The overall site is approximately 36,500 square feet. The building contains approximately 10,730 square feet under roof, and approximately 4,400 square feet of outdoor decking, exhibit ramps and viewshed overlooks.

The property is currently owned by the City, and the facility would be operated and managed by Tybee Island Marine Science Center Foundation under a long-term leased agreement. The Tybee Marine Science Center Foundation has operated the existing Science Center in a city-owned Police Precinct building since 1990.

The Design Architect for the Project is Sottile & Sottile, LLC, a Savannah based firm specializing in the design of civic buildings, museums and exhibition galleries. The Architect and Engineer of Record is Kern and Company, LLC, a Savannah-based firm with Structural, Civil, Mechanical, Electrical and Plumbing engineering services all in-house. Design work for the first phase of construction has been substantially completed and is permit-ready. Construction is anticipated to take 12 Months, and to be completed by November, 2019.

## **Investment of Money**

*Construction Fund Money.* The money in the Construction Fund will be held by Ameris Bank, in Savannah, Georgia, as Construction Fund Custodian (the "**Construction Fund Custodian**"), and will be disbursed by the Construction Fund Custodian to pay the costs of the Project. Subject to the provisions of the Resolution, money in the Construction Fund may be invested and reinvested by the Construction Fund Custodian at the direction of the City in any of the following investments allowed by O.C.G.A. § 36-82-7, if and to the extent the same are at the time legal for investment of bond proceeds:

- (a) the local government investment pool created in O.C.G.A. § 36-83-8; or
- (b) the following securities and no others:
  - (i) bonds or other obligations of the Authority, or bonds or obligations of the State or other states or of counties, municipal corporations, and political subdivisions of the State;
  - (ii) bonds or other obligations of the United States or of subsidiary corporations of the United States government, which are fully guaranteed by such government;
  - (iii) 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 nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(iv) 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 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;

(v) certificates of deposit of national or state banks located within the State which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any proceeds of the Bonds; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State or with a trust office within the State, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or other states or any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in subparagraph (ii) above, obligations of the agencies and instrumentalities of the United States government included in subparagraph (iii) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in subparagraph (iv) above; and

(vi) 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:

(A) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in subparagraph (ii) and (iii) above and repurchase agreements fully collateralized by any such obligations;

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

(C) 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

(D) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State; and

(vii) 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 money so placed to be available for use at the time provided with respect to the investment or reinvestment of such money.

*Sinking Fund Money.* Money in the Sinking Fund may be invested by the custodian of said fund, at the direction of the City, in the following investments, if and to the extent the same are at the time legal for investment of such money:

(a) any of the following investments (presently authorized by O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4), if and to the extent the same are at the time legal for investment of such money:

(i) obligations of the United States and of its agencies and instrumentalities, or obligations fully insured or guaranteed by the United States government or by one of its agencies;

(ii) obligations of any corporation of the United States government;

(iii) bonds or certificates of indebtedness of the State and of its agencies and instrumentalities, or of other states;

(iv) obligations of other political subdivisions of the State;

(v) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured;

(vi) prime bankers' acceptances;

(vii) repurchase agreements; and

(viii) the local government investment pool established by O.C.G.A. § 36-83-8; and

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

### **Security and Sources of Payment for the Bonds**

The Bonds will be secured by a first and prior pledge of and lien on the amounts payable by the City under the Contract, which amounts shall be sufficient to pay the principal of and premium, if any, and interest on the Bonds. The City's obligation to make such contract payments is absolute and unconditional and shall constitute a general obligation and pledge of the full faith, credit, and taxing power of the City. Pursuant to the Resolution, payments made by the City to the Authority sufficient to pay the principal of and interest on the Bonds will be deposited for the account of the Authority directly into the Sinking Fund. Such revenue will be held separate and apart from other funds of the Authority and will not be used for any purpose other than the payment of the principal of and interest on the Bonds. The City covenants in the Contract that it will include in each of its annual budgets an amount sufficient to

make the Contract payment in each year and to levy and collect taxes from year to year in an amount sufficient to fulfill and fully comply with the terms of the Contract.

The Bonds shall not constitute a debt or pledge of the faith and credit of the State or the City, but shall be payable solely from the revenue, earnings, and funds of the Authority arising pursuant to the Contract, as provided in the Contract and the Resolution, and the issuance of the Bonds shall not directly, indirectly, or contingently obligate the State or the City to levy or pledge any form of taxation whatever for the payment thereof. No owner of the Bonds shall have the right to enforce the payment thereof against any property of the State or the City, nor shall the Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any such property; provided, however, that in accordance with the provisions of the Constitution and the laws of the State, the obligation of the City to make the payments it has contracted to make by the provisions of the Contract shall constitute a general obligation and a pledge of the full faith, credit, and taxing power of the City, and the obligation which the City has undertaken to make such payments from taxes to be levied for that purpose is a mandatory obligation to levy and collect such taxes from year to year in amount sufficient to fulfill and fully comply with the terms of such obligation.

### **Additional Bonds**

The Authority may from time to time issue additional bonds on a parity with the Bonds as to the lien on the revenue of the Authority derived from the Contract for the specific purpose of completing the financing of the Project or financing further improvements or additions, real or personal, to any portion of the Project, provided the provisions of Section 507 of the Resolution are met.

For more detailed information on the conditions which must be met for parity obligations to be issued see “Appendix B: FORM OF RESOLUTION AND CONTRACT -Parity Bonds.”

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**Estimated Debt Service Schedule\***

The following table sets forth the principal and interest requirements relating to the Bonds.

Payment Date	Principal	Interest	Total Debt Service
--------------	-----------	----------	--------------------

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## THE AUTHORITY

### The Authority

The Authority is a body corporate and politic, created pursuant to the Act, for the purpose of undertaking any “project” which, pursuant to the Act, means any undertaking of the Authority in connection with the acquisition, construction, equipping, maintenance, and operation of athletic and recreational centers, facilities, and areas, and the usual and convenient facilities appertaining thereto and extensions and improvements of such facilities for use of the County or any municipality located within the County.

The Act empowers the Authority to issue its revenue bonds and use the proceeds thereof for the purpose of financing any project or undertaking within the scope of the Authority’s powers.

### Principal Officials

The Act provides that the affairs of the Authority shall be governed by seven members who shall be residents of the County and who shall be appointed by the Board of Commissioners of the County (the “**Board of Commissioners**”). Members of the Board of Commissioners may be appointed to serve as members of Authority; however, the term of any such member on the Authority shall only run concurrent with the member’s service on the Board of Commissioners. No more than three members of the Board of Commissioners may serve as members of the Authority at the same time. Members of the Authority shall serve staggered, four-year terms, and they shall elect one of its members as chairperson and another as vice chairperson. The Clerk of the Board of Commissioners shall be the secretary and treasurer of the Authority, but shall not be a member of the Authority. In the event any office of the Authority is vacated, it shall be filled within 60 days by appointment by the Board of Commissioners and the new appointee shall serve the remainder of the unexpired term to which he or she is so appointed.

The current members of the Authority (two vacancies currently exist) are as follows:

<u>Name</u>	<u>Expiration of Current Term</u>
Patrick K. Farrell, <i>Chairperson</i>	December 31, 2020
James J. Holmes	December 31, 2020
Helen L. Stone	December 31, 2020
Edward Derst III	June 30, 2019
Robert D. Fritts	June 30, 2020
[Vacant]	--
[Vacant]	--
Janice E. Bocook, <i>Secretary/Treasurer</i>	By Appointment

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## CITY OF TYBEE ISLAND

### Introduction

The City is located in Southeast Georgia on a barrier island in the Atlantic Ocean 18 miles east of Savannah, Georgia. The City is located approximately 22 miles from I-16, the major Savannah-to-Atlanta interstate highway artery. The City was formerly a resort community with a small year-round population; however, the character of the community has gradually changed toward permanent residential. While the vacation and tourist element is still important, the City is becoming less dependent upon seasonal activities.

The permanent, year-round population of the City has increased approximately 5.2% from 1990 to 2010, from 2,842 residents in 1990 to 2,990 in 2010. During the same time period, the population of the County grew approximately 22.2%, from 216,935 residents in 1990 to 265,128 residents in 2010. This compares with the State's total population growth of 49.5% during the same five-year period. (Source: U.S. Department of Commerce, Bureau of the Census.)

During the summer months, the population of the City increases to approximately 20,000. Summer residents are housed in cottages and motels. In addition, there are thousands of day visitors.

### Government Format and Principal Officials

The City is governed by a Mayor and six-member Council (the “**Mayor and Council**”), who are elected at-large by the voters. Candidates for office must be qualified, registered voters and permanent residents of the City. The terms of the Mayor and Council members are two years each. The Mayor is the chief executive officer of the City and has general supervision of the City's affairs. He may vote on matters before the Council only in the event of a tie vote.

Information regarding the current Mayor and Council is as follows:

<u>Name</u>	<u>Expiration Date of Current Term</u>	<u>Years in Office</u>	<u>Occupation</u>
Jason Buelterman, <i>Mayor</i>	December 31, 2019	17	Educator
Barry Brown, <i>Mayor Pro Tem</i>	December 31, 2019	8	Builder
John Branigin	December 31, 2021	1	Retired
Wanda Doyle	December 31, 2019	13	Retired
Julie Livingston	December 31, 2019	3	Entrepreneur
Monty Parks	December 31, 2021	5	Retired
Shirley Sessions	December 31, 2021	8	Real Estate Agent

*City Manager.* The City Manager is appointed by and reports to the Mayor and Council, implements the directives and actions of the Mayor and Council, and is responsible for the daily operations of the City. The City Manager is to provide guidance and information to the Mayor and Council, provide resources to the City staff, administer the business affairs of the City, and act as a conduit for information between individuals, departments, and officials. Shawn Gillen has served as the City Manager since June 5, 2017. Mr. Gillen has over 15 years of local government experience and holds a Ph.D. and a Master's Degree in Public Administration from the University of Kentucky, a Bachelor of Arts degree in English Literature from University of Iowa, a Teaching Certificate from Monmouth College, and an Academy for Municipal Excellence certificate from Illinois Municipal League/University of Illinois. His past and present professional affiliations are Georgia Municipal Association, DeKalb Municipal Association, League of Minnesota Cities, Board of Directors 2010-2013, League of Minnesota Cities, Fiscal Futures Committee Chair 2012, American Society for Public Administration, Association of Budgeting and Financial Management, Blandin Community Leadership Class of 2008, International



City/County Management Association, Minnesota City/County Management Association, and Georgia City/County Managers Association.

*Director of Finance.* The Director of Finance for the City is appointed by the City Manager and confirmed by a majority vote of the Mayor and Council. The Director of Finance is responsible for, among other things, preparing financial reports for the Mayor and Council, accepting and depositing funds for the City, and billing and collecting real estate taxes. Angela Hudson has served as the Director of Finance for the City since October 8, 2012. Ms. Hudson has over 25 years of experience in governmental accounting, has grant administration experience, and has worked at multiple levels, including the chief management level, in finance departments in municipalities, counties, and regional commission organizations throughout the State. Prior to her employment by the City, Ms. Hudson served as the Finance Director of the Northwest Georgia Regional Commission and has worked for the Glynn County Board of Commissioners, Athens-Clark County, City of Union City, and City of Chamblee. She holds a Bachelor of Science degree in Accounting from Brenau University in Gainesville, Georgia, and has completed the Carl Vinson Institute Certified Government Finance Officers Levels I & II training.

### **Government Services and Facilities**

The City's police department has one police station, 26 police officers, 11 civilian employees, and 31 vehicles, and maintains a 24-hour uniformed patrol. The City's volunteer fire department has one station located in the City. The fire department has 12 paid firefighters, five volunteer firefighters, and a fire chief. The National Board of Fire Underwriters' fire insurance rating for the fire district is Class 4. The City maintains approximately 23.91 miles of streets and 330 street lights. The public works department has 11 vehicles and 21 employees who perform street maintenance and other public works. The City owns and maintains three parks and two trails containing approximately 25 acres, two tennis courts, and various cultural and recreational facilities. There is one library in the City, a branch of the Chatham County Library System, with approximately 10,000 volumes.

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

As of September 1, 2018, the City had approximately 101 full-time, 17 part-time, and 35 seasonal employees. The City's management believes that it enjoys an excellent relationship with its employees. The City has never experienced a major disruption of services due to a strike or employee action. No employees belong to labor unions or other collective bargaining groups and the City has no knowledge of any union organizing efforts.

### **Pension Plan**

*Plan Description.* The City has established a non-contributory defined benefit pension plan (the "Plan") covering substantially all of the City's employees. The Plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer public employee retirement system that acts as an investment and administrative agent for cities in the State. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 2% multiplied by the average of the three highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend, from time to time, the benefits provided and the contribution rates of the City and its employees.

*Plan Membership.* As of January 1, 2018, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	46
Terminated employees entitled to benefits but not yet receiving them	48
Active Plan members	<u>107</u>
Total membership in the Plan	<u>201</u>

*Contributions.* The 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 Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, 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. Employees make no contributions to the Plan. The City is required to contribute at an actuarially determined rate. For the fiscal year ended June 30, 2017, the City's contribution rate was 10.78% of annual payroll and City contributions to the Plan were \$420,017. For the fiscal year ended June 30, 2018, the City's contribution rate was 9.83% of annual payroll and City contributions to the Plan were \$432,017.

For more detailed discussion of the City's pension plan and historical information, see Note 8 of Appendix A: CITY OF TYBEE ISLAND, GEORGIA, BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018.

### **Other Employee Benefits**

The City provides a full range of employee benefits for employees, including health and life insurance, and a personal days off program covering employee absences for sick leave, vacation, and holidays, and educational opportunities.

### **Governmental Immunity and Insurance Coverage**

*Governmental Immunity.* Under Georgia law, the defense of sovereign immunity is available to the City, as a municipal corporation of the State, except for actions for the breach of written contracts and actions for the recovery of damages for any claim for which liability insurance protection has been provided, but only to the extent of the liability insurance provided. The City, 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 City in the exercise of its delegated powers.

*Insurance Coverage.* The City provides health, dental, and long-term disability insurance for its employees. The insurance plans are contracted out to third-party providers. This plan is accounted for in the general fund and funded according to the contractual annual premiums charged by the third-party insurance providers.

The City is a participating member of the Georgia Interlocal Risk Management Agency ("GIRMA"), which is an instrumentality of municipal corporations and their related authorities, formed pursuant to intergovernmental contracts to pool liability risks. GIRMA serves as the agent of its members for claims adjustment and administration of the joint liability pool. GIRMA offers its members risk management services in order to reduce the risk of liability before litigation arises. Annual contributions by members are weighted to reflect the exposures of the member, the level of proprietary services offered to the member, the member's claim history, and a risk analysis. Although protected by reinsurance purchased directly by GIRMA, the solvency of the pool is assured through the agreement of its members to be jointly and severally liable for the self-insurance pool's obligations.

GIRMA and the Georgia Municipal Association Group Workers' Compensation Self-Insurance Fund provide the City with coverage related to torts, personal property (i.e., theft, damage, destruction) and injury to employees. Losses relative to these risks are limited to \$2,500 per occurrence deductible

provided for in the GIRMA contracts and no deductible is required for the Georgia Municipal Association Group Workers' Compensation Self-Insurance Fund contract.

Settled claims in the past three years have not exceeded insurance coverage.

For more detailed discussion of the City's risk management, see Note 9 of Appendix A: CITY OF TYBEE ISLAND, GEORGIA, BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018.

### Population

The following table sets forth the population, including percentage of annual increase, in the City, the County, the State, and the United States.

<u>Year</u>	<u>City</u>	<u>Percentage Change</u>	<u>County</u>	<u>Percentage Change</u>	<u>State</u>	<u>Percentage Change</u>	<u>United States</u>	<u>Percentage Change</u>
1970	1,786	--	187,767	--	4,589,575	--	203,211,926	--
1980	2,240	25.4%	202,226	7.7%	5,463,105	19.0%	226,545,805	11.5%
1990	2,842	26.9	216,935	7.3	6,478,216	18.6	248,709,873	9.8
2000	3,493	22.9	232,048	7.0	8,186,453	26.4	281,421,906	13.2
2010	2,990	(14.4)	265,128	14.3	9,687,653	18.3	308,745,538	9.7

Source: U.S. Department of Commerce, Bureau of the Census.

### Per Capita Personal Income

The following table sets forth the per capita personal income in the County, the State, and the United States for the years 2013 through 2017.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2013	\$40,187	\$37,404	\$44,826
2014	41,540	39,556	47,025
2015	43,218	41,457	48,940
2016	43,205	42,621	49,831
2017	44,313	44,145	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data (last updated November 15, 2018).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## Bank Deposits

As of June 30, 2018, 19 financial institutions with a total of 83 branch offices provided banking services within the County. The following are the total deposits (rounded in millions) in the County's financial institutions as of June 30 in each of the years 2014 through 2018.

<u>Year</u>	<u>Amount</u>	<u>Percentage Change</u>
2014	\$4,966,000,000	--
2015	5,802,000,000	16.8%
2016	6,315,000,000	8.8
2017	6,363,000,000	0.7
2018	6,193,000,000	(2.7)

Source: State of Georgia, Department of Banking and Finance.

## Industry and Employment

*Employers.* Set forth below are the ten largest employers located in the City as of October 1, 2018, their type of business, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the City 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.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
City of Tybee Island	Municipal government	108
Tybee Vacation Rentals	Rental Agency	94
Savannah Beach Nursing Center	Nursing home	54
Oceanside Nursing Center	Nursing home	52
Ocean Plaza Beach Resort	Motel	50
TIMSC and Light Station	Museum/Tourism	41
Tybee IGA	Grocery store	36
North Beach Bar & Grill	Restaurant	36
Silver Waves Inc.	Retail stores	26
T.S. Chu & Co.	Retail stores	25
Breakfast Club	Restaurant	18

Source: City of Tybee Island.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

*Economic Sector Distribution.* The following table shows the average percentage of persons who worked in each major sector of the local economy in the County in the years 2013 through 2017, and for the first two quarters of 2018. Data are annual averages for each respective year. Figures are based on employees covered under the State unemployment insurance program.

<u>Industry</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Agriculture, Forestry, Fishing & Hunting	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Construction	3.4	3.4	3.5	3.7	3.9	4.1
Manufacturing	9.4	10.0	10.6	10.0	9.9	10.1
Utilities	0.3	0.2	0.2	0.2	0.2	0.3
Wholesale Trade	3.6	3.6	3.5	3.7	3.9	3.5
Retail Trade	12.1	12.4	12.4	12.6	12.5	12.5
Transportation and Warehousing	6.6	6.4	7.0	7.1	7.0	7.7
Information	0.9	1.2	1.3	1.0	1.2	1.1
Finance and Insurance	2.5	2.5	2.3	2.2	2.0	1.9
Real Estate and Rental and Leasing	1.2	1.2	1.4	1.4	1.4	1.5
Professional, Scientific & Technical Services	3.4	3.1	3.3	3.0	3.1	3.2
Management of Companies and Enterprises	1.1	1.1	0.7	0.6	0.6	0.5
Admin., Support, Waste Mgmt., Remediation	7.8	7.7	7.0	7.5	7.8	8.1
Education Services	2.7	2.4	2.3	2.3	2.3	2.4
Health Care and Social Assistance	13.5	13.1	13.2	13.4	13.0	12.7
Arts, Entertainment, and Recreation	1.4	1.4	1.4	1.3	1.4	1.4
Accommodation and Food Services	13.7	14.3	14.4	14.5	14.4	14.3
Other Industries and Services	3.3	3.5	3.3	3.3	3.2	2.9
Federal, State, and Local Government	<u>13.0</u>	<u>12.4</u>	<u>12.1</u>	<u>12.1</u>	<u>12.2</u>	<u>11.8</u>
Total:	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: State of Georgia Department of Labor, Labor Information Systems.

*Civilian Employment Statistics of the County.* Average monthly employment includes nonagricultural wage and salary employment, self-employed, unpaid family and private household workers, and agricultural workers. Persons in labor disputes are counted as employed. The use of rounded data does not imply that the numbers are exact.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018<sup>1</sup></u>
Employment	120,499	122,124	125,482	129,105	132,767	134,841
Unemployment	<u>10,861</u>	<u>9,587</u>	<u>7,784</u>	<u>7,125</u>	<u>6,259</u>	<u>5,194</u>
Total Labor Force	131,360	131,711	133,266	136,230	139,026	140,035
County Unemployment Rate	8.3%	7.3%	5.8%	5.2%	4.5%	3.7%
State Unemployment Rate	8.2%	7.1%	6.0%	5.4%	4.7%	4.0%
U.S. Unemployment Rate	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%

<sup>1</sup> 2018 County and State numbers are for January through November only.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## DEBT STRUCTURE OF THE CITY OF TYBEE ISLAND

### Summary of City Debt by Category

Set forth below is information concerning tax supported debt of the City as of January 1, 2019, and as of the anticipated date of issuance of the Bonds. The information set forth below should be read in conjunction with the City's financial statements included as Appendix A hereto.

<u>Category of Obligation</u>	<u>Amount Authorized or Issued</u>	<u>Amount Outstanding as of January 1, 2019</u>	<u>Amount to be Outstanding Upon Issuance of the Bonds</u>
<i>Intergovernmental Contract Debt</i> <sup>1</sup>			
The Bonds	\$ 3,380,000*	-0-	\$3,380,000*
Series 2016 Bond (Campground)	4,466,000	\$3,472,928	_____
GEFA Loans	3,460,181	3,271,259	_____
 Total:	 <u>\$11,306,181*</u>	 <u>\$6,744,187</u>	 <u>\$ _____*</u>

<sup>1</sup> The financial obligation of the City under the intergovernmental contracts constitutes a general obligation of the City to make the payments it has contracted to make by the provisions of the contracts and constitutes a pledge of the full faith, credit, and taxing power of the City. However, the City's obligations under the instruments do not constitute debt for purpose of the constitutional debt limit as described in "DEBT STRUCTURE OF THE CITY OF TYBEE ISLAND -Debt Limitation."

<sup>2</sup> GEFA Loans No. CW2016043, DW2016045, and 2013L35WJ.

Reference is made to Note III of the financial statements of the City for the fiscal year ended June 30, 2018, included in Appendix A, for further discussion of these and other commitments and contingent liabilities of the City.

### Indebtedness of Overlapping Governmental Entities

Property owners in the City are responsible for both the City's debt obligations and any debt obligations of other taxing entities in the proportion to which the jurisdiction of the City overlaps such entities. Set forth below are the estimated overlapping general obligation debt and overlapping property tax supported contractual obligations, if any, as of January 1, 2019. Although the City has attempted to obtain accurate information as to the overlapping debt, it does not guarantee its completeness or accuracy, as there is no central reporting entity which has this information available, and the amounts are based on information supplied by others.

<u>Name of Overlapping Entity</u>	<u>Amount of Debt Outstanding as of January 1, 2019</u>
Chatham County	
Intergovernmental Contract Debt	\$8,859,153
Capital Leases	2,180,170
Chatham County School District	
<i>General Obligation Bonds</i>	<u>7,350,000</u>
 Total:	 <u>\$18,389,323</u>

**Debt Limitation**

*State Law.* Article IX, Section V, Paragraph I(a) of the Constitution of the State of Georgia provides that the City may not incur long-term obligations (other than refunding obligations) payable out of general property taxes without the approval of a majority of the qualified voters of the City voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the City may not incur long-term obligations payable out of general property taxes in excess of 10% of the assessed value of all taxable property within the City. Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations are not subject to the legal limitations described above.

As computed in the table below, based upon assessed values as of January 1, 2018, the City could incur, upon necessary voter approval, immediately after the issuance of the Bonds, approximately \$46,964,119 of long-term obligations payable out of general property taxes.

Computation of Legal Debt Margin

Gross Tax Digest for the City as of January 1, 2018 .....	\$598,054,893
Less M&O Exemptions <sup>1</sup> .....	<u>(128,413,700)</u>
Net M&O Tax Digest.....	\$469,641,193
Debt Limit (10% of Net M&O Tax Digest).....	\$46,964,119
Less Amount of Debt Outstanding Applicable to Debt Limit .....	<u>-0-</u>
Legal Debt Margin.....	<u>\$46,964,119</u>

<sup>1</sup> Based on M&O exemptions. Actual bond exemptions are not available because in past years it has not been necessary for the City to levy a tax for any general obligation debt. It is not expected that the amount of bond exemptions would be materially higher than the amount of M&O exemptions.

Source: Georgia Department of Revenue, Local Government Services, Tax Digest Consolidated Summary.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## CITY OF TYBEE ISLAND AD VALOREM TAXATION

### Introduction

*Ad valorem* property taxes accounted for an annual average of approximately 16.30% of the general fund revenues of the City for the fiscal year ended June 30, 2018, and are budgeted to account for approximately 15.37% of general fund revenues for the year ending June 30, 2019. *Ad valorem* property taxes are levied annually in mills (one-tenth of one percent) upon each dollar of assessed property value. The City uses county-assessed valuations for real and personal property.

### Property Subject to Taxation

*Ad valorem* property taxes are levied, based upon value, on real and personal property within the City. There are, however, certain classes of property which are exempt from taxation by State law. Property exempted must not be used for private or corporate profit; income must be used exclusively for religious, educational, and charitable purposes. Exemptions include certain air and water pollution control property, personal effects, and qualifying property owned by public institutions, religious organizations, public charities, colleges, nonprofit hospitals, public libraries, veterans' organizations, nonprofit homes for the aged, and nonprofit homes for the mentally disabled.

For the purposes of reducing the burden of *ad valorem* taxation for property owned by a taxpayer and occupied as his or her legal residence ("homestead"), the State has granted several types of homestead exemptions, as follows:

(1) *Standard Homestead Exemption.* The home of each resident of the State that is actually occupied and used as the primary residence by the owner may be granted a \$2,000 exemption from county and school taxes except for school taxes levied by municipalities and except to pay interest on and to retire bonded indebtedness. The \$2,000 is deducted from the 40% assessed value of the homestead. The owner of a dwelling house of a farm that is granted a homestead exemption may also claim a homestead exemption in participation with the program of rural housing under contract with the local housing authority.

(2) *Individuals 65 Years of Age and Older May Claim a \$4,000 Exemption.* Individuals 65 years of age or over may claim a \$4,000 exemption from all county *ad valorem* taxes if the income of that person and his spouse does not exceed \$10,000 for the prior year. Income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act. The social security maximum benefit for 2018 was \$66,912. The owner must notify the county tax commissioner if for any reason they no longer meet the requirements for this exemption.

(3) *Individuals 62 Years of Age and Older May Claim Additional Exemption for Educational Purposes.* Individuals 62 years of age or over that are residents of each independent school district and of each county school district may claim an additional exemption from all *ad valorem* taxes for educational purposes and to retire school bond indebtedness if the income of that person and his spouse does not exceed \$10,000 for the prior year. Income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act. The social security maximum benefit for 2018 was \$66,912. The owner must notify the county tax commissioner if for any reason they no longer meet the requirements for this exemption. This exemption may not exceed \$10,000 of the homestead's assessed value.

(4) *Floating Inflation-Proof Exemption.* Individuals 62 years of age or over may obtain a floating inflation-proof county homestead exemption, except for taxes to pay interest on and to retire bonded indebtedness, based on natural increases in the homestead's value. If the appraised value of the



home has increased by more than \$10,000, the owner may benefit from this exemption. Income, together with spouse or any other person residing in the house cannot exceed \$30,000. This exemption does not affect any municipal or educational taxes and is meant to be used in the place of any other county homestead exemption.

(5) *Homestead Exemption for Disabled Veteran or Surviving Spouse.* Any qualifying disabled veteran may be granted an exemption of \$60,000 plus an additional sum from paying property taxes for county, municipal, and school purposes. The additional sum is determined according to an index rate set by United States Secretary of Veterans Affairs. The amount for 2018 was \$81,080. The value of the property in excess of this exemption remains taxable. This exemption is extended to the unremarried surviving spouse or minor children as long as they continue to occupy the home as a residence.

(6) *Homestead Exemption for Surviving Spouse of U.S. Service Member.* The unremarried surviving spouse of a member of the armed forces who was killed in or died as a result of any war or armed conflict will be granted a homestead exemption from all *ad valorem* taxes for county, municipal and school purposes in the amount of \$60,000 plus an additional sum. The additional sum is determined according to an index rate set by United States Secretary of Veterans Affairs. The amount for 2018 was \$81,080. The surviving spouse will continue to be eligible for the exemption as long as they do not remarry.

(7) *Homestead Exemption for Surviving Spouse of Peace Officer or Firefighter.* The unremarried surviving spouse of a peace officer or firefighter killed in the line of duty will be granted a homestead exemption for the full value of the homestead for as long as the applicant occupies the residence as a homestead.

The County allows the following exemptions from *ad valorem* taxation:

(1) For homesteads or owner-occupied residences of person 62 years of age or older with total household income not in excess of \$25,000, up to \$30,000 of assessed value for general school tax or school bond purposes.

(2) For homesteads or owner-occupied residences of person 65 years of age or older with total household income not in excess of \$10,000, up to a variable rate of assessed value for general county tax or general school tax purposes.

(3) For persons who are permanently disabled, a 100% exemption for general school tax purposes.

(4) A homestead valuation freeze exemption, which freezes the valuation of property at the base year valuation for as long as the homeowner owns and resides on the property.

(5) The inventory of companies that manufacture, process, or warehouse goods in the County, known as the “freeport” exemption.

Additionally, the City allows the following exemptions from *ad valorem* taxation:

(1) For homesteads of persons 62 years of age or older with total household income not in excess of \$30,000, a homestead valuation freeze exemption which freezes the valuation of property at the base year valuation for all City taxes.

(2) For homesteads for all taxable years after January 1, 2004, up to \$80,000 of the assessed value of the assessed value of the homestead for all City taxes.

## Tax Relief Initiatives

The State Property Taxpayer's Bill of Rights, which took effect on January 1, 2000, calls for a mandatory rollback in the millage rate whenever the tax digest increases. The stated aim is to prevent creeping tax bills. If elected officials propose to increase the millage rate, they must hold three public meetings, at times when the most constituents can attend, to explain why the tax hike is necessary and vote publically for or against it. The law also shifts the burden of proof from the homeowner to the local government in the appeals process; requires the county assessor's office to provide a written explanation to homeowners as to why their taxes went up; and allows taxpayers going through appeal to name the time of their hearing before the Board of Equalization. The law also calls on taxing bodies to cover the legal fees of any homeowner who receives a 15% reduction or greater in their assessment and allows taxpayers going through appeals process the right to record the hearing.

*Property Tax Reform Bill.* On June 4, 2010, the Governor of Georgia signed into law Senate Bill 346, in order to minimize undue hardship and confusion to property owners without having to implement the use of caps on assessments. This comprehensive tax reform bill contains numerous changes to the assessment and appeals process, several of which are as follows: (a) requires that all property owners receive an annual assessment notice that contains an estimate of their tax liability, regardless of whether the property value has changed; (b) requires the sales price of the most recent arm's length bona fide sale in any year to be the maximum allowable fair market value for the next taxable year; (c) grants appeal rights to a new property owner who makes a purchase before assessment notices are sent; (d) grants all property owners 45 days, instead of 30, to file an appeal of the assessed value after receipt of their annual assessment notice; (e) ensures the determination of fair market value of real property shall not include the value of intangible assets; (f) authorizes non-residential properties exceeding \$1 million in value to have their appeal heard by a hearing officer who must be either a state certified general real property appraiser or a state certified residential real property appraiser and be approved by the Georgia Real Estate Commission and the Georgia Real Estate Appraisers Board; (g) authorizes installment billing and allows cities and counties, by resolution or ordinance, to elect to receive payment for *ad valorem* taxes in any form of payment; (h) authorizes two or more counties to establish a regional board of equalization if they enter into an intergovernmental agreement to do so; and (i) requires the Department of Revenue to create a uniform appeal form and to update their training for tax officials.

*Tax Reform Act of 2012 (Georgia).* On April 19, 2012, the Governor of Georgia signed into law House Bill 386, an omnibus tax reform bill. The law provides several changes to existing tax laws that affect local governments including:

- *Title Ad Valorem Tax* - Replaces sales tax and local *ad valorem* tax on vehicles with a new 7% title fee that is paid on the value of the vehicle whenever the vehicle is initially purchased or changes ownership.
- *Energy Exemption in Manufacturing* - Removes the state and local sales tax on energy used in manufacturing by phasing in an exemption over a four-year period (25% per year until fully implemented in 2016); however, the legislation allows for local governments to pass a local ordinance to collect an excise tax on the energy used in manufacturing to make up for the sales tax revenues lost through the exemption.
- *E-Fairness* - Expands the number of out-of-state companies required to collect local and state sales tax on internet transactions that have previously been exempt from taxation because the business did not have a physical presence in the State.
- *Conservation Property Exemption* - Includes comprehensive revision of the income tax credit for the qualified donation of conservation real property and prohibits

counties, cities and consolidated governments from holding a conservation easement unless the encumbered property is located at least partly within the boundary of the local government.

- *Changes to Existing Exemptions* - Revises the existing sales and use tax exemption for film and equipment production and restores the back-to-school sales tax holiday and the energy-efficient appliances sales tax holiday.

*Transportation Funding Act of 2015.* On May 4, 2015, the Governor of Georgia signed into law House Bill 170 (the “Transportation Funding Act”), which became effective July 1, 2015. The new law eliminates the current State sales tax on gasoline and diesel and imposes a new per-gallon excise tax on motor fuel (the “Excise Tax”). The Excise Tax is subject to annual adjustments to account for inflation and the increasing fuel efficiency of new vehicles (which will be tied to increases in the Corporate Average Fuel Economy standard and the National Highway and Construction Cost index) and will initially be imposed at the rate of 26 cents per gallon for gasoline and 29 cents per gallon for diesel. Proceeds of the Excise Tax would be required to be spent on transportation related projects. The Transportation Funding Act generally allows local governments to continue to collect local sales and use tax (“LOST”), special purpose local option sales tax (“SPLOST”), sales tax for educational purposes (“ESPLOST”), homestead option sales tax (“HOST”), and municipal optional sales tax (“MOST”), if any, at the current 1% rate on the sale of motor fuel. However, if the retail price of motor fuel rises above \$3.00 per gallon, any increase above \$3.00 will not be subject to such 1% rate of tax.

*Conservation Use and Forest Land.* The Forest Land Conservation Use property (“FLCU”) designation was created pursuant to the Forest Land Protection Act, a constitutional amendment that became effective on January 1, 2009, after approval by the State’s voters in the preceding November 2008 general election. The FLCU designation allows for a lower tax rate for property owners that qualify for the designation. The FLCU designation is available for timber land that either (a) has been certified by the U.S. Department of Natural Resources as “environmentally sensitive property” or (b) is kept in accordance with a recognized sustainable forestry certification program. Real property receiving the FLCU designation is valued at 40% of its current use value and not 40% of its actual fair market value. FLCU property must remain employed for its current use for at least 15 years after its designation. Conservation Use property is real property that consists of timber land or agricultural land and is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. The purpose of this tax treatment is designed to protect property owners of agricultural and timber lands from being pressured by property tax burdens to convert their land to residential or commercial use. Conservation Use property must remain undeveloped and employed for a qualifying use (i.e., agricultural or timber land) for at least 10 years after its original designation. The value of conservation use property is not permitted to be increased or decreased by more than 3% from the current use valuation for the immediately preceding tax year or increased or decreased during the ten year covenant period by more than 34.39% from its current use valuation in the initial year of the 10-year period.

### **Assessed Value**

Assessed valuation, which represents the value upon which *ad valorem* property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires all counties to assess taxable tangible property, with certain exceptions, at 40% of its fair market value and to tax such property on a levy made by each tax jurisdiction according to 40% of the property’s fair market value. Georgia law requires certain agricultural real property to be assessed for *ad valorem* property tax purposes at 75% of the value of which other real property is assessed and requires certain historical property to be valued at a lower fair market value for *ad valorem* property tax purposes. Conservation use property represents up to 2,000 acres of real property of a single owner that is either devoted to the good faith production of agricultural products or timber or is a type of environmentally sensitive property. FLCU-designated

property is valued at 40% of its current use assessment and Conservation Use property is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from the use of the property and (b) 35% of its current use value. "Standing Timber" is assessed one time, following its sale or harvest, at 100% of its fair market value.

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the County to the County Board of Tax Assessors. The Tax Commissioner of the County is required to present the tax returns to the County Board of Tax Assessors by April 1 of each year. The Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year. The Tax Commissioner then certifies the digest and forwards a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments also may be subject to review at various stages by the County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of all motor vehicles by make, model, and year and provides this information to each county's tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the county which bills these taxes to the utilities.

### **Annual Tax Levy**

The City determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its territorial limits, will produce the necessary amount of property tax revenues to finance City services. The City then levies its *ad valorem* property tax.

Under Georgia law, there is no limitation on the annual rate of levy for the payment of principal of and interest on bonded indebtedness of the City. *Ad valorem* property taxes received for the payment of debt service on the Bonds of the City are required by law to be held and accounted for separately from other funds of the City. See "THE BONDS, -Security and Sources of Payment for the Bonds."

### **Property Tax Collections**

The City has contracted with the County and the Chatham County Tax Collector to bill and collect the City's property taxes. Motor vehicles and mobile homes are also billed and collected by each county on behalf of the City. Real and personal property taxes, except motor vehicle taxes, are normally levied twice a year during April and September of each year on the assessed valued listed as of January 1. Fifty percent of the taxes levied by the City are normally billed April 1 and are normally payable by June 1 of each year. The remaining 50% of the levied taxes are billed during mid-September of each year and are normally payable 60 days after the tax bills are mailed. Motor vehicle taxes are levied, due, and collected on a staggered basis throughout the entire calendar year. Interest of 12% per annum is applied to taxes paid after the November due date, and an additional 10% penalty is added to taxes unpaid 90 days after the due date.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property arising after January 1 in the year in which taxed. The lien becomes enforceable 90 days after notification. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of the property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector notifies the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after 30 days from giving the notice described in the preceding sentence, the City Clerk may issue an execution for nonpayment of taxes. The County Tax Collector may then publishes a notice of the sale in a local newspaper weekly for four weeks and gives the taxpayer ten days' written notice by registered or certified mail. A public sale of the property is then made by the County Tax Collector at the County Courthouse on the first Tuesday of the month after the required notices are given.

### M&O Tax Digest

Set forth below is information concerning the assessed and estimated actual value of taxable property within the City for the past five calendar years.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Real & Personal <sup>1</sup>	\$ 526,928,140	\$ 546,018,703	\$ 564,555,934	\$ 574,971,238	\$591,866,352
Public Utility <sup>2</sup>	2,151,264	2,165,424	2,113,002	2,349,212	2,482,531
Motor Vehicles <sup>3</sup>	11,614,100	8,624,410	6,650,410	4,936,460	3,624,890
Mobile Homes <sup>4</sup>	86,480	85,884	80,924	85,040	81,120
Timber	0	0	0	0	0
Heavy Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,104</u>	<u>0</u>
Gross Tax Digest	540,779,874	556,894,421	573,400,270	582,345,054	598,054,893
Less Bond Exemptions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Bond Tax Digest	540,779,874	556,894,421	573,400,270	582,345,054	598,054,893
Gross M&O Tax Digest	540,780,334	556,894,421	573,400,270	582,345,054	598,054,893
Less M&O Exemptions	<u>(117,303,855)</u>	<u>(115,704,819)</u>	<u>(120,144,518)</u>	<u>(126,999,742)</u>	<u>(128,413,700)</u>
Net M&O Tax Digest <sup>5</sup>	423,476,129	441,189,602	453,255,752	455,345,312	469,641,193
Estimated Actual Value	<u>\$1,351,950,835</u>	<u>\$1,392,236,053</u>	<u>\$1,433,500,675</u>	<u>\$1,455,862,635</u>	<u>\$1,495,137,233</u>

<sup>1</sup> The State requires all counties to assess real estate and personal property at the rate of at least 40% of estimated actual value, with the exception of timber, which is assessed at 100%.

<sup>2</sup> The State of Georgia Property Tax Unit assesses the value of the property of public utilities at the percentage of fair market value used by the county. The Property Tax Unit then divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these figures to the county, which bills these taxes to the utilities with the amount of tax for each.

<sup>3</sup> The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State assesses the value of motor vehicles at the percentage of fair market value used by the county.

<sup>4</sup> The State assesses the value of mobile homes at the percentage of fair market value used by the county.

<sup>5</sup> Total assessed value, after deducting exemptions, for purposes of levying tax for the City's maintenance and operation.

Source: Georgia Department of Revenue, Local Government Services Division, County Digest Section.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## Ten Largest Taxpayers

Set forth below is information concerning the ten largest taxpayers in the City in calendar year 2017.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2017 Fair Market Value</u>	<u>2017 Assessed Value</u>	<u>Percentage of Total Net Assessed Value</u>
BHIG Tybee	Commercial hotel	\$16,980,000	\$ 6,792,000	1.5%
Jung Mola Chu	Commercial retail	9,712,607	3,885,043	0.9
Island Villa Developers	Commercial condo rental	8,533,020	3,413,208	0.7
Tiger Creek Ranch LLC	Real estate - land	7,412,120	2,964,848	0.7
Georgia Power	Utility plant	5,285,324	2,114,130	0.5
Hannavas LP	Commercial home short-term rental	4,659,500	1,863,800	0.4
Viola Buford Family	Commercial condo short-term rental	4,486,200	1,794,480	0.4
Hall Douglas	Commercial office rental	4,123,600	1,649,440	0.4
Desoto Beach Hotel	Commercial hotel	3,890,777	1,556,311	0.3
Robert Chu	Condo's and home short-term rental	<u>3,736,100</u>	<u>1,494,440</u>	<u>0.3</u>
Total:		<u>\$68,819,248</u>	<u>\$27,527,699</u>	<u>6.1%</u>

A determination of the largest taxpayers within the City can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table above. Furthermore, the taxpayers shown in the table above may own additional parcels within the City. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed above or that such taxpayers will continue to maintain their status as major taxpayers in the City.

Source: City of Tybee Island.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## M&O Tax Levies and Collections for the City

Set forth below is information concerning total real and personal property tax collections (rounded in thousands) of the City reported as of the City's fiscal years ended June 30, 2014, through June 30, 2018, for the prior calendar year's tax levy. Fifty-percent of the taxes levied by the City on January 1 are normally billed by April 1 and due by June 1. The remaining 50% of the taxes is levied on September 15 and are normally due by November 15 of each year.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current Year's M&O Tax Levy	\$1,760,814	\$1,784,171	\$1,833,148	\$1,841,416	\$1,899,229
Tax Collections					
Current Year's Collections	\$1,564,626	\$1,563,107	\$1,586,700	\$1,692,951	\$1,634,443
Prior Years' Collections	<u>192,829</u>	<u>165,048</u>	<u>159,759</u>	<u>102,418</u>	<u>214,886</u>
Total Tax Collections	\$1,757,455	\$1,728,155	\$1,746,459	\$1,795,369	\$1,849,329
Total Current Year's Tax Collections as a Percent of Total Current Year's M&O Tax Levy	88.86%	87.61%	86.56%	91.94%	86.06%
Total Tax Collections as a Percent of Total Current Year's M&O Tax Levy	99.81%	96.86%	95.27%	97.50%	97.37%
Uncollected Current Year's M&O Property Taxes	<u>\$196,188</u>	<u>\$221,064</u>	<u>\$246,448</u>	<u>\$148,465</u>	<u>\$264,786</u>

Source: Finance Director, City of Tybee Island.

Delinquent property taxes of the City are written off when the statute of limitations for their collection (seven years) expires or if no property is found to levy upon, earlier. The delinquent taxes written off are typically for personal property, which are more difficult to collect than taxes on real property.

## Millage Rates

Set forth below is information concerning the rate of levy of property taxes per \$1,000 of assessed value, or millage rates, of the City, the County, and the State for the past five calendar years.

Calendar Year	City	School	Incorp. County	State	City Total
2014	4.158	15.881	11.543	0.100	31.682
2015	4.044	16.631	11.543	0.050	32.268
2016	4.044	16.631	11.543	0.000	32.218
2017	4.044	16.631	11.543	0.000	32.218
2018	3.931	18.881	11.543	0.000	34.355

Source: State of Georgia Department of Revenue, Local Government Services.

**CITY OF TYBEE ISLAND FINANCIAL INFORMATION**

**Five-Year General Fund History**

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balance of the City's General Fund for the past five fiscal years. Information in the table for fiscal years 2014 to 2018 has been extracted from audited financial statements of the City for the years ended June 30, 2014, through and including June 30, 2018. Although 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 financial condition of the City for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the City for fiscal year 2018 which are included in this Official Statement as Appendix A and to the audited financial statements of the City for fiscal years 2014 to 2017, copies of which are available from the City upon request.

	<u>For the Fiscal Years Ending June 30</u>				
	2014	2015	2016	2017	2018
<b>Revenues</b>					
Taxes	\$3,984,469	\$4,090,804	\$4,116,515	\$4,234,675	\$4,332,298
Licenses and permits	282,900	240,596	230,242	266,214	398,048
Intergovernmental	62,870	83,590	58,274	40,059	196,880
Charges for services	2,980,001	3,168,312	3,411,952	3,501,958	3,421,802
Fines and forfeitures	882,748	865,565	857,906	1,112,262	1,017,757
Interest	9,658	10,137	17,756	19,397	62,953
Other revenues	63,637	94,366	41,228	214,916	281,927
<b>Total Revenues</b>	<b>8,266,283</b>	<b>8,553,370</b>	<b>8,733,873</b>	<b>9,389,481</b>	<b>9,711,665</b>
<b>Expenditures</b>					
Current:					
General government	1,625,081	1,985,090	1,990,680	2,218,694	2,311,096
Judicial	12,200	12,400	12,400	126,223	142,636
Public safety	2,676,705	2,826,424	2,798,513	2,927,727	3,285,043
Public works	1,716,439	1,916,215	1,865,176	1,450,790	1,714,569
Culture and recreation	986,350	1,085,363	1,094,263	1,241,175	1,500,435
Housing and community development	853,818	1,221,138	797,805	899,492	1,016,269
Debt service:					
Principal	16,028	62,125	72,680	69,681	9,628
Interest	1,623	3,169	2,261	848	21
<b>Total expenditures</b>	<b>7,888,244</b>	<b>9,111,924</b>	<b>8,633,778</b>	<b>8,934,630</b>	<b>9,979,697</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>378,039</b>	<b>(558,554)</b>	<b>100,095</b>	<b>454,851</b>	<b>(268,032)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,150,998	1,745,316	1,566,287	1,581,794	1,629,949
Transfers out	(565,885)	(200,267)	(318,276)	(822,992)	(1,498,987)
Issuance of debt	0	167,601	0	0	0
Sale of capital assets	14,527	26,077	0	0	0
<b>Total other financing sources (uses)</b>	<b>599,640</b>	<b>1,738,727</b>	<b>1,248,011</b>	<b>758,802</b>	<b>130,962</b>
<b>Net Change in Fund Balance</b>	<b>977,679</b>	<b>1,180,173</b>	<b>1,348,106</b>	<b>1,213,653</b>	<b>(137,070)</b>
<b>Fund Balance - Beginning of Year</b>	<b>4,601,320</b>	<b>5,578,999</b>	<b>6,759,172</b>	<b>8,107,278</b>	<b>9,320,931</b>
<b>Fund Balance - End of Year</b>	<b>\$5,578,999</b>	<b>\$6,759,172</b>	<b>\$8,107,278</b>	<b>\$9,320,931</b>	<b>\$9,183,861</b>



## Accounting Policies

The accounting policies of the City conform to accounting principles generally accepted in the United States (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City uses individual funds and account groups, each of which is considered a separate accounting entity, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The operations of each fund are accounted for with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect expendable available financial resources. The City uses the following two fund categories:

*Governmental Funds.* This category accounts for all or most of the City’s general activities. All Governmental Funds use the modified accrual basis of accounting. Under this basis of accounting, revenues are generally recognized when they become both measurable and available as net current assets. City property taxes are recognized when levied to the extent that they result in current receivables. Expenditures are generally recognized when the related fund liability is incurred. General long-term debt is recorded as a liability of a governmental fund when due or when amounts have been accumulated in the debt service fund for payments to be made in the following year. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in that fund. The City reports the following major governmental funds:

The General Fund is the City’s primary operating fund, which accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Hotel/Motel Tax Fund accounts for the hotel/motel accommodation excise tax receipts and distributions to tourism-promoting organizations as required by agreements with these organizations.

The FEMA/GEMA Grant Fund accounts for grants used to recover and repair damages caused by Hurricane Matthew.

The SPLOST Fund accounts for funds received from the County from their latest special purpose local option sales tax, which are used for capital improvements made by the City.

*Proprietary Funds.* This category is used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration or where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed primarily through user charges. Proprietary Funds use the accrual basis of accounting. Under this accounting method, revenues are recognized when they are earned and expenses are recognized when they are incurred. The City reports the following major proprietary funds:

The Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The River’s End RV Park Fund accounts for the revenues and operating costs of the City’s River’s End RV Park. All activities necessary to provide such services are accounted for in this fund.

The Solid Waste Fund accounts for the provision of sanitation collection services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

Capital projects funds account for expenditures for capital improvements made by the City. Financing is provided by special purpose local sales tax.

The agency fund is used to account for the collection and disbursement of money by the City's Municipal Court on behalf of other governments and individuals.

Note 1 of the general purpose financial statements of City included as Appendix A to this Official Statement contains a detailed discussion of the City's significant accounting policies.

### **Independent Auditors' Reports**

The auditor reports on the financial statements of the City for the fiscal years ended June 30, 2014, through June 30, 2018, state that said financial statements present fairly, in all material respects, the financial position of the City as of each respective fiscal year, and the results of its operations and cash flows for each respective fiscal year in conformity with accounting principles generally accepted in the United States.

### **Budgetary Process for General Fund**

The City's budget process begins when, prior to January 1, the various departments prepare a proposed operating budget for the next fiscal year and present it to the City Council for review. A public hearing is conducted to obtain taxpayer comments. Upon the recommendation of the City Manager and no later than the close of the fiscal year, the City Council adopts the budget for the upcoming fiscal year, which annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The budget is prepared by fund, function, and department and is closely monitored throughout the year. During the year, the City may make budgetary amendments to better align budgeted expenditures with actual revenues, which information may not be available during the original budget process.

Budgetary appropriations are made at the object level within each department. The legal level of budgetary control is at the department level. Budget amendments which affect a department's total appropriations or transfers between funds must be authorized by the City Council through a budget revision. All appropriations lapse at year end.

Pursuant to O.C.G.A. § 36-81-3(b), the annual budget approved by the City Council must be balanced. A budget is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. The City Council has the authority under O.C.G.A. § 36-81-3(d), however, to amend its budget as follows:

(1) any increase in appropriation at the legal level of control of the City, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, requires the approval of the City Council. Such amendment shall be adopted by ordinance or resolution;

(2) transfers of appropriations within any fund below the local government's legal level of control requires only the approval of the budget officer; and

(3) the City Council may amend the legal level of control to establish a more detailed level of budgetary control at any time during the budget period. Said amendment shall be adopted by ordinance or resolution.

*Current Budget.* Set forth below is a summary of the City’s adopted General Fund budget for the fiscal year ending June 30, 2019. The budget was based upon certain assumptions and estimates of the City’s administration regarding future events, transactions, and circumstances. Realizations of the results projected in the budget will depend upon implementation by management of policies and procedures consistent with the assumptions made by the City. Accordingly, the actual results achieved for the budget could materially vary from those projected in the budget shown below.

City of Tybee Island  
General Fund Budget  
for Fiscal Year Ending June 30, 2019

REVENUES:	
Taxes .....	\$ 4,264,612
Licenses and Permits .....	361,000
Intergovernmental .....	247,000
Charges for Services .....	3,420,100
Fines and Forfeitures .....	1,017,296
Interest.....	40,000
Other.....	122,200
Transfer in from Hotel-Motel Excise Tax Fund.....	<u>1,611,313</u>
Total Revenues.....	\$11,083,521
EXPENDITURES:	
General Government .....	\$ 3,129,280
Judicial .....	303,835
Public Safety .....	3,723,976
Public Works.....	1,688,400
Cultural and Recreation.....	1,984,937
Community and Economic Development .....	1,426,210
Other Financing Uses.....	<u>697,974</u>
Total Expenditures .....	\$12,954,612
EXCESS OF REVENUES OVER EXPENDITURES .....	<u>(\$1,871,091)</u>

The City balanced the fiscal year 2019 budget using \$1,871,091 of the General Fund’s \$9,183,863 fund balance. The City’s revenue budget is a conservative estimate. For the five years prior to June 30, 2018, the actual revenues always exceed the actual expenditures at year end resulting in an increase in the fund balance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## LEGAL MATTERS

### Litigation

*The City.* Like other similar bodies, the City is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The City, after reviewing the current status of all pending and threatened litigation relating to the City with its counsel, Ellis, Painter, Ratterree & Adams LLP, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the City or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the City.

There is no litigation now pending or, to the knowledge of the City, threatened against the City which restrains or enjoins the execution and delivery of the Contract, the use of the proceeds of the Bonds, or which questions or contests the validity of the Contract or the proceedings and authority under which it is to be executed. Neither the creation, organization, or existence of the City nor the title of the present members or other officials of the City to their respective offices is being contested or questioned. Reference is made to Note P of the City's financial statements included in Appendix A to this Official Statement for a discussion of risk management.

*The Authority.* There is no litigation now pending or, to the knowledge of the Authority, threatened against the Authority which restrains or enjoins the issuance or delivery of the Bonds, the provision for the security for the payment of the Bonds, the use of the proceeds of the Bonds, or which questions or contests the validity of the Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the Authority nor the title of the present members or other officials of the Authority to their respective offices is being contested or questioned.

### Legal Proceedings

*Validation of the Bonds.* In accordance with the law of the State, the Bonds and the security therefor will be confirmed and validated by judgment of the Superior Court of Chatham County, Georgia, prior to issuance of the Bonds. Under State law, the judgment of validation will be forever conclusive against the Authority and the City.

*Opinions of Counsel.* All legal matters incidental to authorization and issuance of the Bonds are subject to the approval of Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel. It is anticipated that the approving opinion of Gray Pannell & Woodward LLP will be in substantially the form included in Appendix C. Certain legal matters will be passed upon for the Authority by its counsel, R. Jonathan Hart, Savannah, Georgia, and for the City by its counsel, Ellis, Painter, Ratterree & Adams LLP, Savannah, Georgia.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys or law firms rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the attorney or law firm does not become an insurer or guarantor of the transaction opined upon or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### Tax Status

*Federal Tax Exemption.* In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the

Code and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds

*State Tax Exemption.* In the opinion of Bond Counsel, interest on the Bonds is exempt from present State of Georgia income taxation.

*Bank Qualified Bonds.* The Authority has designated the Bonds as “qualified tax-exempt obligations” for purposes of § 265(b)(3) of the Code.

*Maintenance of Tax Status.* The Code and the regulations promulgated thereunder contain a number of restrictions, conditions and requirements that must be satisfied subsequent to the issuance of the Bonds in order for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the Bonds in the gross income of the holders thereof for federal income tax purposes retroactively to the date of issuance of the Bonds. The Authority has covenanted to comply with each such requirement of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel is subject to the condition that the Authority complies with all such requirements. Bond Counsel has not been retained to monitor compliance with the described post-issuance tax requirements subsequent to the issuance of the Bonds. Bond Counsel has not undertaken to determine or to inform any person whether any action taken or not taken or any event occurring or not occurring after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code by the Treasury Department or the Internal Revenue Service, or future court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for or marketability of the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, regulatory initiatives or litigation.

The opinions expressed by Bond Counsel are based upon existing law, legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, cover certain matters not directly addressed by such authorities, and represent Bond Counsel’s judgment as to the treatment of the Bonds for federal income tax purposes. Such opinions are not binding on the Internal Revenue Service (the “IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners of the Bonds regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the beneficial owners) other than the Authority and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of The Bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority or the beneficial owners of the Bonds to incur significant expense.

As to certain questions of fact material to the opinion of Bond Counsel, Bond Counsel has relied upon representations and covenants made on behalf of the Authority and certificates of appropriate officers and public officials (including certifications as to the use of proceeds of the Bonds and of the property financed or refinanced thereby).

Reference is made to the proposed form of opinion of Bond Counsel relating to the Bonds attached hereto in Appendix B for the complete text thereof. See also “LEGAL MATTERS” herein.

*Premium Bonds.\** Certain of the Bonds have been sold to the public at an original issue premium. The Bonds which have been purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the “**Premium Bonds**”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. However, the purchaser’s basis in a Premium Bond will be reduced by the amount of the amortizable bond premium properly allocable to such purchaser during each year. Proceeds received from the sale, exchange, redemption, or payment of a Premium Bond in excess of the owner’s adjusted basis (as reduced pursuant to § 1016(a)(5) of the Code) will be treated as a gain from the sale or exchange of such Premium Bond and not as interest.

The federal income tax treatment of bond premium under the Code, including the determination of the amount of amortizable bond premium that is allocable to each year, is complicated and holders of Premium Bonds should consult an independent tax advisor in order to determine the federal income tax consequences to such holders of purchasing, holding, selling, or surrendering a Premium Bond at its maturity.

*Original Issue Discount Bonds.\** Certain of the Bonds have been sold to the public at an original issue discount (the “**Discount Bonds**”). Generally, original issue discount is the excess of the stated redemption price at maturity of such a Discount Bond over the initial offering price to the public (excluding underwriters and other intermediaries) at which price a substantial amount of that maturity of the Discount Bonds was sold. Under existing law, an appropriate portion of any original issue discount, depending in part on the period a Discount Bond is held by the purchaser thereof, will be treated for federal income tax purposes as interest that is excludable from gross income rather than as taxable gain.

Under § 1288 of the Code, original issue discount on Bonds accrues on a compounded basis. The amount of original issue discount that accrues to an owner of a Discount Bond, who acquires the Discount Bond in this initial offering, during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) 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 (iii) 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 excluded from gross income for federal income tax purposes, and will increase the owner’s tax basis in such Discount Bond. Proceeds received from the sale, exchange, redemption, or payment of a Discount Bond in excess of the owner’s adjusted basis (as increased by the amount of original issue discount that has accrued and has been treated as tax-exempt interest in such owner’s hands), will be treated as a gain from the sale or exchange of such Discount Bond and not as interest.

The federal income tax consequences from the purchase, ownership and redemption, sale, or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of Discount Bonds should consult their own tax advisors with respect to the consequences of owning Discount Bonds, including the effect of such ownership under applicable state and local laws.

*Other Tax Consequences.* Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers depending on their status and income. Prospective purchasers of the Bonds should also be aware that ownership of the Bonds may result in adverse tax consequences under the laws of various states. Prospective purchasers of the Bonds should consult independent advisors as to the consequences of owning the Bonds, including the effect of such ownership under applicable state and local laws and any collateral federal income tax and state tax consequences.

*Information Reporting and Backup Withholding.* Interest paid on the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes, however, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Bonds, under certain circumstances, to “backup withholding” at the fourth lowest rate applicable to unmarried individuals with respect to payments on the Bonds and proceeds from the sale of the Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of The Bonds. This backup withholding generally applies if the owner of the Bonds (i) fails to furnish the paying agent (or other person who otherwise would be required to withhold tax from such interest payments) such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnishes the paying agent an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances fails to provide the paying agent or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds also may wish to consult with independent tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions from backup withholding.

*Disposition of the Bonds.* Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement, reissuance or other disposition of a Bond may result in a taxable event for federal income tax purposes.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## MISCELLANEOUS

### Rating

Moody's Investors Service, Inc. ("**Moody's**") has assigned a rating of "Aa3" to the Bonds. The rating reflects only the view of the rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing such rating. There is no assurance that the rating will remain unchanged for any given period of time or that it 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 the rating may have an adverse effect on the liquidity and market price of the Bonds.

The rating agency may be contacted as follows: Moody's Investors Service, Inc., Public Finance Department, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, telephone (212) 553-1362.

### Underwriting

Pursuant to a Bond Purchase Agreement executed by and between the Authority and the Underwriter on \_\_\_\_\_, 2019, the Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_, which represents the par amount of the Bonds, \$\_\_\_\_\_, less underwriter's discount of \$\_\_\_\_\_, and [less/plus net original issue discount/premium] in the amount of \$\_\_\_\_\_. The obligation of the Underwriter to accept delivery of the Bonds is subject to numerous conditions set forth in the Bond Purchase Agreement. The Authority has agreed to indemnify the Underwriter against certain liabilities, including liabilities under the federal securities laws relating to portions of this Official Statement.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering price stated on the inside cover page hereof. The initial public offering price may be changed from time to time by the Underwriter.

### Continuing Disclosure

Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**") under the Securities Exchange Act of 1934 imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities. In order to assist the Underwriter of the Bonds in complying with the Rule, the City will sign a Continuing Disclosure Certificate on the date of issuance and delivery of the Bonds, under the provisions of which it shall covenant for the benefit of the beneficial owners of the Bonds to provide (i) certain financial information and/or operating data relating to the City (the "**Annual Report**") and (ii) notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of material events will be filed electronically with the Electronic Municipal Market Access website ("**EMMA**"), an Internet-based electronic filing system supported by the Municipal Securities Rulemaking Board ("**MSRB**").

The Annual Report shall contain or incorporate by reference, among other items, the general purpose financial statements of the City for the prior Fiscal Year. The City's current fiscal year began on July 1, 2018, and will end on June 30, 2019. The specific nature of the information to be contained in the Annual Report or in the notices of material events is in "Appendix E: FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants will be made by the City in order to assist the Underwriter in complying with the Rule.



## **Financial Statements**

The financial statements of the City for the fiscal year ended June 30, 2018, and for the year then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Macon, Georgia, to the extent and for the periods indicated in their report thereon which appears in such appendix.

## **Miscellaneous**

The references, excerpts, and summaries of all documents, statutes, and information concerning the Authority and the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive, and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights and obligations of the owners thereof and to each such statute, report, or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, 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 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 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

## **Forward-Looking Statements**

Any statements made in this Official Statement, including in the Appendices, 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.

The statements contained in this Official Statement, including in the Appendices, that are not purely historical, are forward-looking statements. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof and the Authority does not assume any obligation to update any such forward-looking statements. It is important to note that the actual results could differ materially from those in such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the appendices, would prove to be accurate.

**Certification**

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

CHATHAM COUNTY RECREATION  
AUTHORITY

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

CITY OF TYBEE ISLAND, GEORGIA

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

Appendix A

AUDITED FINANCIAL STATEMENTS  
OF THE CITY OF TYBEE ISLAND, GEORGIA,  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The financial statements of the City as of and for the year ended June 30, 2018, included as part of this Appendix A, have been audited by Mauldin & Jenkins, LLC, Macon, Georgia, independent Certified Public Accountants, to the extent and for the period indicated in their report thereon which also appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**CITY OF TYBEE ISLAND, GEORGIA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**CITY OF TYBEE ISLAND, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**TABLE OF CONTENTS**

	<u><b>Page</b></u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1 – 3
Management's Discussion and Analysis .....	4 – 17
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position .....	18
Statement of Activities .....	19
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual General Fund .....	23 - 25
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual Hotel/Motel Tax Fund .....	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual FEMA/GEMA Grant Fund .....	27
Statement of Net Position – Proprietary Funds .....	28
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	29
Statement of Cash Flows – Proprietary Funds .....	30 and 31
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund.....	32
Notes to Financial Statements .....	33 - 56
<b>Required Supplementary Information:</b>	
Schedule of Changes in the City's Net Pension Liability and Related Ratios .....	57
Schedule of City Contributions.....	58
<b>Combining Statements and Schedules</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	60
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	62
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds .....	64

**CITY OF TYBEE ISLAND, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**TABLE OF CONTENTS**

**Page**

**FINANCIAL SECTION (CONTINUED)**

**Combining Statements and Schedules (Continued)**

<b>Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (2014 Resolution).....</b>	<b>65</b>
<b>Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (Chatham County VI Resolution) .....</b>	<b>66</b>
<b>Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (2008 Resolution).....</b>	<b>67</b>
<b>Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (2003 Resolution).....</b>	<b>68</b>

**COMPLIANCE SECTION**

**Independent Auditor's Report on Internal Control Over Financial Reporting and on**

**Compliance and Other Matters Based on an Audit of Financial Statements**

<b>Performed in Accordance with <i>Government Auditing Standards</i>.....</b>	<b>69 and 70</b>
---	------------------

**Independent Auditor's Report on Compliance for Each Major Program and on**

<b>Internal Control Over Compliance Required by the Uniform Guidance .....</b>	<b>71 – 73</b>
--	----------------

<b>Schedule of Expenditures of Federal Awards.....</b>	<b>74</b>
--	-----------

<b>Notes to Schedule of Expenditures of Federal Awards .....</b>	<b>75</b>
--	-----------

<b>Schedule of Findings and Questioned Costs .....</b>	<b>76 and 77</b>
--	------------------

<b>Summary Schedule of Prior Year Findings .....</b>	<b>78</b>
--	-----------





## INDEPENDENT AUDITOR'S REPORT

---

**Honorable Mayor and Members  
Of City Council  
City of Tybee Island  
Tybee Island, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tybee Island, Georgia (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Tybee Island, Georgia's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

---

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tybee Island, Georgia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison information for the General Fund, the Hotel/Motel Tax Fund, and the FEMA/GEMA Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-17, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of City Contributions on pages 57 and 58 be presented to supplement the basic financial statements. Such information, 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.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tybee Island, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations *Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and is also not a required part of the basic financial statements of the City.

---

The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the City of Tybee Island, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tybee Island, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 18, 2018

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

As management of the City of Tybee Island, we offer readers of the City of Tybee Island's financial statements this narrative overview and analysis of the financial activities of the City of Tybee Island for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2018 are as follows:

- The City's total net position is \$37,081,997, an increase of \$2,289,911. Net position from governmental activities and business-type activities increased \$179,864 and \$2,110,047, respectively.
- The General Fund reported fund balance of \$9,183,861. This is a slight decrease of \$137,070 over the prior year. The General Fund balance represents 92.03% of current year expenditures.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets, deferred outflows of resources, long-term liabilities, and deferred inflows of resources.

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and community development.

The business-type activities of the City include water and sewer, sanitation, and campground management.

The City's government-wide financial statements are presented on pages 18 and 19.

## **Reporting the City's Most Significant Funds**

Unlike government-wide financial statements, the focus of fund financial statements is directed at specific activities of the City rather than the City as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The City's fund financial statements are divided into three broad categories, namely, (1) governmental funds, (2) proprietary funds, and (3) fiduciary fund.

## **Governmental Funds**

The governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows of resources is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the year.

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

---

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements, there are often significant differences between the totals presented in these financial statements. For this reason, there is an analysis at the bottom of the balance sheet that reconciles the total fund balance to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis at the bottom of the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

The City presents, in separate columns, funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City's governmental fund financial statements are presented on pages 20-27.

## **Proprietary Funds**

The proprietary fund financial statements consist of a statement of net position, statement of revenues, expenses, and changes in fund net position and statement of cash flows, and are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements.

The City uses proprietary funds to account for business-type activities that charge fees to customers for the use of specific goods or services. For the most part, the balances and activities accounted for in the City's proprietary funds are also reported in the business-type activities columns of the government-wide financial statements.

The City presents in separate columns proprietary funds that are most significant to the City and all other proprietary funds are aggregated and reported in a single column. A statement of cash flows is presented at the fund financial statement level for proprietary funds, but no equivalent statement is presented in the government-wide financial statements for either governmental activities or business-type activities.

The City's proprietary fund financial statements are presented on pages 28-31.

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

JUNE 30, 2018

### Overview of the City's Financial Position and Operations

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements (see pages 18 and 19):

City of Tybee Island Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 11,255,326	\$ 11,675,838	\$ 3,763,930	\$ 1,292,293	\$ 15,019,256	\$ 12,968,131
Capital Assets	12,187,054	11,803,199	22,744,999	22,316,265	34,932,053	34,119,464
Total Assets	<u>23,442,380</u>	<u>23,479,037</u>	<u>26,508,929</u>	<u>23,608,558</u>	<u>49,951,309</u>	<u>47,087,595</u>
<b>Deferred Outflows of Resources</b>						
Pension contributions subsequent to measurement da	272,216	264,666	51,965	50,416	324,181	315,082
Pension experience differences	80,367	2,457	18,404	2,073	98,771	4,530
Pension assumption changes			32	3	32	3
Pension investment return	-	-	-	3,443	-	3,443
Total Deferred outflows of resources	<u>352,583</u>	<u>267,123</u>	<u>70,401</u>	<u>55,935</u>	<u>422,984</u>	<u>323,058</u>
<b>Liabilities</b>						
Current Liabilities	1,036,987	1,199,043	1,492,665	1,602,947	2,529,652	2,801,990
Long-term liabilities	988,834	1,318,350	9,333,384	8,490,435	10,322,218	9,808,785
Total Liabilities	<u>2,025,821</u>	<u>2,517,393</u>	<u>10,826,049</u>	<u>10,093,382</u>	<u>12,851,870</u>	<u>12,610,775</u>
<b>Deferred Inflows of Resources</b>						
Pension contributions subsequent to measurement date			36	70	36	70
Pension experience differences	-	-	-	-	-	-
Pension assumption changes	30	794	6	137	36	931
Pension investment differences	366,511	5,236	73,843	1,555	440,354	6,791
Total Pension Inflow of Resources	<u>366,541</u>	<u>6,030</u>	<u>73,885</u>	<u>1,762</u>	<u>440,426</u>	<u>7,792</u>
<b>Net Assets</b>						
Invested in capital assets	12,187,054	11,793,571	12,716,454	13,253,389	24,903,508	25,046,960
Restricted for capital outlay	971,482	1,141,884	-	-	971,482	1,141,884
Restricted for debt service	-	-	405,549	-	405,549	-
Unrestricted	8,244,065	8,287,282	2,557,393	315,960	10,801,458	8,603,242
Total net position	<u>\$ 21,402,601</u>	<u>\$ 21,222,737</u>	<u>\$ 15,679,396</u>	<u>\$ 13,569,349</u>	<u>\$ 37,081,997</u>	<u>\$ 34,792,086</u>

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

**JUNE 30, 2018**

### Financial Position

The total net position of the City increased by \$2,289,911, or 6.58%, as noted in the table above. The governmental activities net position increased by \$179,864 while the business-type activities net position increased by \$2,110,047.

#### City of Tybee Island Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 5,193,680	\$ 5,172,170	\$ 5,640,978	\$ 5,654,438	\$ 10,834,658	\$ 10,826,608
Operating grants and contributions	1,563,876	283,728	-	-	1,563,876	283,728
Capital grants and contributions	1,775,423	2,805,628	67,265	41,402	1,842,688	2,847,030
General revenues:						
Property taxes	1,969,930	1,953,759	-	-	1,969,930	1,953,759
Other taxes	5,495,386	5,366,774	-	-	5,495,386	5,366,774
Investment earnings	63,088	19,423	2,866	190	65,954	19,613
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	16,061,383	15,601,482	5,711,109	5,696,030	21,772,492	21,297,512
Expenses						
Governmental activities					-	-
General government	2,439,742	2,332,012	-	-	2,439,742	2,332,012
Judicial	137,741	128,685	-	-	137,741	128,685
Public safety	4,493,620	3,571,445	-	-	4,493,620	3,571,445
Public works	2,403,759	3,692,668	-	-	2,403,759	3,692,668
Cultural and recreation	4,263,622	3,078,900	-	-	4,263,622	3,078,900
Housing & Community development	1,124,610	973,753	-	-	1,124,610	973,753
Other expenses	21	1,204	-	-	21	1,204
Business-type activities					-	-
Water and sewer service	-	-	2,380,043	2,398,097	2,380,043	2,398,097
Solid waste collection	-	-	1,084,438	1,065,115	1,084,438	1,065,115
Campground	-	-	1,154,985	1,344,422	1,154,985	1,344,422
Total expenses	14,863,115	13,778,667	4,619,466	4,807,634	19,482,581	18,586,301
Transfers	(1,018,404)	(210,976)	1,018,404	210,976	-	-
Change in net assets	179,864	1,611,839	2,110,047	1,099,372	2,289,911	2,711,211
Beginning net assets, as restated	21,222,737	19,610,898	13,569,349	12,469,977	34,792,086	32,080,875
Ending net assets	<u>\$ 21,402,601</u>	<u>\$ 21,222,737</u>	<u>\$ 15,679,396</u>	<u>\$ 13,569,349</u>	<u>\$ 37,081,997</u>	<u>\$ 34,792,086</u>



# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

JUNE 30, 2018

### Governmental Activities

The total revenues for governmental activities increased \$459,901, or 2.95%. Capital grants and contributions increased \$249,943, or 8%, as a result of increases in SPLOST revenues. All other categories of revenue remained consistent with the prior year.

Total governmental expenses have increased \$1,084,448, or 7.87%. Public safety expenses increased \$269,206, or 7.54%, due to general inflationary pressures as well as increased depreciation costs. Public works expenses decreased \$1,773,491, or 48%, because prior year expenses included over \$2 million of expenses related to storm damage which was reimbursed by FEMA. Recreation expenses increased \$2,443,753, or 79%, as a result of increased spending of SPLOST funds, primarily for beach renourishment.

### Business-Type Activities

Net position for business-type activities increased \$2,110,047, or 15.55%. The Water and Sewer Fund had an increase of \$674,487; the Rivers End RV Park Fund contributed \$1,431,492; and the Solid Waste Fund contributed \$4,068. Below is the analysis of each enterprise fund.

### Water and Sewer Fund

Water and Sewer revenues decreased \$120,265, or 3.87%, because the prior year revenues included receipt of \$115,000 from the Georgia Environmental Finance Authority for a test well water study as well as \$32,709 from the Homeland Security Federal Emergency Management Agency and Georgia Emergency Management Agency as reimbursement due to damages caused by Hurricane Matthew. Operating expenses were consistent with the prior year.

	City of Tybee Island Water and Sewer Fund			
	2018	2017	\$ Change	% Change
Operating revenues	\$ 2,984,399	\$ 3,104,664	\$ (120,265)	-3.87%
Operating expenses	2,280,407	2,251,560	28,847	1.28%
Net operating income (loss)	703,992	853,104	(149,112)	-17.48%
Nonoperating income (expenses)	(96,770)	(146,347)	49,577	-33.88%
Loss on Disposal of assets	-	-	-	-
Income(loss) before contributions & transfers	607,222	706,757	(99,535)	-14.08%
Capital contributions	67,265	41,402	25,863	62.47%
Transfers in	-	-	-	0.00%
Change in net position	674,487	748,159	(73,672)	-9.85%
Beginning net position, restated	10,814,876	10,066,717	748,159	7.43%
Ending net position	\$ 11,489,363	\$ 10,814,876	\$ 674,487	6.24%

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

JUNE 30, 2018

### Solid Waste Collection Fund

Solid Waste revenues increased \$36,111, or 4.24%. Operating expenses were consistent with the prior year. The General Fund transferred \$200,000 to the solid waste collection fund to cover operating deficits.

City of Tybee Island Solid Waste Collection Fund				
	2018	2017	\$ Change	% Change
Operating revenues	\$ 888,506	\$ 852,395	\$ 36,111	4.24%
Operating expenses	1,084,438	1,065,115	19,323	1.81%
Net operating income (loss)	(195,932)	(212,720)	16,788	-7.89%
Transfers in	200,000	183,030	16,970	100.00%
Beginning net position	(765)	28,925	(29,690)	0.00%
Ending net position	\$ 3,303	\$ (765)	\$ 4,068	-531.76%

### River's End RV Park Fund

Operating revenues for the River's End RV Park fund increased \$70,694, or 4.16%, due to additional demand for camping services. Operating expenses decreased \$169,069, or 13.63%. Prior year expenses included additional repair and maintenance costs as a result of storm damage as well as \$66,000 of issuance costs to refinance debt. The General Fund transferred \$818,404 to this fund to meet current and future cash flow requirements.

City of Tybee Island River's End RV Park Fund				
	2018	2017	\$ Change	% Change
Operating revenues	1,768,073	1,697,379	70,694	4.16%
Operating expenses	1,070,986	1,240,055	(169,069)	-13.63%
Net operating income (loss)	697,087	457,324	239,763	52.43%
Nonoperating income (expenses)	(83,999)	(104,367)	20,368	-19.52%
Income(loss) before contributions & transfers	613,088	352,957	260,131	73.70%
Transfers in	818,404	27,946	790,458	2828.52%
Change in net position	1,431,492	380,903	1,050,589	275.82%
Beginning net position, restated	2,755,238	2,374,335	380,903	16.04%
Ending net position	4,186,730	2,755,238	1,431,492	51.96%

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

JUNE 30, 2018

### Financial Analysis of the City's Funds

As noted earlier, the City of Tybee Island uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

### Governmental Fund Balance

The City's combined fund balances as of the end of the current year for governmental funds, presented on pages 20-21 were \$10,156,548. This balance represents a slight decrease of \$121,388, or 1.2%, from last year's ending balance. The tables below reflect changes in governmental fund balances.

The City Council committed \$6,422,489, or 70%, of the General Fund's fund balance to the following:

- \$1,015,649 – Future capital projects;
- \$400,000 – Greenspace acquisition;
- \$30,000 – Retrofit revolving loan; and
- \$4,976,840 – Economic stabilization.

The following schedule reflects changes in the fund balance for the City's governmental funds.

	2018	2017	Change	%
General fund	\$ 9,183,861	\$ 9,320,931	\$ (137,070)	-1.47%
Hotel/Motel fund	-	-	-	0.00%
FEMA/GEMA Grant Fund	-	-	-	0.00%
Chatham County SPLOST VI Fund	-	(167,819)	167,819	-100.00%
Confiscated Asset Fund	1,460	1,460	-	0.00%
Emergency Telephone 911 Fund	7,518	1,119	6,399	571.85%
SPLOST 2003 Fund	413,635	447,782	(34,147)	-7.63%
SPLOST 2008 Fund	-	3,622	(3,622)	-100.00%
SPLOST 2014 Fund	550,074	670,209	(120,135)	-17.93%
Capital Grant Fund	-	632	(632)	-100.00%
Total	<u>\$ 10,156,548</u>	<u>\$ 10,277,936</u>	<u>\$ (121,388)</u>	<u>-1.20%</u>

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

**JUNE 30, 2018**

The components of changes to governmental fund balances are analyzed on the table below:

<b>City of Tybee Island, Changes in Fund Balances - Governmental Funds</b>				
	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Revenues</b>				
Taxes	\$ 7,467,163	\$ 7,301,440	\$ 165,723	2.27%
Licenses and permits	398,048	266,214	131,834	49.52%
Intergovernmental	3,537,476	2,844,766	692,710	24.35%
Charges for services	3,486,225	3,565,415	(79,190)	-2.22%
Fines and forfeitures	1,017,757	1,112,262	(94,505)	-8.50%
Interest	63,680	20,436	43,244	211.61%
Other revenues	291,650	228,279	63,371	27.76%
Total revenues	<u>16,261,999</u>	<u>15,338,812</u>	<u>923,187</u>	<u>6.02%</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,320,692	2,228,272	92,420	4.15%
Judicial	143,099	126,223	16,876	13.37%
Public safety	3,655,920	3,276,789	379,131	11.57%
Public works	1,901,249	3,502,895	(1,601,646)	-45.72%
Culture and recreation	3,615,989	2,860,895	755,094	26.39%
Housing and community development	1,016,269	899,492	116,777	12.98%
Capital outlay	2,702,116	783,594	1,918,522	244.84%
<b>Debt service</b>				
Principal (net of refunding)	9,628	115,169	(105,541)	-91.64%
Interest	21	1,204	(1,183)	-98.26%
Total expenditures	<u>15,364,983</u>	<u>13,794,533</u>	<u>1,570,450</u>	<u>11.38%</u>
Excess of revenues over (under) expenditures	<u>897,016</u>	<u>1,544,279</u>	<u>(647,263)</u>	<u>-41.91%</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,110,532	2,193,810	(83,278)	-3.80%
Transfers out	(3,128,936)	(2,404,786)	(724,150)	30.11%
Issuance of debt	-	-	-	
Sale of capital assets	-	-	-	
Total other financing sources (uses)	<u>(1,018,404)</u>	<u>(210,976)</u>	<u>(807,428)</u>	<u>382.71%</u>
			-	
Net change in fund balance	<u>\$ (121,388)</u>	<u>\$ 1,333,303</u>	<u>\$ (1,454,691)</u>	<u>-109.10%</u>
Fund balances, beginning of year	<u>\$ 10,277,936</u>	<u>\$ 8,944,633</u>	<u>\$ 1,333,303</u>	<u>14.91%</u>
Fund balances, end of year	<u>\$ 10,156,548</u>	<u>\$ 10,277,936</u>	<u>\$ (121,388)</u>	<u>-1.18%</u>

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

Overall governmental revenues increased \$923,187, or 6.02%. Licenses and permits increased \$131,834, or 49.52%, because the city implemented a fee for short term residential rentals in 2018. Intergovernmental revenues increased \$692,710, or 24.35%, as reductions in FEMA reimbursements were more than offset by increases in SPLOST revenues. Tax revenues and charges for services were consistent with prior year. Fines and forfeitures decreased \$94,505, or 8.5%, because the City implemented a beach ambassador program to educate people visiting the island about the City's rules and ordinances in an effort to reduce people violating the law. The beach ambassador program helped reduce the number in tickets issued by law enforcement which reduced the amount of fines and fees collected by the City. Other revenues increased \$63,371 or 27.76% and is primarily related to insurance reimbursements.

Overall governmental expenditures increased \$1,570,450, or 11.38%. General government expenditures increased \$92,420, or 4.15%, due to general inflation. Judicial expenditures increased \$16,876 or 13.37% due to increases in salaries and benefits of court personnel. Public Safety expenditures increased \$379,131, or 11.57%, due to increased equipment purchases. Public works expenditures decreased \$1,601,646, or 45.72%, because of significant repair and clean up from storm damage in 2017. Culture and recreation expenditures increased \$755,094, or 26.39%, because of significant beach repair done in 2018 from prior year storm damage. Capital outlay increased \$1,918,522, or 245%, because of additional SPLOST expenditures for beach renourishment. Debt service principal and interest decreased \$106,724 as certain capital leases were paid off during 2018

The City of Tybee Island's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Tybee Island's business-type activities.

## **General Fund Budgetary Highlights**

The final budgets passed by the City Council anticipated using \$1,932,699 of General Fund reserves to meet expenses. Actual results were better than budgeted as the City used only \$137,070 of fund balance. A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on pages 23-27.

- For the General Fund, the actual operating revenues were \$308,070 less than budgeted. Operating revenues were budgeted for \$10,019,735, and actual operating revenues were \$9,711,665. The most significant variance was intergovernmental revenues which were \$234,192 less than budgeted as certain Georgia Department of Transportation grants did not materialize as projected.
- The actual operating expenditures of \$9,979,697 were \$2,075,226 less than the budgeted amount of \$12,054,923 as management continues to adopt very conservative budgets.

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

JUNE 30, 2018

### Capital Asset and Debt Administration

#### Capital Assets

The City has invested \$34,932,053 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous year are summarized below:

City of Tybee Island Capital Asset Year End Comparison						
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$ 1,102,857	\$ 1,102,857	\$ 6,973,632	\$ 6,973,632	\$ 8,076,489	\$ 8,076,489
Construction in progress	464,898	314,507	1,300,853	893,203	1,765,751	1,207,710
Total non-depreciable assets	1,567,755	1,417,364	8,274,485	7,866,835	9,842,240	9,284,199
Depreciable assets:						
Land improvements	-	-	350,314	300,814	350,314	300,814
Building	8,473,157	8,121,175	460,358	460,358	8,933,515	8,581,533
Machinery and equipment	6,144,978	5,684,071	18,398,634	18,398,634	24,543,612	24,082,705
Infrastructure	3,200,670	3,158,535	2,084,160	1,458,099	5,284,830	4,616,634
Total depreciable assets	17,818,805	16,963,781	21,293,466	20,617,905	39,112,271	37,581,686
Less accumulated depreciation	7,199,506	6,577,946	6,822,952	6,168,475	14,022,458	12,746,421
Book value - depreciable assets	10,619,299	10,385,835	14,470,514	14,449,430	25,089,813	24,835,265
Percentage depreciated	40.40%	38.78%	32.04%	29.92%	35.85%	33.92%
Book value - all assets	\$ 12,187,054	\$ 11,803,199	\$ 22,744,999	\$ 22,316,265	\$ 34,932,053	\$ 34,119,464

The schedules of capital asset activity are reported in Note 5 of the financial statements. The City added \$1,245,467 of new governmental capital assets which included \$135,485 transferred from construction in progress; and added \$306,443 of additional construction in progress. Significant additions included:

- \$294,500 for a fire truck;
- \$20,000 for parking handheld citation writing devices;
- \$53,691 for road re-paving;
- \$22,000 for southend drainage study;
- \$180,000 for a street sweeper;
- \$351,982 for Memorial Park restroom facility;
- \$165,000 for beach crossover improvements on 19<sup>th</sup> Street;
- \$196,605 for police vehicles and club cars;
- \$69,000 for drainage improvements; and
- \$59,761 for additions to beach crossovers.

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

JUNE 30, 2018

The City added \$675,561 of new business-type capital assets which included \$47,703 transferred from construction in progress; and placed \$455,353 of additional construction in progress for the business-type capital assets. Significant additions included:

- \$604,868 for water ultra violet equipment;
- \$49,500 for pool improvements at the River's End Campground and RV Park.

### Long-Term Debt

At the end of the current year, the City had long-term debt related to governmental activities of \$1,158,980 and \$10,223,898 for business-type activities. The debt position of the City is summarized below and is more fully analyzed in Note 6 of the financial statements.

City of Tybee Island Outstanding Long-Term Debt

	2018	2017	Change	%
<b>Governmental Activities</b>				
Capital leases	\$ -	\$ 9,628	\$ (9,628)	0.00%
Compensated absences	285,670	288,782	(3,112)	-1.08%
Net pension liability	873,310	1,253,634	(380,324)	-43.55%
Total debt service governmental-type activities	1,158,980	1,552,044	(393,064)	-25.33%
<b>Business-type activities</b>				
Chatham County Recreation Bond	3,717,375	4,129,364	(411,989)	-9.98%
Water & Sewer - Series 2005 Bond	3,034,002	3,370,255	(336,253)	-9.98%
Georgia Environmental Facility Authority Note Payables	3,277,168	1,563,257	1,713,911	109.64%
Compensated absences	27,509	34,790	(7,281)	-20.93%
Net pension liability	167,844	247,137	(79,293)	-32.08%
Total debt service business-type activities	10,223,898	9,344,803	879,095	9.41%
Total all debt service	\$ 11,382,878	\$ 10,896,847	\$ 869,467	7.98%

- The governmental and business-type activities include a cumulative net pension liability of \$1,041,154 for current year and \$1,500,771 for the prior year;
- The Water and Sewer fund issued \$3,645,000 series 2016 refunding bonds to pay off a note payable to Ameris Bank. It has a current year balance of \$3,034,003.
- The Water and Sewer fund has three loans for \$3,460,181 issued by the Georgia Environmental Facilities Authority for water line replacement projects. It has a current balance of \$3,277,168.
- The River's End RV Park fund issued \$4,466,000 series 2016 refunding revenue bonds to pay off existing bonds to reduce interest rates.

### Economic Factors and Next Year's Budgets and Rates

The City of Tybee Island continues to demonstrate resilience financially even after experiencing an extraordinary event two years in a row. In September of 2017, the City was impacted by Hurricane Irma and, as a result, the City incurred \$398,721 in costs due to the storm of which 93% was reimbursed by the Federal Emergency Management Agency and the Georgia Emergency Management Agency. The City's \$26,000 out of pocket cost for the storm was offset by a \$100,000 insurance reimbursement received for the loss of hotel/motel excise tax and parking fees revenues for the month of September of 2017. Hurricane Irma caused significant flooding damage to residential property rather than the destructive wind damage that Hurricane Matthew caused in the previous year. Hurricane Irma's most significant damage was caused in the States of North and South Carolina. As a result, Tybee Island benefited economically as residents and tourists of those states came to Tybee Island to escape the storm's impact. Tybee Island businesses that had closed in October of 2016 due to Hurricane Matthew that re-opened in the late summer months of 2018 were able to benefit from the inflow of these refugee tourists late in the season.

The hotel/motel excise taxes and parking fee revenues from tourism is the City's primary source of revenue; therefore, the hotel/motel excise tax and parking fee revenues are a measure of the City's financial stability. Both revenue sources exceeded the pre-hurricane Matthew annual balances and are expected to continue to increase each year. In fiscal year 2019, the City plans to increase the parking fees by implementing "surge pricing" parking fees during the high volume tourist events on the island. The parking fee surge pricing may generate \$500,000 of additional revenue. The City also plans to seek the Governor of Georgia's approval to increase the City's hotel/motel excise tax fee by 1% from 6% to 7% which may generate \$540,000 of additional revenue. The City plans to use part of the additional hotel/motel excise tax revenue to finance building a new Marine Science Center facility, costing \$3,500,000.

In FY2019, the City expects the tax digest to remain steady as new construction for residential development has increased and commercial development is not expected to change. The City will continue to issue 40 to 50 special event permits which generate tourism for the City throughout the year which will help maintain the level of the City's major revenue sources, parking fees and hotel/motel taxes.

The reassessment of repaired residential and commercial property damaged by Hurricane Matthew and Irma led to an increase in appraised property values by \$14.7M that led to the 2018 millage rate of 4.044 mills being higher than the rollback millage rate of 3.931 mills. As a result, the City rolled back the millage rate to 3.931.

For fiscal year 2019, the Georgia Department of Community Affairs awarded the City \$5 million to spend on beach related capital projects resulting from beach erosion caused by both Hurricane Matthew and Irma.

The River's End Campground and RV Park operation continues to grow and have positive year-end net earnings. In fiscal year 2019, the River's End Campground and RV Park operations plan to have enough savings to show a positive net position and generate enough cash flow to cover the entire annual debt service payment. As the cash flow improves, the City shall develop a plan to have the River's End Campground and RV Park repay to the General Fund for prior years financial contributions.



# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

---

The City increases the water and sewer rates annually in January based on the consumer price index, these rate increases are not enough to finance future larger construction projects; therefore, the City shall continue to finance major capital projects through the Georgia Environmental Finance Authority ("GEFA"). In fiscal year 2019, the Water and Sewer fund includes \$720,000 in capital projects that the City will pay for using current revenue proceeds. The City plans to present the citizens with a new water and sewer rate structure that will impact the heavy users who are the hotel/motel commercial properties and short-term rental residential properties owners.

## **Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, City Hall, 403 Butler Street, Tybee Island, Georgia 31328 or by calling (912) 472-5021.

## **FINANCIAL SECTION**

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,838,806	\$ 2,742,465	\$ 9,581,271
Investments	1,274,539	-	1,274,539
Taxes receivable	990,139	-	990,139
Accounts receivable, net of allowances	146,678	424,012	570,690
Due from other governments	1,682,329	-	1,682,329
Internal balances	-	-	-
Inventory	-	132,134	132,134
Prepaid expenses	322,835	59,770	382,605
Restricted assets:			
Cash and cash equivalents	-	405,549	405,549
Capital assets:			
Nondepreciable	1,567,755	8,274,485	9,842,240
Depreciable, net of accumulated depreciation	10,619,299	14,470,514	25,089,813
Total assets	<u>23,442,380</u>	<u>26,508,929</u>	<u>49,951,309</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	272,216	51,965	324,181
Pension experience differences	80,367	18,404	98,771
Pension assumption changes	-	32	32
Total deferred outflows of resources	<u>352,583</u>	<u>70,401</u>	<u>422,984</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
<b>LIABILITIES</b>			
Accounts payable	853,996	163,848	1,017,844
Accrued liabilities	2,945	15,119	18,064
Unearned revenue	-	158,634	158,634
Customer deposits payable	9,900	264,550	274,450
Notes payable due within one year	-	98,517	98,517
Notes payable due in more than one year	-	3,178,651	3,178,651
Compensated absences due within one year	170,146	27,509	197,655
Compensated absences due in more than one year	115,524	-	115,524
Bonds payable due within one year	-	764,488	764,488
Bonds payable due in more than one year	-	5,986,889	5,986,889
Net pension liability	873,310	167,844	1,041,154
Total liabilities	<u>2,025,821</u>	<u>10,826,049</u>	<u>12,851,870</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	-	36	36
Pension investment differences	366,511	73,843	440,354
Pension assumption changes	30	6	36
Total deferred inflows of resources	<u>366,541</u>	<u>73,885</u>	<u>440,426</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,187,054	12,716,454	24,903,508
Restricted for capital outlay	971,482	-	971,482
Restricted for debt service	-	405,549	405,549
Unrestricted	8,244,065	2,557,393	10,801,458
Total net position	<u>\$ 21,402,601</u>	<u>\$ 15,679,396</u>	<u>\$ 37,081,997</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 2,391,976	\$ 671,925	\$ -	\$ -	\$ (1,720,051)	\$ -	\$ (1,720,051)
Judicial	137,741	104,425	-	-	(33,316)	-	(33,316)
Public safety	3,840,651	627,510	-	831,784	(2,381,357)	-	(2,381,357)
Public works	1,919,177	-	-	197,472	(1,721,705)	-	(1,721,705)
Culture and recreation	5,522,653	68,177	-	2,310,043	(3,144,433)	-	(3,144,433)
Housing and community development	1,050,896	3,721,643	-	-	2,670,747	-	2,670,747
Interest on long-term debt	21	-	-	-	(21)	-	(21)
Total governmental activities	<u>14,863,115</u>	<u>5,193,680</u>	<u>-</u>	<u>3,339,299</u>	<u>(6,330,136)</u>	<u>-</u>	<u>(6,330,136)</u>
Business-type activities:							
Water and sewer	2,380,043	2,984,399	-	67,265	-	671,621	671,621
River's End RV Park	1,154,985	1,768,073	-	-	-	613,088	613,088
Solid waste collection	1,084,438	888,506	-	-	-	(195,932)	(195,932)
Total business-type activities	<u>4,619,466</u>	<u>5,640,978</u>	<u>-</u>	<u>67,265</u>	<u>-</u>	<u>1,088,777</u>	<u>1,088,777</u>
Total primary government	<u>\$ 19,482,581</u>	<u>\$ 10,834,658</u>	<u>\$ -</u>	<u>\$ 3,406,564</u>	<u>(6,330,136)</u>	<u>1,088,777</u>	<u>(5,241,359)</u>
General revenues:							
Property taxes					1,969,930	-	1,969,930
Sales taxes					1,267,703	-	1,267,703
Hotel/Motel taxes					3,134,865	-	3,134,865
Franchise taxes					436,569	-	436,569
Insurance premium taxes					198,386	-	198,386
Other taxes					457,863	-	457,863
Unrestricted investment earnings					63,088	2,866	65,954
Transfers					(1,018,404)	1,018,404	-
Total general revenues and transfers					<u>6,510,000</u>	<u>1,021,270</u>	<u>7,531,270</u>
Change in net position					179,864	2,110,047	2,289,911
Net position, beginning of year					21,222,737	13,569,349	34,792,086
Net position, end of year					<u>\$ 21,402,601</u>	<u>\$ 15,679,396</u>	<u>\$ 37,081,997</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>General Fund</u>	<u>Hotel/ Motel Tax Fund</u>	<u>FEMA/GEMA Grant Fund</u>	<u>Chatham County SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,000,633	\$ -	\$ -	\$ -	\$ 838,173	\$ 6,838,806
Investments	1,274,539	-	-	-	-	1,274,539
Taxes receivable	376,859	613,280	-	-	-	990,139
Accounts receivable	138,065	-	-	-	8,613	146,678
Due from other governments	118,013	-	1,413,504	-	150,812	1,682,329
Due from other funds	1,553,314	-	-	-	-	1,553,314
Prepaid items	321,630	-	-	-	1,205	322,835
Total assets	<u>\$ 9,783,053</u>	<u>\$ 613,280</u>	<u>\$ 1,413,504</u>	<u>\$ -</u>	<u>\$ 998,803</u>	<u>\$ 12,808,640</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 354,410	\$ 473,470	\$ -	\$ -	\$ 26,116	\$ 853,996
Accrued liabilities	2,945	-	-	-	-	2,945
Due to other funds	-	139,810	1,413,504	-	-	1,553,314
Deposits payable	9,900	-	-	-	-	9,900
Total liabilities	<u>367,255</u>	<u>613,280</u>	<u>1,413,504</u>	<u>-</u>	<u>26,116</u>	<u>2,420,155</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - intergovernmental	52,487	-	-	-	-	52,487
Unavailable revenue - property taxes	179,450	-	-	-	-	179,450
Total deferred inflows of resources	<u>231,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,937</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	321,630	-	-	-	1,205	322,835
Restricted for:						
Capital projects	-	-	-	-	674,709	674,709
Public safety vehicles and equipment	-	-	-	-	296,773	296,773
Committed for:						
Future capital projects	1,015,649	-	-	-	-	1,015,649
Retrofit revolving loan	30,000	-	-	-	-	30,000
Greenspace	400,000	-	-	-	-	400,000
Economic stabilization	4,976,840	-	-	-	-	4,976,840
Assigned to:						
Palms Up Tree Replacement Project	27,140	-	-	-	-	27,140
Beach renourishment	300,000	-	-	-	-	300,000
Community Development Project	1,500	-	-	-	-	1,500
Salt Meadows	16,761	-	-	-	-	16,761
Marine Rescue ADA	22,500	-	-	-	-	22,500
FY2019 budget	1,870,091	-	-	-	-	1,870,091
Unassigned	201,750	-	-	-	-	201,750
Total fund balances	<u>9,183,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>972,687</u>	<u>10,156,548</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,783,053</u>	<u>\$ 613,280</u>	<u>\$ 1,413,504</u>	<u>\$ -</u>	<u>\$ 998,803</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,187,054
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	231,937
Certain long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	
Net pension liability	(873,310)
Deferred outflows of resources - pension contributions	272,216
Deferred outflows of resources - pension experience differences	80,367
Deferred inflows of resources - pension assumption changes	(30)
Deferred inflows of resources - pension investment return	(366,511)
Compensated absences	(285,670)
Net position of governmental activities	<u>\$ 21,402,601</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	General Fund	Hotel/ Motel Tax Fund	FEMA/GEMA Grant Fund	Chatham County SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 4,332,298	\$ 3,134,865	\$ -	\$ -	\$ -	\$ 7,467,163
Licenses and permits	398,048	-	-	-	-	398,048
Intergovernmental	196,880	-	746,167	1,762,645	831,784	3,537,476
Charges for services	3,421,802	-	-	-	64,423	3,486,225
Fines and forfeitures	1,017,757	-	-	-	-	1,017,757
Interest	62,953	-	-	135	592	63,680
Other revenues	281,927	9,723	-	-	-	291,650
Total revenues	<u>9,711,665</u>	<u>3,144,588</u>	<u>746,167</u>	<u>1,762,780</u>	<u>896,799</u>	<u>16,261,999</u>
<b>Expenditures</b>						
Current:						
General government	2,311,096	-	9,596	-	-	2,320,692
Judicial	142,636	-	463	-	-	143,099
Public safety	3,285,043	-	30,786	-	340,091	3,655,920
Public works	1,714,569	-	186,680	-	-	1,901,249
Culture and recreation	1,500,435	1,572,294	543,260	-	-	3,615,989
Housing and community development	1,016,269	-	-	-	-	1,016,269
Capital outlay	-	-	-	1,711,836	990,280	2,702,116
Debt service:						
Principal	9,628	-	-	-	-	9,628
Interest	21	-	-	-	-	21
Total expenditures	<u>9,979,697</u>	<u>1,572,294</u>	<u>770,785</u>	<u>1,711,836</u>	<u>1,330,371</u>	<u>15,364,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(268,032)</u>	<u>1,572,294</u>	<u>(24,618)</u>	<u>50,944</u>	<u>(433,572)</u>	<u>897,016</u>
<b>Other financing sources (uses):</b>						
Transfers in	1,629,949	-	81,641	116,875	282,067	2,110,532
Transfers out	<u>(1,498,987)</u>	<u>(1,572,294)</u>	<u>(57,023)</u>	<u>-</u>	<u>(632)</u>	<u>(3,128,936)</u>
Total other financing sources (uses)	<u>130,962</u>	<u>(1,572,294)</u>	<u>24,618</u>	<u>116,875</u>	<u>281,435</u>	<u>(1,018,404)</u>
Net change in fund balances	(137,070)	-	-	167,819	(152,137)	(121,388)
<b>Fund balances, beginning of year</b>	<u>9,320,931</u>	<u>-</u>	<u>-</u>	<u>(167,819)</u>	<u>1,124,824</u>	<u>10,277,936</u>
<b>Fund balances, end of year</b>	<u>\$ 9,183,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 972,687</u>	<u>\$ 10,156,548</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds.	\$ (121,388)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Total capital outlay	1,416,425
Total depreciation	(1,007,065)
The net effect of the sale of capital assets is to decrease net position.	(25,505)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(200,616)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal repayments	9,628
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	105,273
Compensated absences	3,112
	<u>179,864</u>
	<u>\$ 179,864</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 1,909,700	\$ 1,933,180	\$ 1,971,777	\$ 38,597
Local option sales tax	1,135,000	1,267,703	1,267,703	-
Franchise taxes	455,000	463,020	436,569	(26,451)
Insurance premium tax	186,000	198,140	198,386	246
Alcoholic beverage excise tax	345,000	362,400	349,788	(12,612)
Real estate transfer tax	16,000	16,000	13,629	(2,371)
Occupational taxes	65,000	70,180	70,178	(2)
Energy excise tax	16,000	19,100	24,268	5,168
Total taxes	<u>4,127,700</u>	<u>4,329,723</u>	<u>4,332,298</u>	<u>2,575</u>
<b>Licenses and permits:</b>				
Regulatory fees	102,000	102,000	95,070	(6,930)
Building permits	85,000	116,980	116,951	(29)
Building inspections	25,000	30,789	30,789	-
Zoning variance requests fees	1,000	1,800	1,800	-
Recording fees	1,200	3,750	3,750	-
Other	32,900	154,598	149,688	(4,910)
Total licenses and permits	<u>247,100</u>	<u>409,917</u>	<u>398,048</u>	<u>(11,869)</u>
<b>Intergovernmental</b>	-	431,072	196,880	(234,192)
<b>Charges for services:</b>				
Parking fees	3,240,100	3,265,800	3,255,101	(10,699)
Other charges for services	164,000	188,457	166,701	(21,756)
Total charges for services	<u>3,404,100</u>	<u>3,454,257</u>	<u>3,421,802</u>	<u>(32,455)</u>
<b>Fines and forfeitures:</b>				
Municipal fines	503,000	581,380	581,346	(34)
Parking fines	320,000	436,420	436,411	(9)
Total fines and forfeitures	<u>823,000</u>	<u>1,017,800</u>	<u>1,017,757</u>	<u>(43)</u>
<b>Interest income</b>	15,000	62,960	62,953	(7)
<b>Miscellaneous:</b>				
Contributions	-	600	600	-
Rents and royalties	66,001	66,301	66,275	(26)
Other	75,800	247,105	215,052	(32,053)
Total miscellaneous	<u>141,801</u>	<u>314,006</u>	<u>281,927</u>	<u>(32,079)</u>
Total revenues	<u>8,758,701</u>	<u>10,019,735</u>	<u>9,711,665</u>	<u>(308,070)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government				
Governing body	230,625	239,576	219,027	20,549
Clerk of council	108,461	108,861	98,953	9,908
City manager	279,678	969,918	353,976	615,942
Financial administration	482,837	482,837	370,638	112,199
Legal	246,605	246,605	192,483	54,122
Information technology	547,280	696,585	647,452	49,133
Human resources	110,088	118,380	113,350	5,030
Building and plant maintenance	298,287	368,287	315,217	53,070
Total general government	<u>2,303,861</u>	<u>3,231,049</u>	<u>2,311,096</u>	<u>919,953</u>

(Continued)



**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued)</b>				
<b>Current:</b>				
Judicial				
Municipal Court	\$ 163,646	\$ 163,646	\$ 142,636	\$ 21,010
Total judicial	<u>163,646</u>	<u>163,646</u>	<u>142,636</u>	<u>21,010</u>
Public safety				
Police administration	2,228,164	2,440,536	2,390,931	49,605
Beach patrol	354,586	297,811	296,682	1,129
Fire administration	516,559	542,852	519,691	23,161
Emergency management	79,723	79,723	77,739	1,984
Total public safety	<u>3,179,032</u>	<u>3,360,922</u>	<u>3,285,043</u>	<u>75,879</u>
Public works				
General operations	1,535,298	1,549,806	1,474,317	75,489
Solid waste collection	102,000	257,300	221,717	35,583
Recyclable collection	-	-	18,535	(18,535)
Total public works	<u>1,637,298</u>	<u>1,807,106</u>	<u>1,714,569</u>	<u>92,537</u>
Culture and recreation				
General operations	144,025	182,125	148,895	33,230
Recreation centers	168,950	168,950	168,450	500
Beach, lifeguards, dunes	608,121	926,095	769,780	156,315
Museums	41,337	54,637	54,337	300
Parks administration	340,918	557,918	358,973	198,945
Total culture and recreation	<u>1,303,351</u>	<u>1,889,725</u>	<u>1,500,435</u>	<u>389,290</u>
Housing and development				
Zoning and inspection	304,972	872,539	326,935	545,604
Urban redevelopment	108,599	110,799	102,269	8,530
Parking	564,933	609,587	587,065	22,522
Total housing and development	<u>978,504</u>	<u>1,592,925</u>	<u>1,016,269</u>	<u>576,656</u>
Total current expenditures	<u>9,565,692</u>	<u>12,045,373</u>	<u>9,970,048</u>	<u>2,075,325</u>
<b>Debt service:</b>				
Principal	9,530	9,530	9,628	(98)
Interest	20	20	21	(1)
Total debt service	<u>9,550</u>	<u>9,550</u>	<u>9,649</u>	<u>(99)</u>
Total expenditures	<u>9,575,242</u>	<u>12,054,923</u>	<u>9,979,697</u>	<u>2,075,226</u>
Deficiency of revenues under expenditures	<u>(816,541)</u>	<u>(2,035,188)</u>	<u>(268,032)</u>	<u>1,767,156</u>
<b>Other financing sources (uses):</b>				
Appropriation of fund balance	-	1,932,699	-	(1,932,699)
Contingency	(64,100)	-	-	-
Transfers in	1,541,883	1,660,519	1,629,949	(30,570)
Transfers out	(661,242)	(1,558,030)	(1,498,987)	59,043
Total other financing sources, net	<u>816,541</u>	<u>2,035,188</u>	<u>130,962</u>	<u>(1,904,226)</u>

(Continued)

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Net change in fund balance	\$ -	\$ -	\$ (137,070)	\$ (137,070)
<b>Fund balances, beginning of year</b>	9,320,931	9,320,931	9,320,931	-
<b>Appropriation of fund balance</b>	-	(1,932,699)	-	1,932,699
<b>Fund balances, end of year</b>	<u>\$ 9,320,931</u>	<u>\$ 7,388,232</u>	<u>\$ 9,183,861</u>	<u>\$ 1,795,629</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
HOTEL/MOTEL TAX FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 3,058,766	\$ 3,178,766	\$ 3,134,865	\$ (43,901)
Other revenues	25,000	25,000	9,723	(15,277)
Total revenues	<u>3,083,766</u>	<u>3,203,766</u>	<u>3,144,588</u>	<u>(59,178)</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	1,541,883	1,601,883	1,572,294	29,589
Total expenditures	<u>1,541,883</u>	<u>1,601,883</u>	<u>1,572,294</u>	<u>29,589</u>
Excess of revenues over expenditures	<u>1,541,883</u>	<u>1,601,883</u>	<u>1,572,294</u>	<u>(29,589)</u>
<b>Other financing uses:</b>				
Transfers out	<u>(1,541,883)</u>	<u>(1,601,883)</u>	<u>(1,572,294)</u>	<u>29,589</u>
Total other financing uses	<u>(1,541,883)</u>	<u>(1,601,883)</u>	<u>(1,572,294)</u>	<u>29,589</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FEMA/GEMA GRANT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 752,500	\$ 1,752,185	\$ 746,167	\$ (1,006,018)
Total revenues	<u>752,500</u>	<u>1,752,185</u>	<u>746,167</u>	<u>(1,006,018)</u>
<b>Expenditures:</b>				
Current:				
General government	-	9,598	9,596	2
Judicial	-	464	463	1
Public safety	-	30,788	30,786	2
Public works	-	962,665	186,680	775,985
Culture and recreation	860,000	866,357	543,260	323,097
Total expenditures	<u>860,000</u>	<u>1,869,872</u>	<u>770,785</u>	<u>1,099,087</u>
Deficiency of revenues under expenditures	<u>(107,500)</u>	<u>(117,687)</u>	<u>(24,618)</u>	<u>93,069</u>
<b>Other financing sources (uses):</b>				
Transfers out	-	(77,000)	(57,023)	19,977
Transfers in	107,500	194,687	81,641	(113,046)
Total other financing sources, net	<u>107,500</u>	<u>117,687</u>	<u>24,618</u>	<u>(93,069)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF TYBEE ISLAND, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water and Sewer Fund	River's End RV Park Fund	Solid Waste Collection Fund	Totals
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 2,067,633	\$ 655,597	\$ 19,235	\$ 2,742,465
Accounts receivable, net of allowances	347,595	-	76,417	424,012
Inventory	102,949	29,185	-	132,134
Prepaid expenses	50,460	9,310	-	59,770
Total current assets	2,568,637	694,092	95,652	3,358,381
Noncurrent assets				
Restricted cash	405,549	-	-	405,549
Capital assets:				
Nondepreciable	1,404,485	6,870,000	-	8,274,485
Depreciable, net of accumulated depreciation	13,880,079	590,435	-	14,470,514
Total noncurrent assets	15,690,113	7,460,435	-	23,150,548
Total assets	18,258,750	8,154,527	95,652	26,508,929
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to measurement date	36,151	15,814	-	51,965
Pension experience differences	10,362	7,257	785	18,404
Pension assumption changes	-	25	7	32
Total deferred outflows of resources	46,513	23,096	792	70,401
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	48,632	25,284	89,932	163,848
Accrued liabilities	8,459	6,660	-	15,119
Compensated absences, current	17,444	10,065	-	27,509
Notes payable, current	98,517	-	-	98,517
Bonds payable, current	343,553	420,935	-	764,488
Unearned revenue	-	158,634	-	158,634
Total current liabilities	516,605	621,578	89,932	1,228,115
Noncurrent liabilities:				
Customer deposits	264,550	-	-	264,550
Notes payable, net of current portion	3,178,651	-	-	3,178,651
Bonds payable, net of current portion	2,690,450	3,296,439	-	5,986,889
Net pension liability	121,244	46,600	-	167,844
Total noncurrent liabilities	6,254,895	3,343,039	-	9,597,934
Total liabilities	6,771,500	3,964,617	89,932	10,826,049
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension contributions subsequent to measurement date	-	-	36	36
Pension assumption changes	6	-	-	6
Pension investment return	44,394	26,276	3,173	73,843
Total deferred inflows of resources	44,400	26,276	3,209	73,885
<b>NET POSITION</b>				
Net investment in capital assets	8,973,393	3,743,061	-	12,716,454
Restricted for debt service	405,549	-	-	405,549
Unrestricted	2,110,421	443,669	3,303	2,557,393
Total net position	\$ 11,489,363	\$ 4,186,730	\$ 3,303	\$ 15,679,396

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Solid Waste Collection Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for services:				
Water charges	\$ 1,093,292	\$ -	\$ -	\$ 1,093,292
Sewer charges	1,546,294	-	-	1,546,294
Camping fees	-	1,768,073	-	1,768,073
Stubbing fees	9,055	-	-	9,055
Tapping fees	12,331	-	-	12,331
Rental fees	187,007	-	-	187,007
Sanitation collection fees	-	-	888,506	888,506
Grant revenue	91,101	-	-	91,101
Other	45,319	-	-	45,319
Total operating revenues	<u>2,984,399</u>	<u>1,768,073</u>	<u>888,506</u>	<u>5,640,978</u>
<b>OPERATING EXPENSES</b>				
Personnel services	625,359	441,925	-	1,067,284
Administrative	105,585	322,241	-	427,826
Utilities	234,124	132,260	-	366,384
Supplies	54,429	86,992	-	141,421
Repairs and maintenance	351,940	34,702	-	386,642
Sanitation services	-	-	1,084,438	1,084,438
Miscellaneous	307,359	-	-	307,359
Depreciation	601,611	52,866	-	654,477
Total operating expenses	<u>2,280,407</u>	<u>1,070,986</u>	<u>1,084,438</u>	<u>4,435,831</u>
Operating income (loss)	<u>703,992</u>	<u>697,087</u>	<u>(195,932)</u>	<u>1,205,147</u>
<b>NONOPERATING INCOME (EXPENSES)</b>				
Interest expense	(99,636)	(83,999)	-	(183,635)
Interest income	2,866	-	-	2,866
Total nonoperating expenses	<u>(96,770)</u>	<u>(83,999)</u>	<u>-</u>	<u>(180,769)</u>
Income (loss) before contributions and transfers	607,222	613,088	(195,932)	1,024,378
<b>CAPITAL CONTRIBUTIONS</b>	67,265	-	-	67,265
<b>TRANSFERS</b>				
Transfers in	-	818,404	200,000	1,018,404
Total transfers	<u>-</u>	<u>818,404</u>	<u>200,000</u>	<u>1,018,404</u>
Change in net position	674,487	1,431,492	4,068	2,110,047
<b>NET POSITION, beginning of year</b>	<u>10,814,876</u>	<u>2,755,238</u>	<u>(765)</u>	<u>13,569,349</u>
<b>NET POSITION, end of year</b>	<u>\$ 11,489,363</u>	<u>\$ 4,186,730</u>	<u>\$ 3,303</u>	<u>\$ 15,679,396</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Solid Waste Collection Fund</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 2,910,976	\$ 1,355,732	\$ 883,368	\$ 5,150,076
Payments to suppliers	(1,201,769)	(499,577)	(1,082,318)	(2,783,664)
Payments to employees	(638,371)	(457,713)	(117)	(1,096,201)
Net cash provided by (used in) operating activities	<u>1,070,836</u>	<u>398,442</u>	<u>(199,067)</u>	<u>1,270,211</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	818,404	200,000	1,018,404
Net cash provided by noncapital financing activities	<u>-</u>	<u>818,404</u>	<u>200,000</u>	<u>1,018,404</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(945,253)	(70,693)	-	(1,015,946)
Proceeds from notes payable	1,791,761	-	-	1,791,761
Principal paid on bonds	(336,252)	(411,990)	-	(748,242)
Principal paid on notes payable	(77,850)	-	-	(77,850)
Interest paid	(98,961)	(84,738)	-	(183,699)
Net cash provided by (used in) capital and related financing activities	<u>333,445</u>	<u>(567,421)</u>	<u>-</u>	<u>(233,976)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earned on operating cash	2,866	-	-	2,866
Net cash provided by investing activities	<u>2,866</u>	<u>-</u>	<u>-</u>	<u>2,866</u>
Net change in cash and cash equivalents	1,407,147	649,425	933	2,057,505
Cash and cash equivalents, beginning of year	<u>1,066,035</u>	<u>6,172</u>	<u>18,302</u>	<u>1,090,509</u>
Cash and cash equivalents, end of year	<u>\$ 2,473,182</u>	<u>\$ 655,597</u>	<u>\$ 19,235</u>	<u>\$ 3,148,014</u>
<b>Classified as:</b>				
Cash and cash equivalents	\$ 2,067,633	\$ 655,597	\$ 19,235	\$ 2,742,465
Restricted assets: cash	405,549	-	-	405,549
	<u>\$ 2,473,182</u>	<u>\$ 655,597</u>	<u>\$ 19,235</u>	<u>\$ 3,148,014</u>

(Continued)

**CITY OF TYBEE ISLAND, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Nonmajor Enterprise Fund Solid Waste Collection Fund</u>	<u>Totals</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 703,992	\$ 697,087	\$ (195,932)	\$ 1,205,147
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating				
Depreciation	601,611	52,866	-	654,477
Change in assets and liabilities:				
(Increase) decrease:				
Accounts receivable	(92,123)	-	(5,138)	(97,261)
Inventory	(62,931)	(3,919)	-	(66,850)
Prepaid expenses	59,277	82,601	-	141,878
Increase (decrease):				
Accounts payable	(144,678)	(2,064)	2,120	(144,622)
Accrued expenses	377	(7,658)	-	(7,281)
Customer deposits	18,700	(20,442)	-	(1,742)
Net pension liability	(13,389)	(8,130)	(117)	(21,636)
Due to other funds	-	(391,899)	-	(391,899)
Net cash provided by (used in) operating activities	<u>\$ 1,070,836</u>	<u>\$ 398,442</u>	<u>\$ (199,067)</u>	<u>\$ 1,270,211</u>
<b>Noncash capital and related financing activities:</b>				
Contributions from developers	\$ 67,265	\$ -	\$ -	\$ 67,265
	<u>\$ 67,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,265</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF TYBEE ISLAND, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**JUNE 30, 2018**

---

	<u>Agency Fund Municipal Court</u>
<b>ASSETS</b>	
Cash	\$ 131,925
Total assets	<u>\$ 131,925</u>
<b>LIABILITIES</b>	
Due to others	\$ 131,925
Total liabilities	<u>\$ 131,925</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

---

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

The financial statements of the City of Tybee Island, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

**A. Reporting Entity**

The City of Tybee Island was incorporated October 15, 1887. The City operates under the Council–City Manager form of government and provides the following services to its citizens as authorized by its charter: public safety (police and fire), highways and streets, water and sewer, sanitation, culture and recreation, planning and zoning, and general and administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include the accounts of all City operations and all activities of the City.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity should include those of the City and its component unit. The component unit discussed below had no activity or account balances for the year ended June 30, 2018, to report in the financial statements.

The Downtown Development Authority (the “Authority”) was activated by the Mayor and City Council in August 2014. The Authority is part of the City’s Main Street Program and Directors serve as the Tybee Island Main Street Board of Directors for the Authority. Program Directors are appointed by City Council to provide assistance and opportunities as available that encourage economic growth and development while preserving the unique architectural and community heritage. The Authority had no financial activity during the fiscal year ended June 30, 2018.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### B. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel accommodation excise tax receipts and distributions to tourism promoting organizations as required by agreements with these organizations.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The **FEMA/GEMA Grant Fund** accounts for grants used to recover and repair damages caused by Hurricane Matthew.

The **Chatham County SPLOST Fund** accounts for funds received from Chatham County from their latest SPLOST, which are used for capital improvements made by the City.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **River's End RV Park Fund** accounts for the revenues and operating costs of the City's River's End RV Park. All activities necessary to provide such services are accounted for in this fund.

The **Solid Waste Fund** accounts for the provision of sanitation collection services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **capital projects funds** account for expenditures for capital improvements made by the City. Financing is provided by special purpose local sales tax.

The **agency fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other governments and individuals.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer, gas and solid waste functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, the Hotel/Motel Tax Fund, the Emergency 911 Fund, the Confiscated Assets Fund, and the FEMA/GEMA Grant Fund. All appropriations lapse at the end of the June 30<sup>th</sup> fiscal year. Revenues and expenditures of the Capital Projects Fund are budgeted on a project length basis and are, therefore, excluded from presentation in the financial statements.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Tybee Island because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### **E. Cash and Cash Equivalents**

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.

For purposes of the statements of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

#### **F. Inventory and Prepaid Items**

Inventories are valued at average cost, which approximates market, using the first-in, first-out (FIFO) method. The City accounts for inventory on the purchase basis. Prepaid expenditures/expenses are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

#### **G. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as advances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

## NOTES TO FINANCIAL STATEMENTS

---

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

#### H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose not to include all such items regardless of their acquisition date, but rather only those infrastructure assets acquired subsequent to the adoption of GASB No. 34 as allowed by the GASB. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended June 30, 2018, no amounts of interest were capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	10-40
Machinery and equipment	5-20
Infrastructure	20-50
Utility systems and improvements	20-50

## NOTES TO FINANCIAL STATEMENTS

---

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

#### I. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. An employee may be compensated for up to 65 days of sick leave at a rate of \$25.00 per day upon retirement or death. In the event the payment is owed as a result of the death of the employee, the payment will be made to the beneficiary designated by the employee for this purpose and/or the representative(s) of the employee's estate if no beneficiary is designated.

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

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities* established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

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 position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Other than the items related to the changes in the net pension liability as discussed on the following page, the City did not have any items that qualified for reporting in this category.



## NOTES TO FINANCIAL STATEMENTS

---

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

#### K. Deferred Outflows/Inflows of Resources (Continued)

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 fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the items related to the changes in the net pension liability as discussed below, the City has one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and intergovernmental revenues not received within 60 days after year-end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension 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 in pension 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 expense over a five-year period. Additionally, any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

#### L. 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 City of Tybee Island Retirement Plan (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.

#### M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### M. Fund Equity (Continued)

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, City Council has authorized the Director of Finance to assign fund balance.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

**Net Position** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

#### O. Tax Abatement Agreements

During the year ended June 30, 2017, the City implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of June 30, 2018, the City did not have any such agreements, either entered into by the City or by other governments that exceeded the quantitative threshold for disclosure.

### NOTE 2. LEGAL COMPLIANCE – BUDGETS

The City of Tybee Island, Georgia follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the various departments submit to the governing council, a proposed operating budget for the fiscal year commencing the following July 1<sup>st</sup>.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments.
3. Prior to the beginning of the year, the budget is formally enacted through passage of a resolution by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for the general fund and the special revenue funds. Project length budgets are adopted for the capital projects fund.
5. The budget for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The governing council must approve all revisions. Expenditures should not exceed the legally adopted budget at the department level without Council action amending the budget. All appropriations lapse at the end of each fiscal year.

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

For the fiscal year ended June 30, 2018, debt service expenditures exceeded the final amended budget in the General Fund by \$99.

### NOTE 3. CASH AND INVESTMENTS

Total cash and investments as of June 30, 2018, are summarized as follows:

Amounts as presented on the government-wide statement of net position:	
Cash and cash equivalents	\$ 9,581,271
Investments	1,274,539
Restricted cash and cash equivalents	405,549
Amounts as presented on the statement of fiduciary assets and liabilities:	
Cash	131,925
Total	\$ 11,393,284
Cash deposited with financial institutions	\$ 10,118,745
Cash deposited with Georgia Fund 1	1,274,539
Total	\$ 11,393,284

State statutes authorize the City to invest in obligations of the U.S. government and agencies or corporations of the U.S. government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value). The pool is regulated by the Georgia Office of the State Treasurer and is currently rated AAAs by Standard and Poor's.

At June 30, 2018, the City had the following investments:

Investments	Maturity	Fair Value
Georgia Fund 1	10 days weighted average	\$ 1,274,539

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CASH AND INVESTMENTS (CONTINUED)

**Interest rate risk.** As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, the City's investment policy has been established to structure the investment portfolio so that securities mature to meet the City's cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity as well as investing operating funds primarily in short-term securities, money market funds, certificates of deposit or similar investment pools.

**Custodial credit risk – deposits.** 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. At June 30, 2018, the City was not exposed to custodial credit risk for its deposits.

**Custodial credit risk – investments.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City 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. At June 30, 2018, the City was not exposed to custodial credit risk for its investments.

### NOTE 4. RECEIVABLES

Property taxes were levied in two installments on September 15, 2017 with a due date of November 15, 2017, and again on April 1, 2018 with a due date of June 1, 2018. Taxes are considered delinquent after November 15 and June 1 for the respective levy dates, which would also be the lien date. The net receivables collected during the year ended June 30, 2018, and expected to be collected by August 31, 2018, are recognized as revenues in the year ended June 30, 2018. Net receivables estimated to be collectible subsequent to August 31, 2018, are recorded as revenue when received. Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Hotel/Motel Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Solid Waste Collection Fund
Receivables:					
Taxes	\$ 388,270	\$ 613,280	\$ -	\$ -	\$ -
Accounts	202,561	-	8,613	375,497	84,393
Gross receivables	590,831	613,280	8,613	375,497	84,393
Less: allowance for uncollectibles	(75,907)	-	-	(27,902)	(7,976)
Net total receivables	<u>\$ 514,924</u>	<u>\$ 613,280</u>	<u>\$ 8,613</u>	<u>\$ 347,595</u>	<u>\$ 76,417</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,102,857	\$ -	\$ -	\$ -	\$ 1,102,857
Construction in progress	314,507	306,443	(20,567)	(135,485)	464,898
Total capital assets, not being depreciated	<u>1,417,364</u>	<u>306,443</u>	<u>(20,567)</u>	<u>(135,485)</u>	<u>1,567,755</u>
Capital assets, being depreciated:					
Buildings and improvements	8,121,175	216,497	-	135,485	8,473,157
Machinery and equipment	5,684,071	764,545	(303,638)	-	6,144,978
Infrastructure	3,158,535	128,940	(86,805)	-	3,200,670
Total capital assets, being depreciated	<u>16,963,781</u>	<u>1,109,982</u>	<u>(390,443)</u>	<u>135,485</u>	<u>17,818,805</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,802,630)	(198,094)	-	-	(2,000,724)
Machinery and equipment	(2,887,170)	(629,029)	298,700	-	(3,217,499)
Infrastructure	(1,888,146)	(179,942)	86,805	-	(1,981,283)
Total accumulated depreciation	<u>(6,577,946)</u>	<u>(1,007,065)</u>	<u>385,505</u>	<u>-</u>	<u>(7,199,506)</u>
Total capital assets, being depreciated, net	<u>10,385,835</u>	<u>102,917</u>	<u>(4,938)</u>	<u>135,485</u>	<u>10,619,299</u>
Governmental activities capital assets, net	<u>\$ 11,803,199</u>	<u>\$ 409,360</u>	<u>\$ (25,505)</u>	<u>\$ -</u>	<u>\$ 12,187,054</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 893,203	\$ 455,353	\$ -	\$ (47,703)	\$ 1,300,853
Land	6,973,632	-	-	-	6,973,632
Total capital assets, not being depreciated	<u>7,866,835</u>	<u>455,353</u>	<u>-</u>	<u>(47,703)</u>	<u>8,274,485</u>
Capital assets, being depreciated:					
Land improvements	300,814	49,500	-	-	350,314
Buildings	460,358	-	-	-	460,358
Utility systems and improvements	18,398,634	-	-	-	18,398,634
Machinery and equipment	1,458,099	578,358	-	47,703	2,084,160
Total capital assets, being depreciated	<u>20,617,905</u>	<u>627,858</u>	<u>-</u>	<u>47,703</u>	<u>21,293,466</u>
Less accumulated depreciation for:					
Land improvements	(89,679)	(26,670)	-	-	(116,349)
Buildings	(126,611)	(17,934)	-	-	(144,545)
Utility systems and improvements	(5,219,038)	(472,731)	-	-	(5,691,769)
Machinery and equipment	(733,147)	(137,142)	-	-	(870,289)
Total accumulated depreciation	<u>(6,168,475)</u>	<u>(654,477)</u>	<u>-</u>	<u>-</u>	<u>(6,822,952)</u>
Total capital assets, being depreciated, net	<u>14,449,430</u>	<u>(26,619)</u>	<u>-</u>	<u>47,703</u>	<u>14,470,514</u>
Business-type activities capital assets, net	<u>\$ 22,316,265</u>	<u>\$ 428,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,744,999</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 92,732
Public safety	427,553
Public works	187,182
Culture and recreation	223,688
Housing and community development	75,910
Total depreciation expense - governmental activities	<u>\$ 1,007,065</u>
Business-type activities:	
Water and sewer	\$ 601,611
River's End RV park	52,866
Total depreciation expense - business-type activities	<u>\$ 654,477</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Capital lease payable	\$ 9,628	\$ -	\$ (9,628)	\$ -	\$ -
Compensated absences	288,782	412,242	(415,354)	285,670	170,146
Net pension liability	1,253,634	-	(380,324)	873,310	-
Governmental activity long-term liabilities	<u>\$ 1,552,044</u>	<u>\$ 412,242</u>	<u>\$ (805,306)</u>	<u>\$ 1,158,980</u>	<u>\$ 170,146</u>
<b>Business-type activities:</b>					
Notes payable	\$ 1,563,257	\$ 1,791,761	\$ (77,850)	\$ 3,277,168	\$ 98,517
Revenue bonds payable	7,499,619	-	(748,242)	6,751,377	764,488
Compensated absences	34,790	69,917	(77,198)	27,509	27,509
Net pension liability	247,137	-	(79,293)	167,844	-
Business-type activity long-term liabilities	<u>\$ 9,344,803</u>	<u>\$ 1,861,678</u>	<u>\$ (982,583)</u>	<u>\$ 10,223,898</u>	<u>\$ 890,514</u>

For the governmental activities, compensated absences and the net pension liability are generally liquidated by the General Fund. For the business-type activities, compensated absences and the net pension liability are liquidated by the Water and Sewer Fund and the River's End RV Park Fund.

#### Capital Leases

The City has entered into a lease agreement as lessee to finance the acquisition of machinery and equipment. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The lease was paid off in full during fiscal year 2018.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's outstanding bonds at June 30, 2018, are as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
Chatham County Recreation Authority Refunding Revenue Bond, Series 2016	\$ 4,466,000	2.15%	2026	\$ 3,717,374
Water and Sewer Refunding Revenue Bonds, Series 2016	3,750,000	2.15%	2026	<u>3,034,003</u>
				6,751,377
		Less current portion		<u>(764,488)</u>
				<u>\$ 5,986,889</u>

#### Chatham County Recreation Authority Refunding Revenue Bonds (City of Tybee Island – Campground Project), Series 2016

The City of Tybee Island entered into an intergovernmental agreement with the Chatham County Recreation Authority to issue the Chatham County Recreation Authority Refunding Revenue Bonds (City of Tybee Island – Campground Project), Series 2016. The Series 2016 bonds were issued on August 1, 2016 to: 1) refund and redeem all of the outstanding Series 2006 Bonds, and 2) pay the necessary costs of issuing the bonds. These bonds are secured by and payable from revenues to be received by the Authority from the City pursuant to the intergovernmental agreement.

#### City of Tybee Island Water and Sewer Refunding Revenue Bond, Series 2016

The City of Tybee Island Water and Sewer Refunding Revenue Bond, Series 2016 was issued in August 1, 2016. The Series 2016 bond was used to: 1) fully pay off three loans with Georgia Environmental Facilities Authority, and 2) pay the necessary costs of issuing the bonds. These bonds are secured by and payable from net revenues of the City's water and sewer system.

Revenue bond debt service requirements to maturities, including interest, are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 902,139	\$ 764,488	\$ 137,651
2020	902,139	781,088	121,051
2021	902,139	798,047	104,092
2022	902,138	815,375	86,763
2023	902,138	833,080	69,058
2024 - 2027	2,856,766	2,759,299	97,467
	<u>\$ 7,367,459</u>	<u>\$ 6,751,377</u>	<u>\$ 616,082</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Notes Payable

The Water and Sewer Fund has incurred debt to the Georgia Environmental Facilities Authority for water and sewer system improvements. These notes are as follows at June 30, 2018.

<u>Description</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
Water line extensions and lift stations	\$ 1,601,090	1.40%	2035	\$ 1,424,583
Water and sewer improvements	1,361,000	0.89%	2038	1,290,118
Water and sewer improvements	568,973	0.89%	2038	562,467
				<u>3,277,168</u>
		Less current portion		<u>(98,517)</u>
				<u>\$ 3,178,651</u>

The note payable for water and sewer improvements in the amount of \$1,290,118 is still in the drawdown phase, therefore, a maturity schedule is not presented. Repayment will be determined when construction is complete and all drawdowns have been made. Total notes payable service requirements to maturity are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 122,897	\$ 98,517	\$ 24,380
2020	122,898	99,770	23,128
2021	122,898	101,040	21,858
2022	122,898	102,326	20,572
2023	122,896	103,629	19,267
2024 - 2028	614,486	538,304	76,182
2029 - 2033	614,485	573,554	40,931
2034 - 2038	377,138	369,910	7,228
	<u>\$ 2,220,596</u>	<u>\$ 1,987,050</u>	<u>\$ 233,546</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND BALANCES AND TRANSFERS

As of June 30, 2018, the City had two interfund balances due to the General Fund in the amount of \$1,553,314. Of this amount, \$139,810 is owed from the Hotel/Motel Tax Fund and \$1,413,504 is owed from the FEMA/GEMA Grant Fund.

Interfund transfers for the fiscal year ended June 30, 2018, consisted of the following:

	Transfer From				Total
	General Fund	Hotel/Motel Tax Fund	FEMA/GEMA Fund	Nonmajor Governmental Funds	
<b>Transfer To</b>					
General Fund	\$ -	\$ 1,572,294	\$ 57,023	\$ 632	\$ 1,629,949
FEMA/GEMA Fund	81,641	-	-	-	81,641
Chatham County SPLOST	116,875	-	-	-	116,875
River's End RV Park	818,404	-	-	-	818,404
Solid Waste Fund	200,000	-	-	-	200,000
Nonmajor governmental funds	282,067	-	-	-	282,067
Total	<u>\$ 1,498,987</u>	<u>\$ 1,572,294</u>	<u>\$ 57,023</u>	<u>\$ 632</u>	<u>\$ 3,128,936</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the Hotel/Motel Tax Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 8. DEFINED BENEFIT PENSION PLAN

#### Plan Description

The City of Tybee Island, Georgia, has established a non-contributory defined benefit pension plan City of Tybee Island Retirement Plan (the "Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 1.5% - 2%, based on the dynamic breakpoint formula, multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend, from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at [www.gmanet.com](http://www.gmanet.com), by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

*Plan membership.* As of January 1, 2018, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	46
Terminated employees entitled to benefits but not yet receiving them	48
Active Plan members	<u>107</u>
Total membership in the Plan	<u><u>201</u></u>

*Contributions.* The 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 Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, 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. Employees make no contributions to the Plan. The City is required to contribute at an actuarially determined rate. For the year ended June 30, 2018, the City's contribution rate was 9.83% of annual payroll. City contributions to the Plan were \$432,017 for the year ended June 30, 2018.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2017.

*Actuarial assumptions.* The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Net Investment rate of return	7.50%

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 investment return and inflation assumptions used to value the Plan were approved in December 2017 by the Board based on an experience study conducted in September 2017. The remaining assumptions and methods used to value the Plan were approved in December 2014 by the Board of Trustees based on an experience study for the period January 1, 2010 through June 30, 2014.

The cost of living adjustment is assumed to be 2.75%.

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 September 30, 2017, are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.71%
International equity	20%	7.71%
Domestic fixed income	20%	2.11%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
	100%	

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

*Discount rate.* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the 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.

*Changes in the Net Pension Liability of the City.* The changes in the components of the net pension liability of the City for the year ended June 30, 2018, were as follows:

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Beginning balances	\$ 8,958,861	\$ 7,458,090	\$ 1,500,771
<i>Changes for the year:</i>			
Service cost	270,293	-	270,293
Interest	678,645	-	678,645
Differences between expected and actual experience	107,516	-	107,516
Contributions - employer	-	423,061	(423,061)
Net investment income	-	1,123,477	(1,123,477)
Benefit payments, including refunds			
of employee contributions	(404,293)	(404,293)	-
Administrative expense	-	(29,890)	29,890
Other	577	-	577
<i>Net changes</i>	652,738	1,112,355	(459,617)
Ending balances	\$ 9,611,599	\$ 8,570,445	\$ 1,041,154

The required schedule of changes in the City's 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 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
City of Tybee Island's net pension liability	\$ 2,348,583	\$ 1,041,154	\$ (37,725)

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 September 30, 2017, and the current sharing pattern of costs between employer and employee.

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

For the year ended June 30, 2018, the City recognized pension expense of \$305,284. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 98,771	\$ -
Changes in assumptions	32	(36)
Net difference between projected and actual earnings on pension plan investments	-	(440,354)
City contributions subsequent to the measurement date	324,181	(36)
Total	\$ 422,984	\$ (440,426)

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

City contributions subsequent to the measurement date of \$324,145 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized as a component of pension expense as follows:

Year ending June 30:	
2019	\$ (95,975)
2020	(36,033)
2021	(122,016)
2022	(87,563)
Total	<u>\$ (341,587)</u>

### NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded insurance coverage.



## NOTES TO FINANCIAL STATEMENTS

---

### **NOTE 10. JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the nine county coastal Georgia region, is a member of the Coastal Georgia Regional Commission (“RC”) and is required to pay annual dues thereto. During the fiscal year ended June 30, 2018, the City paid \$3,887 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the Coastal Georgia Regional Commission, 127 “F” Street, Brunswick, Georgia 31520.

### **NOTE 11. COMMITMENTS AND CONTINGENCIES**

#### **Litigation**

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

#### **Grant Contingencies**

The City has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

### **NOTE 12. HOTEL/MOTEL LODGING TAX**

The City has levied a 6% lodging tax. For the fiscal year ended June 30, 2018, \$3,134,865 of Hotel/Motel tax was collected. Of the total collected, 50% was used for the promotion of tourism within the City (\$1,048,091 to the Savannah Chamber of Commerce and \$524,203 to the Georgia International Convention Center).

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF TYBEE ISLAND, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CITY'S NET  
PENSION LIABILITY AND RELATED RATIOS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ 270,293	\$ 243,211	\$ 271,181	\$ 254,414
Interest on total pension liability	678,645	632,774	591,196	559,195
Differences between expected and actual experience	107,516	55,701	(6,456)	(90,395)
Changes of assumptions	-	-	-	(2,320)
Benefit payments, including refunds of employee contributions	(404,293)	(331,010)	(307,853)	(308,101)
Other	577	27,856	-	-
<b>Net change in total pension liability</b>	<b>652,738</b>	<b>628,532</b>	<b>548,068</b>	<b>412,793</b>
<b>Total pension liability - beginning</b>	<b>8,958,861</b>	<b>8,330,329</b>	<b>7,782,261</b>	<b>7,369,468</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 9,611,599</b>	<b>\$ 8,958,861</b>	<b>\$ 8,330,329</b>	<b>\$ 7,782,261</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 423,061	\$ 430,220	\$ 450,057	\$ 428,260
Net investment income	1,123,477	745,075	67,622	651,704
Benefit payments, including refunds of employee contributions	(404,293)	(331,010)	(307,853)	(308,101)
Administrative expenses	(29,890)	(17,953)	(20,168)	(15,776)
<b>Net change in plan fiduciary net position</b>	<b>1,112,355</b>	<b>826,332</b>	<b>189,658</b>	<b>756,087</b>
<b>Plan fiduciary net position - beginning</b>	<b>7,458,090</b>	<b>6,631,758</b>	<b>6,442,100</b>	<b>5,686,013</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 8,570,445</b>	<b>\$ 7,458,090</b>	<b>\$ 6,631,758</b>	<b>\$ 6,442,100</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 1,041,154</b>	<b>\$ 1,500,771</b>	<b>\$ 1,698,571</b>	<b>\$ 1,340,161</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>89.17%</b>	<b>83.25%</b>	<b>79.61%</b>	<b>82.78%</b>
<b>Covered employee payroll</b>	<b>\$ 4,497,809</b>	<b>\$ 4,327,782</b>	<b>\$ 3,832,932</b>	<b>\$ 3,837,698</b>
<b>City's net pension liability as a percentage of covered employee payroll</b>	<b>23.15%</b>	<b>34.68%</b>	<b>44.32%</b>	<b>34.92%</b>

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

**CITY OF TYBEE ISLAND, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 432,193	\$ 420,017	\$ 433,621	\$ 455,536
Contributions in relation to the actuarially determined contribution	<u>432,193</u>	<u>420,017</u>	<u>433,621</u>	<u>455,536</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,497,809	\$ 4,327,782	\$ 3,832,932	\$ 3,837,698
Contributions as a percentage of covered employee payroll	9.61%	9.71%	11.30%	11.87%

**Notes to the Schedule**

Valuation Date	January 1, 2018
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	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 amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	2.75% plus service based merit increases.
Cost-of-living Adjustment	2.75%
Amortization Method	Closed level dollar for remaining unfunded liability.
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 10 years.

**Changes in assumptions** - Effective with this valuation, the investment return assumption was decreased from 7.75% to 7.50% and the inflation assumption was decreased from 3.25% to 2.75%. In addition, the cost-of-living adjustment assumption was decreased from 3.00% to 2.75%.

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

## **COMBINING STATEMENTS AND SCHEDULES**

# NONMAJOR GOVERNMENTAL FUNDS

---

## Special Revenue Funds

**E911 Fund** – To account for the operations of the E-911 system.

**Confiscated Assets Fund** – To account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from drug enforcement.

## Capital Project Funds

**2003 SPLOST Fund** – To account for capital projects financed from special purpose local option sales taxes. The projects include drainage, water and sewer, and road projects. These projects are financed with a special 1% sales tax.

**2008 Special Purpose Local Option Sales Tax Fund** – To account for projects supported by the special purpose local option sales tax, including road improvements; public safety projects; recreation projects; water and sewer projects; and public building projects.

**2014 SPLOST Fund** – To account for capital projects financed from special purpose local option sales taxes. The projects include public safety buildings and equipment, beach related projects, road projects, and water and sewer equipment. These projects are financed with a special 1% sales tax.

**Grant Fund** – To account for the receipt and disbursement of various grants received by the City.

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,703	\$ 836,470	\$ 838,173
Accounts receivable	8,613	-	8,613
Due from other governments	-	150,812	150,812
Prepaid expenditures	1,205	-	1,205
<b>Total assets</b>	<b>\$ 11,521</b>	<b>\$ 987,282</b>	<b>\$ 998,803</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,543	\$ 23,573	\$ 26,116
<b>Total liabilities</b>	<b>2,543</b>	<b>23,573</b>	<b>26,116</b>
<b>FUND BALANCE</b>			
Nonspendable - prepaid items	1,205	-	1,205
Restricted for:			
Public safety vehicles and equipment	7,773	289,000	296,773
Capital projects	-	674,709	674,709
<b>Total fund balance</b>	<b>8,978</b>	<b>963,709</b>	<b>972,687</b>
<b>Total liabilities and fund balance</b>	<b>\$ 11,521</b>	<b>\$ 987,282</b>	<b>\$ 998,803</b>

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 831,784	\$ 831,784
Charges for services	64,423	-	64,423
Interest income	-	592	592
<b>Total revenues</b>	<u>64,423</u>	<u>832,376</u>	<u>896,799</u>
<b>Expenditures:</b>			
Current:			
Public safety	340,091	-	340,091
Capital outlay	-	990,280	990,280
<b>Total expenditures</b>	<u>340,091</u>	<u>990,280</u>	<u>1,330,371</u>
Deficiency of revenues under expenditures	<u>(275,668)</u>	<u>(157,904)</u>	<u>(433,572)</u>
<b>Other financing sources:</b>			
Transfers in	282,067	-	282,067
Transfers out	-	(632)	(632)
<b>Total other financing sources</b>	<u>282,067</u>	<u>(632)</u>	<u>281,435</u>
Net change in fund balance	6,399	(158,536)	(152,137)
<b>Fund balance, beginning of year</b>	<u>2,579</u>	<u>1,122,245</u>	<u>1,124,824</u>
<b>Fund balance, end of year</b>	<u>\$ 8,978</u>	<u>\$ 963,709</u>	<u>\$ 972,687</u>



**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

	<u>E911 Fund</u>	<u>Confiscated Assets Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 243	\$ 1,460	\$ 1,703
Accounts receivable	8,613	-	8,613
Prepaid expenditures	1,205	-	1,205
	<u>10,061</u>	<u>1,460</u>	<u>11,521</u>
<b>Total assets</b>	<b>\$ 10,061</b>	<b>\$ 1,460</b>	<b>\$ 11,521</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,543	\$ -	\$ 2,543
<b>Total liabilities</b>	<u>2,543</u>	<u>-</u>	<u>2,543</u>
<b>FUND BALANCE</b>			
Nonspendable - prepaid items	1,205	-	1,205
Restricted for:			
Public safety	6,313	1,460	7,773
<b>Total fund balance</b>	<u>7,518</u>	<u>1,460</u>	<u>8,978</u>
<b>Total liabilities and fund balance</b>	<u>\$ 10,061</u>	<u>\$ 1,460</u>	<u>\$ 11,521</u>

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>E911 Fund</b>	<b>Confiscated Assets Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues:</b>			
Charges for services	\$ 64,423	\$ -	\$ 64,423
Total revenues	<u>64,423</u>	<u>-</u>	<u>64,423</u>
<b>Expenditures:</b>			
Current:			
Public safety	340,091	-	340,091
Total expenditures	<u>340,091</u>	<u>-</u>	<u>340,091</u>
Deficiency of revenues under expenditures	<u>(275,668)</u>	<u>-</u>	<u>(275,668)</u>
<b>Other financing sources:</b>			
Transfers in	282,067	-	282,067
Total other financing sources	<u>282,067</u>	<u>-</u>	<u>282,067</u>
Net change in fund balance	6,399	-	6,399
<b>Fund balance, beginning of year</b>	<u>1,119</u>	<u>1,460</u>	<u>2,579</u>
<b>Fund balance, end of year</b>	<u><u>\$ 7,518</u></u>	<u><u>\$ 1,460</u></u>	<u><u>\$ 8,978</u></u>

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2018**

	<b>2003 SPLOST Fund</b>	<b>2008 SPLOST Fund</b>	<b>2014 SPLOST Fund</b>	<b>Grant Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 424,691	\$ -	\$ 411,779	\$ -	\$ 836,470
Due from other governments	-	-	150,812	-	150,812
<b>Total assets</b>	<b>\$ 424,691</b>	<b>\$ -</b>	<b>\$ 562,591</b>	<b>\$ -</b>	<b>\$ 987,282</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 11,056	\$ -	\$ 12,517	\$ -	\$ 23,573
<b>Total liabilities</b>	<b>11,056</b>	<b>-</b>	<b>12,517</b>	<b>-</b>	<b>23,573</b>
<b>FUND BALANCE</b>					
Restricted for:					
Public safety vehicles and equipment	-	-	289,000	-	289,000
Capital projects	413,635	-	261,074	-	674,709
<b>Total fund balance</b>	<b>413,635</b>	<b>-</b>	<b>550,074</b>	<b>-</b>	<b>963,709</b>
<b>Total liabilities and fund balance</b>	<b>\$ 424,691</b>	<b>\$ -</b>	<b>\$ 562,591</b>	<b>\$ -</b>	<b>\$ 987,282</b>

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>2003 SPLOST Fund</b>	<b>2008 SPLOST Fund</b>	<b>2014 SPLOST Fund</b>	<b>Grant Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ 831,784	\$ -	\$ 831,784
Interest income	87	3	502	-	592
Total revenues	<u>87</u>	<u>3</u>	<u>832,286</u>	<u>-</u>	<u>832,376</u>
<b>Expenditures:</b>					
Capital outlay	34,234	3,625	952,421	-	990,280
Total expenditures	<u>34,234</u>	<u>3,625</u>	<u>952,421</u>	<u>-</u>	<u>990,280</u>
Deficiency of revenues under expenditures	<u>(34,147)</u>	<u>(3,622)</u>	<u>(120,135)</u>	<u>-</u>	<u>(157,904)</u>
<b>Other financing sources:</b>					
Transfers out	-	-	-	(632)	(632)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(632)</u>	<u>(632)</u>
Net change in fund balance	(34,147)	(3,622)	(120,135)	(632)	(158,536)
<b>Fund balance, beginning of year</b>	<u>447,782</u>	<u>3,622</u>	<u>670,209</u>	<u>632</u>	<u>1,122,245</u>
<b>Fund balance, end of year</b>	<u>\$ 413,635</u>	<u>\$ -</u>	<u>\$ 550,074</u>	<u>\$ -</u>	<u>\$ 963,709</u>

**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2014 RESOLUTION)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
<b>Public Safety</b>					
Police department vehicles	\$ 120,000	\$ 228,434	\$ 228,437	\$ -	\$ 228,437
Public safety software upgrade	165,000	196,665	196,665	-	196,665
Fire department truck	630,000	630,000	308,351	294,500	602,851
Fire department equipment	630,000	499,425	216,425	-	216,425
<b>Water and Sewer</b>					
Various projects	1,554,000	-	-	-	-
<b>Street and Infrastructure</b>					
Street paving and repair	550,000	79,300	18,164	53,692	71,856
Marsh Hen Trail/Highway 80 bike trail	47,000	47,000	13,277	20,545	33,822
Drainage project - Bay Street	-	10,156	10,156	-	10,156
Drainage project - various	-	200,000	-	11,580	11,580
Street sweeper equipment	-	180,000	-	180,000	180,000
<b>Cultural and Recreation</b>					
Memorial Park pavilion building	32,000	45,997	45,997	-	45,997
Memorial Park restroom building	-	212,872	45,537	167,335	212,872
Playground equipment	120,000	195,390	195,390	-	195,390
Tybee Arts Association - audio/video	-	53,150	27,017	-	27,017
YMCA - batting cage	-	5,842	5,842	-	5,842
Friends/Post Tybee Theater audio/video equipment	-	117,056	117,056	-	117,056
JayCee Park	-	887	887	-	887
Various projects	332,000	-	-	-	-
<b>Beach Related</b>					
Mobile Mats	20,000	-	-	-	-
Beach crossovers	-	136,441	-	59,760	59,760
Beach renourishment	-	165,010	-	165,009	165,009
	<u>\$ 4,200,000</u>	<u>\$ 3,003,625</u>	<u>\$ 1,429,201</u>	<u>\$ 952,421</u>	<u>\$ 2,381,622</u>

**Note:** Beginning balance for playground equipment was changed to reflect a correction of \$667.

**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS  
(CHATHAM COUNTY VI RESOLUTION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
<b>Beach Related</b>					
North Beach bathroom facility and concession stand	\$ 850,000	\$ 999,894	\$ 966,026	\$ -	\$ 966,026
Beach derelict structure removal project	-	68,541	68,541	-	68,541
North Beach concession stand equipment	-	15,800	14,867	-	14,867
Program management fees	-	2,839	106	-	106
Undesignated	-	1,711,836	-	1,711,836	1,711,836
	<u>\$ 850,000</u>	<u>\$ 2,798,910</u>	<u>\$ 1,049,540</u>	<u>\$ 1,711,836</u>	<u>\$ 2,761,376</u>

**Note:** Beginning balance for the beach derelict structure removal project was changed as part of the cost (\$116,875) was not reimbursed by the County as anticipated. This portion was funded by the General Fund in the current year.

**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2008 RESOLUTION)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
<b>Public Safety</b>					
Public safety facility	\$ 327,000	\$ 3,273,341	\$ 3,273,341	\$ -	\$ 3,273,341
Fire department bay	65,000	-	-	-	-
Fire department and TEMA generator	35,000	-	-	-	-
Public safety software upgrade	118,800	104,700	104,700	-	104,700
Public safety vehicle - 6 cylinder	27,164	-	-	-	-
<b>Street and Infrastructure</b>					
14th Street parking lot drainage project	933,727	-	-	-	-
Street paving and repair	30,050	266,109	266,109	-	266,109
Drainage Tybrisa/Alley	226,350	68,588	68,588	-	68,588
Bike racks	2,000	2,166	2,166	-	2,166
TE Grant Historic Butler Avenue match	98,906	69,678	82,605	-	82,605
Bike trail through Memorial Park	15,000	13,957	13,957	-	13,957
ADA Sidewalk Butler, Silver and 18th Streets	44,000	22,835	22,835	-	22,835
Highway 80 bike trail	40,000	77,162	64,235	-	64,235
Automated meter readers	-	630,000	630,000	-	630,000
<b>Community Development</b>					
Salt Meadow project	30,000	41,373	41,373	-	41,373
GIS	6,500	-	-	-	-
<b>Beach Related Projects</b>					
Beach renourishment	300,000	1,210,000	1,210,000	-	1,210,000
Bathroom repairs and improvements	36,000	-	-	-	-
North Beach mobile restroom	57,000	-	-	-	-
2 Mobile Mats	40,000	39,980	39,980	-	39,980
8th Street dune	30,000	-	-	-	-
<b>Culture and Recreation</b>					
Memorial Park project	2,000	260,291	135,485	3,625	139,110
Memorial Park playground	-	17,073	17,073	-	17,073
<b>Undesignated</b>					
	5,535,503	3,663	-	-	-
	<u>\$ 8,000,000</u>	<u>\$ 6,100,916</u>	<u>\$ 5,972,447</u>	<u>\$ 3,625</u>	<u>\$ 5,976,072</u>

**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2003 RESOLUTION)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
<b>Drainage</b>					
Drainage reconstruction/maintenance	\$ 200,000	\$ 559	\$ 559	\$ -	\$ 559
North Beach area	200,000	-	-	-	-
14th Street drainage project	-	966,226	966,226	-	966,226
<b>Water and Sewer Improvements</b>					
Beach side of Butler water line improvement	575,000	2,130,273	2,130,273	-	2,130,273
Butler Avenue water line	817,000	-	-	-	-
Water line looping	224,040	15,460	15,460	-	15,460
Replacement of 6" ACX water line improvement	168,960	-	-	-	-
Fort Screven water line replacement, Lift station upgrades, I&I continuation	440,000	82,522	82,522	-	82,522
<b>Roads</b>					
Various improvements	250,000	-	-	-	-
ADA sidewalk improvement	-	22,000	22,000	-	22,000
Bike paths	100,000	3,200	3,200	-	3,200
Jones Avenue	350,000	175,653	175,653	-	175,653
Street paving and sidewalks	-	70,000	70,000	-	70,000
Marsh Hen Trail TE match	-	23,251	21,717	-	21,717
<b>Public Safety</b>					
Public safety facility	500,000	294,402	294,402	-	294,402
Fire department equipment	-	163,310	163,310	-	163,310
<b>Beach Related</b>					
Beach renourishment	1,000,000	1,000,000	1,000,000	-	1,000,000
<b>Street and Infrastructure</b>					
Drainage Tybrisa/Alley	-	-	-	-	-
<b>Community Development</b>					
Old Fort Theater, guardhouse	600,000	774,825	774,825	-	774,825
Playground equipment	200,000	196,559	196,559	-	196,559
Marine Rescue Squadron facility	100,000	71,165	71,165	-	71,165
Tybee Marine Science Center project	600,000	600,000	154,126	34,234	188,360
South Beach Business District	-	764,381	764,381	-	764,381
<b>Other</b>					
Other capital equipment	190,354	374	-	-	-
	<u>\$ 6,515,354</u>	<u>\$ 7,354,160</u>	<u>\$ 6,906,378</u>	<u>\$ 34,234</u>	<u>\$ 6,940,612</u>



## **COMPLIANCE SECTION**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

---

**Honorable Mayor and Members  
Of City Council  
City of Tybee Island  
Tybee Island, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tybee Island, Georgia (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Tybee Island, Georgia's basic financial statements and have issued our report thereon dated December 18, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Tybee Island, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Tybee Island, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tybee Island, Georgia's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

---

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Tybee Island, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Macon, Georgia  
December 18, 2018



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

---

Honorable Mayor and Members  
of City Council  
City of Tybee Island  
Tybee Island, Georgia

### Report on Compliance for Each Major Federal Program

We have audited the City of Tybee Island, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2018. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the City's major federal program. However, our audit does not provide a legal determination of the City's compliance.

---

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Tybee Island, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

---

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 18, 2018

**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/ Pass-Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant ID Number</u>	<u>Federal Expenditures</u>	<u>Passed-Through to Subrecipients</u>
<b>U.S. Department of Homeland Security</b>				
<b>Direct Awards</b>				
Disaster Grants - Public Assistance	97.036	FEMA-4284-DR-GA	\$ 397,705	\$ -
Disaster Grants - Public Assistance	97.036	FEMA-4338-DR-GA	<u>312,334</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>710,039</u>	<u>-</u>
<b>Environmental Protection Agency</b>				
<b>Passed through Georgia Environmental Finance Authority</b>				
Capitalization Grants for Clean Water State Revolving Loan Funds	66.458	CWSRF2016043	474,125	-
Capitalization Grants for Drinking Water State Revolving Loan Funds	66.468	DWSRF2016045	<u>1,222,788</u>	<u>-</u>
Total Environmental Protection Agency			<u>1,696,913</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,406,952</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

# CITY OF TYBEE ISLAND, GEORGIA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

### **NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Tybee Island, Georgia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR part 200, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **NOTE 2. NON-CASH ASSISTANCE AND LOANS**

There were no federal awards expended in the form of noncash assistance during the year. There were also no loans or loan guarantees outstanding at year-end.

### **NOTE 3. DE MINIMIS INDIRECT COST RATE**

The City did not use the 10% de minimis indirect cost rate.



**CITY OF TYBEE ISLAND, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
 Material weaknesses identified? \_\_\_ Yes   X   No

Significant deficiencies identified not considered  
 to be material weaknesses? \_\_\_ Yes   X   None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:  
 Material weaknesses identified? \_\_\_ Yes   X   No

Significant deficiencies identified not considered  
 to be material weaknesses? \_\_\_ Yes   X   None Reported

Type of auditor's report issued on compliance for  
 major programs Unmodified

Any audit findings disclosed that are required to  
 be reported in accordance with 2 CFR part 200? \_\_\_ Yes   X   No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Loan Funds

Dollar threshold used to distinguish between  
 Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_ Yes   X   No

**CITY OF TYBEE ISLAND, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**CITY OF TYBEE ISLAND, GEORGIA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

None reported.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix B

FORM OF RESOLUTION AND CONTRACT

[THIS PAGE INTENTIONALLY LEFT BLANK]

BOND RESOLUTION

A BOND RESOLUTION OF THE CHATHAM COUNTY RECREATION AUTHORITY (THE "AUTHORITY") TO PROVIDE FOR THE ISSUANCE OF THE CHATHAM COUNTY RECREATION AUTHORITY (GEORGIA) REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 2019 BONDS"); SAID SERIES 2019 BONDS TO PROVIDE FUNDS REQUIRED TO PAY (I) A PORTION OF THE COSTS OF FINANCING A NEW TYBEE ISLAND MARINE SCIENCE CENTER IN THE CITY OF TYBEE ISLAND, GEORGIA (THE "CITY"), WHICH INCLUDES RECREATIONAL PICNIC AND PLAYGROUND AREAS, A DUNE WALK, AND CLIMBABLE MARINE LIFE REPLICAS (THE "PROJECT"), AND (II) THE EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2019 BONDS; TO PROVIDE THAT PAYMENT OF THE SERIES 2019 BONDS SHALL BE SECURED BY A FIRST AND PRIOR PLEDGE OF AND CHARGE OR LIEN ON THE REVENUES RECEIVED BY THE AUTHORITY PURSUANT TO AN INTERGOVERNMENTAL CONTRACT WITH THE CITY; TO PROVIDE FOR THE EXECUTION OF SAID CONTRACT WITH THE CITY; TO PROVIDE FOR THE ISSUANCE OF BONDS ON A PARITY WITH THE SERIES 2019 BONDS; TO PROVIDE FOR THE CREATION OF A CERTAIN FUND TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS (AS DEFINED HEREIN); TO PROVIDE FOR THE VALIDATION OF THE BONDS; AND FOR OTHER PURPOSES.

Section 405. Authorization of Contract .....24  
 Section 406. Authorization for Validation of Bonds .....24  
 Section 407. Authorization of Official Statement.....25  
 Section 408. General Authorization.....25  
 Section 409. Non-Arbitrage and Tax Covenants .....25  
 Section 410. Designation of the Series 2019 Bonds as Qualified Tax-Exempt Obligations.....25  
 Section 411. Continuing Disclosure .....25

ARTICLE V  
 APPLICATION OF BOND PROCEEDS;  
 CONSTRUCTION FUND; COSTS OF ISSUANCE ACCOUNT;  
 SINKING FUND; PLEDGE OF REVENUES

Section 501. Application of Bond Proceeds .....27  
 Section 502. Costs of Issuance Account .....27  
 Section 503. Construction Fund .....27  
 Section 504. Requisition Procedure .....28  
 Section 505. Other Disbursements from the Construction Fund .....29  
 Section 506. Completion of the Project .....29  
 Section 507. Creation of Sinking Fund; Use of Money Therein .....29  
 Section 508. Revenues to be Paid to Sinking Fund Custodian; Pledge of Revenues;  
 Collateral Assignment to Bondholders .....30  
 Section 509. Deposits into Sinking Fund .....31  
 Section 510. Bonds Not Presented When Due .....31  
 Section 511. Fees, Charges, and Expenses .....31

ARTICLE VI  
 INVESTMENT OF MONEY;  
 DESIGNATION OF DEPOSITORIES

Section 601. Authorized Investments .....32  
 Section 602. Designation of Bond Registrar, Paying Agent, Authentication Agent,  
 and Fund Custodians .....35  
 Section 603. Bank or Trust Company as Bond Registrar, Paying Agent, and  
 Authentication Agent .....35

ARTICLE VII  
 DEFEASANCE

Section 701. Defeasance .....36

ARTICLE VIII  
 DEFAULT PROVISIONS AND  
 REMEDIES OF BONDHOLDERS

Section 801. Defaults; Events of Default .....38

TABLE OF CONTENTS

Preamble .....1  
 Page

ARTICLE I  
 DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions .....3  
 Section 102. Rules of Construction .....6

ARTICLE II  
 AUTHORIZATION, TERMS, AND FORM OF BONDS

Section 201. Authorization and Designation of Bonds .....8  
 Section 202. Maturity, Interest Rates, Payment Dates, Date, Redemption Provisions,  
 and Other Particulars of the Bonds .....8  
 Section 203. Execution of Bonds .....12  
 Section 204. Authentication of Bonds .....12  
 Section 205. Mutilated, Lost, Stolen, or Destroyed Bonds .....12  
 Section 206. Validation Certificate .....12  
 Section 207. Paying Agent and Bond Registrar; Authentication Agent .....13  
 Section 208. Interchangeability of Bonds .....13  
 Section 209. Transfer and Registration of Bonds .....13  
 Section 210. Regulations with Respect to Exchanges and Transfers .....13  
 Section 211. Form of Bonds .....13

ARTICLE III  
 REDEMPTION OF BONDS BEFORE MATURITY;  
 PURCHASE OF BONDS IN MARKET

Section 301. Redemption of Series 2019 Bonds .....20  
 Section 302. Scheduled Mandatory Redemption .....20  
 Section 303. Notice of Redemption .....20  
 Section 304. Manner of Redemption .....21  
 Section 305. Effect of Redemption Call .....21  
 Section 306. Purchase of Series 2019 Bonds in Market .....22  
 Section 307. Redemption of Parity Bonds .....22

ARTICLE IV  
 GENERAL AUTHORIZATIONS AND AGREEMENTS;  
 PARITY BONDS; NON-ARBITRAGE AND TAX COVENANTS

Section 401. Payment of Principal and Interest; Limited Obligation .....23  
 Section 402. Performance of Covenants; Authority .....23  
 Section 403. Instruments of Further Assurance .....23  
 Section 404. Priority of Pledge; Parity Bonds .....23

Bond Resolution  
 1

Section 802. [Reserved] .....38  
 Section 803. Remedies; Rights of Bondholders .....38  
 Section 804. Right of Bondholders to Direct Proceedings .....39  
 Section 805. Waiver by Authority .....39  
 Section 806. Application of Money .....39  
 Section 807. Limitation on Rights and Remedies of Bondholders .....39  
 Section 808. Termination of Proceedings .....40

ARTICLE IX  
 SUPPLEMENTAL RESOLUTIONS;  
 AMENDMENTS TO CONTRACT

Section 901. Supplemental Resolutions Not Requiring Consent of Bondholders .....41  
 Section 902. Supplemental Resolutions Requiring Consent of Bondholders .....41  
 Section 903. Amendments to Contract Not Requiring Consent of Bondholders .....42  
 Section 904. Amendments to Contract Requiring Consent of Bondholders .....42  
 Section 905. Notice of Supplemental Resolutions and Amendments .....42  
 Section 906. Effect of Supplemental Proceeding .....43  
 Section 907. Resolution Constitutes Contract .....43  
 Section 908. Subsequent Proceedings Consistent with Resolution .....43

ARTICLE X  
 MISCELLANEOUS

Section 1001. Consents of Bondholders .....44  
 Section 1002. Limitation of Rights .....44  
 Section 1003. Severability .....44  
 Section 1004. Immunity of Members, Officers, and Employees of the Authority .....44  
 Section 1005. Communications .....45  
 Section 1006. Payments Due on Day Other than a Business Day .....45  
 Section 1007. Laws Governing Resolution .....46  
 Section 1008. [Reserved] .....46  
 Section 1009. Bond Purchase Agreement .....46  
 Section 1010. Official Statement .....46  
 Section 1011. Captions .....46  
 Section 1012. Repealer .....46  
 Section 1013. General Authority .....46

## BOND RESOLUTION

THIS BOND RESOLUTION (this "**Resolution**"), adopted this February 14, 2019, by the Chatham County Recreation Authority, a body corporate and politic and a public corporation which is deemed to be a political subdivision of the State of Georgia (the "**Authority**");

### WITNESSETH:

WHEREAS, the Authority has been created pursuant to an act of the General Assembly of Georgia, Ga. Laws 1995, p. 4281 *et seq.* (the "**Act**"); and

WHEREAS, pursuant to the Act, the Authority is authorized to acquire, construct, equip, maintain, and operate projects and facilities, which include recreational playgrounds, parks, and picnicking areas, and the usual and convenient facilities in connection therewith, and acquisition, construction, and equipping of such facilities, all for the essential public purposes of the Authority; and

WHEREAS, under the Act, the Authority is further empowered to enter into contracts and leases and to execute all instruments necessary or convenient, including contracts for construction of projects and leases of projects or contracts with respect to the use of projects which it causes to be acquired or constructed, provided that all political subdivisions of the state or of local government are authorized to enter into contracts, leases, or agreements with the Authority, upon such terms and for such purposes as they deem advisable; and

WHEREAS, under the Act, the Authority is authorized to issue its revenue bonds and use the proceeds thereof for the purpose of paying all or part of the cost of any project, including the cost of extending, adding to, or improving such project; and

WHEREAS, the Act provides that no bonds so issued by the Authority shall constitute an indebtedness or obligation of the State of Georgia or of any county, municipal corporation, or political subdivision thereof, that all such bonds shall be payable solely from the revenues pledged to the payment thereof, and that no holder or holders of any such bonds shall ever have the right to compel any exercise of the taxing power of this state or of any county, municipal corporation, or political subdivision thereof, nor to enforce the payment thereof against any property of the state or of any such county, municipal corporation, or political subdivision; and

WHEREAS, pursuant to Article IX, Section III, Paragraph I of the Constitution of the State of Georgia, any municipality or other political subdivision of the State of Georgia may contract for any period not exceeding 50 years with any public authority for joint services, for the provision of services or for the joint or separate use of facilities and equipment, provided such contracts deal with activities, services, or facilities which the contracting parties are authorized by law to undertake or provide; however, under Georgia law, the City may obligate itself to make the payments required under such contract from money received from taxes and from any other source without creating a debt within the meaning of Article IX, Section V, Paragraph I of said Constitution; and

WHEREAS, pursuant to this Resolution and in furtherance of the purposes of the Act, on behalf of and at the request of the City, the Authority proposes to issue its REVENUE BONDS

(TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019 (the "**Series 2019 Bonds**"), in the aggregate principal amount of \$ \_\_\_\_\_, for the purposes of providing funds required to pay (i) a portion of the costs of financing a new Tybee Island Marine Science Center in the City, which includes recreational picnic and playground areas, a dune walk, and climbable marine life replicas (the "**Project**"), and (ii) the expenses incurred in connection with the issuance of the Series 2019 Bonds; and

WHEREAS, in consideration for the Authority's issuance of the Series 2019 Bonds, the City has agreed to enter into an intergovernmental contract with the Authority, to be dated as of the date of issuance and delivery of the Series 2019 Bonds (the "**Contract**"), which Contract will provide, among other provisions, for payment by the City to the Sinking Fund (as defined herein), for the account of the Authority, of amounts sufficient to pay the principal of and interest on the Series 2019 Bonds and any bonds issued hereafter on a parity therewith, and to pay the reasonable charges and fees, if any, of the Paying Agent and Bond Registrar (as defined herein), and other expenses more fully and clearly referenced by the terms and provisions contained in the Contract; and

WHEREAS, the City is authorized pursuant to the Constitution of the State of Georgia to levy taxes, and to expend tax money of the City and other available funds and to obligate the City to make payment thereof to the Authority of the amounts provided for in the Contract; and

WHEREAS, the Act provides that revenue bonds issued by the Authority shall not be deemed to constitute a debt of the State of Georgia or any political subdivision thereof, but any political subdivision contracting with the Authority may obligate itself to make the payments required under such contract from money received from taxes levied for such purpose and from any other source, and such obligation shall constitute a general obligation and a pledge of the full faith and credit of the obligor but shall not constitute a debt within the meaning of Article IX, Section V, Paragraph I of the Constitution of the State of Georgia, and when the obligation is made to make such payments from taxes to be levied for that purpose, then the obligation shall be mandatory to levy and collect such taxes from year to year in an amount sufficient to fulfill and fully comply with the terms of such obligation; and

NOW, THEREFORE, BE IT RESOLVED by the Chatham County Recreation Authority in public meeting properly and lawfully called and assembled, and it is hereby resolved by authority of the same, as follows:

## ARTICLE I

### DEFINITIONS AND RULES OF CONSTRUCTION

**Section 101. Definitions.** Unless the context clearly requires otherwise, all terms used herein shall have the meanings set forth in this Article I.

"**Act**" means Ga. Laws 1995, p. 4281 *et seq.*

"**Authentication Agent**" means The Bank of New York Mellon Trust Company, N.A., or such other bank or trust company so designated by the Authority for the Series 2019 Bonds.

"**Authority**" means the Chatham County Recreation Authority and its successors.

"**Bond Counsel**" means an attorney at law or a firm of attorneys, designated by the Authority, of nationally-recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"**Bond Date**" means the date of issuance and delivery of the Series 2019 Bonds or such other date as the Authority shall approve.

"**Bond Year**" means the period beginning on March 2 of each calendar year and ending on March 1 of the following calendar year.

"**Bondholder**," "**Bondholders**," "**Holder**," or "**owner of Bonds**" means the registered owner of any Bond.

"**Bond Registrar**" means The Bank of New York Mellon Trust Company, N.A., or such other bank or trust company so designated by the Authority for the Series 2019 Bonds.

"**Bonds**" means the outstanding Series 2019 Bonds and, from and after the issuance of any Parity Bonds, unless the context clearly indicates otherwise, such Parity Bonds.

"**Business Day**" means a day which is not (a) a Saturday, a Sunday, or a legal holiday on which banking institutions in the State of Georgia or the State of New York are authorized by law or executive order to close or (b) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to close.

"**Cede & Co.**" means Cede & Co., the nominee of DTC or any successor nominee of DTC.

"**City**" means the City of Tybee Island, Georgia, a municipal corporation and political subdivision of the State.

"**City Representative**" means the City Manager of the City or any person or persons at the time designated to act on behalf of the City by written certificate furnished to the Authority containing the specimen signature of each such person.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Construction Fund**" means the fund authorized to be established by Section 503 of this Resolution.

"**Construction Fund Custodian**" means such bank or trust company designated in accordance with Section 602(c).

"**Continuing Disclosure Certificate**" means the Continuing Disclosure Certificate executed by an officer of the City and dated the date of issuance and delivery of the Series 2019 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"**Contract**" means the intergovernmental contract, to be dated as of the date of issuance and delivery of the Series 2019 Bonds, between the Authority and the City, as the same may be amended or supplemented.

"**Cost**" or "**Costs**" in connection with the Project, means all expenses which are properly chargeable thereto under generally accepted accounting principles or which are incidental to the financing, acquisition, construction, or installation of the Project, or which otherwise may be financed under the Act, including, without limiting the generality of the foregoing:

(a) amounts payable to contractors and costs incident to the award and performance of contracts;

(b) cost of labor, materials, facilities, and services furnished by the City, and its employees or others, materials and supplies purchased by the City or others, and permits and licenses obtained by the City or others;

(c) engineering, architectural, legal, accounting, and other professional and advisory fees, as well as the fees and expenses, if any, of the Bond Registrar and Paying Agent;

(d) costs, fees, and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;

(e) costs of equipment;

(f) amounts required to repay temporary loans or advances of the City's funds made to finance preliminary expenditures relating to the Project, such as engineering, architectural, surveying, and similar costs; and

(g) costs of site improvements, including demolition, performed in anticipation of the Project.

"**Costs of Issuance**" means the reasonable and necessary costs and expenses incurred by the Authority and the City with respect to the issuance of a series of Bonds, the Contract, this Resolution, and any transaction or event contemplated by the Contract or this Resolution, including fees and expenses of engineers, accountants, attorneys, and underwriters, and financial



fees and expenses, advertising, recording, validation and printing expenses, and all other expenses incurred in connection with the issuance of a series of Bonds.

“Costs of Issuance Account” means the account authorized to be established by Section 502 of this Resolution.

“Counsel” means an attorney at law duly admitted to practice law before the highest court in any state.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, or its nominee, or any other person, firm, association or corporation designated in any resolution of the Authority supplemental hereto to serve as securities depository for a series of Bonds.

“DTC Participant” means securities brokers and dealers, banks, trust companies, clearing corporation, and certain other corporations which have access to the DTC system.

“Event of Default” shall have the meaning given such term in Section 801 of this Resolution.

“Federal Tax Certificate” means a certificate executed by the appropriate officer of the Authority, dated the date of issuance and delivery of a series of Bonds, to the effect that on the basis of facts and estimates set forth therein, which may be provided by the City and relied on by the Authority, (A) it is not expected that the proceeds of the series of Bonds will be used in a manner that would cause the said Bonds to be “arbitrage bonds” within the meaning of § 148 of the Code and applicable regulations thereunder, and (B) to the best knowledge and belief of said officer, such expectations are reasonable.

“Interest Payment Date” shall have the meaning given such term in Section 202 of this Resolution.

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

“Outstanding under this Resolution,” “Outstanding hereunder,” or “Outstanding,” when used in reference to the Bonds means, as at any particular date, the aggregate of all Bonds authenticated and delivered under this Resolution except:

- (a) Bonds canceled after purchase in the open market or because of payment at maturity or redemption prior to maturity;
- (b) Bonds otherwise deemed to be paid in accordance with Article VII of this Resolution; and
- (c) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to this Resolution unless proof is presented that such Bonds are held by a bona fide purchaser.

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

All references herein to particular Articles or Sections are references to Articles or Sections of this Resolution unless otherwise specified.

[END OF ARTICLE I]

“Parity Bonds” means any revenue bonds of the Authority which may be issued hereafter on a parity with the Series 2019 Bonds in accordance with the terms of this Resolution.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., or such other bank or trust company so designated by the Authority for the Series 2019 Bonds.

“Person” or “persons,” unless the context shall otherwise indicate, shall include any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivision thereof.

“Plans and Specifications” means the plans and specifications for the Project prepared by or at the request of the City and on file with the City, as the same may be amended or revised from time to time as authorized in Section 4.06 of the Contract.

“Record Date” shall have the meaning given such term in Section 202 of this Resolution.

“Project” shall have the meaning given such term in the Preamble to this Resolution.

“Resolution” means this Bond Resolution, as the same may be amended or supplemented.

“Revenues” means all money paid to the Authority by the City pursuant to Section 5.02(a) of the Contract, any other revenues of the Authority which may be available for payment of debt service on the Series 2019 Bonds, and all receipts of the Paying Agent credited under the provisions of this Resolution against such payments.

“Series 2019 Bonds” means the CHATHAM COUNTY RECREATION AUTHORITY (GEORGIA) REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019 authorized to be issued pursuant to the terms of this Resolution.

“Sinking Fund” means the fund authorized to be established by Section 507 of this Resolution.

“Sinking Fund Custodian” means The Bank of New York Mellon Trust Company, N.A., or such other bank or trust company so designated by the Authority for the Series 2019 Bonds.

“State” means the State of Georgia.

“Underwriter” means, with respect to the Series 2019 Bonds, Raymond James & Associates, Inc., in Atlanta, Georgia.

**Section 102. Rules of Construction.** The definitions set forth herein shall be equally applicable to both the singular and the plural forms of the terms therein defined and shall cover all genders.

## ARTICLE II

### AUTHORIZATION, TERMS, AND FORM OF BONDS

**Section 201. Authorization and Designation of Bonds.** Revenue bonds of the Authority designated CHATHAM COUNTY RECREATION AUTHORITY (GEORGIA) REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019, in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2019 Bonds”), are hereby authorized to be issued pursuant to the Revenue Bond Law of Georgia, codified in O.C.G.A. § 36-82-60 through § 36-82-85 and by the Act and pursuant to this Resolution, and all the covenants, agreements, and provisions of this Resolution shall be for the equal and proportionate benefit and security of all owners of the Bonds without preference, priority or distinction as to the charge, lien, or otherwise of any one Bond over any other Bond.

**Section 202. Maturity, Interest Rates, Payment Dates, Date, Redemption Provisions, and Other Particulars of the Bonds.**

(a) The Series 2019 Bonds shall bear interest at the rates set forth below, calculated on the basis of a 360-day year of twelve 30-day months, payable on March 1 and September 1 (each an “Interest Payment Date”) in each year, beginning September 1, 2019, and shall mature and be paid on March 1 in the years and principal amounts as follows:

Year	Principal Amount Maturing	Interest Rate
------	------------------------------	------------------

(b) The Series 2019 Bonds are subject to redemption prior to maturity as provided by Article III herein.

(c) The Series 2019 Bonds as originally issued shall be lettered and numbered from R-1 upward in order of maturity according to the records maintained by the Bond Registrar.

(d) The Series 2019 Bonds shall be dated the date of their issuance and delivery or such other date as the Authority shall approve (the “Bond Date”).

(e) Except as provided in this Section, each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest on the Bonds has been paid, unless (i) such date of authentication is an Interest Payment Date to which

interest has been paid, in which case from such Interest Payment Date, (ii) such date of authentication of such Bond is after the Record Date with respect to an Interest Payment Date and prior to such Interest Payment Date, in which case from such Interest Payment Date, or (iii) no interest has been paid on the Bonds, in which case from the Bond Date.

(f) The person in whose name any Bond is registered at the close of business on any Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding any registration of transfer or exchange subsequent to such Record Date and prior to such Interest Payment Date. The term "Record Date" as used in this Section with respect to any Interest Payment Date means the 15th day of the calendar month next preceding such Interest Payment Date; provided, however, that if and to the extent a default shall occur in the payment of interest due on such Interest Payment Date, such past due interest shall be paid to the persons in whose name Outstanding Bonds are registered on a subsequent date of record established by notice given by mail by the Bond Registrar to the Holders of the Bonds not less than 30 days preceding such subsequent date of record.

(g) The principal of and redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The principal of the Bonds shall be payable upon the presentation and surrender of the Bonds to the Paying Agent. The interest on the Bonds shall be paid by check or draft mailed by the Paying Agent by first class mail to the respective owners of the Bonds at their addresses as they appear on the bond register kept by the Bond Registrar (or by wire transfer to the registered owner of Bonds in the minimum aggregate principal amount of \$1,000,000 at a wire transfer address which said registered owner has provided to the Paying Agent not less than five business days prior to an Interest Payment Date, which wire instructions shall remain in effect until the Paying Agent is notified to the contrary).

(h) The Series 2019 Bonds shall be issued as fully registered bonds, without coupons, in the denomination of \$5,000 in principal amount or any integral multiple thereof in excess of \$5,000.

(i) The Bonds are authorized to be issued in either certificated form distributed to the purchaser thereof or book-entry only form, with no physical distribution of Bonds made to the public.

If Bonds are issued as book-entry bonds, the following procedures shall apply thereto:

The 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 Bond certificate will be issued for each maturity, in the aggregate principal amount of such maturity, and will be held by the Bond Registrar on behalf of DTC.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants (which include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations), which will receive a credit for

registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof, shall be lettered "R" and numbered separately from 1 upward, the principal of the Bonds shall be payable upon the presentation and surrender of the Bonds at the designated corporate trust office of the Paying Agent, and the interest on the Bonds shall be paid by check or draft mailed by the Paying Agent by first class mail to the respective owners of the Bonds at their addresses as they appear on the bond register kept by the Bond Registrar (or by wire transfer to the registered owner of Bonds in the minimum aggregate principal amount of \$1,000,000 at a wire transfer address which said registered owner has provided to the Paying Agent not less than five business days prior to an Interest Payment Date, which wire instructions shall remain in effect until the Paying Agent is notified to the contrary), and shall be executed, authenticated, registered, exchanged, and canceled pursuant to the further provisions of Article II hereof. In addition, the Authority will pay all costs and fees associated with the printing of the Bonds and issuance of the same in certificated form.

So long as Cede & Co. or such other DTC nominee, as nominee for DTC, is the sole Bondholder, the Authority and the Bond Registrar will treat Cede & Co. or such other nominee as the only owner of the Bonds for all purposes under this Resolution, including receipt of all principal of and interest on the Bonds, receipt of notices, voting, and requesting or directing the Authority or the Paying Agent to take or not to take, or consenting to, certain actions under this Resolution. The Authority 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 of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any beneficial owner which is required or permitted under the terms of this Resolution to be given to Bondholders; or (d) other action taken by DTC or Cede & Co. or such other DTC nominee, as owner.

If a series of Bonds is issued as book-entry only, the form of said series of Bonds shall contain the following text:

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

THE AUTHORITY HAS ESTABLISHED A BOOK-ENTRY SYSTEM OF REGISTRATION FOR THIS BOND. EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE IN THE HEREINAFTER DEFINED RESOLUTION, CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, WILL BE THE REGISTERED OWNER AND WILL HOLD THIS BOND ON BEHALF OF EACH BENEFICIAL OWNER HEREOF. BY ACCEPTANCE OF

the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of the Direct Participants and others such as 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"). 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 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 registration of the Bonds in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

Principal and interest payments on the Bonds will be made by the Paying Agent 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 Authority or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority 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.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Authority determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the Authority or the Beneficial Owners of the Bonds, the Authority shall discontinue the book-entry system with DTC. If the Authority fails to identify another qualified securities depository to replace DTC, the Authority will cause the Paying Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

If the book-entry system of evidence and transfer of ownership of the Bonds set forth in this Paragraph (g) of this Section is discontinued, the Bonds shall be delivered solely as fully

A CONFIRMATION OF PURCHASE, DELIVERY OR TRANSFER, EACH BENEFICIAL OWNER OF THIS BOND SHALL BE DEEMED TO HAVE AGREED TO SUCH ARRANGEMENT. CEDE & CO., AS REGISTERED OWNER OF THIS BOND, WILL BE TREATED AS THE OWNER OF THIS BOND FOR ALL PURPOSES.

**Section 203. Execution of Bonds.** The Bonds will be executed on behalf of the Authority with the manual or facsimile signature of its Chairperson or Vice Chairperson and shall have printed or impressed thereon the official seal of the Authority and be attested with the manual or facsimile signature of its Secretary-Treasurer. In case any officer of the Authority whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

**Section 204. Authentication of Bonds.** Each Bond shall bear thereon a certificate of authentication substantially in the form hereinafter prescribed, executed by the Authentication Agent with a manually executed signature. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Authentication Agent, and such certificate of the Authentication Agent shall be conclusive evidence that such Bond so authenticated has been duly authenticated, registered, and delivered, and that the owner thereof is entitled to the benefits of this Resolution. The Authentication Agent's certificate of authentication on any Bond shall be deemed to have been executed by the Authentication Agent if signed manually by the Authentication Agent or its authorized representative, but it shall not be necessary that the same signatory or authorized signatory sign the certificate of authentication on all of the Bonds.

**Section 205. Mutilated, Lost, Stolen, or Destroyed Bonds.** If any Bond is mutilated, lost, stolen, or destroyed, the Authority shall execute and the Authentication Agent shall authenticate and deliver a new bond of like date, maturity, and denomination to that mutilated, lost, stolen, or destroyed bond; provided that, in the case of any mutilated bond, such mutilated bond first shall be surrendered to the Authority or the Bond Registrar, and in the case of any lost, stolen, or destroyed bond, there first shall be furnished to the Authority and the Bond Registrar evidence of such loss, theft, or destruction satisfactory to the Authority and the Bond Registrar, together with an indemnity satisfactory to them. If any such bond shall have matured, instead of issuing a duplicate bond, the Paying Agent may pay the same without surrender thereof making such requirements as it deems fit for its protection, including a lost instrument bond. In executing a new bond, the Authority may rely conclusively upon a representation of the Bond Registrar that the Bond Registrar is satisfied with the adequacy of the evidence presented concerning the mutilation, loss, theft, or destruction of any Bond.

**Section 206. Validation Certificate.** A validation certificate of the Clerk of Superior Court of Chatham County, State of Georgia, bearing the manual signature or the engraved, imprinted, stamped, or otherwise reproduced facsimile signature of such Clerk and the impressed, imprinted, or otherwise reproduced seal of said court will be endorsed on each Bond and will be essential to its validity.

**Section 207. Paving Agent and Bond Registrar; Authentication Agent.** The Bond Registrar, Paving Agent, and Authentication Agent for a series of Bonds will keep proper registration, exchange, and transfer records in which it shall register the name and address of the owner of each Bond for which it serves as Bond Registrar, Paving Agent, and Authentication Agent.

**Section 208. Interchangeability of Bonds.** The Bonds, upon surrender thereof to the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or such owner's duly authorized attorney, may be exchanged, at the option of the registered owner and upon payment by such registered owner of any charges which the Bond Registrar may make as provided in Section 210, for an equal aggregate principal amount of Bonds of any other authorized denominations.

**Section 209. Transfer and Registration of Bonds.** Bonds shall be transferable only upon the books of the Authority (which shall be kept for that purpose by the Bond Registrar) by the registered owner thereof in person or by such owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or such owner's duly authorized attorney. Upon the transfer of any such registered Bond the Authority shall issue in the name of the transferee a new fully registered Bond, without coupons, of the same aggregate principal amount and maturity as the surrendered Bond.

**Section 210. Regulations With Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Authority shall execute and the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions hereof. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Bond Registrar and canceled or retained by the Bond Registrar. No service charge shall be made to any Bondholder for any registration of transfer or exchange of Bonds, but for every such exchange or transfer the Authority or the Bond Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge, if any, required to be paid with respect to such exchange or transfer. The Bond Registrar shall not be required (i) to issue, transfer, or exchange any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing or (ii) to register the transfer of or exchange of any Bond so selected for redemption in whole or in part.

**Section 211. Form of Bonds.** The Series 2019 Bonds and the certificate of validation and certificate of authentication to be endorsed thereon will be in substantially the following terms and form, with such variations, omissions, and insertions as may be required to complete properly each respective Series 2019 Bond and as may be approved by the officer or officers executing each Series 2019 Bond by manual or facsimile signature, which approval shall be conclusively evidenced by such execution:

*Unless this Series 2019 Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Chatham County Recreation Authority or its agent for registration of transfer, exchange, or payment, and any Series 2019 Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

No. R-

UNITED STATES OF AMERICA  
STATE OF GEORGIA

CHATHAM COUNTY RECREATION AUTHORITY  
REVENUE BOND (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT),  
SERIES 2019

Maturity Date: March 1, 20\_\_ CUSIP:  
Interest Rate: \_\_\_\_\_ %  
Principal Amount: \$ \_\_\_\_\_  
Bond Date: [Date of Issuance and Delivery]  
Registered Owner: Cede & Co.

The Chatham County Recreation Authority (the "Authority"), a body corporate and politic, duly created and existing pursuant to an act of the General Assembly of Georgia (Ga. Laws 1995, p. 4281 *et seq.*) (the "Act"), for value received hereby promises to pay or cause to be paid to the registered owner named above, or registered assigns, the principal amount specified above, on the maturity date specified above, upon presentation and surrender of this Series 2019 Bond ("this Bond") to The Bank of New York Mellon Trust Company, N.A., as Bond Registrar and Paving Agent, at its designated corporate trust office, in lawful money of the United States of America, and to pay to the registered owner hereof by check or draft mailed by first class mail to such owner at such owner's address as it shall appear on the bond register kept by the Bond Registrar (or by wire transfer to the registered owner of Series 2019 Bonds in the minimum aggregate principal amount of \$1,000,000 at a wire transfer address which said registered owner has provided to the Paving Agent not less than five days prior to an Interest Payment Date, which wire instructions shall remain in effect until the Paving Agent is notified to the contrary), interest on such principal sum, at the interest rate per annum specified above, payable on March 1 and September 1 (each an "Interest Payment Date") of each year, beginning September 1, 2019, from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid until payment is made of such principal sum in full.

The interest so payable on any such Interest Payment Date will be paid to the person in whose name this Bond is registered at the close of business on the 15th day of the calendar

month preceding such Interest Payment Date; provided, however, that if and to the extent a default shall occur in the payment of interest due on said Interest Payment Date, such past due interest shall be paid to the persons in whose names outstanding Series 2019 Bonds are registered on a subsequent date of record established by notice given by mail by the Paving Agent to the Holders of the Series 2019 Bonds not less than 30 days preceding such subsequent date of record. Both the principal of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the duly authorized series of bonds designated CHATHAM COUNTY RECREATION AUTHORITY (GEORGIA) REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019, in the aggregate principal amount of \$ \_\_\_\_\_ (the "Series 2019 Bonds"), issued under and secured by a bond resolution adopted by the Authority on February 14, 2019 (the "Resolution"). The Series 2019 Bonds are being issued to provide funds required to pay (i) a portion of the costs of financing a new Tybee Island Marine Science Center in the City of Tybee Island, Georgia (the "City"), which includes recreational picnic and playground areas, a dune walk, and climbable marine life replicas, and (ii) the expenses incurred in connection with the issuance of the Series 2019 Bonds.

Pursuant to an intergovernmental contract, dated as of the date hereof (the "Contract"), between the Authority and the City, a political subdivision of the State of Georgia, the City is obligated to pay the principal of and redemption premium, if any, and interest on the Series 2019 Bonds and any additional Parity Bonds (as hereinafter defined) (collectively, the "Bonds") as the same shall become due in accordance with their terms and provisions and to pay all fees and expenses as provided for in the Resolution. The City is to pay the payments due under the Contract directly to the Sinking Fund Custodian for the account of the Authority and deposited in the CHATHAM COUNTY RECREATION AUTHORITY REVENUE BONDS, SERIES 2019 SINKING FUND (the "Sinking Fund").

Payment of the Series 2019 Bonds is secured by a first and prior pledge of and charge or lien on the revenue to be derived by the Authority pursuant to the Contract and the money on deposit in the Sinking Fund. In addition to the Series 2019 Bonds, the Authority, under certain conditions as provided in the Resolution, may issue additional revenue bonds ("Parity Bonds") which, if issued in accordance with such provisions, will rank *pari passu* with the Series 2019 Bonds with respect to the pledge of and the charge or lien on the revenue pledged to the payment thereof. Any such Parity Bonds may be redeemed in whole or in part before the maturity of the Series 2019 Bonds, subject to the requirements of the Resolution.

This Bond shall not constitute a debt or a pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, but this Bond shall be payable solely from certain revenues and other funds of the authority as provided in the Resolution. The issuance of this Bond shall not obligate the State of Georgia or any political subdivision thereof, including the City or the Authority, to levy or pledge any form of taxation whatever for the payment hereof. No holder hereof or receiver or trustee in connection herewith shall have the right to enforce payment hereof against any property of the State of Georgia or any political subdivision thereof, including the City, or against any property of the Authority (other than the funds specifically pledged therefor pursuant to the Resolution), nor shall this Bond constitute a charge, lien, or encumbrance, legal or equitable, upon any such property. No recourse shall be had for the

payment of the principal of or the interest on this Bond against any officer, director, or member of the Authority. The Authority has no taxing power.

Terms defined in the Resolution and used but not defined herein, shall, unless the context otherwise requires, have the meanings ascribed to such terms in the Resolution.

THE AUTHORITY HAS ESTABLISHED A BOOK-ENTRY SYSTEM OF REGISTRATION FOR THE SERIES 2019 BONDS. EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE IN THE HEREINAFTER DEFINED RESOLUTION, CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, WILL BE THE REGISTERED OWNER AND WILL HOLD THIS BOND ON BEHALF OF EACH BENEFICIAL OWNER HEREOF. BY ACCEPTANCE OF A CONFIRMATION OF PURCHASE, DELIVERY, OR TRANSFER, EACH BENEFICIAL OWNER OF THIS BOND SHALL BE DEEMED TO HAVE AGREED TO SUCH ARRANGEMENT. CEDE & CO., AS REGISTERED OWNER OF THIS BOND, WILL BE TREATED AS THE OWNER OF THIS BOND FOR ALL PURPOSES.

[The Series 2019 Bonds maturing on March 1, 20\_\_, and thereafter are subject to redemption by the Authority, at the direction of the City, in whole or in part, at any time, beginning March 1, 20\_\_ (if less than all of the Series 2019 Bonds of a maturity are to be redeemed, the actual Series 2019 Bonds of such maturity shall be selected by lot in such manner as may be designated by DTC while the Series 2019 Bonds are held as book-entry bonds and by the Paving Agent if the Bonds are no longer held as book-entry bonds), in such order as may be designated by the Authority, at the direction of the City, at a redemption price of 100% of the principal amount of the Series 2019 Bonds called for redemption plus accrued interest to the redemption date.]

[Insert scheduled mandatory redemption, if any, language here.]

Except as otherwise provided in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Bond Registrar, upon presentation at said office of this Bond with the written request of the registered owner hereof or such owner's attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

Upon such transfer, a new registered Series 2019 Bond or Series 2019 Bonds of the same series and the same maturity and of authorized denomination or denominations for the proper principal amount shall be authenticated and delivered by the Authentication Agent. The Authority and the Paving Agent may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Authority nor the Paving Agent shall be affected by any notice to the contrary.

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2019 Bonds duly authorized by the within mentioned Resolution.

Date of Authentication: [Date of Issuance and Delivery]

as Authentication Agent

By: (FORM) Authorized Signatory

\* \* \* \* \*

STATE OF GEORGIA )
CHATHAM COUNTY ) VALIDATION CERTIFICATE

I, the undersigned Clerk of Superior Court of Chatham County, State of Georgia, keeper of the records and seal thereof, hereby certify that this Series 2019 Bond was validated and confirmed by judgment of the Superior Court of Chatham County, Georgia, on 2019.

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

(S E A L) Clerk of Superior Court Chatham County, Georgia (FORM)

CHATHAM COUNTY RECREATION AUTHORITY

By: (FORM) Chairperson

(S E A L)

Attest: (FORM) Secretary-Treasurer

ASSIGNMENT

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

Social Security Number or Other Identifying Number of Assignee:

Please print or type name and address (including postal zip code) of Assignee:

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

(FORM) Assignor

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

Date: , 20

Signature Guaranteed:

(FORM)

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

[END OF FORM OF SERIES 2019 BOND]

[END OF ARTICLE II]

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY; PURCHASE OF BONDS IN MARKET

[Section 301. Redemption of Series 2019 Bonds. The Series 2019 Bonds maturing on March 1, 20, and thereafter are subject to redemption by the Authority, at the direction of the City, in whole or in part, at any time, beginning March 1, 20 (if less than all of the Series 2019 Bonds of a maturity are to be redeemed, the actual Series 2019 Bonds of such maturity shall be selected by lot in such manner as may be designated by DTC while the Series 2019 Bonds are held as book-entry bonds and by the Paying Agent if the Series 2019 Bonds are no longer held as book-entry bonds), in such order as may be designated by the Authority, at the direction of the City, at a redemption price of 100% of the principal amount of the Series 2019 Bonds called for redemption plus accrued interest to the redemption date.

The Series 2019 Bonds shall be called for redemption by the Bond Registrar pursuant to this Section 301 upon receipt by the Bond Registrar at least 45 days prior to the redemption date of a certificate of the Authority directing such redemption. Such certificate shall specify the maturity or maturities of the Series 2019 Bonds to be redeemed, the redemption date, the principal amount of the Series 2019 Bonds or portions thereof so to be called for redemption, the applicable redemption price or prices, and the provision or provisions of this Resolution pursuant to which such Series 2019 Bonds are to be called for redemption.]

[Section 302. Scheduled Mandatory Redemption. The Series 2019 Bonds maturing on March 1, 20, and thereafter are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2019 Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date of such redemption, on March 1 in the years and in the principal amounts set forth below (the March 1, 20, amount to be paid at maturity rather than redeemed):

Year Principal Amount

[Section 303. Notice of Redemption. The Bond Registrar shall give notice of redemption pursuant to this Article III one time not less than 30 days nor more than 45 days prior to the date fixed for redemption to the Holders of each of the Series 2019 Bonds being called for redemption by first class mail (electronically while the Series 2019 Bonds are held as book-entry bonds) at the address shown on the register of the Bond Registrar. Said notice shall contain the complete official name of the Series 2019 Bonds being redeemed, CUSIP number, certificate numbers, amounts called of each certificate (for partial calls), redemption date, redemption price, the Paying Agent's name and address (with contact person and phone number), date of issue of the Series 2019 Bonds, interest rate, and maturity date. Said notice shall also be given not less than 30 days nor more than 45 days prior to the date fixed for redemption, to the Electronic Municipal Market Access system (EMMA) operated by the Municipal Securities Rulemaking

Board or such other securities depository registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which disseminate redemption notices. No transfer or exchange of any Bond so called for redemption shall be allowed. If any Holder of any Bond being redeemed pursuant to the provisions of this Article shall fail to present for redemption any such Bond within 60 days after the date fixed for redemption, a second notice of the redemption of such Bond shall be given to said Owner at the address of said Owner as shown on the bond register of the Bond Registrar within 90 days after the date fixed for redemption. The failure of the Bond Registrar to give such notice shall not affect the validity of the proceedings for the redemption of any Bond as to which no such failure occurred. Any notice mailed or delivered as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.]

[Section 304. **Manner of Redemption.** Series 2019 Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In the case of the Series 2019 Bonds of denominations greater than \$5,000, if less than all of such Series 2019 Bonds of a single maturity then outstanding are to be called for redemption then for all purposes in connection with redemption, each \$5,000 of face value shall be treated as though it were a separate Bond in the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by any Bond are to be called for redemption, then upon notice of the intention to redeem such \$5,000 unit or units, the Owner of such Bond shall forthwith surrender such Bond to the Paying Agent for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption and there shall be issued to the Holder thereof, without charge therefor, fully registered Series 2019 Bonds for the unredeemed balance of the principal amount thereof, in any of the authorized denominations. If the Owner of any such Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Paying Agent for payment in exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of face value on and after the date fixed for redemption and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent and being available for the redemption) such Bond shall not be entitled to the benefit and security of this Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such \$5,000 unit or units.]

[Section 305. **Effect of Redemption Call.** Notice having been given in the manner and under the conditions prescribed herein, and money for the payment of the redemption price being held by the Paying Agent, all as provided in this Resolution, the Series 2019 Bonds or the portion thereof so called for redemption shall become and be due and payable on the redemption date designated in such notice at the redemption price provided for redemption of such Series 2019 Bonds on such date. Interest on the Series 2019 Bonds or the portion thereof so called for redemption shall cease to accrue from and after the date fixed for redemption unless default shall be made in payment of the redemption price thereof upon presentation and surrender thereof. Such Series 2019 Bonds shall cease to be entitled to any lien, benefit or security under this Resolution and the Owners of such Series 2019 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bond or the portion thereof

so called shall not be considered to be outstanding. Upon surrender of such Bond paid or redeemed in part only, the Authority shall execute and the Bond Registrar shall deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same type, of authorized denominations in the aggregate principal amount equal to the unpaid or unredeemed portion of the Bond.]

[Section 306. **Purchase of Series 2019 Bonds in Market.** Nothing herein contained shall be construed to limit the right of the Authority to purchase Series 2019 Bonds in the open market, at a price not exceeding the then applicable redemption price of the Series 2019 Bonds to be acquired, or at par and accrued interest for Series 2019 Bonds not then subject to redemption, from funds in the Sinking Fund. Any such Series 2019 Bonds so purchased shall not be reissued and shall be cancelled.]

**Section 307. Redemption of Parity Bonds.** Additional Parity Bonds may be made subject to redemption either mandatorily or at the option of the Authority prior to maturity at the times and upon such terms and conditions as may be prescribed in the respective resolutions of the Authority supplemental to this Resolution relating to such Parity Bonds. If Parity Bonds are issued hereafter, such Parity Bonds of any such future issue or issues may be redeemed in whole or in part before the maturity of the Series 2019 Bonds, subject to the Sinking Fund requirements herein prescribed, and subject to the call provisions of such future Parity Bond series; provided, however, the Authority is not restricted hereby from acquiring as a whole, by redemption or otherwise, all Outstanding Bonds of all such issues from any money which may be available for that purpose.

[END OF ARTICLE III]

#### ARTICLE IV

##### GENERAL AUTHORIZATIONS AND AGREEMENTS; PARITY BONDS; NON-ARBITRAGE AND TAX COVENANTS

**Section 401. Payment of Principal and Interest; Limited Obligation.** The Authority agrees that it will promptly pay the principal of and interest on the Bonds at the place, on the dates, and in the manner provided herein and in the Bonds according to the true intent and meaning hereof and thereof. The Bonds shall not constitute a debt or a pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, including the City, or of the Authority, but shall be payable from Revenues as provided herein. The issuance of the Bonds shall not obligate the State or any political subdivision thereof, including the City, to levy or pledge any form of taxation whatever for the payment thereof. No Holder of the Bonds or receiver or trustee in connection therewith shall have the right to enforce payment thereof against any property of the State or any political subdivision thereof, including the City, or against any property of the Authority (other than the funds specifically pledged therefor pursuant to this Resolution), nor shall the Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any such property. No recourse shall be had for the payment of the principal of or interest on the Bonds against any officer, director, or member of the Authority. The Authority has no taxing power.

**Section 402. Performance of Covenants; Authority.** The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in the Contract, in any and every Bond executed, authenticated, and delivered hereunder and in all of its proceedings pertaining hereto. The Authority covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to adopt this Resolution and to execute the Contract, that all action on its part for the execution and delivery of this Resolution has been duly and effectively taken, and that the Bonds in the hands of the owners thereof will be valid and enforceable obligations of the Authority according to the terms thereof and hereof.

**Section 403. Instruments of Further Assurance.** The Authority will execute, acknowledge, and deliver or cause to be executed, acknowledged, and delivered, such resolutions supplemental hereto and such further acts and instruments for the better assuring, pledging, and confirming the amounts pledged hereby to the payment of the principal of and redemption premium, if any, and interest on the Bonds. The Authority, except as herein and in the Contract provided, will not encumber any part of its interest in the Revenues payable under the Contract or its rights under the Contract.

**Section 404. Priority of Pledge; Parity Bonds.**

(a) The pledge made in Section 508 hereof of the Revenues payable under the Contract and on deposit in the Sinking Fund constitutes a first and prior pledge of and lien on said Revenues. No other bonds or obligations of any kind or nature will be issued hereafter which are payable from or enjoy a lien on the Revenues prior to the lien created thereon for the payment of the Bonds.

(b) Parity Bonds may be issued by the Authority from time to time, ranking as to the lien on the Revenues *pari passu* with the Series 2019 Bonds for the specific purpose of completing the financing of the Project or financing improvements or additions, real or personal, to any portion of the Project, provided all the following conditions are met:

(1) The payments covenanted to be made hereunder have been and are being made as required.

(2) The Authority and the City shall enter into a contract or an amendment to the Contract, reaffirming and extending through the final maturity of the Parity Bonds then proposed to be issued all applicable covenants, terms, and provisions of the Contract. Under the terms of such contract or amendment to the Contract, the City shall obligate itself to pay directly to the Sinking Fund Custodian, for credit to the Sinking Fund, amounts sufficient to pay the principal of and the interest on the Bonds then outstanding and on the Parity Bonds then proposed to be issued, and for the payment of the reasonable fees and charges, if any, of the Paying Agent and Bond Registrar, less the interest and principal requirements on any bonds or obligations to be paid or redeemed from any or all of the funds to be made available by the sale of the Parity Bonds proposed to be issued.

(3) The Authority shall pass proper proceedings reciting that all of the above requirements have been met and authorizing the issuance of such Parity Bonds and shall provide in such proceedings, among other things, for the date, the rate or rates of interest, maturity dates, and redemption provisions, if any, which such Parity Bonds shall bear. The interest on any such Parity Bonds shall fall due on the Interest Payment Dates in each year, and the Parity Bonds shall mature in annual installments on either Interest Payment Date, but not necessarily in each year or in equal installments. Any such proceeding or proceedings shall require that the payments then being made for deposit into the Sinking Fund to be increased to the extent necessary to pay the principal of and interest on the Outstanding Bonds and on the Parity Bonds proposed to be issued, less the principal and interest requirements on any bonds or obligations to be redeemed from any or all of the funds to be made available by the sale of the Parity Bonds proposed to be issued. Any such proceeding or proceedings shall restate and reaffirm by reference all of the applicable terms, conditions, and provisions of this Resolution.

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

**Section 405. Authorization of Contract.** The execution, delivery, and performance of the Contract by and between the Authority and the City are hereby authorized. The Contract shall be in substantially the form presented to this meeting, with such changes, insertions, or omissions as may be approved by the Chairperson or Vice Chairperson of the Authority. The Contract shall be executed by the Chairperson or Vice Chairperson of the Authority and attested by the Secretary-Treasurer of the Authority.

**Section 406. Authorization for Validation of Bonds.** In order to carry out the issuance of the Series 2019 Bonds, and pursuant to the Constitution and laws of the State, including the

Act, any officer of the Authority is hereby authorized and directed to immediately notify the District Attorney of the Eastern Judicial Circuit of the adoption of this Resolution by the Authority, to request said District Attorney to file a petition and complaint to confirm and validate the Series 2019 Bonds and to pass upon the security therefor, and any such officer is further authorized to acknowledge service and make answer in such proceeding.

**Section 407. Authorization of Official Statement.** A form of Preliminary Official Statement has been authorized to be distributed by the Authority and "deemed final" (within the meaning of Securities and Exchange Commission Rule 15c2-12). The Chairperson or Vice Chairperson of the Authority is authorized to execute a final Official Statement, which shall be in substantially the form of the Preliminary Official Statement with such changes and insertions therein or modifications thereof as contemplated by paragraph (b)(1) of Rule 15c2-12.

**Section 408. General Authorization.** The proper officers of the Authority are hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of this Resolution and the Contract, and are further authorized to take any and all further actions and execute and deliver any and all other documents as may be necessary in the issuance of the Series 2019 Bonds and the execution and delivery of the Contract and all other documents authorized hereby.

**Section 409. Non-Arbitrage and Tax Covenants.**

(a) The Authority covenants and agrees for the benefit of the purchasers and owners of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, it will not intentionally cause any proceeds of the Bonds to be used to acquire higher yielding investments, except as may be otherwise permitted by § 148 of the Code, and that, at the written request of the City, it will comply with, and take such action and make such payments as may be permitted or required by § 148(f) of the Code, to insure that the Bonds do not constitute "arbitrage bonds" within the meaning of § 148(a) of the Code.

(b) The Authority hereby covenants and agrees that it will cause the proceeds from the sale of the Bonds to be expended and will take such action as may be requested of it by the City so that the interest on the Bonds will be and will remain excluded from the gross income of the owners thereof for federal income tax purposes, including, without limitation, compliance with provisions of §§ 141-149 of the Code, as applicable. In furtherance of this covenant, for the benefit of the Bondholders, the Authority agrees to comply with the provisions of a Federal Tax Certificate to be executed by the Authority and delivered concurrently with the issuance and delivery of the Bonds.

**Section 410. Designation of the Series 2019 Bonds as Qualified Tax-Exempt Obligations.** The Authority has designated the Series 2019 Bonds as "qualified tax-exempt obligations" within the meaning of § 265(b)(3) of the Code.

**Section 411. Continuing Disclosure.** No financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Series 2019 Bonds and the Authority will not provide any such information. The Authority shall have no liability to the beneficial owners of the Series 2019 Bonds or any other

ARTICLE V

APPLICATION OF BOND PROCEEDS;  
CONSTRUCTION FUND; COSTS OF ISSUANCE ACCOUNT;  
SINKING FUND; PLEDGE OF REVENUES

**Section 501. Application of Bond Proceeds.**

(a) The proceeds from the sale of the Series 2019 Bonds, \$ \_\_\_\_\_ (\$ \_\_\_\_\_ principal amount, plus \$ \_\_\_\_\_ [net] original issue premium, less \$ \_\_\_\_\_ underwriter's discount), shall be applied as follows:

(i) all Costs of Issuance of the Series 2019 Bonds shall be paid at closing directly to those persons who shall be entitled to the same, or a portion of the proceeds estimated to be sufficient to pay all or a portion of the Costs of Issuance may be deposited in a Costs of Issuance Account to be created by the Authority and disbursed in accordance with Section 502 hereof; and

(ii) the balance of the proceeds of the Series 2019 Bonds shall be deposited into the Construction Fund for use in payment of the Costs of the Project.

**Section 502. Costs of Issuance Account.** A special account is hereby authorized to be established with the Authority in the name of the City, in the discretion of the City, with a custodian to be designated by the City, contemporaneously with the issuance and delivery of the Series 2019 Bonds, said account to be designated the CHATHAM COUNTY RECREATION AUTHORITY (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019 COSTS OF ISSUANCE ACCOUNT (the "Costs of Issuance Account"). If established, said fund shall be held separate and apart from all other deposits or funds of the Authority, and proceeds of the Series 2019 Bonds, if any, deposited into the Costs of Issuance Account shall be disbursed to pay, or reimburse the Authority or the City for all or a portion of the Costs of Issuance of the Series 2019 Bonds. Disbursements from the Costs of Issuance Account shall require an invoice for such payment. Adequate records shall be kept by the Authority or the City pertaining to the Costs of Issuance Account and all disbursements therefrom relating to the Series 2019 Bonds. Any funds held in the Costs of Issuance Account shall be held uninvested.

**Section 503. Construction Fund.** A construction fund is hereby authorized to be established prior to or concurrently with the issuance and delivery of the Series 2019 Bonds, said fund to be designated the CHATHAM COUNTY RECREATION AUTHORITY REVENUE BONDS, SERIES 2019 CONSTRUCTION FUND (the "Construction Fund"). Proceeds from the sale of the Series 2019 Bonds as set forth in Section 501(a)(ii) of this Resolution and any other funds received by grant, donation or otherwise to finance the Project, shall be deposited to the credit of the Construction Fund. Money deposited in the Construction Fund shall be held by the Construction Fund Custodian and withdrawn only in accordance with the provisions and restrictions set forth in this Resolution, and the City, as agent of the Authority, will not cause or permit to be paid therefrom any sums except in accordance herewith; provided, however, that any money in the Construction Fund not needed at the time for the payment of the current obligations during the course of the acquisition, construction, and equipping of the Project, may be invested and

person with respect to Securities and Exchange Commission Rule 15c2-12(b)(5). Pursuant to Section 10.08 of the Contract, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Bondowners or any other person with respect to Securities and Exchange Commission Rule 15c2-12.

[END OF ARTICLE IV]

reinvested by the Construction Fund Custodian, upon direction of the City, as agent for the Authority, in such investments as are set forth in Section 601(a) of this Resolution. Any such investments shall mature not later than such times as shall be necessary to provide money when needed for payments to be made from the Construction Fund, and shall be held by said Custodian for the account of the Construction Fund until maturity or until sold, and at maturity or upon such sale, the proceeds received therefrom, including accrued interest and premium, if any, shall be immediately deposited by said Custodian in the Construction Fund and shall be disposed of in the manner and for the purposes hereinafter provided. All money in and securities held for the Construction Fund shall be subject to a lien and charge in favor of the Holders of the Series 2019 Bonds and shall be held for the security of such Holders until disbursed as hereinafter provided for the payment of Costs of the Project.

**Section 504. Requisition Procedure.**

(a) The Authority hereby appoints the City as agent of the Authority to make disbursements from the Construction Fund. All payments from the Construction Fund shall be made upon checks signed by an officer of the City properly authorized to sign in its behalf (the "City Representative"), but before such officer shall sign any such checks (other than checks issued in payment for Costs of Issuance which shall not require the hereinafter described requisition and certificate but shall require an invoice for such payment) there shall be filed with the City a requisition and certificate signed by the City Representative certifying:

(i) each amount to be paid and the name of the person, firm, or corporation to whom payment thereof is due;

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

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

(iv) that such requisition contains no item representing payment on account or any retained percentages (other than any percentages required by the State to be retained) which the City, at the date of such certificate, is entitled to retain; and

(v) that insofar as such obligation was incurred for work, material, supplies, or equipment in connection with the Project, 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.

(b) The City shall retain all requisitions filed pursuant to this Section, subject at all times to inspection by any officer of the Authority or any owner of a Series 2019 Bond, upon reasonable request.

**Section 505. Other Disbursements from the Construction Fund.**

(a) If the United States of America or the State, or any department, agency, or instrumentality of either, agrees to allocate money to be used to defray any part of the cost of acquiring, constructing, and equipping the Project upon the condition that the City appropriate a designated amount of money for said specified purpose or purposes, and the City is required to withdraw any sum so required from the Construction Fund for deposit in a special account, the City shall have the right to withdraw any sum so required from the Construction Fund by appropriate transfer and to deposit the same in a special account for that particular purpose; provided, however, that all payments thereafter made from said special account may be made only in accordance with the requirements set forth in this Article.

(b) Withdrawals for investment purposes only (including authorized deposits with other banks) may be made by the Construction Fund Custodian to comply with written directions from an authorized officer of the City without any requisition other than said direction.

**Section 506. Completion of the Project.** When the acquisition, construction, and equipping of the Project has been completed substantially in accordance with the Plans and Specifications therefor, said fact shall be evidenced by a certificate to the Authority, the City, and the Construction Fund Custodian from the City Representative to such effect and specifying the date of completion. Should there be any balance in the Construction Fund which is not needed to defray proper unpaid charges against said fund, such balance shall be transferred to the Sinking Fund, or otherwise applied in accordance with State law.

**Section 507. Creation of Sinking Fund; Use of Money Therein.**

(a) There is hereby authorized to be established a special trust fund in the name of the Authority to be designated CHATHAM COUNTY RECREATION AUTHORITY REVENUE BONDS, SERIES 2019 SINKING FUND (the "Sinking Fund"). The Sinking Fund shall be in the custody of the Sinking Fund Custodian, but in the name of the Authority.

(b) Except as otherwise provided in this Section 507 and in Sections 510 and 601, money in the Sinking Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Series 2019 Bonds, whether at maturity, by redemption, or otherwise. The Authority hereby authorizes and directs the Paying Agent to withdraw sufficient funds from the Sinking Fund during each Bond Year to pay the principal of and interest on the Series 2019 Bonds as the same shall become due and payable, whether at maturity, by redemption, or otherwise. Any money held as a part of the Sinking Fund shall be invested and reinvested in accordance with the provisions of Section 601 hereof.

(c) Any amount in the Sinking Fund at the close of business of the Sinking Fund Custodian on the day immediately preceding any Interest Payment Date shall be credited against the obligations of the City to make payments under the Contract on such Interest Payment Date.

(f) The Authority covenants to enforce all covenants, undertakings, and obligations of the City under the Contract, and the Authority hereby authorizes and directs the Bondholders to enforce any and all of the Authority's rights under the Contract on behalf of the Authority. The Authority shall retain possession of an executed original or counterpart of the Contract and shall release the same only in accordance with the provisions thereof. The Contract shall be available for inspection at reasonable times and under reasonable conditions by any owner of any Bond.

(g) The Authority shall not create or suffer to be created any lien, security interest, or charge upon the Revenues or the Contract, other than the pledge and assignment created by this Resolution.

**Section 509. Deposits into Sinking Fund.** There shall be paid into the Sinking Fund, as and when received: (i) all payments under the Contract which are required to be paid into the Sinking Fund, (ii) any other money required to be deposited therein pursuant to this Resolution, and (iii) all other money received by the Sinking Fund Custodian when accompanied by directions that such money is to be paid into the Sinking Fund. There also shall be retained in the Sinking Fund interest and other income received on investments of money in the Sinking Fund, to the extent provided in Section 601 hereof.

**Section 510. Bonds Not Presented When Due.** If any Bonds shall not be presented for payment when the principal thereof and premium, if any, become due, either at maturity or otherwise, if money sufficient to pay such Bonds are on deposit in the Sinking Fund for the benefit of the Holders thereof, all liability of the Authority to the Holders thereof for the payment of such Bonds shall cease forthwith, terminate, and be completely discharged, and it shall be the duty of the Paying Agent to segregate and hold such money in trust, without liability for interest thereon, for the benefit of Holders of such Bonds who thereafter shall be restricted exclusively to such fund or funds for the satisfaction of any claim of whatever nature on their part under this Resolution or relating to said Bonds. Such segregated funds shall not be subject to investment.

Any money deposited with the Paying Agent in trust for the payment of the principal of and premium, if any, or interest on any Bond and remaining unclaimed for five years after such principal, premium, if any, or interest has become due and payable shall, upon the City's request to the Paying Agent, be paid to the City. After the payment of such unclaimed money to the City, the Bondholder thereafter shall look only to the City for the payment thereof, and any liability of the Paying Agent with respect to such money shall thereupon cease.

**Section 511. Fees, Charges, and Expenses.** Pursuant to the Contract, during such time as the Bond Registrar, Paying Agent, and Authentication Agent is a bank or trust company, the City is to pay, during such time, the reasonable and necessary fees and expenses of the Bond Registrar and Paying Agent, as and when the same become due, upon the submission by the Bond Registrar and Paying Agent of invoices therefor.

[END OF ARTICLE V]

**Section 508. Revenues to be Paid to Sinking Fund Custodian; Pledge of Revenues; Collateral Assignment to Bondholders.**

(a) The Revenues (including the payments provided for in Section 5.02(a) of the Contract) are to be paid directly to the Sinking Fund Custodian for the account of the Authority, and deposited in the Sinking Fund. Said Revenues shall be sufficient in amount to pay the principal of and interest on the Bonds.

(b) The Authority hereby covenants and agrees that so long as any of the Bonds issued hereunder are Outstanding it will cause to be deposited in the Sinking Fund, pursuant to the Contract, sufficient sums from the Revenues to meet and pay promptly the principal of and interest on the Bonds as the same become due and payable.

(c) All Revenues payable under the Contract and on deposit in the Sinking Fund shall be and are hereby pledged by the Authority to the prompt payment of the principal of and interest on the Bonds. Such money shall 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 shall be valid and binding against the Authority and against all other persons having claims against the Authority, whether such claims shall have arisen in tort, contract, or otherwise and irrespective of whether such parties have notice thereof. This pledge shall rank superior to all other pledges which hereafter may be made of any of the funds and accounts pledged in this Resolution.

(d) In order to secure the Authority's obligations under the Bonds, the Authority hereby collaterally assigns, for the benefit of the Bondholders, all of the right, title, and interest of the Authority in and to the Contract, and all extensions and renewals of the term thereof, if any, and all amounts encumbered thereby, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things which the Authority is or may become entitled to do under the foregoing, provided that the assignment made by this sentence shall not impair or diminish any obligation of the Authority under the provisions of the Contract or impair or diminish the right of the Authority to enforce compliance with the obligations of the City under the Contract.

(e) The Bondholders may enforce all rights of the Authority and all obligations of the City under and pursuant to the Contract, whether or not the Authority is in default hereunder. So long as any of the Bonds remain Outstanding, and for such longer period when required by the Contract, the Authority shall faithfully and punctually perform and observe all obligations and undertakings on its part to be performed and observed under the Contract. The Authority covenants to maintain, at all times, the validity and effectiveness of the Contract and (except as expressly permitted by the Contract) shall take no action, and shall not omit to take any action, which action or omission might release the City from its liabilities or obligations under the Contract or result in the surrender, termination, amendment, or modification of, or impair the validity of the Contract.

ARTICLE VI

INVESTMENT OF MONEY;  
DESIGNATION OF DEPOSITORIES

**Section 601. Authorized Investments.**

(a) **Construction Fund Money.** Subject to the provisions of this Resolution, money in the Construction Fund may be invested and reinvested by the Construction Fund Custodian at the direction of the City Representative in any of the following investments allowed by O.C.G.A. § 36-82-7, if and to the extent the same are at the time legal for investment of bond proceeds:

- (i) the local government investment pool created in O.C.G.A. § 36-83-8; or
- (ii) the following securities and no others:
  - (A) bonds or other obligations of the Authority, or bonds or obligations of the State or other states or of counties, municipal corporations, and political subdivisions of the State;
  - (B) bonds or other obligations of the United States or of subsidiary corporations of the United States government, which are fully guaranteed by such government;
  - (C) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, 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 nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;
  - (D) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan or payment agreement with the United States government;
  - (E) certificates of deposit of national or state banks located within the State which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance

Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian or trustee for any proceeds of the Bonds; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State or with a trust office within the State, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or other states or any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in subparagraph (B) above, obligations of the agencies and instrumentalities of the United States government included in subparagraph (C) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in subparagraph (D) above;

(F) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

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

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

(3) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(4) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State; and

(G) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to,

trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the money so placed to be available for use at the time provided with respect to the investment or reinvestment of such money.

(b) Sinking Fund Money. Money in the Sinking Fund may be invested by the custodian of said funds, at the direction of the City Representative, in such investments as are authorized by law at the time the investment is made, including specifically investments pursuant to O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4, if and to the extent the same are at the time legal for investment of such money.

Pursuant to O.C.G.A. § 36-80-3, the City Representative may invest and reinvest money in the Sinking Fund in:

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

2. bonds or certificates of indebtedness of the State and of its agencies and instrumentalities.

3. certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

Pursuant to O.C.G.A. § 36-83-4, the City Representative may invest and reinvest money subject to its control and jurisdiction in:

1. obligations of the State or of other states;

2. obligations issued by the United States government;

3. obligations fully insured or guaranteed by the United States government or by one of its agencies;

4. obligations of any corporation of the United States government;

5. prime bankers' acceptances;

6. the local government investment pool established by O.C.G.A. § 36-83-8;

7. repurchase agreements; and

8. obligations of other political subdivisions of the State of Georgia.

ARTICLE VII

DEFEASANCE

**Section 602. Designation of Bond Registrar, Paying Agent, Authentication Agent, and Fund Custodians.**

(a) The Bank of New York Mellon Trust Company, N.A. is designated as Bond Registrar, Paying Agent, and Authentication Agent for the Series 2019 Bonds.

(b) The Bank of New York Mellon Trust Company, N.A. is designated as Sinking Fund Custodian for the Series 2019 Bonds.

(c) Ameris Bank, in Savannah, Georgia, is designated as the Construction Fund Custodian for the Series 2019 Bonds.

**Section 603. Bank or Trust Company as Bond Registrar, Paying Agent, and Authentication Agent.**

(a) During such time as the Bond Registrar, Paying Agent, and Authentication Agent is a bank or trust company, any presentation and surrender of Bonds to the Paying Agent or Bond Registrar as required herein shall be to the principal corporate office of said bank or trust company.

(b) During such time as the Bond Registrar and Paying Agent is a bank or trust company, any corporation into which the Bond Registrar and Paying Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Bond Registrar and Paying Agent shall be a party, or any corporation to which substantially all the corporate trust business of the Bond Registrar and Paying Agent may be transferred, shall, subject to the terms of this Resolution, be Bond Registrar and Paying Agent under this Resolution without further act.

[END OF ARTICLE VI]

**Section 701. Defeasance.**

(a) Bonds shall be deemed to have been paid in full and the lien of this Resolution shall be discharged:

(i) after there shall have been irrevocably deposited with the Paying Agent for that purpose, either (A) sufficient money or (B) obligations of, or guaranteed as to principal and interest by, the United States of America, or certificates of an ownership interest in the principal or interest of obligations of or guaranteed as to principal and interest by the United States of America, which shall not contain provisions permitting the redemption thereof prior to their stated maturity, the principal of and the interest on which when due, will be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings to be held in trust also), together with any money deposited therewith, for the payment at the respective maturities or redemption dates of the Bonds to be defeased, of the principal thereof and the redemption premium, if any, and the interest to accrue thereon to such maturity or redemption date, as the case may be;

(ii) there shall have been paid to the Bond Registrar and Paying Agent all fees and expenses due or to become due in connection with the payment or redemption of the Bonds to be defeased or satisfactory arrangements have been made with the Bond Registrar and Paying Agent to make said payments; and

(iii) unless all Outstanding Bonds are to mature or be redeemed within the next 60 days, the Authority shall have given the Bond Registrar and Paying Agent irrevocable instructions to give notice, as soon as practicable, to the owners of the Outstanding Bonds to be defeased, by first class mail, postage prepaid, at their last addresses appearing upon the books of registration, that the deposit required by (i) above has been made with the Bond Registrar and Paying Agent and that said Bonds are deemed to have been paid in accordance with this Section 701 and stating such maturity date or redemption date upon which money is to be available for the payment of the principal or redemption price of said Bonds. The Bond Registrar and Paying Agent may also give such notice by publication in an Authorized Newspaper but such publication shall not be a condition precedent to payment in full of the Bonds and failure so to publish any such notice shall not affect the validity of the proceedings for the payment in full of the Bonds to be defeased.

(b) In addition to the foregoing provisions of this Article VII, the lien of this Resolution shall only be discharged pursuant to this Article VII if the City delivers to the Authority an opinion of Bond Counsel providing that all conditions precedent to the discharge of the lien of this Resolution pursuant to this Article VII have been satisfied and such deposit and discharge will not adversely affect the exclusion of the interest on the Bonds from federal income taxation.



ARTICLE VIII

DEFAULT PROVISIONS AND  
REMEDIES OF BONDHOLDERS

(c) It is contemplated that any Bonds issued and secured pursuant to this Resolution may be paid, or deemed to be paid in full as aforesaid, and any other Bonds not paid, or not deemed to be paid in full as aforesaid, shall remain Outstanding hereunder. Upon payment in full of any Bonds as provided in this Section 701, the Owners of such Bonds shall no longer be entitled to the benefits of the security afforded by this Resolution and, except for the purposes of registration, exchange, and transfer, shall no longer be deemed outstanding hereunder.

(d) Whenever all Bonds issued hereunder shall be deemed to have been paid pursuant to this Section 701, any balances remaining in the Sinking Fund shall be retained by the City and used for any lawful purpose.

[END OF ARTICLE VII]

**Section 801. Defaults; Events of Default.** If any of the following events occur, it is hereby declared to constitute an "Event of Default":

(a) default in the due and punctual payment of the principal or of premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity or by proceedings for redemption prior to maturity, or otherwise; or

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; or

(c) default in the performance or observance of any of the other covenants, agreements, or conditions on the part of the Authority in this Resolution or in the Bonds contained and failure to remedy the same within 30 days after written notice specifying such default and requiring the same to be remedied shall have been received by the Authority and the City from the owner of any Bond; unless, however, action to remedy such failure shall have been undertaken and more than 30 days is reasonably required for its completion, in which event the Authority and the City may permit such failure to remain unremedied during the lesser of 90 days or the time required for the completion of such action and any appeal therefrom, irrespective of whether such period extends beyond the 30 day period after the receiving of notice, unless by such action the lien or charge hereof on any part of the Revenues shall be materially endangered, in which event, such failure shall be promptly remedied.

(d) the dissolution or liquidation of the City or the voluntary initiation by the City of any proceeding under any law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the City of any such proceeding which shall remain undismissed for 60 days, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors or the failure generally by the City to pay its debts as they become due; or

(e) the occurrence and continuance of any event of default as described in Section 8.01 of the Contract.

**Section 802. [Reserved].**

**Section 803. Remedies; Rights of Bondholders.** Upon the occurrence of an Event of Default, the owners of not less than a majority in principal amount of the Bonds Outstanding may pursue any available remedy (other than the remedy of acceleration) provided by the Contract as well as any available remedy at law or in equity to enforce the payment of the principal and premium, if any, and interest on the Bonds.

If an Event of Default shall have occurred the owners of not less than a majority in principal amount of Bonds Outstanding may exercise such one or more of the rights and powers conferred by this Section 803, including the right to secure specific performance by the

Authority of any covenant or agreement herein contained; the right to protect and enforce the rights of the owners of the Bonds by suit, action or special proceedings in equity or at law in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy deemed most effectual to protect and enforce such rights; and the right to enforce remedies afforded to the Authority under the Contract.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

**Section 804. Right of Bondholders to Direct Proceedings.** The Holders of a majority in principal amount of the Bonds Outstanding shall have the right to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Resolution, or any other proceedings hereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Resolution.

**Section 805. Waiver by Authority.** Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither the Authority, nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension, or redemption laws of any jurisdiction now or hereafter in force, in order to prevent or hinder the enforcement of this Resolution, and the Authority, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws.

**Section 806. Application of Money.** After payment of the costs and expenses of the proceedings resulting in the collection of money and of the expenses, liabilities, and advances incurred or made pursuant to any right given or action taken under the provisions of this Article, all money received shall be deposited in the Sinking Fund and all money in the Sinking Fund shall be applied to or in connection with the payment of Bondholders in respect of all accrued and unpaid interest and unpaid principal, or unpaid premium due on redemption, which has become due on such Bonds, and, if the amount available shall not be sufficient to pay in full any amount owed on the Bonds, then to the payment, according to the amount due respectively, for principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal or premium over interest, or of interest over principal or premium, if any, or of any installments of interest over any other installments of interest or of any Bonds over any other Bonds, ratably, according to the amount due, respectively, of principal and interest to the persons entitled thereto without any discrimination or privilege.

**Section 807. Limitation on Rights and Remedies of Bondholders.** No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Resolution, for the execution of any trust thereof or to enforce any other

right or remedy hereunder, unless a default has occurred nor unless also such default shall have become an Event of Default and the Holders of not less than a majority in principal amount of Bonds Outstanding shall have instituted an action, suit or proceeding in its, his or their own name or names, it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Resolution by its, his or their action or to enforce any right or remedy hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Holders of all Bonds Outstanding. Nothing in this Resolution contained shall affect or impair, however, the right of any Bondholder to enforce the payment of the principal and premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal of and premium, if any, and interest on each of the Bonds issued hereunder to the respective Holders thereof at the time and place, from the source, and in the manner expressed in the Bonds.

**Section 808. Termination of Proceedings.** In case any proceedings taken by the owner of any Bond on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Authority and the owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the owners of the Bonds shall continue as if no such proceedings had been taken.

[END OF ARTICLE VIII]

ARTICLE IX

SUPPLEMENTAL RESOLUTIONS;  
AMENDMENTS TO CONTRACT

**Section 901. Supplemental Resolutions Not Requiring Consent of Bondholders.** The Authority, with the consent of the City, but without the consent of, or notice to, any of the Bondholders, may adopt such resolution or resolutions supplemental to this Resolution as shall be consistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission or inconsistent provision in this Resolution;
- (b) to grant to or confer upon the Bondholders any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Bondholders;
- (c) to subject to the lien and pledge of this Resolution additional revenues, properties, or collateral; or
- (d) to provide for the issuance of Parity Bonds in accordance with the provisions of this Resolution.

**Section 902. Supplemental Resolutions Requiring Consent of Bondholders.**

(a) Exclusive of supplemental resolutions covered by Section 901 hereof, and subject to the terms and provisions contained in this Section 902, and not otherwise, the owners of a majority in principal amount of the Bonds Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve, in writing, the adoption by the Authority of such other resolution or resolutions supplemental hereto as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in any supplemental resolution, provided, that without the written consent of owners of all the Bonds Outstanding the Authority may not adopt any supplemental resolution that has the effect of permitting a change in the terms of redemption (other than changes in the procedures for redemption) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the Holder of such Series 2019 Bond, or shall reduce the percentages of Series 2019 Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Bond Registrar or Paying Agent without its written assent thereto.

(b) If at any time the Authority shall seek to adopt any such supplemental resolution for any purposes of this Section, it shall notify the City and the Bond Registrar, and the Bond Registrar shall cause notice of the proposed execution of such supplemental resolution to be mailed by first class mail to the registered owners of the Bonds, but no failure to mail any such notice nor any defect in any notice shall affect the right of the Authority to effect the validity of

**Section 906. Effect of Supplemental Proceeding.** Any supplemental resolution adopted and becoming effective in accordance with the provisions of this Article thereafter shall form a part of this Resolution, and all the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be a part of the terms and conditions of this Resolution and shall be effective as to all Owners of the then Outstanding Bonds and of any Parity Bonds, and no notation or legend of such modifications and amendments shall be required to be made on any such outstanding Bonds.

**Section 907. Resolution Constitutes Contract.** The provisions, terms, and conditions of this Resolution shall constitute a contract by and between the Authority and the Owners of Outstanding Bonds, and, after the issuance of the Series 2019 Bonds, this Resolution shall not be repealed or amended in any respect which will adversely affect the rights and interest of the Owners of the Bonds nor shall the Authority adopt any resolution or ordinance in any way ever adversely affecting the rights of such Owners so long as any of the Bonds or the interest thereon shall remain unpaid; provided, however, that the provisions of this Section shall not be construed to restrict or impair any rights reserved to the Authority by the provisions of this Article IX.

**Section 908. Subsequent Proceedings Consistent with Resolution.** Any subsequent proceeding or proceedings authorizing the issuance of Parity Bonds as permitted under the provisions of this Resolution shall in nowise conflict with the terms and conditions of this Resolution, but, for all legal purposes, shall contain all the covenants, agreements, and provisions of this Resolution for the equal protection and benefit of all Owners of Bonds.

[END OF ARTICLE IX]

such supplemental resolution if all necessary consents are obtained. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that a copy of the same is on file with the Bond Registrar. If the owners of a majority in aggregate principal amount of the Bonds Outstanding hereunder at the time of the execution of any such supplemental resolution shall have consented to and approved the execution thereof as herein provided, no Bondholder shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Authority from adopting the same or from taking any action pursuant to the provisions thereof. Upon the adoption of any such supplemental resolution as in this Section 902 permitted and provided, this Resolution shall be deemed to be modified and amended in accordance therewith.

(c) Anything herein to the contrary notwithstanding, a supplemental resolution adopted under this Article IX shall not become effective unless and until the City shall have consented in writing to the adoption and delivery of such supplemental resolution. In this regard, the Authority shall cause notice of the proposed adoption and delivery of any such supplemental resolution to which the City has not already consented, together with a copy of the proposed supplemental resolution and a written consent form to be signed by the City to be hand delivered to the City at least 30 days prior to the proposed date of adoption and delivery of any such supplemental resolution.

**Section 903. Amendments to Contract Not Requiring Consent of Bondholders.** The Authority and the City, without the consent of or prior notice to the Bondholders, may amend the Contract for the following purposes:

- (a) to cure any ambiguity or formal defect or omission or inconsistent provisions of the Contract;
- (b) to reaffirm all applicable covenants, terms, and provisions of the Contract and extend its term through the final maturity of Parity Bonds then proposed to be issued; or
- (c) any other purpose which does not adversely affect the interest of the Bondholders.

**Section 904. Amendments to Contract Requiring Consent of Bondholders.** Except for the amendments as provided in Section 903 hereof, neither the Authority nor the City may amend the Contract whereby such amendment would operate to affect adversely the interest of the Holders of the Outstanding Bonds unless written consent is obtained of (A) all the Holders of the Bonds Outstanding or (B) in the case less than all of the Bonds then outstanding are affected by the amendment, the Holders of all the Outstanding Bonds which are so affected. No such amendment shall ever affect the obligations of the City to make payments under the Contract or the City's covenants with respect to the use of the proceeds of the Bonds.

**Section 905. Notice of Supplemental Resolutions and Amendments.** To the extent herein not otherwise required, a copy of each supplemental resolution or amendment to the Contract, made or entered into in accordance with the preceding Sections of this Article IX, shall be furnished to each of the Authority, the City, and the Bondholders.

ARTICLE X  
MISCELLANEOUS

**Section 1001. Consents of Bondholders.** Any consent, request, direction, approval, objection, or other instrument required by this Resolution to be signed and executed by the Bondholders may be in any number of concurrent documents and may be executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection, or other instrument or of the written appointment of any such agent or the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Resolution, and shall be conclusive with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution; and

(b) The fact of ownership of Bonds and the amount or amounts, numbers, and other identification of such Bonds, and the date of holding the same shall be provided by the registration books of the Authority maintained by the Bond Registrar pursuant to Section 207.

**Section 1002. Limitation of Rights.** With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto and the owner of any Bonds any legal or equitable right, remedy, or claim under or with respect to this Resolution or any covenants, conditions and provisions herein contained; this Resolution and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

**Section 1003. Severability.** If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative, or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

**Section 1004. Immunity of Members, Officers, and Employees of the Authority.** No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Authority contained in this Resolution or in the Bonds or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Authority contained in the Contract, against any member, officer, or employee, as such, in his individual capacity, past, present, or future, of the Authority or of any successor corporation, either directly or through the Authority or any successor corporation, whether by virtue of any constitutional provision, statute, or rule of law or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Resolution, the Bonds, and the Contract are solely corporate obligations, and that no personal liability whatsoever shall attach to or be incurred by any member, officer or employee as such, past, present or future, of the Authority or of any successor corporation, either directly or by reason of the obligations, covenants, promises, or agreements entered into between the Authority and the City to be

implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer, and employee is, by the adoption of this Resolution and the issuance of the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Resolution and execution of the Bonds, expressly waived and released. The immunity of members, officers, and employees of the Authority under the provisions contained in this Section 1004 shall survive the termination of this Resolution.

**Section 1005. Communications.** All communications provided for herein shall be in writing and shall be sufficiently given and served upon the Authority and the City if sent by facsimile with the original to follow by United States registered mail, return receipt requested, postage prepaid (unless otherwise required by the specific provisions hereof in respect of any matter) and addressed as follows:

If to the Authority: Chatham County Recreation Authority  
P. O. Box 8186  
Savannah, Georgia 31412  
Phone: (912) \_\_\_\_\_  
Attention: Secretary-Treasurer

With a copy to: R. Jonathan Hart, County Attorney  
124 Bull Street, Suite 230  
Savannah, Georgia 31401  
Phone: (912) 652-7881

If to the City: City of Tybee Island  
P. O. Box 2749  
403 Butler Avenue  
Tybee Island, Georgia 31328  
Phone: (912) 786-4573  
Attention: City Manager

With a copy to: Ellis, Painter, Ratterree & Adams LLP  
2 East Bryan Street, 10th Floor  
Savannah, Georgia 31401  
(912) 233-9700  
Attention: Edward M. Hughes

A copy of each communication given hereunder by the Authority or the City also shall be given to any registered owner of a majority in principal amount of Outstanding Bonds.

Any party, by notice given hereunder, may designate different addresses to which subsequent notices, certificates, or other communications will be sent.

**Section 1006. Payments Due on Day Other than a Business Day.** When the date on which any payment is due hereunder shall not be a Business Day, then such payment may be made on the next succeeding Business Day with the same force and effect as if made on the date fixed for such payment and no additional interest shall accrue because of such payment occurring on said next Business Day.

**Section 1007. Laws Governing Resolution.** The effect and meaning of this Resolution and the rights of all parties hereunder shall be governed by and construed according to the laws of the State.

**Section 1008. [Reserved].**

**Section 1009. Bond Purchase Agreement.** The Chairperson or Vice Chairperson and the Secretary-Treasurer of the Authority are authorized to execute on behalf of the Authority a Bond Purchase Agreement with Raymond James & Associates, Inc., Atlanta, Georgia, as Underwriter of the Bonds, in the form submitted to the Authority at the time of adoption of this Resolution.

**Section 1010. Official Statement.** The Authority has caused to be prepared and distributed a Preliminary Official Statement with respect to the Series 2019 Bonds and shall prepare, execute, and deliver an Official Statement for the Series 2019 Bonds in final form, and the execution and delivery of said Official Statement Bonds in final form are hereby authorized and approved. The use and distribution of a Preliminary Official Statement with respect to the Series 2019 Bonds be and the same is hereby ratified and confirmed, and the Chairperson or Vice Chairperson of the Authority is duly authorized to "deem final" the Preliminary Official Statement within the meaning of Securities Exchange Act Rule 15c2-12. The Chairperson or Vice Chairperson of the Authority is hereby authorized to execute and deliver the Official Statement for and on behalf of the Authority and said Official Statement shall be in substantially the form of the Preliminary Official Statement, subject to such changes, insertions, or omissions as may be approved by the Chairperson and the execution of said Official Statement by the Chairperson or Vice Chairperson as hereby authorized shall be conclusive evidence of any such approval. The distribution of the Preliminary Official Statement and Official Statement for and on behalf of the Authority is hereby authorized and approved.

**Section 1011. Captions.** The captions and headings in this Resolution are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or Sections of this Resolution.

**Section 1012. Repealer.** Any and all ordinances or resolutions or parts of ordinances or resolutions in conflict with this Resolution shall be and the same hereby are repealed, and this Resolution shall be in full force and effect from and after its adoption.

**Section 1013. General Authority.** The proper officers, agents, and employees of the Authority hereby are authorized to take any and all further actions and execute and deliver any and all other certificates and documents as may be necessary or desirable in connection with the issuance of the Series 2019 Bonds, the Contract, the federal tax certificate, the official statement, and the carrying out of the purposes and intent of this Resolution. From and after the execution and delivery of the documents hereinabove authorized, the proper officers, agents, and employees of the Authority hereby are authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed.

[END OF ARTICLE IX]

APPROVED AND ADOPTED this February 14, 2019.

CHATHAM COUNTY RECREATION  
AUTHORITY

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

TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE .....	1
ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION	
Section 1.01. Definitions.....	3
Section 1.02. Rules of Construction .....	3
ARTICLE II REPRESENTATIONS, WARRANTIES, AND AGREEMENTS	
Section 2.01. Representations, Warranties, and Agreements of the Authority .....	4
Section 2.02. Representations, Warranties, and Agreements of the City.....	4
ARTICLE III ISSUANCE OF BONDS	
Section 3.01. The Bonds.....	6
Section 3.02. Date, Denomination, and Maturities .....	6
Section 3.03. Obligations Relating to the Resolution and the Bonds.....	6
Section 3.04. Application of Bond Proceeds.....	6
ARTICLE IV FINANCING OF THE PROJECT; CONSTRUCTION	
Section 4.01. The Project; Financing of Project.....	7
Section 4.02. Completion of Project.....	7
Section 4.03. Disbursements from Construction Fund.....	7
Section 4.04. Establishment of Completion Date.....	7
Section 4.05. Completion of Project if Construction Fund Insufficient.....	7
Section 4.06. Plans and Specifications .....	8
Section 4.07. Investment of Money.....	8
Section 4.08. Tax Covenants.....	8
ARTICLE V CONTRACT PAYMENTS BY THE CITY	
Section 5.01. Contract Payments by the City.....	9
Section 5.02. Credits.....	9
Section 5.03. Place of Payments.....	9
Section 5.04. Taxes and Other Governmental Charges.....	9
Section 5.05. City's Obligations Unconditional.....	9
Section 5.06. City's Remedies.....	10
Section 5.07. Tax Levy to Make Payments.....	10
Section 5.08. Priority Lien of Bonds.....	11

---

INTERGOVERNMENTAL CONTRACT

by and between

CHATHAM COUNTY RECREATION AUTHORITY

and

CITY OF TYBEE ISLAND, GEORGIA

dated as of \_\_\_\_\_, 2019

relating to the

not to exceed \$ \_\_\_\_\_ in aggregate principal amount

CHATHAM COUNTY RECREATION AUTHORITY (GEORGIA)

REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT),

SERIES 2019

---

Intergovernmental Contract  
1

ARTICLE VI MAINTENANCE, REPAIR, AND MODIFICATION OF THE PROJECT BY CITY	
Section 6.01. Maintenance and Repair.....	12
Section 6.02. Removal of Equipment.....	12
Section 6.03. Liens .....	12
ARTICLE VII INDEMNITY	
Section 7.01. Indemnification; Immunity of Members of Authority .....	13
ARTICLE VIII DEFAULTS; REMEDIES	
Section 8.01. Events of Default Defined.....	14
Section 8.02. Remedies on Default .....	14
Section 8.03. Attorneys' Fees and Expenses.....	15
Section 8.04. No Waiver of Breach.....	15
Section 8.05. City Authorized to Cure Default of Authority .....	15
Section 8.06. Failure to Enforce Agreement Not a Waiver.....	15
ARTICLE IX PREPAYMENT	
Section 9.01. Optional Prepayment.....	16
Section 9.02. Exercise of Optional Prepayment.....	16
ARTICLE X TERM; MISCELLANEOUS	
Section 10.01. Term of this Contract.....	17
Section 10.02. Notices.....	17
Section 10.03. Binding Effect .....	17
Section 10.04. Severability.....	17
Section 10.05. Amounts Remaining in Funds .....	18
Section 10.06. [Reserved].....	18
Section 10.07. Delegation of Duties by Authority .....	18
Section 10.08. Continuing Disclosure .....	18
Section 10.09. Amendments, Changes, and Modifications.....	18
Section 10.10. Execution Counterparts .....	18
Section 10.11. Captions .....	18
Section 10.12. Law Governing Construction of Contract .....	18

INTERGOVERNMENTAL CONTRACT

THIS INTERGOVERNMENTAL CONTRACT (this "**Contract**"), dated as of \_\_\_\_\_, 2019, made and entered into by and between CHATHAM COUNTY RECREATION AUTHORITY, a public body corporate and politic (the "**Authority**"), and CITY OF TYBEE ISLAND, GEORGIA, a municipal corporation of the State of Georgia (the "**City**");

WITNESSETH:

WHEREAS, the Authority has been created pursuant to an act of the General Assembly of Georgia, Ga. Laws 1995, p. 4281 *et seq.* (the "**Act**"); and

WHEREAS, pursuant to the Act, the Authority is authorized to acquire, construct, equip, maintain and operate projects and facilities which include recreational playgrounds, parks, and picnicking areas, and the usual and convenient facilities in connection therewith, and acquisition, construction and equipping of such facilities, all for the essential public purposes of the Authority; and

WHEREAS, under the Act, the Authority is further empowered to enter into contracts and leases and to execute all instruments necessary or convenient, including contracts for construction of projects and leases of projects or contracts with respect to the use of projects which it causes to be acquired or constructed; provided that all political subdivisions of the state or of local government are authorized to enter into contracts, leases, or agreements with the Authority, upon such terms and for such purposes as they deem advisable; and

WHEREAS, under the Act, the Authority is authorized to issue its revenue bonds and use the proceeds thereof for the purpose of paying all or part of the cost of any project, including the cost of extending, adding to, or improving such project and for the purpose of refunding any bonds of the Authority theretofore issued; and

WHEREAS, the Act provides that no bonds so issued by the Authority shall constitute an indebtedness or obligation of the State of Georgia or of any county, municipal corporation, or political subdivision thereof, that all such bonds shall be payable solely from the revenues pledged to the payment thereof, and that no holder or holders of any such bonds shall ever have the right to compel any exercise of the taxing power of this state or of any county, municipal corporation, or political subdivision thereof, nor to enforce the payment thereof against any property of the state or of any such county, municipal corporation, or political subdivision; and

WHEREAS, pursuant to Article IX, Section III, Paragraph 1 of the Constitution of the State of Georgia, any municipality or other political subdivision of the State of Georgia may contract for any period not exceeding 50 years with any public authority for joint services, for the provision of services or for the joint or separate use of facilities and equipment, provided such contracts deal with activities, services, or facilities which the contracting parties are authorized by law to undertake or provide; however, under Georgia law, the City may obligate itself to make the payments required under such contract from money received from taxes and from any other source without creating a debt within the meaning of Article IX, Section V, Paragraph 1 of said Constitution; and

WHEREAS, in furtherance of the purposes of the Act, on behalf of and at the request of the City, and pursuant to a bond resolution adopted by the Authority on \_\_\_\_\_, 2019 (the "Resolution"), the Authority proposes to issue its REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019 (the "Bonds"), in the aggregate principal amount of not to exceed \$ \_\_\_\_\_ for the purposes of providing funds required to pay (i) a portion of the costs of financing a new Tybee Island Marine Science Center in the City, which includes recreational picnic and playground areas, a dune walk, and climbable marine life replicas (the "Project"), and (ii) the expenses incurred in connection with the issuance of the Bonds; and

WHEREAS, the Bonds shall contain such terms and provisions as provided in the Resolution; and

WHEREAS, the Authority and the City propose to enter into this Contract, pursuant to which the Authority will agree to issue the Bonds to provide funds and services for the above-described purposes and to provide the above-described facilities and services for the citizens of the City and visitors to the City, including the acquisition, construction, and equipping of the Project; and the City, in consideration of the Authority's doing so, will agree to pay to the Authority from its general fund or from the proceeds of a tax levied on all taxable property located within the boundaries of the City, at such rate or rates as may be necessary to make the payments to the Authority for its services as called for pursuant to this Contract in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, covenants, and agreements hereinafter set forth, the Authority and the City hereby agree as follows; provided, that in the performance of the covenants and agreements of the Authority herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt of the Authority but shall be payable solely out of the proceeds derived from the sale of the Bonds and the revenues and receipts derived from this Contract:

ARTICLE II

REPRESENTATIONS, WARRANTIES, AND AGREEMENTS

**Section 2.01. Representations, Warranties, and Agreements of the Authority.** The Authority represents, warrants, and agrees that:

(a) The Authority is a public body corporate and politic created and existing under the Act and, unless otherwise required by law, shall maintain its corporate existence so long as any of the Bonds are Outstanding. Under the provisions of the Act, the Authority is authorized to enter into and carry out the transactions contemplated by this Contract and the Resolution;

(b) The Authority and the City heretofore have agreed that the Authority will provide financing and services for the undertakings described in the preamble to this Contract by the issuance of the Bonds as set forth in the Resolution;

(c) There is no litigation or proceeding pending or, to the knowledge of the Authority, threatened against the Authority or against any other party which would have a material adverse effect on the right of the Authority to execute this Contract or the ability of the Authority to comply with any of its obligations under the Bonds, this Contract, the Resolution, or any other documents contemplated to be executed by the Authority in connection with the issuance and delivery of the Bonds;

(d) This Contract, upon execution of the same, will constitute the legal, valid, and binding obligation of the Authority in accordance with its terms, and performance by the Authority of its obligations hereunder will not violate or result in a breach of any of the provisions of or constitute a default under any agreement or instrument to which the Authority is a party or by which the Authority is bound;

(e) The Authority has not made, done, executed, or suffered, and warrants that it will not make, do, execute, or suffer, any act or thing whereby the Authority's or the City's title to or interest in the Project will or may be impaired or encumbered in any manner except as permitted herein and the Resolution and except for acts or things done or permitted by the City; and

(f) Except as herein and in the Resolution provided, the Authority will not encumber any part of its interest in the Project or in the Revenues payable under this Contract or its rights under this Contract. The pledge made in the Resolution of the Revenues payable under this Contract constitutes a first and prior pledge of and lien on said Revenues and said pledge shall at no time be impaired by the Authority and the Revenues shall not otherwise be pledged.

**Section 2.02. Representations, Warranties, and Agreements of the City.** The City represents, warrants, and agrees as follows:

(a) The City is a municipal corporation and a political subdivision of the State, having power to enter into and execute, deliver, and perform this Contract, and by proper action of its governing body has authorized the execution and delivery of this Contract and the taking of any and all such actions as may be required on its part to carry out, give effect to, and consummate the transactions contemplated by this Contract and the Resolution, and no approval

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

**Section 1.01. Definitions.** All words and phrases defined in Section 101 of the Resolution shall have the same meanings in this Contract.

**Section 1.02. Rules of Construction.** The definitions referred to in Section 1.01 shall be equally applicable to both the singular and the plural forms of the terms therein defined and shall cover all genders.

"Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter," "this Contract," and other equivalent words refer to this Contract and not solely to the particular portion thereof in which any such word is used.

All references herein to particular Articles or Sections are references to Articles or Sections of this Contract unless otherwise specified.

[END OF ARTICLE I]

or other action by any governmental authority, agency, or other person is required in connection with the delivery and performance of this Contract by it except as shall have been obtained as of the date of delivery of the Bonds;

(b) There is no litigation or proceeding pending, or to the knowledge of the City threatened, against or affecting the City, nor to the best of the knowledge of the City is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the transactions contemplated by this Contract or which in any way would adversely affect the validity or enforceability of the Bonds, this Contract, the Resolution, or any other documents contemplated to be executed in connection with the issuance and delivery of the Bonds;

(c) This Contract, upon execution of the same, will constitute the legal, valid, and binding obligation of the City enforceable in accordance with its terms, and performance by the City of its obligations hereunder will not violate or result in a breach of any of the provisions of or constitute a default under any agreement or instrument to which the City is a party or by which the City is bound; and

(d) No actions will be taken by the City which shall in any way impair the exclusion of interest on the Bonds from federal income taxation.

[END OF ARTICLE II]

ARTICLE III  
ISSUANCE OF BONDS

**Section 3.01. The Bonds.** In order to provide funds for the purposes set forth in the preamble to this Contract, the Authority will, in accordance with the Act, issue the Bonds, and all of the covenants, agreements, and provisions hereof shall, to the extent provided herein and in the Resolution, be for the equal and proportionate benefit and security of the owners of the Bonds without preference, priority, or distinction as to the charge, lien, or otherwise of any one Bond over any other Bond, so that every owner of the Bonds shall have the same rights, privileges, and lien by virtue hereof.

**Section 3.02. Date, Denomination, and Maturities.** The Bonds will be issued in registered form and will mature and be paid pursuant to the provisions of Article II of the Resolution. Interest on the Bonds will be paid to the person or persons and in the manner stated in the Bonds and in the Resolution until the obligation of the Authority with respect to the payment of the principal of the Bonds shall be discharged in accordance therewith.

**Section 3.03. Obligations Relating to the Resolution and the Bonds.** The City agrees to perform all undertakings and obligations which are contemplated or required to be performed by the City pursuant to the provisions of the Resolution.

**Section 3.04. Application of Bond Proceeds.** At and upon the delivery of and payment for the Bonds, the proceeds received therefrom shall be applied in accordance with the provisions of Section 511 of the Resolution.

[END OF ARTICLE III]

Intergovernmental Contract  
6

express or implied, that the money which will be paid into the Construction Fund will be sufficient to pay all the Cost of Construction. If the City pays any portion of the Cost of Construction pursuant to this Section 4.05, it shall not be entitled to any reimbursement therefor from the Authority or from the holders of the Bonds, nor shall it be entitled to any diminution in or postponement of the payments required to be paid under Article V.

**Section 4.06. Plans and Specifications.** The Plans and Specifications are on file with the City, and any amendments thereto shall be filed with the City. The City may revise the Plans and Specifications at any time and from time to time prior to the Completion Date, provided that no such change shall render inaccurate any of the representations contained in this Contract.

**Section 4.07. Investment of Money.** Any money held as a part of the Construction Fund shall be invested or reinvested as directed by the City Representative in accordance with Article VI of the Resolution.

**Section 4.08. Tax Covenants.** The City hereby covenants and represents to the Authority for the benefit of each holder of the Bonds that:

(a) It will not expend the proceeds from the sale of the Bonds nor take any other action which would cause the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes.

(b) It will not make or permit any use of the proceeds from the issue and sale of the Bonds which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of § 148(a) of the Code and any Treasury Regulations promulgated thereunder as such provisions may apply to obligations issued as of the date of issuance of the Bonds.

(c) It will comply with and take such action and make such payments as may be permitted or required by § 148(f) of the Code to ensure that the Bonds do not constitute "arbitrage bonds" within the meaning of § 148(a) of the Code.

(d) It will comply with all requirements of the Code that must be satisfied in order for the Bonds to remain excluded from federal income taxes.

[END OF ARTICLE IV]

Intergovernmental Contract  
8

ARTICLE IV  
FINANCING OF THE PROJECT; CONSTRUCTION

**Section 4.01. The Project; Financing of Project.** The Authority, in providing its services hereunder, agrees to acquire, construct, and equip the Project or to cause the Project to be acquired, constructed, and equipped with a portion of the proceeds of the Bonds. The Authority hereby agrees to finance the cost of the Project in accordance with the provisions hereof and of the Act. The City agrees to make the payments provided for in Section 5.01 in accordance with the provisions of this Contract.

**Section 4.02. Completion of Project.** The City, as sole and exclusive agent of the Authority, agrees to undertake the acquisition, construction, and equipping of the Project in accordance with the Plans and Specifications; and the City hereby agrees to undertake and complete the Project on behalf of the Authority with due diligence. Payment therefor shall be made from the Construction Fund in accordance with the provisions of Section 4.03.

**Section 4.03. Disbursements from Construction Fund.** The Authority hereby appoints the City as agent of the Authority to make disbursements from the Construction Fund to pay the Cost of Construction. Such disbursements shall be made only upon the execution and filing with the City of a requisition signed by the City Representative stating (i) the requisition number, (ii) the name and address of the person, firm, or corporation (which may include the City) to whom payment is due or was made, (iii) the amount paid or to be paid, (iv) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Construction Fund, and (v) that each item for which payment is proposed to be made is a proper charge against the Construction Fund in accordance with the provisions of the Resolution and this Contract.

**Section 4.04. Establishment of Completion Date.** At such time as the Project is completed, the City shall so notify the Authority by a certificate executed by the City Representative. Such certificate shall establish the Completion Date and shall state that, except for any amounts retained by the City for any Cost of Construction not then due and payable or the liability for payment of which is being contested or disputed by the City, (i) the Project has been completed substantially in accordance with the Plans and Specifications and all the Cost of Construction has been paid, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, and installed in accordance with the Plans and Specifications, and (iii) payment has been made for all labor, services, materials, and supplies used in connection with the Project. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date thereof or which may subsequently come into being. Upon completion of the Project, title thereto shall vest in its entirety in the City.

**Section 4.05. Completion of Project if Construction Fund Insufficient.** If money in the Construction Fund available for payment of the Cost of Construction is not sufficient to pay the Cost of Construction in full, the City shall use its best efforts to cause the Project to be completed and the City shall pay that portion of the Cost of Construction in excess of the money available therefor in the Construction Fund. The Authority does not make any warranty, either

Intergovernmental Contract  
7

ARTICLE V  
CONTRACT PAYMENTS BY THE CITY

**Section 5.01. Contract Payments by the City.** Pursuant to this Contract, the City agrees to provide funds sufficient to pay the following:

(a) the principal of, premium (if any), and interest due on the Bonds, upon maturity, redemption, or otherwise. All such payments shall be made to the Paying Agent at its designated office in lawful money of the United States of America in immediately available funds on or before the date on which due;

(b) the reasonable fees of the Paying Agent and Bond Registrar as provided in the Resolution. Said fees and expenses shall be paid when due directly to the Paying Agent and Bond Registrar for its own account; and

(c) any payments which may be required by Section 4.08(c) of this Contract.

Each payment to be made by the City hereunder is to be made on a parity with every other payment hereunder.

**Section 5.02. Credits.** Any amounts in the Debt Service Fund prior to any Interest Payment Date or date fixed for redemption of Bonds shall be credited against the payments due by the City under this Contract, and any amount in the Debt Service Fund on any Interest Payment Date or redemption date in excess of the amount required to pay the principal of, redemption premium, if any, and interest on the Bonds on such date shall be applied as provided in Section 505(a) of the Resolution.

If the Bonds are called for redemption, any funds held in the Construction Fund shall be deposited in the Debt Service Fund and said funds together with all other amounts in the Construction Fund and the Debt Service Fund one Business Day prior to the redemption date shall be credited against the payments due by the City under Section 5.01(a).

**Section 5.03. Place of Payments.** The payments to be made pursuant to Section 5.01(a) shall be paid directly to the Paying Agent for the account of the Authority and shall be deposited in the Debt Service Fund as required by the Resolution. The payments to be made pursuant to subsections (b) and (c) of Section 5.01 shall be paid directly to the party to whom such payment is to be made for its own use.

**Section 5.04. Taxes and Other Governmental Charges.** The City will pay promptly, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project.

**Section 5.05. City's Obligations Unconditional.**

(a) The obligations of the City to make payments required in this Article V on the dates and in the manner herein specified and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, regardless of any contingencies

Intergovernmental Contract  
9

whatever and notwithstanding any circumstances or occurrences that may arise or take place hereafter, and shall not be subject to diminution by set-off, counterclaim, abatement, or otherwise. Until such time as the principal of and interest on the Bonds shall have been paid or provision for such payment shall have been made in accordance with the Resolution, the City (i) will not suspend or discontinue any payments for which provision is made in Section 5.01, (ii) will perform and observe all of its other covenants and agreements contained in this Contract, and (iii) will not terminate this Contract for any cause, including, without limiting the generality of the foregoing, impossibility or illegality of performance on the part of the Authority of any of its obligations hereunder or under the Resolution, any acts or circumstances that may constitute failure of consideration, *force majeure*, destruction of or damage to the Project or any part thereof, frustration of purpose, the unavailability for use by the City on the date hereof or on any date hereafter of the Project, any change in the tax or other laws of the United States of America or the State of Georgia or any political subdivision thereof, or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Contract or out of the Resolution.

(b) The City will bear all risk of damage to or destruction in whole or in part of the Project or any part thereof, including without limitation any loss, complete or partial, or interruption in the use or operation thereof or any manner or thing which for any reason interferes with, prevents, or renders burdensome the use thereof or the compliance by the City with any of the terms of this Contract.

**Section 5.06. City's Remedies.** If the Authority shall fail to perform any of its agreements in this Contract, the City may institute such action against the Authority as the City may deem necessary to compel such performance so long as such action shall not affect, impair, or diminish the obligation of the City to make the payments provided for herein, which obligation shall be absolute, unconditional, and irrevocable. The City may, at its own cost and expense and in its own name, prosecute or defend any action or proceedings against third parties or take any other action which the City deems reasonably necessary to secure or protect its rights of possession and use of the Project, in which event the Authority agrees to cooperate fully with the City.

**Section 5.07. Tax Levy to Make Payments.** The City will exercise its power of taxation to the extent necessary to pay the amounts required to be paid hereunder and will make available and use for the payment of its obligations incurred hereunder all such taxes levied and collected for that purpose together with funds received from any other source. The City, in order to make such funds available for such purpose in each fiscal year, will in its general revenue, appropriation, and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for in each fiscal year during the term of this Contract include sums sufficient to satisfy the payments required to be made under this Contract, whether or not any other sums are included in such measure, until all payments required to be made hereby shall have been made in full. The obligation of the City to make the payments provided for pursuant to the terms of this Contract shall constitute a general obligation of the City and a pledge of the full faith and credit of the City to provide the funds required to fulfill such obligation.

ARTICLE VI

MAINTENANCE, REPAIR, AND MODIFICATION  
OF THE PROJECT BY CITY

**Section 6.01. Maintenance and Repair.** The City, at its own expense, will from time to time, in the discretion of the City, make all needed and proper repairs, replacements, additions, betterments, modifications, and improvements to the Project so that the use thereof shall at all times be conducted properly.

**Section 6.02. Removal of Equipment.** Neither the Authority nor the City is under any obligation to renew, repair, or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary equipment or other personalty forming a part of the Project. In any instance where the City in its discretion determines that any items of such equipment or personalty have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the City may remove such items of such equipment or personalty, and the City may sell, trade, exchange, or otherwise dispose of such items, as a whole or in part, without any responsibility or accountability to the Authority, and upon such determination said equipment or personalty shall no longer be a part of the Project.

**Section 6.03. Liens.** Neither the Authority nor the City will permit any lien, debt, pledge, assessment, encumbrance, or charge ranking equally with or superior to the charge or lien created by the Resolution upon the payments provided for in Article V. All lawful claims and demands for labor, materials, supplies, or other charges or assessments which if unpaid might by law become a lien upon the Project will be promptly paid or discharged by the City, or adequate provisions will be made to satisfy and discharge the same promptly after the same shall accrue; provided, however, that the City may, at its own expense and in its own name and behalf or in the name and behalf of the Authority, in good faith and by appropriate legal proceedings contest any such lien, charge, or assessment and, in the event of such contest, may permit such lien, charge, or assessment so contested to remain unpaid during the period of such contest and any appeal therefrom. The Authority will cooperate fully with the City in any such contest.

[END OF ARTICLE VI]

**Section 5.08. Priority Lien of Bonds.** The Authority will not hereafter issue any other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenue derived from this Contract superior to the lien created in the Resolution for the payment of the Bonds.

[END OF ARTICLE V]

ARTICLE VII

INDEMNITY

**Section 7.01. Indemnification; Immunity of Members of Authority.**

(a) During the term of this Contract, the City, at its own expense, shall handle to conclusion all claims and pay all judgments obtained against the City or the Authority by reason of (i) any injury to or death of any person or damage to property occurring on or about any facilities constituting the Project or any part thereof occasioned by or growing out of or arising or resulting from any tortious or negligent act on the part of the City, its agents, or employees in connection with the operation, management, or maintenance of any facilities constituting a part of the Project; (ii) any use, non-use, condition of, or defect in any facilities constituting a part of the Project; and (iii) any failure, breach, or default on the part of the City in the performance of or compliance with any of the obligations of the City under the terms of this Contract; provided, however, that the indemnity provided by this Section 7.01 shall be effective only to the extent that the amount of liability arising from any such loss shall exceed the proceeds available therefor obtained from insurance carried with respect to such loss.

(b) Notwithstanding the fact that it is the intention of the parties that the Authority shall not incur any pecuniary liability by reason of the terms of this Contract or the undertakings required of the Authority hereunder by reason of the issuance of the Bonds, the adoption of the Resolution, or the performance of any act requested of the Authority by the City; nevertheless, if the Authority should incur any such pecuniary liability, then in that event, the City shall indemnify and hold the Authority harmless against all claims, demands, or causes of action arising therefrom and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Authority, the City shall defend the Authority in any such action or proceeding.

(c) No recourse shall be had for the enforcement of any obligation, covenant, or agreement of the Authority contained in this Contract or in the Bonds or the Resolution for any claim based hereon or thereon against any member, officer, or employee of the Authority or of any successor thereto, in his individual capacity, either directly or through the Authority whether by virtue of any constitutional provision, statute, or rule of law. This Contract, the Bonds, and the Resolution are solely corporate obligations, and no personal liability shall attach to or be incurred by, any member, officer, or employee of the Authority or of any successor thereto, either directly or by reason of the obligations, covenants, or agreements entered into between the Authority and the City, and all personal liability of any character against every such member, officer, and employee is, by the execution of this Contract, expressly waived and released. The immunity of members, officers, and employees of the Authority under the provisions contained in this Section 7.01 shall survive the completion of the acquisition and construction of the facilities constituting the Project and the termination of this Contract.

[END OF ARTICLE VII]

ARTICLE VIII  
DEFAULT; REMEDIES

**Section 8.01. Events of Default Defined.** The following shall be "events of default" under this Contract and the term "event of default" shall mean, whenever used in this Contract, any one of the following events:

(a) failure by the City to pay when due any amount required to be paid under Section 5.01(a);

(b) the City shall fail to perform any of the other agreements, conditions, covenants, or terms herein required to be performed by the City and such default shall continue for a period of thirty days after written notice has been given to the City by the Authority, the Paying Agent, or the Bondholder specifying such default and requesting that it be remedied, or within a greater number of days if such remedy has been undertaken and is being diligently pursued and more than thirty days is required for its completion; provided, however, that if, by reason of force majeure, the City is unable, in whole or in part, to perform the obligations on its part herein undertaken (other than the obligations relating to the payments to be made under Section 5.01(a)), the City shall not be deemed in default during the continuance of such inability to perform. The term *force majeure* shall mean, without limitation, acts of God; strikes; work stoppages or similar disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes, fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery or equipment; partial or entire failure of utilities, or any other cause or event not reasonably within the control of the City. The City will, however, use its best efforts to remedy, with all reasonable dispatch, the cause or causes preventing the City from carrying out such obligation; provided, that the settlement of strikes, work stoppages and similar disturbances shall be entirely within the discretion of the City and the City shall not be required to make settlement of such disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the City, unfavorable to the City; or

(c) an "Event of Default" shall have occurred under the Resolution.

**Section 8.02. Remedies on Default.**

(a) If an event of default referred to in Section 8.01 occurs and is continuing, then and in every such case the Bondholder may, by written notice to the City, take whatever action at law or in equity may appear necessary or desirable to enforce the performance and observance of the obligation, agreement, or covenant of the City then in default under this Contract, whether for specific performance of any covenant or agreement contained herein or therein or in aid of the execution of any power herein granted. No remedy conferred upon or reserved to the Bondholder in this subsection (a) is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy

Intergovernmental Contract  
14

ARTICLE IX  
PREPAYMENT

**Section 9.01. Optional Prepayment.** The City shall have and is hereby granted, subject to the provisions of the Resolution, the option to prepay all or any portion of the amounts payable under Section 5.01(a), at the times and under the conditions provided for in the Resolution, by taking the actions required by of the Resolution to effect the full or partial redemption of the Bonds.

**Section 9.02. Exercise of Optional Prepayment.** To exercise the option granted in Section 9.01, the City shall give written notice to the Authority and the Bond Registrar of the exercise of such option and a direction to effect redemption of Bonds, which notice shall specify therein (i) the maturity or maturities of the Bonds to be redeemed, (ii) the date of redemption, which date shall not be less than 45 days from the date the notice is given, (iii) the principal amount of the Bonds or portions thereof to be redeemed, (iv) the applicable redemption price or prices, and (v) the provision or provisions of the Resolution pursuant to which the Bonds are to be redeemed.

Upon receipt of a notice given by the City pursuant to this Section 9.02, the Bond Registrar shall forthwith take or cause to be taken all actions necessary under the Resolution to effect the redemption of the Bonds in accordance with such notice.

[END OF ARTICLE IX]

Intergovernmental Contract  
16

given under this Contract and now or hereafter existing at law or in equity or by statute, subject to the provisions of the Resolution.

(b) No delay or omission to exercise any such right or power shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bondholder to exercise any respective remedy reserved to them in this Article VIII, it shall not be necessary to give any notice, other than any notice required herein.

(c) Any amounts collected pursuant to action taken under subsection (a) of this Section 8.02 shall be applied in accordance with the Resolution to the extent the provisions of the Resolution relate to such amounts.

**Section 8.03. Attorneys' Fees and Expenses.** If the City should default under any of the provisions of this Contract and the owners of the Bonds shall employ attorneys or incur other expenses for the collection of the amounts payable hereunder or the enforcement, performance, or observance of any obligation or agreement on the part of the City herein contained, the City will, on demand therefor, pay the amount of the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred.

**Section 8.04. No Waiver of Breach.** If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**Section 8.05. City Authorized to Cure Default of Authority.** With regard to any default on the part of the Authority under this Contract or under the Resolution, the Authority hereby vests the City with full power, for the account of the Authority, to perform any obligation in remedy of such default in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such acts.

**Section 8.06. Failure to Enforce Agreement Not a Waiver.** The failure of the Authority or the Bondholder to enforce any agreement, condition, covenant, or term by reason of any default or breach by the City shall not be deemed to void or affect the right to enforce the same agreement, condition, covenant, or term on the occasion of any subsequent default or breach.

[END OF ARTICLE VIII]

Intergovernmental Contract  
15

ARTICLE X  
TERM; MISCELLANEOUS

**Section 10.01. Term of this Contract.** This Contract shall be in full force and effect from the date of delivery hereof until such time as the Bonds shall have been paid or provision for such payment shall have been made in accordance with the Resolution and all payments due or to become due to the Paying Agent and Bond Registrar have been made.

**Section 10.02. Notices.** All notices or other communications required or permitted to be given pursuant to this Contract shall be in writing and shall be considered as properly given if mailed by first-class United States mail, postage prepaid, registered or certified with return receipt requested, by overnight delivery, by delivering same in person to the intended addressee, or by prepaid telegram, telex, or telecopy. Notice so mailed shall be effective three days after its deposit. Notice given in any other manner, including overnight delivery and telecopy, shall be effective only if and when received by the addressee. Each such notice or other communication given hereunder shall be given to all of the other parties. For purposes of notice, the addresses of the parties shall be as set forth herein; provided, however, that hereinafter either party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of notice to the other party in the manner set forth hereinabove.

If to the Authority: Chatham County Recreation Authority  
P. O. Box 8186  
Savannah, Georgia 31412  
Attention: Chairperson

If to the City: City of Tybee Island, Georgia  
403 Butler Avenue  
Tybee Island, Georgia 31328  
Attention: City Manager

With a copy to: Ellis, Painter, Ratterree & Adams LLP  
2 East Bryan Street, 10th Floor  
Savannah, Georgia 31401  
Attention: Edward M. Hughes

If to the Bond Registrar Paying Agent: The Bank of New York Mellon Trust Company, N.A.  
10161 Centurion Parkway North  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department

**Section 10.03. Binding Effect.** This Contract shall inure to the benefit of and shall be binding upon the Authority, the City, and their respective successors and assigns.

**Section 10.04. Severability.** If any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Intergovernmental Contract  
17



**Section 10.05. Amounts Remaining in Funds.** It is agreed by the parties hereto that any amounts remaining in any fund after payment in full of the principal of, premium (if any), and interest on the Bonds (or provision for payment shall have been made as provided for in the Resolution), the fees, charges, and expenses of the Paying Agent and Bond Registrar and all other amounts required to be paid under the Resolution, shall be paid to the City.

**Section 10.06. [Reserved].**

**Section 10.07. Delegation of Duties by Authority.** It is agreed that under the terms of this Contract and also under the terms of the Resolution, the Authority has delegated certain responsibilities to the City. The fact of such delegation shall be deemed a sufficient compliance by the Authority to satisfy the responsibilities so delegated and the Authority shall not be liable in any way by reason of acts done or omitted by the City or the City Representative. The Authority shall have the right at all times to act in reliance upon the authorization, representation or certification of the City Representative.

**Section 10.08. Continuing Disclosure.** The City hereby covenants and agrees that it will comply with and carry out all of the provisions of its Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") to be executed and delivered on the date of issuance and delivery of the Bonds. Notwithstanding any other provision of this Contract, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; however, any Bondholder or Beneficial Owner of Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section 10.08. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

**Section 10.09. Amendments, Changes, and Modifications.** Subsequent to the initial issuance of the Bonds and prior to the payment in full of the Bonds, this Contract may not be amended, changed, modified, or altered except as provided in Article IX of the Resolution.

**Section 10.10. Execution Counterparts.** This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 10.11. Captions.** The captions or headings in this Contract are for convenience only and in no way define, limit, or describe the scope or intent of any provisions of this Contract.

**Section 10.12. Law Governing Construction of Contract.** This Contract shall be governed by and construed in accordance with the laws of the State.

[END OF ARTICLE X]

IN WITNESS WHEREOF, the Authority and the City have caused this Contract to be executed in their respective names and their respective seals to be hereunto affixed and attested by their respective duly authorized officers, all as of the date first above written.

CHATHAM COUNTY RECREATION  
AUTHORITY

(S E A L)

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

Attest: \_\_\_\_\_  
Secretary-Treasurer

CITY OF TYBEE ISLAND, GEORGIA

(S E A L)

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

Attest: \_\_\_\_\_  
City Clerk

SECRETARY-TREASURER'S CERTIFICATE

The undersigned Secretary-Treasurer of the Chatham County Recreation Authority (the "Authority") DOES HEREBY CERTIFY that the foregoing constitutes a true and correct copy of a resolution adopted on February 14, 2019, by a majority of the entire membership of the Authority in a meeting duly called and assembled and open to the public at which a quorum of members was present and acting throughout, and that the original of said resolution appears of record in the minute book of the Authority, which is in my possession, custody, and control.

I further certify that the meeting was held in conformity with the requirements of Title 50, Chapter 14 of Official Code of Georgia Annotated.

(S E A L)

\_\_\_\_\_  
Secretary-Treasurer

Appendix C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[THIS PAGE INTENTIONALLY LEFT BLANK]

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Tybee Island, Georgia (the “City”), in connection with its execution of an intergovernmental contract, dated as of the date of the Bonds (hereinafter defined), entered into with the Chatham County Recreational Authority (the “Authority”) in connection with the Authority’s issuance of its REVENUE BONDS (TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019, in the aggregate principal amount of \$3,380,000\* (the “Bonds”). The Bonds are being issued pursuant to a bond resolution adopted by the Authority on \_\_\_\_\_, 2019 (the “Resolution”).

The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds (together, the “Bondholders”) and in order to assist the Participating Underwriter (defined below) in complying with U.S. Securities and Exchange Commission Rule 15c2-12(b)(5). The City acknowledges that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Certificate, and has no liability to any person, including any Bondholder of the Bonds, with respect to U.S. Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Authority” means the Chatham County Recreational Authority, created and existing under the laws of the State of Georgia.

“Beneficial Owner” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“City” means the City of Tybee Island, Georgia, a municipal corporation of the State of Georgia.

“Dissemination Agent” initially means the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Market Access System which became effective July 1, 2009, and which receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). 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” means any period of 12 consecutive months adopted by the governing body of the City as the City’s fiscal year for financial reporting purposes. The City’s current fiscal year began on July 1, 2018, and will end on June 30, 2019.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” has the meaning set forth in the Rule.

“Participating Underwriter” means Raymond James & Associates, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

(a) On an annual basis, the City will provide, or cause the Dissemination Agent (if other than the City) to provide, electronically to EMMA, not later than one year after the end of each Fiscal Year, commencing with the report for the Fiscal Year ending June 30, 2019, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report will be made to EMMA as PDF files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. 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 Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. In such event, the audited financial statements will be submitted promptly to EMMA upon their availability. If the City’s fiscal year changes, notice of such change shall be given in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 business days prior to the dates specified in paragraph (a) of this Section 3 for providing the Annual Report to EMMA, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the manner of filing with EMMA; and

(ii) (if the Dissemination Agent is other than the City) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to EMMA.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following items:

(a) The general purpose financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as applicable to governmental entities from

time to time by the Governmental Accounting Standards Board. Such financial statements will be accompanied by an audit report, if available at the time of submission of the Annual Report, resulting from an audit conducted by an independent certified public accountant or a firm of independent certified public accountants in conformity with generally accepted auditing standards. If such audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Bonds, and the audited financial statements, together with the audit report thereon, shall be filed in the same manner as the Annual Report when they become available.

(b) If generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the City, a narrative explanation describing the impact of such changes on the City.

(c) Information for the preceding Fiscal Year regarding the following categories of financial information and operating data which shall be consistent with the information contained in the Official Statement relating to the Bonds under the headings “DEBT STRUCTURE OF THE CITY OF TYBEE ISLAND, -Summary of City Debt by Category, -Debt Limitation”; and “CITY OF TYBEE ISLAND AD VALOREM TAXATION, -M&O Tax Digest, -Ten Largest Taxpayers, -M&O Tax Levies and Collections for the City, and-Millage Rates -.”

Any or all of the items listed above may be incorporated by specific reference to other documents, including official statements of debt issues with respect to which the City is an Obligated Person, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

#### SECTION 5. Reporting of Significant Events.

(a) The City shall provide or cause to be provided through the Dissemination Agent to EMMA, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of Bondholders, if material.
8. Bonds calls, if material, and tender offers.

9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership, or similar event of the Obligated Person. This event is considered to have occurred when any of the following have occurred: (i) appointment of receiver, fiscal agent, or similar officer 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 City, 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 of governmental authority, or (ii) 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 City.
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(b) Notwithstanding the foregoing, notice of Listed Events described in paragraph (a)(8) and (9) above need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to the Bondholders of affected Bonds pursuant to the Resolution.

(c) The content of any notice of the occurrence of a Listed Event shall be determined by the City and shall be in substantially the form attached as Exhibit B.

SECTION 6. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. If the City 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 Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.



SECTION 7. Termination of Reporting Obligation. The City reserves the right to terminate its obligations under this Disclosure Certificate if and when the City no longer remains an Obligated Person with respect to the Bonds within the meaning of the Rule; in particular upon the occurrence of the legal defeasance, prior redemption, or payment in full of all of the Bonds. If the City's obligations under the Contract are assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the City and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution to EMMA.

SECTION 8. Dissemination Agent. The City, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent other than the City shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate if:

(a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City on the Bonds, or type of business conducted;

(b) such amendment is supported by an opinion of counsel expert in federal securities laws, to the effect that the undertakings contained herein, as amended, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or official interpretations of the Rule, as well as any change in circumstances; and

(c) such amendment does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the City, or by the approving vote of the Bondholders pursuant to the terms of the Resolution at the time of such amendment.

If any provision of this Disclosure Certificate is amended, the first release of the Annual Report containing any amended financial information or operating data shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being provided. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5 and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Default. If the City fails to comply with any provision of this Disclosure Certificate, any Bondholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain mandamus or specific performance by court order of the City's obligations pursuant to this Disclosure Certificate. Any failure by the City to comply with the provisions of this Disclosure Certificate shall not be an event of default with respect to the Bonds under Section 801 of the Resolution or under the terms of the Contract.

SECTION 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent allowed by applicable law, the City agrees to indemnify and save the Dissemination Agent (if other than itself), its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent (if other than itself) and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the City, the Dissemination Agent (if other than the City), the Participating Underwriter, and the Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate 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.

Date: [Date of Issuance]

CITY OF TYBEE ISLAND, GEORGIA

(S E A L)

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

Attest: \_\_\_\_\_  
City Clerk

Exhibit A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Tybee Island, Georgia

Name of Bond Issues: \$3,380,000\* CHATHAM COUNTY RECREATIONAL AUTHORITY REVENUE BONDS  
(TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019

Date of Issuance: \_\_\_\_\_, 2019

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed by the Obligor on \_\_\_\_\_, 2019. The Obligor anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_, 20\_\_

[Name of Dissemination Agent]

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

Exhibit B

NOTICE OF THE OCCURRENCE OF [INSERT THE LISTED EVENT]

Relating to

\$3,380,000\* CHATHAM COUNTY RECREATIONAL AUTHORITY REVENUE BONDS  
(TYBEE ISLAND MARINE SCIENCE CENTER PROJECT), SERIES 2019 (the "Bonds")

CUSIP NUMBER(S)<sup>1</sup>:

Notice is hereby given that [insert the Listed Event] has occurred. [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 a Listed Event constituting defeasance shall include the following:

Chatham County Recreational Authority hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased Bonds.

OR

Chatham County Recreational Authority hereby covenants not to exercise any optional or extraordinary redemption provisions under the Bond Resolution; however, the sinking fund provision will survive the defeasance.

AND

The 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 City of Tybee Island, the Chatham County Recreational Authority, or 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: \_\_\_\_\_, 20\_\_

[Name of Dissemination Agent]

---

<sup>1</sup> No representation is made as to the correctness of the CUSIP number(s) either as printed on the Bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

Appendix D

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

The form of Legal Opinion included in this Appendix D has been prepared by Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Bonds.

[THIS PAGE INTENTIONALLY LEFT BLANK]



The Internal Revenue Code of 1986, as amended (the “Code”) sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. Non-compliance with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issue thereof. The Authority and the City have covenanted, pursuant to the Resolution and the Contract, respectively, to comply with the requirements of the Code in order to maintain the exclusion from federal gross income of the interest on the Bonds.

The Authority has reserved the right to issue additional revenue bonds ranking *pari passu* with the Bonds, conditioned upon a similar pledge of contract revenue as securing the payment of the Bonds, on the terms and conditions prescribed in the Resolution.

As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City (including representations as to the use of proceeds of the Bonds) in the Contract and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

In connection with the opinions rendered herein, we have examined and relied upon the following:

- (a) the Constitution and laws of the State of Georgia, including specifically the Act;
- (b) certified copies of proceedings of the Authority preliminary to and in connection with the execution, issuance, and delivery by the Authority of the Bonds, including a certified copy of the Resolution;
- (c) a fully executed counterpart of the Contract;
- (d) a certified transcript of the validation proceedings in the Superior Court of Chatham County, Georgia, validating the Bonds and the security therefor;
- (e) the opinion of R. Jonathan Hart, counsel for the Authority, dated the date hereof;
- (f) the opinion of Ellis, Painter, Ratterree & Adams LLP, counsel for the City, dated the date hereof; and
- (g) other instruments and proofs authorizing and relating to the issuance of the Bonds.

Based on the foregoing, it is our opinion that:

1. The Authority is a body corporate and politic created pursuant to the Act as an instrumentality of the State of Georgia and a public corporation thereof; and the Authority has all requisite power and authority under the Constitution and laws of the State of Georgia, including particularly the Act to (a) issue, sell, and deliver the Bonds; (b) provide the City with the proceeds of the Bonds for the purposes set forth in the Resolution; (c) enter into and perform its obligations under the Bonds, the Resolution, and the Contract; (d) adopt the Resolution; and (e) execute and deliver the Contract.



2. The Contract has been duly and lawfully authorized, executed, and delivered by the Authority and the City, is in full force and effect, and constitutes the legal, valid, and binding obligation of the Authority and the City enforceable in accordance with its terms.

3. The Resolution creates a valid first and prior pledge and lien on the money payable by the City pursuant to the Contract, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

4. The Bonds have been issued in conformity with the Act; have been properly authorized by the Resolution; have been executed, authenticated, and issued in accordance with the terms of the Resolution and in accordance with the Constitution and laws of the State of Georgia; and are the legal, valid, and binding special obligations of the Authority enforceable in accordance with their terms and secured in accordance with their tenor.

5. The Resolution has been duly adopted by the Authority and is in full force and effect in the form adopted and the Authority has obtained all required consents and approvals for the issuance of the Bonds.

6. The Bonds and the security therefor, including the Resolution and the Contract, have been validated by judgment of the Superior Court of Chatham County, Georgia.

7. The City is obligated unconditionally to make the payments required by Section 5.02 of the Contract to provide the amounts required to fulfill the City's obligations thereunder. The obligation of the City to make such payments constitutes a general obligation of the City for which the full faith and credit of the City is pledged. The City annually shall include in its general revenue or appropriation measures sums sufficient to satisfy the payments required to be made in each year.

8. The Bonds do not constitute a debt or a loan or pledge of the faith and credit of the Authority, the State of Georgia, or of any political subdivision thereof, but the Bonds are payable from and are secured by a pledge of and lien upon the Revenues (as defined in the Resolution) of the Authority, as provided in the Resolution. The issuance of the Bonds shall not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation whatever for the payment thereof, but the obligation of the City to levy the tax necessary to fulfill its obligations arising under the Contract is a legal, binding, and enforceable obligation. The Authority has no taxing power.

9. Assuming compliance with the aforementioned covenants by the Authority and the City to maintain the exclusion from federal gross income of interest on the Bonds, interest on the Bonds is excludable from gross income for federal income tax purposes and the interest thereon is exempt from taxation by the State of Georgia and any of its political subdivisions. The interest on the Bonds will not be included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations.

Although we have rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, a bondowner's federal tax liability may otherwise be affected by the ownership or disposition of Bonds. The nature and extent of these other tax consequences will depend upon the bondowner's other items of income or deduction. We express no opinion regarding any such other tax consequences.

Chatham County Recreation Authority, et al.  
[Date of Closing]  
Page 4

This opinion is given as of its date and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that hereafter may come to our attention, or any changes in law that may occur hereafter.

Very truly yours,

GRAY PANNELL & WOODWARD LLP

By: \_\_\_\_\_  
A Partner





Printed by: ImageMaster, LLC  
[www.imagemaster.com](http://www.imagemaster.com)