

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 13, 2026**

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

**RATING  
Moody's: Aa3  
See "MISCELLANEOUS - Rating" herein.**

*Interest on the Series 2026 Bonds is included in gross income for federal income tax purposes and therefore is not exempt from federal income taxation. See "LEGAL MATTERS - Certain U.S. Federal Tax Consequences of Owning Series 2026 Bonds" herein.*

*In the opinion of Bond Counsel, under existing law, interest on the Series 2026 Bonds is exempt from State of Georgia income taxation. See "LEGAL MATTERS - Opinion of Bond Counsel" herein.*

**\$23,835,000\***

**ACWORTH DOWNTOWN DEVELOPMENT AUTHORITY (GEORGIA)  
Economic Development Revenue Bonds (Suites Hotel Project), Federally Taxable Series 2026**

**Dated: Date of Delivery**

**Due: February 1, as shown below**

The Economic Development Revenue Bonds (Suites Hotel Project), Federally Taxable Series 2026 (the "Series 2026 Bonds") are being issued by the Acworth Downtown Development Authority (the "Authority") for the purpose of financing the costs of acquiring, constructing, and installing an approximately 100-suite select-service hotel (the "Project") to be rented by the Authority to Lake City Hospitality LLC (the "Company") pursuant to a Rental Agreement, to be dated as of June 1, 2026 (the "Rental Agreement"). See "PLAN OF FINANCING" herein.

The Series 2026 Bonds are **special limited obligations** of the Authority payable solely from and secured by amounts pledged (the "Trust Estate") under a Trust Indenture and Security Agreement, to be dated as of June 1, 2026 (the "Indenture"), between the Authority and Wilmington Trust, National Association, as trustee. The Trust Estate consists primarily of amounts to be paid to the Authority under the Rental Agreement and the hereinafter described Contract. The Rental Agreement will obligate the Company to make rental payments to the Authority in amounts calculated to be sufficient to enable the Authority to pay, when due, the principal of, premium, if any, and interest on the Series 2026 Bonds. In addition, the Authority and the City of Acworth (the "City") will enter into an Intergovernmental Economic Development Agreement, to be dated as of June 1, 2026 (the "Contract"), under the terms of which the City will agree to make payments to the Authority in amounts sufficient to enable the Authority to pay the principal of, premium, if any, and interest on the Series 2026 Bonds when due, to the extent rental payments derived from the Project are insufficient for such purposes. The City will agree in the Contract to levy an annual ad valorem tax on all taxable property located within the corporate limits of the City, at such rates within the three mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the City's obligations under the Contract. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS" herein.

Interest on the Series 2026 Bonds is payable semiannually on August 1 and February 1 of each year, commencing on August 1, 2026. All Series 2026 Bonds bear interest from their date of delivery. See "INTRODUCTION - Description of the Series 2026 Bonds" herein.

The Series 2026 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal, premium, if any, and interest will be made. Purchasers will acquire beneficial interests in the Series 2026 Bonds in book-entry form only. DTC will remit such payments to its participants who will be responsible for remittance to beneficial owners. See "INTRODUCTION - Description of the Series 2026 Bonds" herein.

The Series 2026 Bonds are subject to optional redemption, mandatory sinking fund redemption, extraordinary optional redemption, and extraordinary mandatory redemption prior to maturity as described herein. See "THE SERIES 2026 BONDS - Redemption" herein.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,  
PRICES OR YIELDS, AND CUSIPS**

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP†</u>	<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP†</u>
2030	\$410,000				2037	\$570,000			
2031	430,000				2038	600,000			
2032	445,000				2039	630,000			
2033	470,000				2040	665,000			
2034	490,000				2041	705,000			
2035	515,000				2056	900,000			
2036	540,000								

**\$4,190,000\*** \_\_\_\_\_ % Term Bonds due February 1, 2046, Priced at \_\_\_\_\_ % to Yield \_\_\_\_\_ %, CUSIP† \_\_\_\_\_  
**\$5,615,000\*** \_\_\_\_\_ % Term Bonds due February 1, 2051, Priced at \_\_\_\_\_ % to Yield \_\_\_\_\_ %, CUSIP† \_\_\_\_\_  
**\$6,660,000\*** \_\_\_\_\_ % Term Bonds due February 1, 2056, Priced at \_\_\_\_\_ % to Yield \_\_\_\_\_ %, CUSIP† \_\_\_\_\_

† CUSIP data herein is provided by Standard & Poor's CUSIP Services Bureau, a division of the McGraw-Hill Companies, Inc. The Authority is not responsible for the selection of CUSIP numbers, nor is any representation made as to their correctness on the Series 2026 Bonds or as indicated above.

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

The Series 2026 Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and are subject to the approving opinion of Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Authority and the City by their counsel, Haynie, Litchfield & White, P.C., Marietta, Georgia, for the City by its disclosure counsel, Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, and for the Company by its counsel, Eversheds Sutherland (US) LLP, Atlanta, Georgia. The Series 2026 Bonds are expected to be available for delivery in book-entry form only through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2026.

Dated: \_\_\_\_\_, 2026



\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities 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 the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## **PARTICIPANTS IN FINANCING**

*Authority*

**ACWORTH DOWNTOWN DEVELOPMENT AUTHORITY**  
Acworth, Georgia

*Company*

**LAKE CITY HOSPITALITY LLC**  
Thomasville, Georgia

*City*

**CITY OF ACWORTH**  
Acworth, Georgia

*Trustee*

**WILMINGTON TRUST, NATIONAL ASSOCIATION**  
Buffalo, New York

*Underwriter*

**RAYMOND JAMES & ASSOCIATES, INC.**  
Atlanta, Georgia

*City's Auditors*

**NICHOLS, CAULEY & ASSOCIATES, LLC**  
Kennesaw, Georgia

*Counsel to the Authority and the City*

**HAYNIE, LITCHFIELD & WHITE, P.C.**  
Marietta, Georgia

*Counsel to the Company*

**EVERSHEDS SUTHERLAND (US) LLP**  
Atlanta, Georgia

*Bond Counsel and Disclosure Counsel to the City*

**NELSON MULLINS RILEY & SCARBOROUGH LLP**  
Atlanta, Georgia

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# OFFICIAL STATEMENT

of

## ACWORTH DOWNTOWN DEVELOPMENT AUTHORITY (GEORGIA)

relating to its

**\$23,835,000\***

## **ECONOMIC DEVELOPMENT REVENUE BONDS (SUITES HOTEL PROJECT), FEDERALLY TAXABLE SERVICES 2026**

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### INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the Acworth Downtown Development Authority of \$23,835,000\* in original aggregate principal amount of its Economic Development Revenue Bonds (Suites Hotel Project), Federally Taxable Series 2026 (the “Series 2026 Bonds”). Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix B to this Official Statement under the heading “**DEFINITIONS.**”

*This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2026 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.*

#### **The Authority**

The Acworth Downtown Development Authority (the “Authority”), the issuer of the Series 2026 Bonds, is a body corporate and politic and public corporation created and existing under the laws of the State of Georgia. For more complete information, see “**THE AUTHORITY**” herein.

#### **The Company**

Lake City Hospitality LLC (the “Company”), a limited liability company duly formed and existing under the laws of the State of Georgia, will rent the hereinafter described Project from the Authority. The Company was formed for the sole purpose of renting the Project from the Authority. For more complete information, see “**THE COMPANY**” herein.

#### **The Manager**

Red Hills Hospitality Management, LLC (the “Manager”), a limited liability company duly formed and existing under and by virtue of the laws of the State of Georgia, will operate and manage the Project for and on behalf of the Company. The Manager is an affiliate of the Company. For more complete information, see “**THE PROJECT - Manager**” herein.

#### **The City**

The City of Acworth (the “City”) is a municipal corporation of the State of Georgia created by an Act of the General Assembly of the State of Georgia on December 1, 1860. The City is located in Cobb County in the

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\* Throughout this Preliminary Official Statement, the asterisk indicates information that is preliminary and subject to change.

northwestern portion of the State of Georgia approximately 27 miles northwest of the City of Atlanta. For more complete information, see “**THE CITY**” herein.

### **Purpose of the Series 2026 Bonds**

The Authority is issuing the Series 2026 Bonds for the purpose of providing funds (i) to finance a portion of the costs of acquiring, constructing, and installing an approximately 100-suite select-service hotel (the “Project”), to be located on an approximately 3.518 acre site, to be initially branded as a SpringHill Suites Hotel, and to be rented by the Authority to the Company; (ii) to initially fund approximately 26 months of interest on the Series 2026 Bonds; (iii) to fully fund the Debt Service Reserve Fund to be held under the Indenture; and (iv) to finance a portion of the costs of issuing the Series 2026 Bonds. For more complete information, see “**PLAN OF FINANCING**” herein.

### **The Project**

The Project will be located on an approximately 3.518-acre site at 4700 Allatoona Gateway in downtown Acworth, Georgia. The Project will be a 4-story structure with a partial basement containing approximately 67,160 square feet and will have approximately 143 surface parking spaces on site.

Pinkerton & Laws Construction of Atlanta, Inc. (the “General Contractor”) will construct the Project for the Company for a guaranteed maximum price pursuant to The American Institute of Architects Standard Form of Agreement Between Owner and Contractor (AIA Document A101-2017), dated October 30, 2025, as supplemented and amended by Amendment No. 1 to Agreement, dated as of October 30, 2025 (collectively the “Construction Contract”), between the General Contractor and the Company. PFVS Architects and Interiors LLC (the “Architect”) will design the Project for the Company pursuant to The American Institute of Architects Standard Form of Agreement between Owner and Architect (AIA Document B105-2017), dated as of October 29, 2025 (the “Architect’s Agreement”), between the Architect and the Company. The Manager, an affiliate of the Company, will provide development services for the Project for the Company pursuant to a Development Agreement, to be dated as of June 1, 2026 (the “Development Agreement”), between the Company and the Manager.

The Company has obtained a license from MIF, L.L.C. (the “Franchisor”) to operate the Project as a “Spring Hill Suites by Marriott” hotel, pursuant to the terms of a Franchise Agreement, dated May 28, 2025 (the “Franchise Agreement”), between the Franchisor and the Company.

The Manager, an affiliate of the Company, will manage the Project for the Company pursuant to a Management Agreement, to be dated as of June 1, 2026 (the “Management Agreement”), between the Manager and the Company.

For more complete information, see “**THE PROJECT**” herein.

### **Security and Sources of Payment for the Series 2026 Bonds**

The Series 2026 Bonds will be special limited obligations of the Authority, payable solely from and secured by the amounts pledged (the “Trust Estate”) under the Indenture, as described below.

The Authority will lease the land on which the Project will be located to the Company pursuant to the terms of a Ground Lease Agreement, to be dated the date of its execution and delivery (the “Ground Lease”), between the Authority, as lessor, and the Company, as lessee, for the sole purpose of enabling the Company to acquire, construct, and install the Project.

To accomplish the financing of the Project, the Authority and the Company will enter into a Construction Loan Agreement, to be dated as of June 1, 2026 (the “Construction Loan Agreement”), pursuant to the terms of which the Authority will loan the proceeds of the sale of the Series 2026 Bonds to the Company and pursuant to which the Company will repay such loan in full to the Authority on the date scheduled for the completion of the construction of the Project (the “Completion Date”). To evidence its obligation to repay the loan made under the Construction Loan Agreement, the Company will execute and deliver to the Authority its Construction Promissory Note, to be dated the date of its execution and delivery (the “Note”).

To secure its obligations under the Construction Loan Agreement and the Note, the Company (1) will grant to the Authority a first lien on and first security title to certain real property constituting the Project, will assign and pledge to the Authority the Company’s interest in certain rents and leases derived from the Project, and will grant to the Authority a first priority security interest in certain personal property constituting the Project, pursuant to a Leasehold Deed to Secure Debt and Security Agreement, to be dated as of June 1, 2026 (the “Security Deed”), from

the Company to the Authority, and (2) will collaterally assign and grant to the Authority a first priority security interest in the Construction Contract, the Architect's Agreement, and the Development Agreement, pursuant to an Assignment of Contract Documents, to be dated as of June 1, 2026 (the "Assignment of Contract Documents"), by the Company in favor of the Authority.

The Authority will purchase the Project from the Company on the Completion Date, in exchange for the Authority cancelling the Note and satisfying, releasing, and terminating the Security Deed and the Assignment of Contract Documents and delivering the cancelled Note and the satisfied Security Deed and Assignment of Contract Documents to the Company, pursuant to the terms of a Purchase, Sale, and Option Agreement, to be dated as of June 1, 2026 (the "Purchase and Sale Agreement"), between the Company, as seller, and the Authority, as buyer.

The Company will rent the Project from the Authority pursuant to a Rental Agreement, to be dated as of June 1, 2026 (the "Rental Agreement"), which will obligate the Company to make monthly rental payments to the Authority in amounts calculated to be sufficient to enable the Authority to pay, when due, the principal of, premium, if any, and interest on the Series 2026 Bonds.

To secure its obligations under the Rental Agreement, the Company will grant to the Authority a first priority security interest in its gross receipts from operating the Project and in certain contracts to which the Company is a party (including the Management Agreement and the Franchise Agreement), pursuant to a Security Agreement, to be dated as of June 1, 2026 (the "Security Agreement"), between the Company and the Authority.

In addition, the Authority and the City will enter into an Intergovernmental Economic Development Agreement, to be dated as of June 1, 2026 (the "Contract"), under the terms of which the City will agree to make payments to the Authority in amounts sufficient to enable the Authority to pay the principal of, premium, if any, and interest on the Series 2026 Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes. The City will agree in the Contract to levy an annual ad valorem tax on all taxable property located within the corporate limits of the City, as now existent and as the same may hereafter be extended, at such rate or rates within the three (3) mill limit authorized pursuant to Section 48-5-350 of the Official Code of Georgia Annotated or within such greater millage as may hereafter be prescribed by applicable law (the "Three Mill Tax"), as may be necessary to produce in each year revenues that are sufficient to fulfill the City's obligations under the Contract. Pursuant to an Intergovernmental Economic Development Contract, dated February 20, 2020 (the "Prior Contract"), between the Authority and the City, the City has previously pledged the Three Mill Tax to the payment of a revenue bond (the "Cable System Bond") issued by the Authority to refinance a hybrid fiber/coax broadband network serving the City of Acworth. The Cable System Bond is presently outstanding in the principal amount of \$1,985,000. The Contract creates a lien in favor of the Authority on any and all revenues realized by the City from the Three Mill Tax, to make the payments that are required under the Contract, which lien is superior to any that can hereafter be created, except that this lien is on a parity basis with the lien created by the Prior Contract and this lien may be extended to cover any additional parity obligations that may be hereafter issued, as permitted by the Contract.

To secure its obligations under the Series 2026 Bonds, the Authority will enter into a Trust Indenture and Security Agreement, to be dated as of June 1, 2026 (the "Indenture"), with Wilmington Trust, National Association, as trustee (the "Trustee"), pursuant to which the Authority will (i) assign to the Trustee, and grant a first priority security interest in, all of its right, title, interest, and remedies (except for certain rights reserved to the Authority) in and to the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, and the Contract, and all amounts to be received thereunder and (ii) assign and pledge to the Trustee, and grant a first priority security interest in, all revenues and receipts derived from the Authority's ownership of the Project.

As additional security for the payment of the Series 2026 Bonds, the Company will absolutely and unconditionally guarantee to the Trustee the obligations of the Authority under the Series 2026 Bonds pursuant to a Bond Guaranty Agreement, to be dated as of June 1, 2026 (the "Bond Guaranty"), between the Company and the Trustee. The Bond Guaranty exists for the purpose of obligating the Company to pay the Series 2026 Bonds if the Rental Agreement is terminated in a bankruptcy proceeding; the Bond Guaranty does not create any obligations in addition to the obligations of the Company under the Rental Agreement.

The Series 2026 Bonds will also be secured by the Debt Service Reserve Fund, to be held by the Trustee under the Indenture in an initial amount equal to the maximum amount of principal and interest coming due on the Series 2026 Bonds in the then current or any succeeding bond year (February 2 - February 1). The Debt Service Reserve Fund will be fully funded upon the issuance of the Series 2026 Bonds in an amount equal to \$1,806,845\*, from proceeds of the sale of the Series 2026 Bonds. The amount held in the Debt Service Reserve Fund may be reduced to an amount equal to 50% of the maximum amount of principal and interest coming due on the Series 2026 Bonds in the then current or any succeeding bond year, in the event the historical debt service coverage ratio of the Company equals at least 1.20x for two consecutive fiscal years.

As of the date of issuance of the Series 2026 Bonds, there will be no outstanding indebtedness of the Authority under the Indenture other than the Series 2026 Bonds. In addition, the Rental Agreement will restrict additional indebtedness of the Company, and the Contract will restrict additional obligations of the City that are secured by the Three Mill Tax. Under certain circumstances, the Indenture permits the Authority to issue additional revenue bonds, which will be equally and ratably secured on a parity basis with the Series 2026 Bonds under the Indenture. The Series 2026 Bonds and any additional revenue bonds of the Authority hereafter issued on a parity basis with the Series 2026 Bonds are collectively referred to as the “Bonds” in this Official Statement. Neither the Authority nor the City is eligible for federal bankruptcy protection under current Georgia law, but the Company is eligible for federal bankruptcy protection.

The Rental Agreement will contain certain affirmative covenants of the Company that relate to, among other things, (1) operating and maintaining the Project in compliance with applicable law; (2) preserving and maintaining good title to the Project, subject only to Permitted Encumbrances; (3) obtaining and maintaining customary insurance; (4) paying and discharging all taxes, assessments, charges, and claims; and (5) compliance with certain covenants regarding the special purpose nature of the Company. The Rental Agreement will also contain certain restrictive covenants that, among other things, limit the ability of the Company to incur additional indebtedness, create liens, enter into any transaction of merger or consolidation, or change its form of organization or its business.

For more complete and detailed information, see “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS**” herein.

### **Description of the Series 2026 Bonds**

**Redemption.** The Series 2026 Bonds are subject to optional redemption, mandatory sinking fund redemption, extraordinary optional redemption, and extraordinary mandatory redemption prior to maturity. The Series 2026 Bonds maturing on or after February 1, \_\_\_\_, are subject to optional redemption by the Authority, not earlier than February 1, \_\_\_\_, at the prices and on the terms described in this Official Statement. The Series 2026 Bonds maturing on February 1, \_\_\_\_ are subject to mandatory sinking fund redemption by the Authority on the dates and in the amounts herein described. The Series 2026 Bonds are subject to extraordinary optional redemption, in whole or in part on any date, at the prices and on the terms described in this Official Statement, in the event the Company elects to not apply insurance proceeds or condemnation awards to the restoration of the Project after its damage, destruction, or condemnation or after failure of title to the Project. The Series 2026 Bonds are subject to extraordinary mandatory redemption, at the prices and on the terms described in this Official Statement, from unexpended proceeds of the Series 2026 Bonds after completion of the construction of the Project, from insurance proceeds or condemnation awards not applied to the restoration of the Project after its damage, destruction, or condemnation or after failure of title to the Project, from the release of certain components of the Project from the Rental Agreement, and from the transfer of moneys from the Debt Service Reserve Fund upon any reduction in the Debt Service Reserve Requirement. For more complete information, see “**THE SERIES 2026 BONDS - Redemption**” herein.

**Denominations.** The Series 2026 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

**Book-Entry Bonds.** Each of the Series 2026 Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2026 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2026 Bonds purchased. Purchases of beneficial interests in the Series 2026 Bonds will be made in book-entry only form (without certificates), in authorized denominations, and, under certain circumstances as more fully described in this Official Statement, such beneficial interests are exchangeable for one or more fully registered bonds of like principal amount and maturity in authorized denominations. For more complete information, see “**THE SERIES 2026 BONDS - Book-Entry Only System**” herein.

**Payments.** So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2026 Bonds, payments of the principal of, premium, if any, and interest on the Series 2026 Bonds will be made directly to Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the beneficial owners of the Series 2026 Bonds.

For a more complete description of the Series 2026 Bonds, see “**THE SERIES 2026 BONDS**” herein.

## **Tax Consequences**

Interest on the Series 2026 Bonds is included in gross income for federal income tax purposes and therefore is not exempt from federal income taxation. For a more complete discussion of certain federal tax consequences of owning the Series 2026 Bonds, see **“LEGAL MATTERS - Certain U.S. Federal Tax Consequences of Owning Series 2026 Bonds”** herein.

In the opinion of Bond Counsel, under existing law, interest on the Series 2026 Bonds is exempt from State of Georgia income taxation. See Appendix C hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2026 Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Series 2026 Bonds, see **“LEGAL MATTERS - Opinion of Bond Counsel”** herein.

## **Trustee**

Wilmington Trust, National Association, Buffalo, New York, will act as trustee, as bond registrar, and as paying agent for the Series 2026 Bonds under the Indenture.

## **Professionals Involved in the Offering**

Certain legal matters pertaining to the Authority and its authorization and issuance of the Series 2026 Bonds are subject to the approving opinion of Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Series 2026 Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix C. Certain legal matters will be passed upon for the Authority and the City by their counsel, Haynie, Litchfield & White, P.C., Marietta, Georgia, for the City by its disclosure counsel, Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, and for the Company by its counsel, Eversheds Sutherland (US) LLP, Atlanta, Georgia. The basic financial statements of the City as of June 30, 2025 and for the year then ended, attached hereto as Appendix A, have been audited by Nichols, Cauley & Associates, LLC, Kennesaw, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A hereto. See **“MISCELLANEOUS - Independent Auditors”** herein.

## **Legal Authority**

The Series 2026 Bonds are being issued and secured pursuant to the authority granted by the laws of the State of Georgia and under the provisions of a Series 2025 Bond Resolution of the Authority, adopted by the members of the Authority on September 16, 2025, as ratified, reaffirmed, supplemented, and amended by a Supplemental Series 2025 Bond Resolution of the Authority, adopted by the members of the Authority on \_\_\_\_\_, 2026 (collectively the “Bond Resolution”). For more complete information, see **“THE SERIES 2026 BONDS - Legal Authority”** herein.

## **Offering and Delivery of the Series 2026 Bonds**

The Series 2026 Bonds are offered when, as, and if issued by the Authority and accepted by Raymond James & Associates, Inc. (the “Underwriter”), subject to prior sale and to withdrawal or modification of the offer without notice. The Series 2026 Bonds are expected to be available for delivery in book-entry form only through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2026.

## **Continuing Disclosure**

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold, or sell the Series 2026 Bonds, and the Authority will not provide any such information. The Company and the City have undertaken all responsibilities for any continuing disclosure to beneficial owners of the Series 2026 Bonds as described below, and the Authority will have no liability to the beneficial owners of the Series 2026 Bonds or any other person with respect to such disclosures.

The Company has covenanted in the Construction Loan Agreement, the Rental Agreement, and a Continuing Disclosure Agreement (the “Disclosure Agreement”) for the benefit of the beneficial owners of the Series 2026 Bonds to provide certain financial information relating to the Company (the “Company’s Annual Report”) by not later than 120 days after the end of each fiscal year of the Company, commencing with fiscal year 2026, and to provide notices of the occurrence of certain enumerated events. The Company’s Annual Report will be filed by the Company with the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB (which, as of the date hereof, is the Electronic Municipal Market Access (“EMMA”) system of the MSRB). The notices of enumerated events will be filed by the Trustee on behalf of the Company with the MSRB in

an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA). The specific nature of the information to be contained in the Company’s Annual Report or the notices of enumerated events is summarized in Appendix B hereto under the caption “**THE CONTINUING DISCLOSURE AGREEMENT.**” These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

The City has covenanted in the Contract and a Continuing Disclosure Certificate (the “Disclosure Certificate”) for the benefit of the beneficial owners of the Series 2026 Bonds to provide certain financial information and operating data relating to the City (the “City’s Annual Report”) by not later than 270 days after the end of each fiscal year of the City, commencing with fiscal year 2026. The City’s Annual Report will be filed by the City with the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA). The specific nature of the information to be contained in the City’s Annual Report is summarized in Appendix B hereto under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE.**” These covenants have been made in order to assist the Underwriter in complying with the Rule.

**Ad Valorem Tax Coverage of Debt Service**

Set forth below are the pro forma ratios of (a) estimated revenues that would be produced by the levy of the Three Mill Tax to (b) maximum annual debt service on obligations supported by the Three Mill Tax (which presently consist of only the Series 2026 Bonds and the Cable System Bond), for the past five calendar years.

Debt Service Coverage Ratios Based Upon Ad Valorem Tax Levy

	Years Ended December 31				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Pro Forma Debt Service Coverage Ratio*	1.49x	1.61x	1.82x	1.94x	2.01x

For more complete information, see “**CITY AD VALOREM TAXATION - Ad Valorem Tax Coverage of Debt Service**” herein.

**Other Information**

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

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

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the Company, the City, the Series 2026 Bonds, the Project, the Indenture, the Ground Lease, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Franchise Agreement, the Security Agreement, the Contract, the Bond Guaranty, the Disclosure Agreement, the Disclosure Certificate, and the security and sources of payment for the Series 2026 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Indenture, the Ground Lease, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Franchise Agreement, the Security Agreement, the Contract, the Bond Guaranty, the Disclosure Agreement, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such laws and documents, and references herein to the Series 2026 Bonds are qualified in their entirety to the form thereof included in the Indenture. Copies of the Indenture, the Ground Lease, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Franchise Agreement, the Security Agreement, the

Contract, the Bond Guaranty, the Disclosure Agreement, the Disclosure Certificate, and other documents and information are available, upon request and upon payment to the Trustee of a charge for copying, mailing, and handling, from Wilmington Trust, National Association, One Fountain Plaza, 10th Floor, Buffalo, New York 14203, Attention: Corporate Trust Department, telephone (716) 842-4653. During the period of the offering of the Series 2026 Bonds copies of such documents are also available, upon request and upon payment to the Underwriter of a charge for copying, mailing, and handling, from Tom Owens, Raymond James & Associates, Inc., Two Buckhead Plaza, 3050 Peachtree Road, N.W., Suite 702, Atlanta, Georgia 30305, telephone (404) 240-6854.

The Series 2026 Bonds and their underlying obligations have not been registered under the Securities Act of 1933, and the Indenture has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Authority, the Company, the City, or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the Company, the City, or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Authority, the Company, and the City. The information set forth herein has been obtained by the Authority, the Company, and the City from sources that are believed to be reliable. The Authority has not provided information regarding the Company, the City, or DTC and does not certify as to the accuracy or sufficiency of the disclosure practices of or content of the information provided by the Company, the City, or DTC and is not responsible for the information provided by the Company, the City, or DTC. The Underwriter has provided the following sentence for inclusion in this Official Statement. 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 law 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 contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority, the Company, or the City or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2026 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Series 2026 Bonds or reviewed or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary may be a criminal offense.

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

**THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: [www.onlinemunis.com](http://www.onlinemunis.com). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.**

## PLAN OF FINANCING

### Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Series 2026 Bonds are estimated below.

Estimated Sources of Funds*:	
Proceeds of Series 2026 Bonds	\$23,835,000
Interest Earnings on Proceeds of Series 2026 Bonds <sup>1</sup>	500,000
Funds Contributed By Company <sup>2</sup>	<u>5,956,967</u>
Total Sources of Funds	<u>\$30,291,967</u>
Estimated Applications of Funds*:	
Project Costs <sup>3</sup>	\$24,267,698
Deposit to Debt Service Reserve Fund <sup>4</sup>	1,806,845
Funded Interest <sup>5</sup>	3,019,617
Deposit to Operation and Maintenance Fund	226,114
Costs of Issuance <sup>6</sup>	
Underwriting Discount <sup>7</sup>	
Total Applications of Funds	<u>\$30,291,967</u>

<sup>1</sup> Based on estimated earnings on (i) the unexpended construction funds at an investment rate of \_\_\_\_\_% over a period of 20 months and (ii) the unexpended capitalized interest funds at an investment rate of \_\_\_\_\_% over a period of 26 months.

<sup>2</sup> The Rental Agreement will obligate the Company to deposit this sum in the Construction Account of the Project Fund on or before the date of issuance and delivery of the Series 2026 Bonds.

<sup>3</sup> See **“THE PROJECT - Description”** herein.

<sup>4</sup> This amount fully funds the Debt Service Reserve Fund in an amount equal to the maximum amount of principal and interest coming due on the Series 2026 Bonds in the then current or any succeeding bond year (February 2 - February 1).

<sup>5</sup> Represents interest on the Series 2026 Bonds for approximately 26 months.

<sup>6</sup> Includes legal and accounting fees, initial Trustee’s fees, printing costs, validation court costs, rating agency’s fees, and other costs of issuance.

<sup>7</sup> \_\_\_\_\_% of the aggregate principal amount of the Series 2026 Bonds. See **“MISCELLANEOUS - Underwriting”** herein.

## THE SERIES 2026 BONDS

### Description

The Series 2026 Bonds, as initially issued, will be dated the date of their issuance and delivery and will bear interest at the rates per annum set forth on the front cover page of this Official Statement, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on August 1, 2026 and semiannually thereafter on February 1 and August 1 of each year (each an “Interest Payment Date”) and will mature on the dates and in the amounts set forth on the front cover page of this Official Statement, unless earlier called for redemption.

Each Series 2026 Bond authenticated prior to the first Interest Payment Date will bear interest from its dated date. Each Series 2026 Bond authenticated on or after the first Interest Payment Date will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date to which interest on such Series 2026 Bond has been paid in full or duly provided for, in which case from such date of authentication; provided that if, as shown by the records of the Trustee, interest on such Series 2026 Bond is in default, such Series 2026 Bond will bear interest from the date to which interest has been paid in full on such Series 2026 Bond or, if no interest has been paid on such Series 2026 Bond, its dated date. Each Series 2026 Bond will bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rate borne by such Series 2026 Bond.

The Series 2026 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Purchases of beneficial ownership interests in the Series 2026 Bonds will be made in book-entry form, and purchasers will not receive certificates representing interests in the Series 2026 Bonds so purchased. If the book-entry system is discontinued, Series 2026 Bonds will be delivered as described in the Indenture, and beneficial owners will become the registered owners of the Series 2026 Bonds. See “**THE SERIES 2026 BONDS - Book-Entry Only System**” herein.

### Redemption

#### *Optional Redemption of Series 2026 Bonds*

Any Series 2026 Bonds maturing on and after February 1, \_\_\_\_ will be subject to optional redemption prior to maturity by the Authority, from moneys on deposit in the Redemption Account, in whole or in part on any Business Day (and if in part in an Authorized Denomination), in either case on or after February 1, \_\_\_\_, at the redemption price of 100% of the principal amount of Series 2026 Bonds called for redemption plus accrued interest to the redemption date.

*Mandatory Sinking Fund Redemption  
of Series 2026 Bonds*

The Series 2026 Bonds are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, on the following dates and in the following principal amounts at a redemption price of one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, but without premium:

Series 2026 Bonds Maturing February 1, \_\_\_\_\_

<u>February 1 of the Year</u>	<u>Principal Amount</u>	<u>February 1 of the Year</u>	<u>Principal Amount</u>
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(Leaving \$ \_\_\_\_\_ to mature February 1, \_\_\_\_)

Series 2026 Bonds Maturing February 1, \_\_\_\_\_

<u>February 1 of the Year</u>	<u>Principal Amount</u>	<u>February 1 of the Year</u>	<u>Principal Amount</u>
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(Leaving \$ \_\_\_\_\_ to mature February 1, \_\_\_\_)

Series 2026 Bonds Maturing February 1, \_\_\_\_\_

<u>February 1 of the Year</u>	<u>Principal Amount</u>	<u>February 1 of the Year</u>	<u>Principal Amount</u>
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(Leaving \$ \_\_\_\_\_ to mature February 1, \_\_\_\_)

*Extraordinary Optional and Extraordinary  
Mandatory Redemption of Series 2026 Bonds*

The Series 2026 Bonds are subject to extraordinary redemption prior to maturity (a) in the event of damage to or destruction of the Project or any part thereof or condemnation of or failure of title to the Project or any part thereof, to the same extent that the Bond Rent is prepaid pursuant to the provisions of the Rental Agreement described in Appendix B hereto under the caption **“THE RENTAL AGREEMENT - Option and Obligation to Prepay Bond Rent in Certain Events”** or (b) in the event that moneys are deposited in the Redemption Account pursuant to the provisions of the Rental Agreement described in Appendix B hereto under the caption **“THE RENTAL AGREEMENT - Removal of Equipment, - Damage and Destruction, - Condemnation and Failure of Title, - Release of Certain Land, - Option to Purchase Unimproved Land, and - Granting of Easements”**

and the provisions of the Indenture described in Appendix B hereto under the caption “**THE INDENTURE - Project Fund -- Excess Moneys**,” to the extent of such moneys deposited in the Redemption Account. If called for redemption in any such event, the Series 2026 Bonds will be subject to redemption by the Authority at any time in whole or in part (and if in part in an Authorized Denomination), in inverse order of maturities (except for moneys deposited in the Redemption Account from the Construction Account of the Project Fund, which shall be applied in chronological order of maturities), less than all of a single maturity to be selected by lot in such manner as may be determined by the Trustee, at the principal amount thereof plus accrued interest thereon to the redemption date and without premium.

#### *Notice of Redemption*

A copy of the notice of the call for any redemption identifying the Series 2026 Bonds to be redeemed will be given by first class mail, postage prepaid, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, to the registered owners of Series 2026 Bonds to be redeemed at their addresses as shown on the registration books. Failure to give notice in the manner described herein with respect to any Series 2026 Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Series 2026 Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the Series 2026 Bonds to be redeemed and to pay interest due thereon and premium, if any, the Series 2026 Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture, or be deemed to be Outstanding under the provisions of the Indenture, whether or not such Series 2026 Bonds are presented and surrendered for payment on such date.

#### *Partial Redemption*

If less than all of the Series 2026 Bonds are called for redemption under any provision of the Indenture permitting such partial redemption, the particular Series 2026 Bonds or portions thereof to be redeemed will be selected by the Trustee, in the principal amount designated to the Trustee by the Authority or otherwise as required by the Indenture; provided, however, that (i) in the case of the redemption of less than all Series 2026 Bonds of the same maturities that bear interest at the same rates, such redemption will be by lot in such manner as the Trustee may determine among such Series 2026 Bonds and (ii) subject to other applicable provisions of the Indenture, the portion of any Series 2026 Bond to be redeemed will be in a principal amount equal to an Authorized Denomination. In selecting Series 2026 Bonds for redemption, the Trustee will treat each Series 2026 Bond as representing that number of Series 2026 Bonds which is obtained by dividing the principal amount of such Series 2026 Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Series 2026 Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the owner of such Series 2026 Bond must forthwith surrender such Series 2026 Bond to the Trustee for (a) payment to such owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to such owner of a new Series 2026 Bond or Series 2026 Bonds of the same maturity in the aggregate principal amount of the unredeemed balance of the principal amount of such Series 2026 Bond.

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

The Depository Trust Company (“DTC”), New York, New York, or its successor, will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2026 Bond certificate will be issued for each maturity of the Series 2026 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as DTC or its nominee is the registered owner of the Series 2026 Bonds, payments of the principal and redemption premium of and interest due on the Series 2026 Bonds will be payable directly to DTC.

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

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

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 Bond (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 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 Series 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2026 Bond documents. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2026 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, and interest payments on the Series 2026 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 the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a

successor securities depository is not obtained, Series 2026 Bond 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, Series 2026 Bond certificates will be printed and delivered to DTC.

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

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE AUTHORITY SHALL TREAT CEDE & CO. AS THE ONLY BONDHOLDER FOR ALL PURPOSES, INCLUDING RECEIPT OF ALL PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2026 BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE AUTHORITY TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS. 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 AND PREMIUM OF AND INTEREST ON THE SERIES 2026 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Beneficial Owners of the Series 2026 Bonds may experience some delay in their receipt of distributions of principal and interest on the Series 2026 Bonds because such distributions will be forwarded by the Trustee to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants.

Issuance of the Series 2026 Bonds in book-entry form may reduce the liquidity of the Series 2026 Bonds in the secondary trading market because some investors may be unwilling to purchase Series 2026 Bonds for which they cannot obtain physical certificates. In addition, because transactions in the Series 2026 Bonds can be effected only through DTC, Direct Participants, Indirect Participants, and certain banks, the ability of a Beneficial Owner to pledge Series 2026 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Series 2026 Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Trustee as registered owners for purposes of the Indenture, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct or Indirect Participants.

## **Legal Authority**

The Series 2026 Bonds are being issued and secured pursuant to the authority granted by an amendment to Article IX, Section VIII, Paragraph II of the Constitution of the State of Georgia of 1976 (1980 Ga. Laws 2134 to 2143, inclusive), now specifically continued as a part of the Constitution of the State of Georgia of 1983 pursuant to Article XI, Section I, Paragraph IV of the Constitution of the State of Georgia of 1983 and an Act of the General Assembly of the State of Georgia (1986 Ga. Laws 4386 to 4388, inclusive), as implemented by an Act of the General Assembly of the State of Georgia (1991 Ga. Laws Ex. Sess. 442 to 444, inclusive) (collectively the "Act"). The Series 2026 Bonds are being issued under the provisions of the Bond Resolution.

The Authority is authorized by the Act:

- (1) to issue revenue bonds and to use the proceeds thereof for the purpose of paying or loaning the proceeds thereof to pay all or any part of the cost of any "project," which is defined to mean and include land, interests in land, buildings, structures, facilities, or other improvements located or to be located within the downtown Acworth district and any fixtures, machinery, equipment, furniture, or other property of any nature whatsoever used on, in, or in connection with any such land, interest in land, building, structure, facility, or other improvement, all for any commercial, business, office, public, or other use determined by a majority of the members of the Authority to further the redevelopment of the downtown Acworth district, and otherwise to further or carry out the public purpose of the Authority, and to pay all costs of the Authority incident to or necessary and appropriate to furthering or carrying out such purposes;
- (2) to finance (by loan, grant, or lease), construct, erect, purchase, acquire, own, repair, remodel, renovate, rehabilitate, maintain, extend, improve, sell, equip, expand, add to,

operate, or manage projects and to pay the cost of any project from the proceeds of revenue bonds of the Authority or from any contribution or loans by persons, corporations, partnerships (limited or general), or other entities, all of which the Authority is authorized by the Act to receive and accept and use;

- (3) to extend credit or make loans to any person, corporation, partnership (limited or general), or other entity for the costs of any project or any part of the costs of any project, which credit or loans must be evidenced or secured by loan agreements, notes, mortgages, deeds to secure debt, trust deeds, security agreements, assignments, and such other instruments or by rentals, revenues, fees, or charges, upon such terms and conditions as the Authority determines to be reasonable in connection with such extension or credit or loans;
- (4) to make and execute contracts and other instruments necessary or convenient to exercise the powers of the Authority, including, but not limited to, contracts for construction of projects, leases of projects, contracts for sale of projects, and contracts with respect to the use of projects;
- (5) to contract for any period not exceeding 50 years with any city or municipality of the State of Georgia for the use by any city or municipality of any facilities or services of the Authority, provided such contracts must deal with such activities and transactions as the Authority and any such subdivision with which the Authority contracts are by law authorized to undertake; and
- (6) as security for repayment of any revenue bonds of the Authority, to pledge, convey, assign, hypothecate, or otherwise encumber any property, real or personal, of the Authority and to execute any trust indenture, trust agreement, agreement for the sale of the Authority's revenue bonds, security agreement, assignment, or other instrument as may be necessary or desirable, in the judgment of the Authority, to secure any such revenue bonds.

Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes the City to contract for any period not exceeding fifty years with the Authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities that the contracting parties are authorized by law to undertake or provide.

Section 48-5-350 of the Official Code of Georgia Annotated authorizes the City to levy and collect municipal taxes upon all taxable property within the limits of the City to provide for financial assistance to the Authority for the purpose of developing trade, commerce, industry, and employment opportunities; provided the tax levied for the purposes provided in that code section may not exceed three (3) mills per dollar upon the assessed value of the property.

The execution, delivery, and performance of the Contract by the City was authorized and approved pursuant to a resolution adopted by the Mayor and Board of Aldermen of the City on September 18, 2025.

### **Investments**

For a description of how the proceeds of the Series 2026 Bonds are to be invested pending their use, the provisions governing those investments, the conditions that must be satisfied before the proceeds of the Series 2026 Bonds may be applied to their intended use, and other provisions governing the investment of the proceeds of the Series 2026 Bonds and the amounts held to pay debt service on the Series 2026 Bonds, see **“THE INDENTURE - Project Fund and – Investment of Funds and Accounts”** in Appendix B hereto.

### **Principal and Interest Requirements**

Set forth below are the principal and interest payment requirements with respect to the Series 2026 Bonds for the bond years (February 2 - February 1) shown below. For purposes of calculating the principal payable in any bond year, the relevant maturity or mandatory redemption amount is used. A description of the debt service requirements of the City is set forth herein under **“CITY DEBT STRUCTURE - Debt Service Requirements.”**

Year Ending <u>February 1</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2027	\$ --		
2028	--		
2029	--		
2030	410,000		
2031	430,000		
2032	445,000		
2033	470,000		
2034	490,000		
2035	515,000		
2036	540,000		
2037	570,000		
2038	600,000		
2039	630,000		
2040	665,000		
2041	705,000		
2042	745,000		
2043	790,000		
2044	835,000		
2045	885,000		
2046	935,000		
2047	995,000		
2048	1,055,000		
2049	1,120,000		
2050	1,185,000		
2051	1,260,000		
2052	1,335,000		
2053	1,420,000		
2054	1,505,000		
2055	1,600,000		
2056	<u>1,700,000</u>		
Total	<u>\$23,835,000</u>		

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS**

### **Company’s Construction Phase Financing Documents**

The Authority will lease the land on which the Project will be located to the Company pursuant to the terms of the Ground Lease for total rent equal to \$10, for the sole purpose of enabling the Company to acquire, construct, and install the Project. See “**THE GROUND LEASE**” in Appendix B hereto.

To accomplish the financing of the Project, the Authority will agree to loan the proceeds of the sale of the Series 2026 Bonds to the Company and the Company will agree to repay such loan in full to the Authority on the Completion Date, pursuant to the terms of the Construction Loan Agreement. To evidence its obligation to repay the loan made under the Construction Loan Agreement, the Company will execute and deliver to the Authority the Note. See “**THE CONSTRUCTION LOAN AGREEMENT**” in Appendix B hereto.

To secure its obligations under the Construction Loan Agreement and the Note, the Company (1) will grant to the Authority a first lien on and first security title to certain real property constituting the Project, will assign and pledge to the Authority the Company’s interest in certain rents and leases derived from the Project, and will grant to the Authority a first priority security interest in certain personal property constituting the Project, pursuant to the Security Deed, and (2) will collaterally assign and grant to the Authority a first priority security interest in the Construction Contract, the Architect’s Agreement, and the Development Agreement, pursuant to the Assignment of Contract Documents.

A mortgagee’s title insurance policy or a commitment therefor will be delivered in the amount of \$22,028,155\* (the aggregate principal amount of the Series 2026 Bonds less the amount deposited in the Debt Service Reserve

Fund) to insure that the Trustee will have a direct and valid first priority lien on the real property portion of the Project, subject only to Permitted Encumbrances and the standard exclusions from the coverage of such policy.

The Authority will agree to purchase the Project from the Company on the Completion Date, in exchange for the Authority cancelling the Note and satisfying, releasing, and terminating the Security Deed and the Assignment of Contract Documents and delivering the cancelled Note and the satisfied Security Deed and Assignment of Contract Documents to the Company, pursuant to the terms of the Purchase and Sale Agreement.

The construction phase financing documents of the Company described above are designed to enable the Company and the Authority avoid the requirements of the "Georgia Local Government Public Works Construction Law," codified as Chapter 91 of Title 36 of the Official Code of Georgia Annotated, in acquiring, constructing, and installing the Project.

### **Company's Permanent Phase Financing Documents**

The Company will rent the Project from the Authority pursuant to the Rental Agreement, which will obligate the Company to make monthly rental payments to the Authority in amounts calculated to be sufficient to enable the Authority to pay, when due, the principal of, premium, if any, and interest on the Series 2026 Bonds. See "**THE RENTAL AGREEMENT**" in Appendix B hereto.

To secure its obligations under the Rental Agreement, the Company will grant to the Authority a first priority security interest in its gross receipts from operating the Project and in certain contracts to which the Company is a party (including the Management Agreement and the Franchise Agreement), pursuant to the Security Agreement.

As additional security for the payment of the Series 2026 Bonds, the Company will absolutely and unconditionally guarantee to the Trustee the obligations of the Authority under the Series 2026 Bonds pursuant to the Bond Guaranty. The Bond Guaranty exists for the purpose of obligating the Company to pay the Series 2026 Bonds if the Rental Agreement is terminated in a bankruptcy proceeding; the Bond Guaranty does not create any obligations in addition to the obligations of the Company under the Rental Agreement.

### **Contract**

Under the terms of the Contract, the City will agree to pay to the Authority, by making such payments directly to the Trustee for the account of the Authority for deposit in the Debt Service Reserve Fund, within one (1) year of the date on which the balance held in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, an amount sufficient, when added to funds held at the time of such payment in the Debt Service Reserve Fund, to cause the balance held therein to equal the Debt Service Reserve Requirement.

In addition, under the terms of the Contract, the City will agree that if, for any reason, on the third business day preceding any Interest Payment Date and any redemption date with respect to the Bonds, there is not on deposit in the Interest Account or the Principal Account of the Bond Fund moneys sufficient to pay the total principal, interest, and premium coming due on the Bonds on such interest payment date or redemption date (whether by mandatory redemption, maturity, or otherwise), the City will on such date pay to the Authority, by making such payments directly to the Trustee for the account of the Authority for deposit into the Interest Account and the Principal Account, an amount equal to the amount by which the total principal, interest, and premium coming due on the Bonds (whether by mandatory redemption, maturity, or otherwise) on the next Interest Payment Date or redemption date exceeds the amount in the Interest Account and the Principal Account (and not being held for the payment of Bonds not yet presented for payment or interest checks not cashed).

In addition, under the terms of the Contract, the City will agree that, in the event the City has notice that any payment of principal of, premium, if any, or interest on a Bond that has been made to a Bondholder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court of competent jurisdiction, the City will pay to the Authority, by making payments directly to the Trustee for the account of the Authority for deposit in the Interest Account and the Principal Account, an amount equal to such recovery if sufficient funds are not otherwise available to reimburse such Bondholder.

In addition, under the terms of the Contract, the City will agree that, it will also pay to the Authority an amount equal to the fees, costs, and expenses of the Trustee under the Indenture if the Authority is unable to pay such fees, costs, and expenses from the payments made by the Company pursuant to the Rental Agreement.

The Contract will provide that the obligation of the City to make payments under the Contract will constitute a general obligation of the City, payable out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds). The City will agree in the Contract that it will, to the extent necessary,

levy the Three Mill Tax as may be necessary to produce in each year revenues that will be sufficient to fulfill the City's obligations under the Contract, from which revenues the City will agree to appropriate sums sufficient to pay in full when due all of the City's obligations under the Contract. The City will in the Contract create and grant a lien in favor of the Authority on any and all revenues realized by the City from the Three Mill Tax, to make the payments that are required under the Contract, which lien is superior to any that can hereafter be created, except that this lien is on a parity basis with the lien created by the Prior Contract and this lien may be extended to cover any Additional Contracts, as permitted by the Contract. See **"THE CONTRACT - Additional Contracts"** in Appendix B hereto.

The City's obligation to make the payments required under the Contract will be absolute and unconditional and will not expire so long as any of the Series 2026 Bonds remain outstanding and unpaid. See **"THE CONTRACT - Obligations Absolute"** in Appendix B hereto.

The obligations of the City under the Contract have been determined by the Superior Court of Cobb County, Georgia to be legal, valid, binding, and enforceable obligations of the City. See **"LEGAL MATTERS - Validation Proceedings"** herein.

### **Indenture**

To secure its obligations under the Series 2026 Bonds, the Authority will (i) assign to the Trustee, and grant a first priority security interest in, all of its right, title, interest, and remedies (except for certain rights reserved to the Authority) in and to the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, and the Contract, and all amounts to be received thereunder and (ii) assign and pledge to the Trustee, and grant a first priority security interest in, all revenues and receipts derived from the Authority's ownership of the Project, all pursuant to the Indenture. Pursuant to the Indenture, as security for the payment of the principal of, premium, if any, and interest on the Series 2026 Bonds, the Authority assigned and pledged to the Trustee, and granted a first priority security interest in, all of its right, title, and interest (except for certain rights reserved to the Authority) in the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, and the Contract and in certain funds established and held under the Indenture. The Authority will also endorse the Note without recourse or warranty in blank to the Trustee.

Under the Indenture, a Debt Service Reserve Fund has been created and will be fully funded upon the issuance of the Series 2026 Bonds in an amount equal to the Debt Service Reserve Requirement (which, in the case of the Series 2026 Bonds, is initially equal to the maximum amount of principal and interest coming due on the Series 2026 Bonds in the then current or any succeeding bond year (February 2 - February 1), or \$1,806,845\*. The amount held in the Debt Service Reserve Fund may be reduced to an amount equal to 50% of the maximum amount of principal and interest coming due on the Series 2026 Bonds in the then current or any succeeding bond year, in the event the historical debt service coverage ratio of the Company equals at least 1.20x for two consecutive fiscal years. See the definition of "Debt Service Reserve Requirement" in **"DEFINITIONS"** in Appendix B hereto. Amounts deposited in the Debt Service Reserve Fund will be used to pay debt service on the Series 2026 Bonds if amounts on hand are otherwise insufficient. See **"THE RENTAL AGREEMENT - Reserve Rent," "THE CONTRACT - City's Payment Obligations,"** and **"THE INDENTURE - Debt Service Reserve Fund"** in Appendix B hereto.

### **Funds Created By the Indenture and Flow of Funds**

The Indenture provides for several funds to be held by the Trustee, into which will be deposited the proceeds of the sale of the Series 2026 Bonds and the gross receipts to be received by the Company from operating the Project. For a description of these funds and the permitted uses of the moneys to be held in these funds, see **"THE INDENTURE - Establishment of Funds, - Revenue Fund, - Bond Fund, - Debt Service Reserve Fund, - Operation and Maintenance Fund, - Repair and Replacement Fund, - Surplus Fund, and - Project Fund"** in Appendix B hereto.

### **Covenants**

The Company will agree in the Rental Agreement to various operational and financial covenants and restrictions upon itself and the Project, including, but not limited to, limitations on the incurrence of additional indebtedness, maintenance of certain amounts of insurance, limitations on mergers and transfers of assets, limitations on the creation of liens, and limitations on additional activities. See **"THE RENTAL AGREEMENT - Insurance, - Company to Maintain its Existence; Conditions Under Which Exceptions Permitted, - Rate**

**Covenant, - Hotel Brand, - Permitted Indebtedness, - Related Party Transactions, - Line of Business, and - Assignment and Sub-Letting”** in Appendix B hereto.

### **Parity Obligations**

Upon the satisfaction of certain conditions, the Indenture permits the Authority, at the direction of the Company and for specified purposes, to issue additional revenue bonds without express limit as to principal amount, which will be equally and ratably secured on a parity basis with the Series 2026 Bonds under the Indenture. See **“THE INDENTURE - Additional Bonds”** in Appendix B hereto. Upon the satisfaction of certain conditions, the Contract permits the City to enter into additional contracts or supplemental agreements with the Authority or any additional development authority that is now existing or that may hereafter be created or activated, which will be equally and ratably secured on a parity basis with the lien created by the Contract. See **“THE CONTRACT - Limitations on Additional Contracts”** in Appendix B hereto. The issuance of additional parity bonds or the execution of additional parity contracts or supplemental agreements with the Authority or any additional development authority may, for a period of time, create dilution of interest in and additional claims against the Trust Estate under the Indenture and may result in a reduction in the debt service coverage ratios of the Company and the City and cash available to pay debt service on the Series 2026 Bonds.

### **Limited Obligations**

The Series 2026 Bonds will be special limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture. The Series 2026 Bonds will not be payable from and will not be secured by a lien, security interest, or encumbrance upon any funds or assets of the Authority other than the Trust Estate pledged under the Indenture.

**The Series 2026 Bonds, however, will not constitute direct obligations of the City and will not be directly secured by the general faith and credit or the taxing power of the City, the Authority, the State of Georgia, or any other political subdivision of the State of Georgia, and the Series 2026 Bonds will not be or be deemed to constitute a debt of the State of Georgia or the City or any other political subdivision of the State of Georgia within the meaning of any pertinent constitutional or statutory limitation on indebtedness. The Authority has no legal right to receive appropriations from the State of Georgia or the City, except under the Contract and the Prior Contract. No owner of any Series 2026 Bond shall, by virtue of being such an owner and without regard to any rights such owner may have under other instruments and agreements, including the Contract, ever have the right to compel the exercise of the taxing power of the State of Georgia or any political subdivision thereof, including the City or the Authority, to pay such Series 2026 Bond or the interest thereon, or to enforce the payment thereof against any property of the Authority (other than the Trust Estate pledged under the Indenture), the State of Georgia, or any political subdivision thereof, including the City.**

### **Nature of Recourse on the Construction Loan Agreement, the Note, the Rental Agreement, and the Bond Guaranty**

The Company’s obligations to make payments due under the Construction Loan Agreement, the Note, the Rental Agreement, and the Bond Guaranty will be obligations solely of the Company secured by the collateral pledged under the Security Deed, the Assignment of Contract Documents, and the Security Agreement. Neither the members of the Company nor any affiliate, manager, officer, or employee of the Company will guarantee the payment of the amounts due under the Construction Loan Agreement, the Note, the Rental Agreement, or the Bond Guaranty or have any obligation with respect to the payment of any amounts due under the Construction Loan Agreement, the Note, the Rental Agreement, or the Bond Guaranty.

### **Enforceability of Remedies**

The realization of value from the pledge of the Trust Estate under the Indenture upon any default will depend upon the exercise of various remedies specified by the Indenture, the Ground Lease, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, the Contract, and the Bond Guaranty. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2026 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted. Under existing law (including particularly federal bankruptcy law), certain remedies specified by the Indenture, the Ground Lease, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, the Contract, the Bond Guaranty, the Disclosure Agreement, or the Disclosure Certificate may not be readily available or may be limited. A court may decide not to order the specific

performance of the covenants contained in the Indenture, the Ground Lease, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, the Contract, the Bond Guaranty, the Disclosure Agreement, or the Disclosure Certificate.

If the Company were to file a petition for relief under federal bankruptcy law, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Company and its property and as an automatic stay of any act or proceeding to enforce a lien upon its property. If the bankruptcy court so ordered, the Company's property, including its revenues, could be used for the benefit of the Company despite the claims of the Trustee with respect to the Indenture, the Security Deed, the Assignment of Contract Documents, or the Security Agreement, but only by giving appropriate recognition to the right of the Trustee as a secured creditor entitled to "adequate protection" to the extent of the value of the secured claim. If a bankruptcy court concludes that the Trustee has "adequate protection," it may (1) substitute other security for the property subject to the lien of the Indenture, the Security Deed, the Assignment of Contract Documents, or the Security Agreement and (2) subordinate the lien of the Indenture, the Security Deed, the Assignment of Contract Documents, or the Security Agreement (a) to claims by persons supplying goods, services, or credit to the Company after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding.

In a bankruptcy proceeding, the Company could file a plan for the adjustment of its debts, which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The plan, when confirmed by the court, would bind all creditors who had notice or knowledge of the plan and would discharge all claims against the Company provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible, and has been accepted by each class of claims impaired thereunder. Each class of claims will have accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors. In addition, federal bankruptcy law permits the adoption of a reorganization plan even though the plan has not been accepted by the owners of a majority in aggregate principal amount of the obligations outstanding under the Indenture, if such owners are provided with the value of their claim or the "indubitable equivalent" thereof.

In the event of bankruptcy of the Company, the amount realized by the Trustee might depend on a federal bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under the then existing circumstances. A bankruptcy court may also have the power to prevent the exercise of remedies arising under certain provisions of the Ground Lease, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Rental Agreement, the Security Agreement, and the Bond Guaranty that make bankruptcy and related proceedings by the Company an event of default thereunder.

The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, reorganization, fraudulent conveyance, or other similar laws affecting the enforcement of creditors' rights generally.

Section 36-80-5 of the Official Code of Georgia Annotated presently provides that no authority or municipality created under the Constitution or laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also presently provides that no chief executive, mayor, city council, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any authority or municipality created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated does not constitute a statutory covenant with the owners of any Series 2026 Bonds and may be amended or repealed at any time without the consent of any owners of the Series 2026 Bonds.

For a description of limitations contained in the Company's organizational documents on the ability of the Company to commence voluntary bankruptcy proceedings and to reduce the risk of the Company being substantively consolidated into the bankruptcy proceedings of any of its members or affiliates, see "**THE COMPANY - Organizational Restrictions**" herein.

## THE AUTHORITY

The Acworth Downtown Development Authority is a body corporate and politic and public corporation created and existing under the laws of the State of Georgia, particularly the Act. **THE AUTHORITY HAS NO LEGAL RIGHT TO RECEIVE APPROPRIATIONS OR OTHER PAYMENTS FROM THE CITY OR ANY OTHER GOVERNMENTAL BODY, EXCEPT FOR THE PAYMENTS THE CITY HAS CONTRACTED TO MAKE UNDER THE CONTRACT AND THE PRIOR CONTRACT.**

The Authority has authorized the use of this Official Statement but has not participated in the preparation of this Official Statement and, except for the information under the captions “**THE AUTHORITY**” and “**LEGAL MATTERS - Pending Litigation**” pertaining to the Authority, has not provided or made any investigation with respect to any of the information contained in this Official Statement and does not assume any responsibility for the accuracy or completeness of the information contained herein.

The affairs of the Authority are conducted by nine members. The Mayor and Board of Aldermen of the City appoint the members of the Authority for terms of office of five years.

Information concerning the current members of the Authority is set forth below.

<u>Name and Office Held</u>	<u>Expiration of Term</u>	<u>Principal Occupation</u>
Marvon Williams, <i>Chairman</i>	January 1, 2028	Entrepreneur
Kim Wigington, <i>Vice Chairman</i>	January 1, 2031	Entrepreneur
Mindy Newman, <i>Secretary/Treasurer</i>	January 1, 2031	Entrepreneur
Danielle Hilderbrand	January 1, 2027	Mortgage Broker
Garrett Reidy	January 1, 2027	Entrepreneur
Miranda Sanders	January 1, 2028	Property Manager
Kevin Marcy	January 1, 2029	Entrepreneur
Carly Zent	January 1, 2029	Entrepreneur
Andrew Payne	January 1, 2030	Entrepreneur

*Jeff Chase*, age 57, has served as the Executive Director of the Authority since 2013. He has been employed in various positions of the City since 2007, including service as Assistant Director in the Parks, Recreation, and Community Resource Department and Executive Director of the Acworth Tourism Bureau Authority and the Historic Preservation Commission. Prior to his employment with the City, Mr. Chase worked in the Athletic Department at Kennesaw State University. He received a Bachelor of Business Administration in Marketing from Kennesaw State College in 1990 and a Bachelor of Science in Sport Management from Kennesaw State University in 2004.

## THE COMPANY

### Introduction

Lake City Hospitality LLC (the “Company”) is a Georgia limited liability company, formed in 2025 for the sole purpose of acquiring, constructing, installing, renting, and operating the Project. The Company has no operating history, has no appreciable assets, and will have no assets other than its interest in the Project. See “**INVESTMENT CONSIDERATIONS - New Venture**” and “**INVESTMENT CONSIDERATIONS - Limited Resources of the Company**” herein. The Company’s office is located at 202 North Crawford Street, Thomasville, Georgia 31792.

### Ownership and Management

The equity sole member of the Company is Lake City Hospitality Holdings, LLC (the “Member”). The Company’s Amended and Restated Operating Agreement (the “Operating Agreement”) provides that the business and affairs of the Company will be conducted by a Board of Managers, initially consisting of five regular managers and one “Independent Manager” (as defined herein under the caption “**THE COMPANY - Organizational Restrictions**”). Set forth below are the names and positions of the managers and executive officers of the Company:

<u>Name</u>	<u>Office</u>	<u>Residence</u>
Robert L. Emmett	Chief Executive Officer; Regular Manager	Thomasville, Georgia
R. Jeremy Emmett	Chief Operating Officer; Regular Manager	Thomasville, Georgia
Rodney Hunter	Chief Financial Officer; Regular Manager	Thomasville, Georgia
M. H. Allen, Jr.	Regular Manager	Thomasville, Georgia
Robby Pitts	Regular Manager	Thomasville, Georgia
James Albright	Independent Manager	Acworth, Georgia

*Robert L. Emmett*, age 76, is the Chief Executive Officer of the Company. Mr. Emmett has been the Chief Executive Officer of the Manager since 2017 and the Managing Partner of affiliated entities Camp Hospitality, Inc. and City Hospitality Group, LLC since 1996. Camp Hospitality, Inc. and City Hospitality Group, LLC collectively own and operate three hotels in Thomasville, Georgia: a Hampton Inn, a Quality Inn & Suites Conference Center, and a Comfort Inn & Suites. From 1985 to 1996, Mr. Emmett held multiple roles (primarily General Manager) for approximately ten properties (primarily hotels) operated by McKibbin Brothers, Inc. in Gainesville, Thomasville, and Perry, Georgia. Mr. Emmett serves as Chairman of the Board of Trustees of Thomas University, Thomasville, Georgia, and serves on the Board of Directors of the Thomas County, Georgia Chamber of Commerce and the Downtown Thomasville Tourism Authority. Mr. Emmett received a Bachelor of Science degree in Chemistry from the University of Georgia in 1973.

*R. Jeremy Emmett*, age 47 and the son of Robert L. Emmett, is the Chief Operating Officer of the Company. Mr. Emmett has been the Chief Operating Officer of the Manager since 2017. From 2011 to 2021, Mr. Emmett served as the Chief Operating Officer of affiliated entities Camp Hospitality, Inc., City Hospitality Group, LLC, and Southern Lodging, LLC, which collectively own and operate three hotels in Thomasville, Georgia: a Hampton Inn, a Comfort Inn, a Courtyard by Marriott. From 2006 to 2011, Mr. Emmett was the Managing Partner of EPH Management & Development LLC, which operated three hotels in Florida and two hotels in Alabama. From 1997 to 2006, Mr. Emmett served in various hotel manager positions for Camp Hospitality, Inc., which operated two hotels in Thomasville, Georgia. Mr. Emmett serves as President of the Thomasville, Georgia Chamber of Commerce and serves on the Board of Directors of the Downtown Thomasville Tourism Authority and the Board of Directors of the Thomasville Payroll Development Authority. Mr. Emmett received a Bachelor of Business Administration degree in 2001 and a Master of Business Administration degree in 2006, both from Valdosta State University.

*Rodney Hunter*, age 68, is the Chief Financial Officer of the Company. Mr. Hunter has been the Chief Financial Officer of the Manager since 2017. Mr. Hunter is a certified public accountant and worked as an accountant for four accounting firms and one private company from 1979 to 2024. Mr. Hunter serves on the Board of Directors of the Thomasville Downtown Development Authority. He received a Bachelor of Science degree in Accounting from Bob Jones University in 1979.

### **The Member**

The Member is a Georgia limited liability company that was formed in 2025 for the sole purpose of being the equity sole member of the Company. The Member will be owned by a private equity fund sponsored by the principals of the Manager and owned by a group of up to 25 high net worth individuals who will be passive investors.

Set forth below are the names and positions of the managers and executive officers of the Member:

<u>Name</u>	<u>Office</u>	<u>Residence</u>
Robert L. Emmett	Chief Executive Officer; Manager	Thomasville, Georgia
R. Jeremy Emmett	Chief Operating Officer; Manager	Thomasville, Georgia
Rodney Hunter	Chief Financial Officer; Manager	Thomasville, Georgia
M. H. Allen, Jr.	Manager	Thomasville, Georgia
Robby Pitts	Manager	Thomasville, Georgia

For information concerning Robert L. Emmett, R. Jeremy Emmett, and Rodney Hunter, see “**THE COMPANY - Ownership and Management**” herein.

### **Organizational Restrictions**

The Company’s Operating Agreement requires it to be a “special purpose bankruptcy remote entity” while the Series 2026 Bonds are Outstanding and contains numerous provisions designed to achieve that purpose, including provisions restricting the Company’s ability to voluntarily file bankruptcy proceedings and provisions to reduce the risk of the Company being substantively consolidated into the bankruptcy proceedings of the Member or any other affiliated entity of the Company (the “Special Purpose Provisions”).

The Company’s Operating Agreement requires the Member and the Board of Managers of the Company to cause the Company at all times to have at least one (1) “Independent Manager,” who must be appointed by the Member. The Company’s Operating Agreement defines “Independent Manager” to mean a natural person selected by the Company who must be an individual who: (i) is not and has not been employed by the Company or any of its respective subsidiaries or affiliates as a director, officer, or employee within the five years immediately prior to such individual’s appointment as an Independent Manager; (ii) is not (and is not affiliated with a company or firm that is) a significant advisor or consultant to the Company or any of its subsidiaries or affiliates; (iii) is not affiliated with a significant customer or supplier of the Company or any of its subsidiaries or affiliates; (iv) is not affiliated with a company of which the Company or any of its subsidiaries or affiliates is a significant customer or supplier; (v) does not have significant personal service contract(s) with the Company or any of its subsidiaries or affiliates; (vi) is not affiliated with a tax exempt entity that receives significant contributions from the Company or any of its subsidiaries or affiliates; (vii) is not a beneficial owner at the time of such individual’s appointment as an Independent Manager, or at any time thereafter while serving as an Independent Manager, of any classes of membership interests of the Company the value of which constitutes more than 5% of the outstanding membership interests of the Company; and (viii) is not a spouse, parent, sibling, or child of any person described in clauses (i) through (vii). Unless all of the managers of the Company unanimously agree otherwise, the Independent Manager will be the person at the time appointed as the City Manager of the City of Acworth, but only if such person meets the requirements of the definition “Independent Manager.” If such person does not meet the requirements of the definition “Independent Manager,” unless all of the managers of the Company unanimously agree otherwise, the Independent Manager shall be the person at the time appointed as the City Treasurer of the City of Acworth, but only if such person meets the requirements of the definition “Independent Manager.”

The Company’s Operating Agreement provides that none of the Member, the Board of Managers of the Company, or any other person will be authorized or empowered, nor will they permit the Company to, and the Company may not, without the prior unanimous written consent of the Member, the Board of Managers of the Company, and the Independent Manager, take any Material Action, provided, however, the Board of Managers of the Company may not authorize the taking of any Material Action, unless there is at least one Independent Manager then serving in such capacity. The Company’s Operating Agreement defines “Material Action” to mean to institute proceedings to have the Company be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against the Company or file a voluntary bankruptcy petition or any other petition seeking, or consent to, reorganization or relief with respect to the Company under any applicable federal or state law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Company or a substantial part of its property, or make any assignment for the benefit of creditors of the Company, or admit in writing the Company’s inability to pay its debts generally as they become due (unless required by law), or to declare or effectuate a moratorium on the payment of any obligation, or take action in furtherance of any such action.

The Company’s Operating Agreement contains numerous covenants designed to ensure the status of the Company as a separate legal entity, including covenants (1) limiting the Company’s activities to developing, owning, renting, and operating the Project; (2) limiting the Company’s assets to its interest in the Project and related personal property; (3) limiting Indebtedness of the Company and requiring the Company to maintain adequate capital for its operations; (4) requiring the Company to maintain its separate legal existence; (5) prohibiting the Company from commingling its assets with the assets of the Member or any other affiliated entity of the Company; (6) requiring the maintenance of records (including financial statements), books of account, and bank accounts separate and apart from those of the Member and any other affiliated entity of the Company; (7) prohibiting the execution of any contract with any affiliated entity of the Company except upon an arms-length basis; (8) prohibiting the Company from making guarantees or loans; and (9) requiring the Company to hold itself out to the public as a legal entity separate and distinct from any other person.

The Company’s Operating Agreement provides that none of the Member, the Board of Managers of the Company, or the Company shall amend, alter, change, or repeal the Special Purpose Provisions, unless the Authority consents in writing in advance.

## THE PROJECT

### Description

The Project will consist of the acquisition, construction, and installation of an approximately 100-suite select-service hotel to be initially licensed as a “Spring Hill Suites by Marriott” hotel, pursuant to the terms of the Franchise Agreement.

The Project will be located on an approximately 3.518-acre site at 4700 Allatoona Gateway in downtown Acworth, Georgia. The Project will be a 4-story structure with a partial basement containing approximately 67,160 square feet and will have approximately 143 surface parking spaces on site. The building will be a wood frame structure with a brick veneer exterior and will contain large guestrooms with high ceilings with a blend of modern and custom design elements. Project amenities will include meeting space, a saline swimming pool, an expansive fitness center, a lobby bar, an expanded outdoor lounge, and event areas with a fire pit. The Project site is located across the street from the Acworth Community Center and adjacent to Tanyard Creek Park. The Project will have pedestrian connections to Tanyard Creek Park and will be within walking distance of restaurants, retail, and entertainment in downtown Acworth.

The expected categories of expenditures related to the Project, based upon the Construction Contract and the plans and specifications for the Project, are set forth below:

Uses of Funds:	
Building and Site Development	\$17,800,000
Furnishings, Fixtures, and Equipment	4,067,017
Architectural, Engineering, and Project Management Fees	695,832
Development Fee	222,500
Contingency	674,872
Start-Up Costs	<u>807,477</u>
Total	<u>\$24,267,698</u>

Spring Hill Suites by Marriott is an upscale, select-service hotel brand and the largest all-suites brand in Marriott’s portfolio. It is designed for travelers who want more space and style than a standard hotel room at a moderate price point. Every room is a suite that features areas for sleeping, working, and relaxing. All guests receive a free hot breakfast, which includes upgraded options like vegetable frittatas and breakfast sandwiches. Hotel amenities include free wireless, a fitness center, a 24/7 market, an outdoor pool and fire pit, and an evening lounge.

### General Contractor

#### *The Construction Contract*

The Company expects to commence construction in June of 2026. The Construction Contract requires the General Contractor to construct the Project for a guaranteed maximum price of \$17,500,000. The General Contractor will secure its obligations for construction and timely completion by labor and material payment and performance bonds to be issued by Hartford Accident and Indemnity Company in the amount of \$17,800,000. The Construction Contract provides that the work to be performed be substantially completed within 600 calendar days after the issuance of a notice to proceed with construction and contains a penalty or liquidated damages provision in the amount of (1) \$1,000 per day for delays in excess of 30 to 189 days thereafter and (2) \$3,600 per day for delays in excess of 190 days thereafter. The Construction Contract contains an early completion bonus provision in the amount of \$1,000 per day for early completion more than 30 days prior to the scheduled completion date. The Construction Contract provides for retainage of 10% until the work is 50% complete. The Construction Contract does not include furnishings or equipment.

#### *The General Contractor*

The Company has contracted with Pinkerton & Laws Construction of Atlanta, Inc. of Atlanta, Georgia to serve as general contractor for the construction of the Project. The General Contractor was organized in 2009 and has an unlimited general contractor’s license in Georgia. The General Contractor is a privately held company that operates in seven states in the southeastern United States, currently has over 82 employees and annual revenues in excess of \$125 million, and has experience in hospitality and multi-unit construction. There is no relationship of any kind, by

blood, marriage, or business, between any director, officer, stockholder, or employee of the General Contractor and the Company.

## **Architect**

### *The Architect's Agreement*

The Architect's Agreement provides for compensation for basic services equal to a stipulated sum of \$335,000. Under the Architect's Agreement, the Architect agreed to design the Project to conform to Marriott design standards, to prepare construction documents consisting of plans and specifications setting forth in detail the requirements for the construction of the Project, to assist in awarding and preparing construction contracts, and to provide construction administration services, including inspection of construction progress to ensure conformity with the plans and specifications and review of applications for payment to determine whether they comply with the Construction Contract.

### *The Architect*

The Company has contracted with PFVS Architects and Interiors LLC of Atlanta, Georgia to serve as the design and inspecting architect for the Project. The Architect was organized in 2018 and is registered in 29 states, including Georgia. The Architect is a privately-owned company and currently has eight employees and average annual revenues in excess of \$2 million. The Architect has experience in architectural design of hotels of all types (over 300 hotels across the U.S.), urban high-rise condominiums, multifamily housing, single family estate homes, office buildings, structured parking facilities, retail centers, healthcare facilities, and senior living facilities. There is no relationship of any kind, by blood, marriage, or business, between any director, officer, stockholder, or employee of the Architect and the Company.

## **Developer**

### *The Development Agreement*

Under the Development Agreement, the Manager agreed to provide such development services with respect to the Project as are customary in the hotel industry for hotels of comparable class and standing consistent with the Project; to provide those services in a manner consistent with the requirements of the Franchise Agreement, the Construction Contract, and the Construction Loan Agreement; and to take all reasonable and necessary steps to keep the Franchise Agreement in full force and effect and to comply with all terms and conditions of the Franchise Agreement, the Construction Contract, and the Construction Loan Agreement required to be performed by the Company thereunder. The Development Agreement provides for compensation for services of a fee equal to 1.25% of budgeted Project costs, payable in monthly installments based on a 24-month construction period. In addition, the Development Agreement allows the Manager to be reimbursed for its reasonable expenses incurred in the performance of its services under the Development Agreement.

### *The Developer*

The Company has contracted with the Manager to serve as the developer for the Project. For information concerning the Manager, see "**THE PROJECT - Manager**" herein.

The Manager has provided development services for four hotels located in Thomasville, Georgia and one hotel located in Bainbridge, Georgia, containing an aggregate of 490 keys.

## **Manager**

### *The Management Agreement*

The Company will enter into a Management Agreement, to be dated as of June 1, 2026 (the "Management Agreement"), with the Manager, under the terms of which the Manager will agree to manage and operate the Project as the agent of the Company for a term coterminous with the term of the Rental Agreement, unless the Management Agreement is sooner terminated upon default by either party or after the occurrence of an Event of Default under the Rental Agreement that is not promptly cured. The Management Agreement will give the Manager the sole and exclusive right to manage and operate the Project as agent of the Company and will entitle the Manager to receive management fees equal to four percent (4%) of gross hotel sales, payable monthly within 20 days after the end of each month in accordance with the Indenture.

The Manager will agree in the Management Agreement to provide management services with respect to the Project as are required by the Franchise Agreement and otherwise as are customary in the hotel industry for hotels of comparable class and standing consistent with the Project and to provide those services in a manner consistent with the requirements of the Franchise Agreement and the Rental Agreement.

*The Manager*

The Company has contracted with Red Hills Hospitality Management, LLC to serve as the manager for the Project. The Manager is a Georgia limited liability company formed in 2018 to provide development and management services for hotels. The Manager’s executive offices are located at 202 North Crawford Street, Thomasville, Georgia 31792.

The membership interests of the Manager are owned by the following persons who own the percentage indicated:

<u>Member</u>	<u>Percentage Ownership</u>	<u>Occupation</u>	<u>Residence</u>
Robert L. Emmett <sup>1</sup>	50%	Hospitality Management	Thomasville, Georgia
R. Jeremy Emmett <sup>1</sup>	50	Hospitality Management	Thomasville, Georgia

<sup>1</sup> Also a manager of the Company and the Member. See “**MISCELLANEOUS - Transactions with Related Persons**” herein.

Set forth below are the names and positions of the managers and executive officers of the Manager:

<u>Name</u>	<u>Office</u>	<u>Residence</u>
Robert L. Emmett <sup>1</sup>	Chief Executive Officer	Thomasville, Georgia
R. Jeremy Emmett <sup>1</sup>	Chief Operating Officer	Thomasville, Georgia
Rodney Hunter <sup>1</sup>	Chief Financial Officer	Thomasville, Georgia

<sup>1</sup> Also is a manager of and holds the same position with the Company. See “**MISCELLANEOUS - Transactions with Related Persons**” herein.

For information concerning Robert L. Emmett, R. Jeremy Emmett, and Rodney Hunter, see “**THE COMPANY - Ownership and Management**” herein.

The Manager presently provides management services for the following hotels:

<u>Hotel</u>	<u>Number of Keys</u>	<u>Location</u>
Element By Marriott	100	Bainbridge, Georgia
Courtyard By Marriott	106	Thomasville, Georgia
Hampton Inn	67	Thomasville, Georgia

**The Franchise Agreement**

The Franchisor granted to the Company a limited, non-exclusive license to use the trademarks and trade names used or registered by the Franchisor or its affiliates as “Spring Hill Suites by Marriott” (the “Proprietary Marks”) and the Franchisor’s manuals, guides, programs, intellectual property, electronic systems (including the reservation system), loyalty programs, marketing materials and programs, training programs, and other elements that the Franchisor or its affiliates have designated for hotels operated under the trade name “Spring Hill Suites by Marriott” (the “System”) to operate the Project as a System hotel at the Approved Location under the terms of the Franchise Agreement, for a term ending on the 25th anniversary of the opening date of the Project established by the Franchisor pursuant to the Franchise Agreement (the “Opening Date”).

The Franchise Agreement obligates the Company, beginning on the Opening Date, to pay to the Franchisor for each month an amount equal to the percentage of gross room sales stated below for such month (the “Franchise Fees”):

<u>Period</u>	<u>Percentage</u>
Year 1	3.0%
Year 2	4.0
Year 3 and thereafter	5.5

The Franchise Agreement also obligates the Company to (1) reimburse the Franchisor for all travel costs for individuals designated by the Franchisor to conduct training, inspections, audits, or other services for the Project, including counseling and advisory services; (2) pay the fees, charges, and costs required under the Franchise Agreement and any other “Marriott Agreement”; (3) pay for any optional programs in which the Company participates; and (4) pay the Franchisor for any goods or services purchased, leased, or licensed by the Company from the Franchisor, including any costs related to purchasing, installing, and upgrading any electronic systems. The Franchise Agreement provides that (1) the Franchise Fees are due within 15 days after the end of each month and all other payments are due as invoiced and (2) such amounts bear interest on any amount that is not paid when due at the rate of 18% per annum from the date such overdue amount was due until paid.

The Franchise Agreement also obligates the Company, beginning on the Opening Date, to pay to the Franchisor each month the “Program Services Contribution” established by the Franchisor to fund certain mandatory programs and services for System hotels that the Company would otherwise be required to pay for separately, including marketing activities and development, modification, maintenance, support, administration, and operation of certain mandatory electronic systems. The Program Services Contribution includes an amount equal to 2.5% of gross room sales for each month, which the Franchisor is obligated to use for marketing activities of System hotels. The Franchise Agreement permits the Franchisor to use Program Services Contributions to cover the costs of program services for System hotels as a whole groups of System hotels, and other products of the Franchisor, with no obligation to ensure that any particular System hotel, including the Project, benefits from program services on a pro-rata or other basis or that the Project will benefit from program services proportionate to the Program Services Contribution paid by the Company.

The Franchise Agreement obligates the Company to (1) maintain the Project in good repair and first-class condition and in conformity with applicable law and the standards of the Franchisor and (2) make repairs, alterations, and replacements to the Project and as required by the standards of the Franchisor. The Franchise Agreement does not permit the Company to make any material alterations to the Project without the Franchisor’s prior consent, unless such alterations are required by applicable law or for the continued safe and orderly operation of the Project. The Franchise Agreement obligates the Company to use only such furniture, fixtures, and equipment; inventories; and fixed asset supplies that comply with the standards of the Franchisor, in order to ensure that items used at System hotels are uniform and of high quality to maintain the identity, integrity, and reputation of the System.

The Franchise Agreement obligates the Company to (1) undertake local advertising, marketing, promotional, sales, and public relations programs and activities for the Project, including preparing and using any marketing materials, in accordance with the standards of the Franchisor and (2) use signs and other marketing materials only in the places and manner approved or required by the Franchisor and in accordance with the standards of the Franchisor and applicable law. The Franchise Agreement provides that the Franchisor provide, and the Company is obligated to participate in additional marketing programs that are mandatory for similarly situated System hotels, which the Company is obligated to pay for on the same basis as other participating System hotels.

The Franchise Agreement provides that the Company is responsible for setting its own prices and rates for guestrooms and other products and services at the Project, including determining any prices or rates that appear in the reservation system of the Franchisor.

The Franchise Agreement obligates the Company, at its cost, to (1) obtain, install, maintain, use, and replace at the Project all mandatory electronic systems in compliance with the standards of the Franchisor and (2) cause the Project to participate in the reservation system of the Franchisor in accordance with the standards of the Franchisor and the Franchise Agreement.

The Franchise Agreement obligates the Company to: (i) operate the Project at all times in compliance with the standards of the Franchisor; (ii) fully participate in the quality assurance program of the Franchisor and all mandatory programs for System hotels (which may require providing complimentary guestrooms and refunds); (iii) offer all guest services required for System hotels (which may include complementary services); (iv) make all

payments due in accordance with the terms of all contracts and invoices related to the Project, except for payments that are disputed in good faith; and (v) provide all food and beverage service in the Project in compliance with the standards of the Franchisor and applicable law, and pay the food and beverage support fee to the Franchisor.

The Franchise Agreement provides that the Company will be in default and the Franchisor may terminate the Franchise Agreement without providing the Company any opportunity to cure the default, effective on notice to the Company (or on the expiration of any notice or cure period given by the Franchisor in its sole discretion or required by applicable law), if, among other things, any of the following occurs:

- (1) the Company becomes subject to any insolvency, bankruptcy, or other debt adjustment proceeding;
- (2) a receiver, trustee, liquidator, or similar authority is appointed over the Project;
- (3) a suit to foreclose any lien, mortgage, or security interest in the Project or any material personal property at the Project is filed and is not vacated within 90 days;
- (4) the Company loses its right to operate or possess the Project, or loses ownership of the Project, the Company is in default under the Rental Agreement, or the Rental Agreement is terminated for any reason;
- (5) the Project fails to achieve the thresholds of performance established by the quality assurance program of the Franchisor and such failure has not been cured within the applicable cure period; or
- (6) the Franchisor sends the Company three or more written notices to cure the same or similar breach or default under the Franchise Agreement during any 24-month period, even if such breaches or defaults have been cured.

The Franchise Agreement also provides that the Company will be in default and the Franchisor may terminate the Franchise Agreement for the events listed below, among other events, if after 30 days' notice of default (or such greater number of days given by the Franchisor in its sole discretion or as required by applicable law), the Company fails to cure the default as specified in the notice:

- (1) the Company fails to timely start (the construction start deadline is August 1, 2026) and complete construction or conversion of the Project or fails to timely open the Project (the opening deadline is February 1, 2028) in accordance with the Franchise Agreement and the standards of the Franchisor;
- (2) the Company fails to timely complete any renovation or repair of the Project in accordance with the Franchise Agreement and the standards of the Franchisor;
- (3) the Company and its affiliates fail to pay any amounts due under the "Marriott Agreements"; or
- (4) the Company fails to comply with the standards of the Franchisor or there occurs any other breach of the "Marriott Agreements," including any representations and warranties by the Company.

The Franchise Agreement provides that if the Company is in default under the Franchise Agreement and the default is not cured within the cure period (if any), the Franchisor may, in addition to any other remedies, suspend the Project from the reservation system of the Franchisor while such default remains uncured.

The Franchise Agreement provides that, in the event of any taking of any portion of the Project by eminent domain, condemnation, compulsory acquisition, or similar proceeding by any governmental authority, (1) if the condemnation award is sufficient to restore the Project to meet the standards of the Franchisor, the Company is obligated to cause the Project to be promptly restored and reopened within a reasonable time, and (2) if the taking would materially affect the continued operation of the Project as a System hotel on a permanent basis, the Franchisor or the Company may terminate the Franchise Agreement.

The Franchise Agreement provides that (1) if the Project is damaged by any casualty and the cost to restore the Project to the same condition as existed previously is less than 60% of the Project's replacement cost at the time of the casualty, the Company is obligated to cause the Project to be promptly renovated and reopened within a reasonable time, and (2) if the Project is damaged by any casualty and the cost to restore the Project to the same

condition as existed previously is 60% or more of the Project's replacement cost at the time of the casualty, the Company will have 180 days after the date of the casualty to elect whether it will restore the Project to its previous condition, in which case the Project will be promptly renovated and reopened within a reasonable time.

## **INVESTMENT CONSIDERATIONS**

### **Introduction**

In analyzing the Series 2026 Bonds and in order to make an informed investment decision, potential investors should carefully consider the following investment considerations prior to making a decision to purchase the Series 2026 Bonds. The following investment considerations are not intended to be exhaustive of the general or specific investment considerations relating to the purchase of the Series 2026 Bonds. Additional investment considerations relating to the purchase of the Series 2026 Bonds are described throughout this Official Statement, whether or not specifically designated as investment considerations.

### **Construction Risks**

The interest payments on the Series 2026 Bonds through August 1, 2028 have been funded with proceeds of the Series 2026 Bonds, and the principal payments on the Series 2026 Bonds do not start until February 1, 2030. Therefore, if completion of the construction of the Project is delayed beyond \_\_\_\_\_, receipt of revenues from the Project will be delayed and the ability of the Company to make the rental payments required by the Rental Agreement would in such case be adversely affected. The City's obligation to make payments under the Contract, which will be unconditional, will not, however, be adversely affected by delays in the completion of the construction of the Project.

The timely completion of the construction of the Project is dependent upon, among other factors, promptly obtaining approvals and permits from various governmental agencies and the absence of delays due to labor disputes, site difficulties, delays in delivery and shortages of materials, and adverse weather conditions. The cost of constructing the Project may be affected by factors beyond the control of the Company, including labor disputes, site difficulties, energy and material shortages, subcontractor defaults, adverse weather conditions, and other unforeseen contingencies. There can be no assurance that the Company will complete the construction of the Project in accordance with its present construction schedule and construction budget.

The Construction Contract obligates the General Contractor to substantially complete construction of the Project on or before 600 calendar days after the issuance of a notice to proceed with construction for a guaranteed maximum price of \$17,500,000 and requires the General Contractor to secure its obligations for construction and timely completion by labor and material payment and performance bonds. Although the Construction Contract contains a penalty provision providing for a daily penalty equal to at least the daily debt service on the Series 2026 Bonds in the event construction of the Project is not completed in a timely fashion, there can be no assurance that construction of the Project will be completed within the time provided by the Construction Contract or that the damages suffered by the Company as a result thereof can be recovered without costly and time-consuming litigation. In addition, there can be no assurance that the obligations of the surety under the payment and performance bonds can be enforced without costly and time-consuming litigation.

If cost overruns resulting from delays, change orders, or other causes are experienced, the Company has no other source of funds with which to complete construction of the Project, and the only source of funds that will be potentially available to complete the construction of the Project is Additional Bonds. The issuance of Additional Bonds will be completely dependent on the willingness of the City to amend the Contract to approve the issuance of the Additional Bonds, as to which no assurance can be given. Accordingly, there can be no assurance that the Project will be completed if cost overruns are experienced.

### **New Venture**

The Company was formed in 2025 for the sole purpose of acquiring, constructing, installing, renting, and operating the Project, has no history of operations, and is subject to all the risks incident to the creation and development of a new business, including the absence of a history of operations upon which to evaluate performance.

### **Limited Resources of the Company**

Prospective investors should be aware that the Company presently has no material assets and no revenues. The Company will be required to incur substantial indebtedness in order to acquire, construct, and install the Project. As a result, the Company will become a highly leveraged entity with significant financial obligations, which will

magnify the adverse consequences that may result from adverse business developments. The Company will own no assets other than its occupancy interest in the Project and will receive no revenues other than revenues from operating the Project. Accordingly, the operation of the Project must generate sufficient revenues to enable the Company to meet its obligations under the Rental Agreement and to satisfy any liabilities incurred as a result of its occupancy interest in the Project.

### **Clean-Up Costs and Liens under Environmental Statutes**

In anticipation of the sale of the Project site to the Authority, STV, Inc. retained GROUNDED Engineering Services, LLC, Flowery Branch, Georgia, to conduct a "Phase I Environmental Site Assessment" on the Project site. GROUNDED Engineering Services, LLC, in its environmental site assessment report dated November 18, 2024, stated that its investigation revealed no evidence of recognized environmental conditions in connection with the Project site or adjacent properties, and therefore, no further investigation was recommended. The Company is not aware of any releases of pollutants or contaminants at the Project site that could give rise to enforcement actions under applicable Georgia or federal environmental statutes. There could, however, be other such releases not known to the Company as of the date of this Official Statement.

The Company is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the Project site. There can, however, be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the Company could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Project. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the lien of the Security Deed could attach to the Project, which would adversely affect the Trustee's ability to realize value from the disposition of the Project upon foreclosure. Furthermore, in determining whether to exercise any foreclosure rights with respect to the Project under the Security Deed or termination rights under the Rental Agreement, the Trustee would need to take into account the potential liability of any owner of the Project, including an owner by foreclosure or repossession, for clean-up costs with respect to such pollutants and contaminants.

### **Liquidation of Security May Not Be Sufficient in the Event of a Default**

It has been the experience of lenders in recent years that attempts to foreclose on commercial property or otherwise realize upon security for obligations are frequently met with defensive measures such as protracted litigation or bankruptcy proceedings and that such defensive measures can greatly increase the expense and time involved in achieving such foreclosure or other realization. The liquidation value of assets in a bankruptcy or creditors' proceeding is typically less than the replacement value of such assets for an ongoing business operation. The practical use of the Project is limited to its special use as a hotel; it will not be generally suitable for other commercial or industrial uses. Consequently, it may be difficult to find a buyer or tenant for the Project if it were necessary to foreclose on or repossess the Project. In addition, the same factors that lead to foreclosure or repossession may substantially reduce the value of the Project. If it becomes necessary to foreclose the lien of the Security Deed on the Project or to terminate the Rental Agreement, net proceeds received from any foreclosure sale or re-letting may not be sufficient to pay all of the debt service on the Series 2026 Bonds then outstanding.

### **Normal Risks Attending Any Investment in Real Estate**

There are many diverse risks attending any investment in real estate, not within the Company's control, which may have a substantial bearing on the desirability of the Project to guests. Such risks include possible adverse use of adjoining land, fire or other casualty, condemnation, decline in the neighborhood and local or general economic conditions, and changing governmental regulations.

### **Conflicts of Interest**

Certain transactions by and relationships among certain parties involved in furnishing development and management services to the Company may result in conflicts of interest, result in higher costs for the development of the Project and for the management services provided to the Company, and give the Company less incentive to enforce its rights in certain situations. See "MISCELLANEOUS - Transactions with Related Persons" herein.

## THE CITY

### Introduction

The City is a municipal corporation created and existing under the laws of the State of Georgia and has as its formal name the “City of Acworth.” The City was originally chartered as the “town of Acworth” on December 1, 1860. The City is located in the northwestern portion of the State of Georgia approximately 27 miles northwest of Atlanta, Georgia. The City is located in the northwestern portion of Cobb County, which is the third largest Georgia county by population, approximately 14 miles northwest of the City of Marietta, the county seat of Cobb County. The City presently has a land area of approximately 8.8 square miles. The City is part of the Atlanta-Sandy Springs-Roswell, Ga. Standard Metropolitan Statistical Area, as designated by the Bureau of the Census of the U.S. Department of Commerce. The City’s elevation averages 922 feet above sea level, and the City’s terrain is rolling.

### City Administration and Officials

The affairs of the City are conducted by a Mayor and a Board of Aldermen consisting of five members. Under the City’s Charter, all corporate powers are vested in the Mayor and the Board of Aldermen. The Mayor and aldermen serve four-year terms of office. No person is eligible to serve as Mayor or as an aldermen unless he or she is a qualified municipal voter and has been a resident of the City for one year immediately prior to the date of his or her election.

The City’s Charter provides that (1) the five offices of aldermen are designated as “Alderman Post 1,” “Alderman Post 2,” “Alderman Post 3,” “Alderman Post 4,” and “Alderman Post 5” and (2) any person desiring to offer as a candidate for alderman must designate the alderman post for which he or she is announcing. The Mayor and aldermen are elected at large.

The City’s Charter provides that the Mayor is the chief executive of the City and presides at all meetings of the Mayor and Board of Aldermen and has a vote only in the case of a tie vote by the members of the Board of Aldermen.

Information concerning the current Mayor and the Board of Aldermen is set forth below:

<u>Name and Office Held</u>	<u>Expiration of Term</u>	<u>Number of Years in Office</u>	<u>Age</u>	<u>Principal Occupation</u>
Tommy Allegood, <i>Mayor</i>	December 31, 2029	25 <sup>1</sup>	75	Contractor
Toby Carmichael, <i>Post 1</i>	December 31, 2027	2	57	Veterinarian
Steve Prather, <i>Post 2</i>	December 31, 2027	2	64	Retired
Brett North, <i>Post 3</i>	December 31, 2027	12	66	Funeral Worker
Kimberly Haase, <i>Post 4</i>	December 31, 2029	0.3	52	Elder Care
Tim Houston, <i>Post 5</i>	December 31, 2029	20	67	Chairman, Municipal Electric Authority of Georgia

<sup>1</sup> Includes years of service both as an alderman and as Mayor.

*James Albright*, age 44, has served as City Manager of the City since July of 2021 and is responsible for the day-to-day operations of the City. Mr. Albright has been employed by the City for approximately 25 years. He is a life-long resident of the City and began his employment with the City in a part-time role with the Parks, Recreation, and Community Resource Department. He was appointed as Director of Parks in 2003 and appointed as City Manager in 2021. He received a Bachelor of Science degree in Sport Management from Kennesaw State University in 2004 and a Master’s degree in Public Administration from Kennesaw State University in 2008.

*Suzanne R. Norris*, age 53, has served as the City Treasurer of the City since December of 2024. Under the City’s Charter, the City Treasurer is responsible for performing the duties of treasurer and fiscal officer of the City. From 2023 to 2024, Ms. Norris served as the Deputy Chief Financial Officer for Douglas County, Georgia. From 2021 to 2023, she served as a Director of Finance and Administration for Knox County, Tennessee, and from 2018 to 2021, she served as a Finance and Accounting Manager for the State of Wyoming, Wyoming Life Resource Center. Prior to her employment in the state and local government sector, she was employed by U.S. Bank for nine years as a Branch Manager and held positions in Human Resource Management for more than 10 years. Ms. Norris received a Bachelor of Science degree in Social Work from North Carolina State University in 1994 and a Master’s degree in Business Administration from the University of Wyoming in 2021.

## City Services

The City provides a full range of municipal government services to its residents. The City provides electrical service to residents of the City, the cost of which is entirely financed by charges to the City's electric customers. The City provides police services to residents of the City, the cost of which is financed by general fund revenues. The City provides garbage collection services to residents of the City, the cost of which is entirely financed by general fund revenues. The City transports the garbage it collects to a landfill owned by Bartow County, Georgia. The City also provides traffic control, library, recreational, municipal court, and cultural services to its residents and acquires, constructs, and maintains roads, traffic signals, and infrastructure, the cost of which is financed by general fund revenues. The City also provides 911 services to its residents, the cost of which is financed by both general fund revenues and 911 fees. Cobb County, Georgia provides water and sewer and fire services to residents of the City as a cooperative service delivery function.

## City Facilities

The City maintains approximately 88 miles of streets, one traffic light, and 2,400 street lights. The City police department has one police station, 54 sworn police officers, six civilian employees, and 75 vehicles. The City sanitation department has seven vehicles and 14 employees. The City owns and maintains 14 parks containing approximately 400 acres, one gymnasium, one indoor fitness area, one outdoor fitness area, 10 lighted baseball fields, one recreation center, four playgrounds, 40 picnic areas, one unlit sand volleyball court, and two lighted multi-purpose fields.

The City owns and operates a retail electric distribution system that serves a service area that includes the corporate limits of the City and certain designated areas outside the City's corporate limits. The City's electric system serves approximately 7,080 customer accounts. The daily average consumption of power from the City's electric system for fiscal year 2025 was approximately 12.35 megawatt hours per day. The City's primary source of power is the Municipal Electric Authority of Georgia ("MEAG"), of which the City is a member. The City, together with 48 other cities and one county in Georgia, have entered into power sales contracts with MEAG pursuant to which the City purchases certain power and energy for resale to its electric customers. See "**CITY DEBT STRUCTURE - Summary of City Debt by Category**" herein for information regarding the City's power sales contracts with MEAG. The major assets of the City's electric system consist of three substations and approximately 105 miles of distribution lines.

## Cybersecurity

The City, like similar local governments, relies on complex technology infrastructure to conduct its operations and faces multiple cybersecurity threats, including, but not limited to, hacking, viruses, malware, and other attacks. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized individuals attempting to gain access to the City's computer or digital systems for the purpose of stealing assets or information or causing operational disruption and damage.

To mitigate the risk to its operations from cybersecurity incidents, the City has adopted information security policies and maintains an active information security program, which has been reviewed by independent third-party consultants engaged by the City. The City has a dedicated information technology team responsible for annual updates to the City's information security policies and who are charged with identifying and monitoring threats to City computer systems and educating staff concerning vulnerabilities to those systems. The City's information security policies include policies intended to support network, computer, and mobile device security (both digital and physical), e-mail security, anti-virus requirements, operating system and application patching, encryption requirements, and secure computing asset disposal. The City's information technology team also must approve all hardware and software purchases and system installations to ensure that City systems are not compromised.

The City purchases liability insurance covering cyber-losses. See "**CITY FINANCIAL INFORMATION - Insurance Coverage and Governmental Immunity**" herein.

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## Demographic Information

The City is located in northwestern Cobb County. Set forth below is selected demographic data for the City and Cobb County.

Year	City		Cobb County			
	Population <sup>1</sup>	Median Household Income <sup>1</sup>	Population <sup>1</sup>	Per Capita Income <sup>1</sup>	Median Household Income <sup>1</sup>	Median Age <sup>1</sup>
2024	22,473	\$83,539	775,208	\$52,646	\$102,738	37.5
2023	22,370	80,703	769,152	50,975	98,712	37.4
2022	22,318	74,643	765,813	48,510	94,244	37.2
2021	22,330	72,788	762,500	44,448	86,013	37.1
2020	22,683	66,003	756,653	41,480	80,830	36.8
2010	19,336	55,355	677,402	33,110	65,522	34.9
2000	13,422	50,918	607,751	27,863	58,289	33.3
1990	5,202	n/a	447,745	19,166	41,279	31.6

Source:

<sup>1</sup> U.S. Department of Commerce, Bureau of the Census. All population figures for years other than 1990, 2000, 2010, and 2020 are estimates by the U.S. Department of Commerce, Bureau of the Census.

## Economic Information

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

### Business Licenses Issued by the City

<u>Year</u>	<u>Number of New Licenses</u>	<u>Number of Total Licenses</u>
2025	130	1,023
2024	123	1,017
2023	135	1,012
2022	133	1,010
2021	155	985

### Summary of City Building Permits

Year	Commercial/Industrial/Other		Residential			
	Permits	Value <sup>1</sup>	Single Family		Multi-Family	
			Permits	Value <sup>1</sup>	Units	Value <sup>1</sup>
2023	56	\$149,105	55	\$14,741,560	-0-	\$ -0-
2022	70	225,956	101	27,424,874	12	2,820,620
2021	65	161,109	58	16,501,717	-0-	-0-
2020	79	92,261	58	18,418,072	-0-	-0-
2019	54	58,672	31	8,824,505	-0-	-0-

<sup>1</sup> The value of City building permits is determined based on square footage.

Set forth below are the percentages of land use for various purposes within the City, computed based upon the assessed values of the various categories of land use for ad valorem property tax purposes.

<u>Year</u>	<u>Category of Land Use</u>				
	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Utility</u>	<u>Other<sup>1</sup></u>
2025	68.55%	29.40%	0.55%	1.22%	0.28%
2024	68.06	29.41	0.60	1.63	0.30
2023	67.13	30.41	0.65	1.45	0.36
2022	63.81	32.41	0.66	2.68	0.44
2021	61.02	35.54	0.74	2.12	0.58

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

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

Following is a table showing the percentage of the 2022 payroll distribution in Cobb County for each major sector of the local economy.

Percentage of 2022 Payroll  
Distribution in Cobb County by Sector

<u>Industry</u>	<u>Percentage of Payroll Distribution<sup>1</sup></u>
Accommodation and food services	3%
Administrative and support and waste management and remediation services	5
Agriculture, forestry, fishing, and hunting	0
Arts, entertainment, and recreation	2
Construction	10
Educational services	1
Finance and insurance	8
Health care and social assistance	10
Industries not classified	1
Information	4
Management of companies and enterprises	12
Manufacturing	6
Mining, quarrying, and oil and gas extraction	0
Other services (except public administration)	2
Professional, scientific, and technical services	16
Real estate and rental and leasing	3
Retail trade	5
Transportation and warehousing	3
Utilities	0
Wholesale trade	<u>9</u>
Total for all sectors	<u>100%</u>

<sup>1</sup> Excludes the government sector.

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

Set forth below are the ten largest private employers located in the City as of June 30, 2025, their industries, 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 below.

<u>Employer</u>	<u>Industry</u>	<u>Employees</u>
Walmart Supercenter 3748	Retail	346
Walmart Supercenter 3471	Retail	328
Home Depot	Retail	214
North Cobb Christian School	Education	196
Target	Retail	194
Publix Supermarket	Retail	151
United Parcel Service	Logistics and Package Delivery	149
Celebration Village	Senior Housing	139
Lowes Home Center	Retail	135
Days Chevrolet	Retail Automotive	120

The largest public employer, other than the City, located in the City as of June 30, 2025 is the Cobb County School District, which employs approximately 528 full-time employees at its five public schools located in the City.

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Employment	11,707	11,786	11,923	12,044	11,966
Unemployment	376	317	347	371	370
Total Labor Force	12,083	12,103	12,270	12,415	12,336
City Unemployment Rate	3.1%	2.6%	2.8%	3.0%	3.0%
Cobb County Unemployment Rate	3.4%	2.8%	3.1%	3.2%	3.1%
State Unemployment Rate	3.5%	3.3%	3.2%	3.9%	3.3%

Source: State of Georgia Department of Labor.

According to the State of Georgia Department of Labor, the preliminary January 2026 unemployment rate for the City was 3.0%, compared to 3.3% for Cobb County and 3.6% for the State of Georgia.

Set forth below are total deposits in financial institutions located in the City for the past five years.

Total Deposits in City Financial  
Institutions as of June 30 (in thousands)

<u>Year</u>	<u>Total Deposits</u>
2025	\$1,291,150
2024	1,221,800
2023	1,291,022
2022	1,300,994
2021	1,189,162

Source: Federal Deposit Insurance Corporation.

According to the Federal Deposit Insurance Corporation, the City had seven financial institutions with a total of 13 branch offices as of June 30, 2025.

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

The City employed 242 persons in all departments of government as of June 30, 2025, consisting of 178 full-time employees and 64 part-time and temporary employees. No employees of the City are represented by labor

organizations. In addition, no employees of the City are covered by collective bargaining agreements. Although City employees are entitled to join labor organizations, the City is not obligated under Georgia law nor does the City intend to recognize any labor organization as a collective bargaining unit for City employees. The City is not aware of any union organizing efforts at the present time. The City Manager believes that employee relations are good.

## CITY DEBT STRUCTURE

### Summary of City Debt By Category

Set forth below is information concerning debt of the City as of June 30, 2025. The information set forth below should be read in conjunction with the City’s financial statements included as Appendix A hereto.

<u>Category of Debt</u>	<u>Amount Authorized But Unissued</u>	<u>Amount Outstanding (less Sinking Fund Installments Paid)</u>	<u>Amount To Be Outstanding Upon Issuance of Series 2026 Bonds</u>
Intergovernmental Contracts			
The Authority (securing the Series 2026 Bonds)	\$-0-	\$ -0-	\$23,835,000*
The Authority (securing its Revenue Bonds) <sup>1</sup>	-0-	1,985,000	1,985,000
The Authority (securing its Revenue Bonds) <sup>2</sup>	-0-	5,040,000	5,040,000
Lease and Installment Purchase Agreements <sup>3</sup>	-0-	1,638,276	1,216,897
Tax Allocation Bonds <sup>4</sup>	<u>-0-</u>	<u>505,000</u>	<u>-0-</u>
	<u>\$-0-</u>	<u>\$9,168,276</u>	<u>\$32,076,897*</u>

<sup>1</sup> General obligations of the City to which its full faith and credit and limited taxing power are pledged. Each of these obligations is represented by one or more intergovernmental contracts with the named public entity pledged to the payment of one or more series of revenue bonds issued by such public entity. These obligations do not constitute debt of the City for purposes of the constitutional debt limit described in “**CITY DEBT STRUCTURE - Limitations on City Debt**” herein and do not count against the City’s debt limitation. The City’s obligation to levy an ad valorem tax to make payments under these contracts is limited by Section 48-5-350 of the Official Code of Georgia Annotated to 3 mills a year.

<sup>2</sup> General obligations of the City to which its full faith and credit and unlimited taxing power are pledged. Each of these obligations is represented by one or more intergovernmental contracts with the named public entity pledged to the payment of one or more series of revenue bonds issued by such public entity. These obligations do not constitute debt of the City for purposes of the constitutional debt limit described in “**CITY DEBT STRUCTURE - Limitations on City Debt**” herein and do not count against the City’s debt limitation.

<sup>3</sup> The financial obligations of the City under these contracts do not constitute general obligations of the City to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues being made by the Mayor and Board of Aldermen to make the payments due in each fiscal year under these contracts. The City’s obligations under these contracts are from year to year only and do not constitute a mandatory payment obligation of the City in any fiscal year in which funds are not appropriated by the Mayor and Board of Aldermen to make the payments due in such fiscal year. The City’s obligations under these contracts do not constitute debt of the City for purposes of the constitutional debt limit described in “**CITY DEBT STRUCTURE - Limitations on City Debt**” herein and do not count against the City’s debt limitation.

<sup>4</sup> Limited obligations of the City payable solely from tax allocation increment derived from the relevant tax allocation district.

In addition to the obligations described above, the City is obligated under a Power Sales Contract with MEAG pursuant to which the City purchases certain power and energy for resale to its electric system customers. The Power Sales Contract requires the City to purchase from MEAG all of its bulk power supply, other than power supplied by federally-owned generation projects. The obligation to pay MEAG certain amounts, whether or not power and energy are received, is a general obligation of the City to which its full faith and credit and taxing power

are pledged. The City's payment obligations extend through the year 2054. The City purchased bulk power totaling approximately \$10.4 million from MEAG during fiscal year 2025.

Reference is made to Note 9 in the notes to the basic financial statements of the City included as Appendix A for a discussion of the commitments and contingent liabilities of the City.

In the past 25 years, there has not been a default in payment of the principal of or interest on any general obligation debt issued by the City or any revenue bonds issued by another entity for the benefit of the City and secured by an intergovernmental contract of the City or a nonappropriation or default on payments due under financing leases of the City or other contracts used by the City in financing transactions.

#### **Proposed Debt**

The City has in the past periodically entered into lease and installment purchase agreements to finance equipment and vehicles, and the City expects to continue to do so in the future. The City has no other present plans to incur additional debt during its next five fiscal years.

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## Debt Service Requirements

Set forth below are the debt service requirements of the City for all categories of debt upon the issuance of the Series 2026 Bonds.

Year Ending June 30	Intergovernmental Contracts				Lease and Installment Purchase Agreements	Tax Allocation Bonds	Combined Total Debt Service Requirements*
	The Series 2026 Bonds <sup>1*</sup>	Authority's Revenue Bonds (Limited Tax) <sup>2</sup>	Authority's Revenue Bonds (Unlimited Tax) <sup>3</sup>				
2026	\$ ---	\$ 686,685	\$ 693,400	\$ 450,902	\$511,416	\$2,342,403	
2027	---	693,140	695,350	465,207	---	1,853,697	
2028	---	689,174	691,962	465,122	---	1,846,258	
2029	697,729	---	1,418,350	329,932	---	2,446,011	
2030	1,805,459	---	1,743,087	---	---	3,548,546	
2031	1,806,845	---	219,838	---	---	2,026,683	
2032	1,801,893	---	---	---	---	1,801,893	
2033	1,805,666	---	---	---	---	1,805,666	
2034	1,802,777	---	---	---	---	1,802,777	
2035	1,803,473	---	---	---	---	1,803,473	
2036	1,802,414	---	---	---	---	1,802,414	
2037	1,804,550	---	---	---	---	1,804,550	
2038	1,804,568	---	---	---	---	1,804,568	
2039	1,802,408	---	---	---	---	1,802,408	
2040	1,803,010	---	---	---	---	1,803,010	
2041	1,806,036	---	---	---	---	1,806,036	
2042	1,806,133	---	---	---	---	1,806,133	
2043	1,806,657	---	---	---	---	1,806,657	
2044	1,804,494	---	---	---	---	1,804,494	
2045	1,804,644	---	---	---	---	1,804,644	
2046	1,801,810	---	---	---	---	1,801,810	
2047	1,805,990	---	---	---	---	1,805,990	
2048	1,805,096	---	---	---	---	1,805,096	
2049	1,805,530	---	---	---	---	1,805,530	
2050	1,801,986	---	---	---	---	1,801,986	
2051	1,804,464	---	---	---	---	1,804,464	
2052	1,802,352	---	---	---	---	1,802,352	
2053	1,804,983	---	---	---	---	1,804,983	
2054	1,802,369	---	---	---	---	1,802,369	
2055	1,804,510	---	---	---	---	1,804,510	
2056	<u>1,805,790</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>1,805,790</u>	
Totals	<u>\$49,413,636</u>	<u>\$2,068,999</u>	<u>\$5,461,987</u>	<u>\$1,711,163</u>	<u>\$511,416</u>	<u>\$59,167,201</u>	

<sup>1</sup> Represents the Contract, which is pledged to the payment of the Series 2026 Bonds. Amounts shown are net of funded interest.

<sup>2</sup> Represents an intergovernmental contract between the Authority and the City, securing a revenue bond issued by the Authority in 2008 for the benefit of the City. The City's obligation to levy an ad valorem tax to make payments under this contract is limited by Section 48-5-350 of the Official Code of Georgia Annotated to 3 mills a year.

<sup>3</sup> Represents an intergovernmental contract between the Authority and the City, securing a revenue bond issued by the Authority in 2017 for the benefit of the City. The City's obligation to levy an ad valorem tax to make payments under this contract is unlimited.

## Overlapping Debt

In addition to the City's debt obligations, property owners in the City are responsible for any debt obligations of other taxing entities in the proportion to which the jurisdiction of the City overlaps such entities. Set forth below is the estimated overlapping general obligation debt and estimated overlapping property tax supported or guaranteed revenue debt of the City as of September 30, 2025. Although the City has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity that has this information available, and the amounts are based on information supplied by others.

<u>Name of Overlapping Entity</u>	<u>Amount of Authorized But Unissued Debt</u>	<u>Amount of Outstanding Debt (Less Sinking Fund)</u>	<u>Percent of Outstanding Debt Chargeable to Property in the City<sup>1</sup></u>
Cobb County			
Intergovernmental Contracts <sup>2</sup>	-0-	\$528,535,000	2.40%
Notes <sup>3</sup>	-0-	60,290,547	2.40
Lease and Installment Purchase Agreements	-0-	4,349,266	2.40
Cobb County School District			
Tax Anticipation Notes <sup>4</sup>	<u>-0-</u>	<u>99,235,000</u>	2.63
Total	<u>\$-0-</u>	<u>\$692,409,813</u>	

<sup>1</sup> The percentage of each overlapping entity's outstanding debt chargeable to property in the City is calculated by dividing the gross assessed valuation of property in the City by the gross assessed valuation of property in the overlapping entity.

<sup>2</sup> General obligations (represented by separate contracts with public entities, which are pledged to the payment of revenue bonds issued by such public entities) of Cobb County to which its full faith and credit and taxing power are pledged. These obligations do not constitute debt of Cobb County for purposes of the constitutional debt limit and do not count against Cobb County's debt limitation.

<sup>3</sup> General obligations of Cobb County payable to the Georgia Environmental Finance Authority. Although Cobb County may pay these obligations from revenues of the water and sewer system of Cobb County, these obligations constitute general obligations of Cobb County to which its full faith and credit and taxing power are pledged.

<sup>4</sup> Matured on December 15, 2025.

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**Debt Ratios**

Set forth below is the property tax supported debt per capita of the City as of the end of each of the City’s past five fiscal years.

<u>Fiscal Year Ended June 30</u>	<u>Direct Tax Supported Debt</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt</u>
2025	\$385	\$749	\$1,134
2024	465	580	1,045
2023	515	614	1,129
2022	590	639	1,229
2021	636	674	1,310

Set forth below is the property tax supported debt of the City expressed as a percentage of total assessed value of taxable property within the City as of the end of each of the City’s past five fiscal years.

<u>Fiscal Year Ended June 30</u>	<u>Direct Tax Supported Debt</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt</u>
2025	0.71%	1.38%	2.09%
2024	0.89	1.10	1.99
2023	1.04	1.24	2.28
2022	1.35	1.46	2.81
2021	1.57	1.66	3.23

Set forth below is the property tax supported debt of the City expressed as a percentage of total estimated market value of taxable property within the City as of the end of each of the City’s past five fiscal years.

<u>Fiscal Year Ended June 30</u>	<u>Direct Tax Supported Debt</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt</u>
2025	0.28%	0.55%	0.83%
2024	0.36	0.44	0.80
2023	0.42	0.50	0.92
2022	0.54	0.58	1.12
2021	0.63	0.66	1.29

**Debt History**

Set forth below is information concerning long-term and short-term liabilities (excluding interfund payables) of the City outstanding as of the end of each of its five fiscal years from 2021 through 2025.

<u>Category of Liabilities</u>	<u>Amount Outstanding as of June 30 (Audited)</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Short-Term	\$10,764,633	\$ 6,744,245	\$13,316,705	\$ 9,515,256	\$ 8,778,124
Long-Term	<u>46,212,763</u>	<u>42,662,761</u>	<u>42,333,276</u>	<u>33,102,292</u>	<u>28,735,253</u>
Total	<u>\$56,977,396</u>	<u>\$49,407,006</u>	<u>\$55,649,981</u>	<u>\$42,617,548</u>	<u>\$37,513,377</u>

**Limitations on City Debt**

The Constitution of the State of Georgia provides that the City may not incur long-term obligations unconditionally payable out of 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 unconditionally payable out of taxes in excess of 10 percent of the assessed value of all taxable property within the City.

Neither the Contract nor the Series 2026 Bonds are considered debt of the City for purposes of the foregoing constitutional limitations. Therefore, no vote was required to be held with respect to the Contract or the Series 2026 Bonds, and neither the Contract nor the Series 2026 Bonds count against the City’s debt limitations.

Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation (such as the lease and installment purchase agreements described in “**CITY DEBT STRUCTURE - Summary of City Debt by Category**” herein), and intergovernmental obligations (such as the Contract and the other intergovernmental contracts described under the heading “**CITY DEBT STRUCTURE - Summary of City Debt by Category**” herein) are not subject to the legal limitations described above. In addition, refunded obligations cease to count against the City’s debt limitation upon being refunded. Georgia law provides, however, that no lease or installment purchase contract subject to annual appropriation (excluding intergovernmental contracts such as the Contract and the other intergovernmental contracts described under the heading “**CITY DEBT STRUCTURE - Summary of City Debt by Category**” herein) may be delivered if the principal portion of such contract, when added to the amount of debt subject to the debt limitation described above, exceeds 10 percent of the assessed value of all taxable property within the City. Georgia law also provides that no lease or installment purchase contract subject to annual appropriation (excluding intergovernmental contracts such as the Contract and the other intergovernmental contracts described under the heading “**CITY DEBT STRUCTURE - Summary of City Debt by Category**” herein) with respect to real property may be developed and executed or renewed, refinanced, or restructured if the lesser of either of the following is exceeded:

- (1) the average annual payments on the aggregate of all such outstanding contracts exceed 7.5 percent of the governmental fund revenues of the City for the calendar year preceding the delivery of such contract plus any available special county one percent sales and use tax proceeds collected; or
- (2) the outstanding principal balance on the aggregate of all such outstanding contracts exceeds \$25 million.

As computed in the table below, based upon the 2025 assessed value of taxable property within the City, the City could incur (upon necessary voter approval) approximately \$154,222,955 of long-term obligations unconditionally payable out of taxes (or general obligation bonds).

Computation of Legal Debt Margin

General Obligation Bond Tax Digest as of December 31, 2025	<u>\$1,542,229,550</u>
Debt Limit (10% of Assessed Value)	\$154,222,955
Amount of Debt Applicable to Debt Limit	<u>-0-</u>
Legal Debt Margin	<u>\$154,222,955</u>

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## **CITY AD VALOREM TAXATION**

### **Introduction**

An important source of revenue to fund the operations of the City is ad valorem property taxes. Ad valorem property taxes accounted for an annual average of approximately 44.46% of City General Fund revenues for the fiscal years ended June 30, 2021 to 2025 and are budgeted to account for approximately 43.31% of General Fund revenues for the fiscal year ending June 30, 2026.

Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

### **Property Subject to Taxation**

Ad valorem property taxes are levied, based upon assessed value, on real and personal property within the City. There are, however, certain classes of property that are exempt from taxation, including public property; religious property; charitable property; property of nonprofit hospitals, nonprofit homes for the aged, and nonprofit homes for the mentally handicapped; college and certain educational property; public library property; certain farm products; certain air and water pollution control property; and personal effects.

In addition, Georgia law allows exemptions from ad valorem taxation for City purposes of (1) homesteads, or owner-occupied residences, of disabled persons with income from all sources (including the income of all members of the family living in the home) not exceeding \$5,000, up to \$2,000 of assessed value; (2) homesteads, or owner-occupied residences, of persons who are 62 years of age or older with income from all sources (including the income of all members of the family living in the home) not exceeding \$5,000, up to \$2,000 of assessed value (this exemption, however, is inapplicable to taxes levied to pay bonded indebtedness and taxes levied in fire prevention districts for fire prevention purposes); (3) the inventory of companies that manufacture or warehouse goods in the City; (4) homesteads, or owner-occupied residences, of all persons, in the amount equal to the amount by which the current year assessed value of that homestead exceeds the base year (meaning the taxable year immediately preceding the taxable year in which this exemption is first granted to the most recent owner of such homestead) assessed value of that homestead (this exemption, however, is inapplicable to taxes levied to pay bonded indebtedness and taxes levied in fire prevention districts for fire prevention purposes); (5) homesteads, or owner-occupied residences, of disabled veterans and certain un-remarried surviving spouses or minor children of any such disabled veteran or of members of the armed forces of the United States killed in the line of duty, in the amount not to exceed the greater of \$32,500 or an amount determined under federal law (currently \$126,526) of the assessed value of that homestead; and (6) homesteads, or owner-occupied residences, of un-remarried surviving spouses of peace officers or firefighters who were killed in the line of duty, for the full value of that homestead.

### **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 municipalities to use the fair market value finally determined for county ad valorem tax purposes in determining the fair market value of property within their respective tax jurisdictions for purposes of municipal ad valorem property taxation. Georgia law requires Cobb County to furnish without charge to the Mayor and Board of Aldermen of the City the final determinations of the fair market value of property within the City as soon as such information is available.

Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 percent 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 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes, and requires certain agricultural, timber, and environmentally sensitive real property (otherwise known as conservation use property) and certain single-family real property located in transitional developing areas to be valued at their "current uses" (as opposed to fair market value).

The chief appraiser of Cobb County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within Cobb County to the Cobb County Board of Tax Assessors. The chief appraiser of Cobb County is required to present the tax returns of Cobb County to the Cobb County Board of Tax Assessors by April 1 of each year. The Cobb County Board of Tax Assessors is required to complete its revision and assessment of returns by August 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia 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 may also be subject to review at various stages by the Cobb County Board of Equalization and the state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles titled prior to March 1, 2013 by make, model, and year by county and provides this information to each county tax office. Motor vehicles titled on and after March 1, 2013 are not subject to ad valorem property taxation, but are instead subject to a seven percent one-time state and local title fee, which is distributed among state and local governments by formula. 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 Tax Commissioner of Cobb 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 corporate limits, will produce the necessary amount of property tax revenues. The City then levies its ad valorem property taxes by ordinance.

### **Property Tax Collections**

The City bills and collects the property taxes of the City, with the exception of taxes on motor vehicles, which are billed and collected by Cobb County on behalf of the City. Real and personal property taxes, except motor vehicle taxes, are normally levied in September of each year on the assessed value listed as of January 1. Taxes levied by the City in September are normally billed by September 30 of each year and are normally payable on or before November 15. Motor vehicle taxes on motor vehicles titled prior to March 1, 2013 are levied, due, and collected on a staggered basis throughout the entire calendar year. Interest of 12% per annum accrues on taxes paid after the due date, and a one-time penalty of 10% applies to taxes paid more than 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 taxed arising after January 1 in the year in which taxed. The lien becomes enforceable 90 days after the due date of the taxes. 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 the 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 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.

At any time after the last day for the payment of taxes has arrived, the tax collector may notify 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 Chief of Police may then publish a notice of the sale in a local newspaper weekly for four weeks and give the taxpayer ten days written notice by registered or certified mail or statutory overnight delivery. A public sale of the property may then be made by the Chief of Police at City Hall on the first Tuesday of the month after the required notices are given.

## Historical Property Tax Data

Set forth below is information concerning the assessed (40% of fair market value) value of taxable property and property exempt from ad valorem taxation within the City for calendar years 2021 through 2025.

Calendar Year	Assessed Values				Gross Tax Digest	Bond Exemptions	General Obligation Bond Tax Digest <sup>2</sup>	Maintenance & Operation Exemptions	Maintenance & Operation Tax Digest <sup>3</sup>	Assessed Value of Exempt Property
	Residential	Commercial & Industrial	Public Utilities	Other <sup>1</sup>						
2021	\$ 635,481,621	\$377,886,693	\$22,089,520	\$ 6,007,239	\$1,041,465,073	\$ -0-	\$1,041,465,073	\$137,143,976	\$ 904,321,097	\$26,299,409
2022	744,387,275	385,828,465	31,262,390	5,024,616	1,166,502,746	-0-	1,166,502,746	188,442,671	978,060,075	53,928,743
2023	936,079,525	433,118,344	20,211,716	5,004,318	1,394,413,903	-0-	1,394,413,903	287,092,572	1,107,321,331	53,749,626
2024	1,023,356,423	451,239,466	24,495,621	4,509,212	1,503,600,722	22,338,957	1,481,261,765	323,574,837	1,180,025,885	54,065,131
2025	1,064,008,785	464,789,338	18,886,808	4,551,461	1,552,236,392	10,006,842	1,542,229,550	328,921,306	1,223,315,086	54,024,112

<sup>1</sup> Includes motor vehicles titled before March 1, 2013; mobile homes; and historical, agricultural, brownfield, and conservation use property.

<sup>2</sup> Total assessed value, after deducting exemptions, for purposes of levying tax for City's general obligation bonds.

<sup>3</sup> Total assessed value, after deducting exemptions, for purposes of levying tax for City maintenance and operation, including payments under the Contract.

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

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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 and all overlapping governments that levied property taxes for calendar years 2021 through 2025.

Calendar Year	City			Cobb County <sup>1</sup>	Cobb County School District	Fire District	City-Wide Total
	Maintenance and Operation	Debt Service	Total				
2021	8.95	-0-	8.95	8.59	18.90	2.86	39.30
2022	8.95	-0-	8.95	8.46	18.90	2.99	39.30
2023	8.95	-0-	8.95	8.46	18.70	2.99	39.10
2024	8.95	-0-	8.95	8.46	18.70	2.99	39.10
2025	8.95	-0-	8.95	8.46	18.70	2.97	39.08

<sup>1</sup> Millage rates for incorporated areas of Cobb County.

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

Set forth below is information concerning property tax levies and collections (excluding motor vehicles and mobile homes and excluding interest and penalties) of the City for the past five fiscal years of the City.

Fiscal Year <sup>1</sup>	Tax Levy	Tax Collections			Percentage of Collection of Current Year's Levy to Tax Levy	Percentage of Total Tax Collections to Tax Levy	Delinquent Taxes Outstanding as of Year End
		Current Year's Levy	Prior Years	Total			
2020	\$ 7,663,790	\$ 7,580,015	\$ 3,175	\$ 7,583,190	98.91%	98.95%	\$ 5,419
2021	8,125,830	8,018,752	28,669	8,047,421	98.68	99.04	6,203
2022	8,608,452	8,538,451	20,730	8,559,181	99.19	99.43	7,461
2023	9,247,544	9,178,360	29,765	9,208,125	99.25	99.57	13,966
2024	10,746,628	10,408,024	-0-	10,408,024	96.85	96.85	36,093

<sup>1</sup> Tax levy is for prior calendar year.

Set forth below is the estimated value of total tax title liens (or fi fas) owned by the City as of the end of its past five fiscal years. The amounts set forth below are cumulative amounts from all preceding years.

Estimated Value as of June 30				
<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$27,554	\$27,577	\$35,477	\$42,672	\$52,853

Delinquent property taxes of the City are written off when the statute of limitations for their collection (7 years) expires or if no property is found to levy upon, if earlier. The delinquent taxes written off are usually for personal property, which are more difficult to collect than taxes on real property.

## Ten Largest Taxpayers

Set forth below are the ten largest taxpayers of the City for calendar year 2025. 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 below. Furthermore, the taxpayers shown in the table below 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 below, and no assurance can be given that such taxpayers will continue to maintain their status as major taxpayers in the City.

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxes Levied</u>	<u>Net Assessed Valuation</u>	<u>Percent of Net Tax Digest<sup>1</sup></u>
Soloman Acworth, LLC	Real Estate Development	\$ 193,463	\$ 21,616,000	1.77%
CPF Living Communities III Acworth	Assisted Living	150,204	16,782,568	1.37
Walden Ridge Apartments, LLC	Multifamily	141,786	15,840,984	1.29
GEP X Acworth, LLC	Supply Chain	139,620	15,600,000	1.28
Walmart Real Estate Business Trust	Retail	112,140	12,529,624	1.02
Hallmark Bauer, LLC	Multifamily	105,198	11,753,964	0.96
WRI Lakeside Marketplace, LLC	Retail	96,660	10,800,000	0.88
SREIT Cobblestone Kennesaw, LLC	Multifamily	90,469	10,108,316	0.83
Hallmark Villas at Lake Acworth, LLC	Multifamily	68,736	7,680,000	0.63
AT&T Corporation	Telecommunications	<u>57,474</u>	<u>6,421,695</u>	<u>0.52</u>
Totals		<u>\$1,155,750</u>	<u>\$129,133,151</u>	<u>10.55%</u>

<sup>1</sup> Represents percentage of assessed valuation as compared to the total value of the City's maintenance and operation tax digest for calendar year 2025 (\$1,223,315,086).

## Ad Valorem Tax Coverage of Debt Service

The City has made calculations to demonstrate the Debt Service Coverage Ratios, based upon estimated revenues that would be produced by the levy of the Three Mill Tax, that would have occurred for the years ended December 31, 2021 to 2025 (i) had the Series 2026 Bonds and the Cable System Bond been outstanding during such periods, (ii) had no other obligations supported by the Three Mill Tax been outstanding during such periods, and (iii) had the maximum annual debt service payable on the Series 2026 Bonds and the Cable System Bond been paid during such periods. Set forth below is the pro forma ratios of estimated revenues that would be produced by the levy of the Three Mill Tax to maximum annual debt service on obligations supported by the Three Mill Tax (consisting of only the Series 2026 Bonds and the Cable System Bond), for the years ended December 31, 2021 to 2025.

### Pro Forma Debt Service Coverage Ratios Based Upon Levy of Three Mill Tax

	<u>Years Ended December 31</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Estimated Revenues from Three Mill Tax <sup>1</sup>	\$2,685,834	\$2,904,838	\$3,288,744	\$3,504,677	\$3,633,246
Maximum Annual Debt Service*	<u>1,806,845</u>	<u>1,806,845</u>	<u>1,806,845</u>	<u>1,806,845</u>	<u>1,806,845</u>
Pro Forma Debt Service Coverage Ratio*	<u>1.49x</u>	<u>1.61x</u>	<u>1.82x</u>	<u>1.94x</u>	<u>2.01x</u>

<sup>1</sup> See "CITY AD VALOREM TAXATION - Historical Property Tax Data" herein. The estimated revenues generated are based upon an assumed collection rate of 99% of taxes levied.

## **CITY FINANCIAL INFORMATION**

### **Accounting System and Policies**

The accounting practices and policies of the City conform to generally accepted accounting principles as applied to governments. The City's accounting system is organized and operated on a fund basis. The City's funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The City's primary fund is the General Fund, which contains all City revenues except those that are specifically allocated for other purposes. The City may appropriate money from the General Fund for all ordinary City expenses. The Authority is accounted for as a blended component unit of the City. The City also maintains several other funds to account for specific activities or to attain certain objectives.

The funds of the City are grouped into two broad categories:

(1) Governmental Funds - This category includes the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Funds. The General Fund is the principal operating fund of the City and is used to account for all activities of the City not otherwise accounted for in a specified fund. The City has eight Special Revenue Funds, which account for specific revenues that are legally restricted to expenditures for particular purposes. The City has one Debt Service Fund, which is the Tax Allocation District Fund. The Tax Allocation District Fund accounts for taxes restricted for the principal and interest payments on the City's tax allocation bonds. The City has two Capital Projects Funds, which account for the acquisition and construction of major capital facilities, other than those financed by the Proprietary Funds.

(2) Proprietary Funds - This category includes the Enterprise Funds and the Internal Service Funds. The City has three Enterprise Funds, which are the Electrical Power Fund, the Sanitation Fund, and the Stormwater Fund. The Enterprise Funds account for City operations that are designed to be self-supporting. The City has two Internal Service Funds, which are the Customer Service Fund and the Insurance Fund. The Internal Service Funds account for services performed by a central service department of the City for other departments or agencies of the City.

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

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## Five Year General Fund History

Set forth below is an historical, comparative summary of selected balance sheet data for the City's General Fund for the five fiscal years 2021 through 2025. Information in the following table has been extracted from audited financial statements of the City for the years ended June 30, 2021 through 2025. 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 for fiscal years 2021 through 2025, copies of which are available from the City upon request.

### General Fund Balance Sheet

	Years Ended June 30 (Audited)				
	2021	2022	2023	2024	2025
<b>Assets:</b>					
Cash	\$ 6,149,428	\$ 7,733,925	\$ 7,776,404	\$10,329,824	\$ 8,916,239
Investments	797,976	799,771	829,917	875,733	3,968,431
Receivables (net of allowance for estimated uncollectibles):					
Taxes	73,380	39,561	49,917	62,398	67,768
Interest	13,925	16,573	15,789	22,347	21,642
Other	6,601	7,186	16,084	40,429	20,165
Due from other governments	23,958	14,594	7,454	17,336	31,178
Due from other funds	1,113,997	102,061	91,159	136,178	702,174
Prepaid items	361,954	344,686	401,038	455,043	448,666
Due from component unit	--	--	42,789	192,123	--
Restricted cash	<u>3,221,224</u>	<u>3,258,552</u>	<u>3,237,672</u>	<u>3,396,144</u>	<u>3,465,093</u>
Total assets	<u>\$11,762,443</u>	<u>\$12,316,909</u>	<u>\$12,468,223</u>	<u>\$15,527,555</u>	<u>\$17,641,356</u>
<b>Liabilities, deferred inflows of resources, and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 262,602	\$ 262,880	\$ 274,517	\$ 503,376	\$ 801,864
Accrued liabilities	90,489	135,943	167,163	202,603	242,956
Due to other funds	2,572,253	2,941,500	2,774,888	5,411,197	7,437,393
Due to component unit	89,613	104,017	181,868	327,042	87,278
Unearned revenue	<u>582,711</u>	<u>630,829</u>	<u>708,703</u>	<u>587,472</u>	<u>651,220</u>
Total liabilities	<u>3,597,668</u>	<u>4,075,169</u>	<u>4,107,139</u>	<u>7,031,690</u>	<u>9,220,711</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue - property taxes	<u>49,312</u>	<u>47,068</u>	<u>59,843</u>	<u>80,528</u>	<u>83,034</u>
Total deferred inflows of resources	<u>49,312</u>	<u>47,068</u>	<u>59,843</u>	<u>80,528</u>	<u>83,034</u>
<b>Fund Balances:</b>					
Nonspendable	361,954	344,686	401,038	455,043	448,666
Restricted	3,008,499	3,034,012	3,048,547	3,009,427	3,017,492
Committed	9,899	408	--	--	--
Assigned	100,485	97,918	98,875	136,719	23,402
Unassigned	<u>4,634,626</u>	<u>4,717,648</u>	<u>4,752,781</u>	<u>4,814,148</u>	<u>4,848,051</u>
Total fund balances	<u>8,115,463</u>	<u>8,194,672</u>	<u>8,301,241</u>	<u>8,415,337</u>	<u>8,337,611</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$11,762,443</u>	<u>\$12,316,909</u>	<u>\$12,468,223</u>	<u>\$15,527,555</u>	<u>\$17,641,356</u>

Set forth below is an historical, comparative summary of the revenues, expenditures, and changes in fund balance of the City's General Fund for the five fiscal years 2021 through 2025. Information in the following table has been extracted from audited financial statements of the City for the years ended June 30, 2021 through 2025. 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 for fiscal years 2021 through 2025, copies of which are available from the City upon request.

General Fund Statement of Revenues,  
Expenditures, and Changes in Fund Balance

	Years Ended June 30 (Audited)				
	2021	2022	2023	2024	2025
<b>Revenues:</b>					
Taxes	\$13,383,159	\$14,053,412	\$14,796,021	\$15,642,441	\$17,150,168
Licenses and permits	348,357	472,179	532,032	799,214	777,745
Intergovernmental	94,541	101,128	77,672	793,015	58,913
Charges for services	1,316,046	1,541,770	1,449,112	1,604,833	1,678,241
Fines and forfeitures	726,032	926,388	791,719	925,576	530,524
Investment earnings	58,105	107,065	197,062	203,598	188,134
Contributions and donations	36,391	63,674	78,336	168,242	67,776
Other	<u>103,917</u>	<u>82,936</u>	<u>154,806</u>	<u>143,935</u>	<u>89,238</u>
<b>Total revenues</b>	<b><u>16,066,548</u></b>	<b><u>17,348,552</u></b>	<b><u>18,076,760</u></b>	<b><u>20,280,854</u></b>	<b><u>20,540,739</u></b>
<b>Expenditures:</b>					
Current:					
General government	3,284,269	2,843,291	3,184,406	3,682,989	4,101,382
Public safety	6,528,035	6,570,550	6,049,855	6,462,272	6,617,970
Public works	1,325,912	1,209,135	920,208	1,065,532	1,110,440
Housing and development	1,140,082	1,127,983	1,076,541	1,191,985	1,468,272
Judicial	415,534	410,178	497,325	553,316	544,311
Culture and recreation	3,013,589	3,129,623	3,484,736	3,569,566	3,873,843
Debt service	<u>331,830</u>	<u>351,832</u>	<u>351,756</u>	<u>339,295</u>	<u>344,728</u>
<b>Total expenditures</b>	<b><u>16,039,251</u></b>	<b><u>15,642,592</u></b>	<b><u>15,564,827</u></b>	<b><u>16,864,955</u></b>	<b><u>18,060,946</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>27,297</b>	<b>1,705,960</b>	<b>2,511,933</b>	<b>3,415,899</b>	<b>2,479,793</b>
<b>Other financing sources (uses):</b>					
Transfers in <sup>1</sup>	2,446,857	386,904	383,073	516,366	645,328
Transfers out <sup>2</sup>	(2,400,490)	(2,176,286)	(2,913,878)	(3,963,825)	(3,336,164)
Issuance of debt	--	--	--	133,308	--
Sale of capital assets	<u>13,365</u>	<u>162,631</u>	<u>125,441</u>	<u>12,348</u>	<u>133,317</u>
<b>Total other financing sources (uses)</b>	<b><u>59,732</u></b>	<b><u>(1,626,751)</u></b>	<b><u>(2,405,364)</u></b>	<b><u>(3,301,803)</u></b>	<b><u>(2,557,519)</u></b>
<b>Net change in fund balance</b>	<b>87,029</b>	<b>79,209</b>	<b>106,569</b>	<b>114,096</b>	<b>(77,726)</b>
<b>Fund balance at beginning of year</b>	<b><u>8,028,434</u></b>	<b><u>8,115,463</u></b>	<b><u>8,194,672</u></b>	<b><u>8,301,241</u></b>	<b><u>8,415,337</u></b>
<b>Fund balance at end of year</b>	<b><u>\$8,115,463</u></b>	<b><u>\$8,194,672</u></b>	<b><u>\$8,301,241</u></b>	<b><u>\$8,415,337</u></b>	<b><u>\$8,337,611</u></b>

<sup>1</sup> Represents primarily transfers from the City's Electrical Power Fund to its General Fund.

<sup>2</sup> Represents transfers for payments on intergovernmental contracts securing revenue bonds of the Authority and transfers to the Capital Projects Funds and the Acworth Downtown Development Authority Fund.

## **Management Comments Concerning Material Trends in Revenues and Expenditures**

For a narrative overview and analysis of the financial performance of the City for fiscal year 2025, see “**Management’s Discussion and Analysis**” included as part of Appendix A to this Official Statement. Generally accepted accounting principles require the Management’s Discussion and Analysis, among other things, to 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The City’s auditors applied certain limited procedures to the required supplementary information in accordance with generally accepted auditing standards but did not express an opinion or provide any assurance on the information because the limited procedures did not provide them with sufficient evidence to express an opinion or provide any assurance.

### **Budgetary Process**

Georgia law requires each municipality to adopt by ordinance or resolution and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the municipality. Georgia law also requires each municipality to adopt by ordinance or resolution and operate under a project-length balanced budget for each capital projects fund in use by the municipality. A budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

The City adopts annual appropriated budgets for all of its Governmental Funds, with the exception of Capital Projects Funds for which project length budgets are adopted. The City uses the modified accrual basis of accounting in its adopted General Fund budget, which is consistent with the basis of accounting used in the City’s General Fund financial statements, except indirect cost allocations are budgeted as transfers.

In March of each year, information is transmitted to the various departments to enable them to prepare their operating budget requests for the next fiscal year. Prior to mid-March of each year, the budgetary requests are returned and are reviewed by the City Manager. The City Manager then prepares a proposed line item operating budget and submits it to the Mayor and Board of Aldermen by May 1. The proposed operating budget includes proposed expenditures and the means for financing them. Public hearings are then conducted in the City in order to obtain taxpayer comments on the proposed budget. The budget is legally adopted no later than June 30 through passage of an ordinance by the Mayor and Board of Aldermen. Budget amendments must be authorized by the Mayor and Board of Aldermen through a budget revision.

Budgetary control (the level at which expenditures may not legally exceed appropriations) is maintained at the department appropriation level. The City’s department heads, with the approval of the City Manager and the City Treasurer, are authorized, with certain exceptions, to transfer amounts within departmental budgets. Expenditures that would increase total departmental appropriations require the approval of the Mayor and Board of Aldermen. The City also prepares monthly financial statements comparing budgeted and actual amounts.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. All budget appropriations outstanding at year-end lapse under generally accepted accounting principles because they do not constitute expenditures or liabilities. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but the commitments are re-appropriated and honored during the subsequent fiscal year.

### **General Fund Budgets**

Set forth below is a summary of the City’s adopted budget, as amended, for its General Fund for the year ending June 30, 2026. This budget is based upon certain assumptions and estimates of the City regarding future events, transactions, and circumstances. Realization of the results projected in this budget will depend upon implementation by management of the City of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budget set forth below.

General Fund Budget<sup>1</sup>

	Year Ending <u>June 30, 2026</u>
<b>Revenues:</b>	
Taxes	\$16,551,153
Licenses and permits	1,619,903
Intergovernmental	1,951,252
Charges for services	1,501,854
Fines and forfeitures	935,467
Investment earnings	155,046
Contributions and donations	50,000
Other	<u>127,449</u>
Total Revenues	<u>22,892,124</u>
<b>Expenditures:</b>	
Current:	
General government	6,688,679
Public safety	7,761,731
Public works	1,491,780
Housing and development	1,721,680
Judicial	488,332
Culture and recreation	4,386,126
Debt service	<u>315,808</u>
Total Expenditures	<u>22,854,136</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$37,988</u>

<sup>1</sup> Prepared using a basis of accounting consistent with generally accepted accounting principles, with some deviations. See “CITY FINANCIAL INFORMATION - Budgetary Process” herein.

The City has not conformed to its General Fund budgets in a few instances for the fiscal years ended June 30, 2021 to 2025. Set forth below is a summary of unfavorable variances between budgeted and actual amounts for the General Fund for the fiscal years ended June 30, 2021 to 2025.

General Fund Unfavorable Variances

	Years Ended June 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Revenues:</b>					
Taxes	\$--	\$(5,765)	\$ --	\$--	\$--
Licenses and Permits	--	--	(13)	--	--
Intergovernmental	--	(5,630)	(18)	--	--
Fines and Forfeitures	--	--	(6)	--	--
Investment Earnings	--	--	(13)		
Contributions and Donations	--	(13)	(4)	--	--
Other	--	(5)	(5)	--	--
<b>Other Financing Sources (Uses):</b>					
Transfers in	--	(4)	(6)	--	--
Sale of capital assets	--	--	(1)	--	--
<b>Net Cumulative Variance Favorable (Unfavorable)</b>	<b>\$-0-</b>	<b>\$88,318</b>	<b>\$109,663</b>	<b>\$213</b>	<b>\$61,857</b>

The City amended its adopted General Fund budget one time to date during fiscal year 2026. The City expects to further amend its adopted General Fund budget during fiscal year 2026 as circumstances warrant. The City expects to conform in all material respects to its adopted budget, as amended, for its General Fund for fiscal year 2026.

### Capital Improvements

The City has in effect a five year capital improvements plan, which allows the City to plan, on a long-term basis, for future capital needs. Each year the plan is updated to cover the next five years.

The following table summarizes historical capital outlays for the City's governmental activities capital assets (excluding capital assets accounted for in the Enterprise Funds) for the City's five fiscal years 2021 through 2025.

Type of Capital Expenditure	Years Ended June 30 (Audited)				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Land	\$ 117,600	\$1,305,157	\$ 710,322	\$ --	\$ --
Construction in progress	127,541	1,464,637	4,313,325	3,545,316	5,617,715
Buildings	247,900	--	--	2,322,724	3,200,718
Improvements other than buildings	896,445	655,379	985,219	1,068,962	221,807
Intangible assets - software	--	--	--	--	--
Vehicles and equipment	859,147	1,504,519	619,514	1,184,783	1,511,334
Right-to-use leased equipment	--	--	--	698,559	--
Infrastructure	<u>2,619,126</u>	<u>427,552</u>	<u>4,236,092</u>	<u>4,429,476</u>	<u>1,237,023</u>
Total Costs	<u>\$4,867,759</u>	<u>\$5,357,244</u>	<u>\$10,864,472</u>	<u>\$13,249,820</u>	<u>\$11,788,597</u>

Set forth below is a summary of the City's five year capital improvements plan for its General Fund.

Type of Capital Expenditure	Years Ending June 30					Total
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	
City Buildings & Facilities	\$1,177,000	\$1,377,000	\$2,268,667	\$2,418,667	\$2,241,667	\$9,483,001
Roads & Infrastructure	6,327,833	7,299,652	6,229,326	5,629,326	5,479,326	30,965,463
Technology Infrastructure	900,000	300,000	125,000	125,000	125,000	1,575,000
Police Vehicles	<u>324,200</u>	<u>324,200</u>	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>1,488,400</u>
Total Costs	<u>\$8,729,033</u>	<u>\$9,300,852</u>	<u>\$8,902,993</u>	<u>\$8,452,993</u>	<u>\$8,125,993</u>	<u>\$43,511,864</u>
Type of Funding Source						
General Fund & Grants	\$7,479,033	\$8,050,852	\$7,652,993	\$7,202,993	\$6,875,993	\$37,261,864
Special Purpose Local Option Sales Tax	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>6,250,000</u>
Total Sources	<u>\$8,729,033</u>	<u>\$9,300,852</u>	<u>\$8,902,993</u>	<u>\$8,452,993</u>	<u>\$8,125,993</u>	<u>\$43,511,864</u>

**Sources of Governmental Funds Tax Revenues**

Set forth below are the City’s Governmental Funds tax revenues by source for each of its five fiscal years 2021 through 2025.

Governmental Funds Tax Revenues By Source

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Insurance Premium Tax</u>	<u>Intangible Tax</u>	<u>Alcoholic Beverage Excise Tax</u>	<u>Hotel Motel Tax</u>	<u>Real Estate Transfer Tax</u>	<u>Franchise Fees</u>	<u>Other</u>	<u>Total</u>
2021	\$8,841,583	\$1,645,662	\$183,515	\$600,837	\$289,380	\$42,676	\$1,507,122	\$747,686	\$13,858,461
2022	9,270,460	1,699,627	224,498	620,562	459,656	66,266	1,593,113	753,113	14,687,295
2023	9,856,796	1,826,012	134,232	610,195	500,392	64,603	1,622,742	835,938	15,450,910
2024	10,520,977	1,990,208	110,557	595,044	485,216	47,062	1,649,508	926,242	16,324,814
2025	11,837,351	2,143,241	113,540	576,875	493,794	65,520	1,672,184	962,638	17,865,143

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

## **Employee Benefits**

The City furnishes for all full-time employees (over 40 hours a week) a defined benefit pension plan through the Georgia Municipal Employees Benefit System (“GMEBS”) Retirement Fund. GMEBS is an agent multiple employer pension plan administered by the Georgia Municipal Association for approximately 275 municipalities in Georgia. The day-to-day management of those assets and activities is handled by GMEBS. The City joined GMEBS in 1972. Actuarial valuations are performed annually by an actuarial firm for GMEBS. Reference is made to Note 12 of the basic financial statements of the City included as Appendix A and Notes 1 and 2 to the required supplementary information to the basic financial statements of the City included as Appendix A for a description of this plan, the benefits provided by this plan, the plan membership, the contributions to this plan by the City and its employees, the pension liability of the City for this plan, the actuarial assumptions for this plan, the discount rate used to measure the liability of the City for this plan, the sensitivity of the City’s liability for this plan to changes in the discount rate, and the pension expense of the City for this plan. In addition, reference is made to the following required supplementary information to the basic financial statements of the City included as Appendix A for additional information about this plan: (1) Schedule of Changes in the City’s Net Pension Liability and Related Ratios and (2) Schedule of Pension Contributions.

In addition to pension benefits, the City provides certain health care benefits for retired employees of the City and their dependents through contributions to the City’s Post-Employment Health Benefit Fund, a cost-sharing, single-employer defined benefit post-employment healthcare plan that covers retired employees of the City, which is administered by the City. Reference is made to Note 13 of the basic financial statements of the City included as Appendix A and Note 1 to the required supplementary information to the basic financial statements of the City included as Appendix A for a description of this post-employment healthcare plan, the benefits provided by this plan, the contributions to this plan by the City, the liability and expense of the City for this plan, the actuarial assumptions for this plan, the discount rate used to measure the liability of the City for this plan, the sensitivity of the City’s liability for this plan to changes in the discount rate, and the sensitivity of the City’s liability for this plan to changes in the healthcare cost trend rate. In addition, reference is made to the following required supplementary information to the basic financial statements of the City included as Appendix A for additional information about this plan: Schedule of Changes in the City’s Total OPEB Liability and Related Ratios.

The City also offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 401(a) and Section 457. The plans are available to all City employees and permits them to defer income taxation of a portion of their salary to future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claims of the City’s general creditors. Participants’ rights under the plans are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant. The City believes that it is unlikely that it will use these assets to satisfy the claims of general creditors in the future. The City believes that it has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor in making plan investments.

City employees accrue personal leave in different amounts, depending upon the period of time the City has employed them. The maximum amount of personal leave that employees may accumulate is 327.60 hours per year. The City pays accrued personal leave upon termination of employment and has reflected a liability for accumulated personal leave pay in its financial statements. As of June 30, 2025, accrued personal leave pay in the City’s governmental funds totaled \$856,570.

## **Insurance Coverage and Governmental Immunity**

The General Assembly of the State of Georgia has declared, in Section 36-33-1 of the Official Code of Georgia Annotated, that it is the public policy of the State of Georgia that there is no waiver of the sovereign immunity of municipal corporations and that municipal corporations shall be immune from liability for damages. This policy is applicable to actions based upon tort but is not applicable to actions based upon written contracts. 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. Section 36-33-1 of the Official Code of Georgia Annotated also provides that a municipal corporation shall not waive its immunity by the purchase of liability insurance, except for vehicular liability insurance or unless the insurance policy covers an occurrence for which the defense of sovereign immunity is available, but the waiver is limited to the extent of the limits of the insurance policy. Section 36-33-1 of the Official Code of Georgia

Annotated also provides that municipal corporations are not liable for failure to perform or for errors in performing their legislative or judicial powers but are liable for neglect to perform or improper or unskillful performance of their ministerial duties.

Section 36-92-2 of the Official Code of Georgia Annotated provides that the sovereign immunity of municipal corporations for a loss arising out of claims for the negligent use of a motor vehicle is waived up to \$500,000 because of bodily injury or death of any one person in any one occurrence, an aggregate amount of \$700,000 because of bodily injury or death of two or more persons in any one occurrence, and \$50,000 because of injury to or destruction of property in any one occurrence. The waiver provided by this statute is increased to the extent that coverage obtained by the City's membership in the interlocal risk management agency described below exceeds the amount of the waiver set forth above.

The City carries (1) liability insurance for the types of claims and in amounts that are customary for similar entities for those categories of claims that are not subject to the defense of sovereign immunity and (2) property and casualty damage insurance on buildings and other physical assets, in each case through the Georgia Interlocal Risk Management Agency ("GIRMA"), which is a risk sharing arrangement among Georgia municipal corporations administered by the Georgia Municipal Association. The City carries workers compensation and employers liability insurance through the Georgia Municipal Association Group Workers' Compensation Self-Insurance Fund, whereby the risk is pooled with other entities.

Present insurance coverage is summarized below:

<u>Type</u>	<u>Amount in Force</u>
Property (Building and Contents)	\$53,558,025
Crime:	
Blanket Employee Dishonesty	500,000
Forgery or Alteration	500,000
Theft of Money and Securities	500,000
Cyber Liability	1,250,000

<u>Type</u>	<u>Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Aggregate</u>
General Liability	\$1,000,000	\$5,000,000
Law Enforcement Liability	1,000,000	None
Employee Benefits Liability	1,000,000	None
Public Officials Errors and Omissions	1,000,000	None
Automobile Liability	1,000,000	None
Workers' Compensation	2,000,000	None
Public Officials & Employment Practices Liability	1,000,000	None
Public Official Bond (City Clerk)	1,000,000	None
Crime Bond	500,000	None

Reference is made to Note 15 of the City's basic financial statements included as Appendix A for a discussion of the City's risk management program.

The City requires payment and performance surety bonds and builders' risk insurance of all contractors and subcontractors involved in its public works projects. The City requires the surety bonds to be issued by surety firms listed on the U.S. Treasury-approved list and the builders' risk insurance to be in the amount of the contract sums.

## LEGAL MATTERS

### **Pending Litigation**

The City, like other similar bodies, 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 with its general counsel, Haynie, Litchfield & White, P.C., believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the City or its officials in such capacity are adequately covered by insurance 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 Authority or the City, threatened against the Authority or the City that (i) restrains or enjoins the issuance or delivery of the Series 2026 Bonds, the provision of the security for the payment of the Series 2026 Bonds, or the use of the proceeds of the Series 2026 Bonds or (ii) questions or contests the validity of the Series 2026 Bonds or the proceedings and authority under which they are to be issued and secured. Neither the creation, organization, or existence of the Authority or the City, nor the title of the present members or other officials of the Authority or the City to their respective offices, is being contested or questioned. There is no litigation pending or, to the knowledge of the Authority, threatened that in any manner questions the right of the Authority to enter into the Indenture, the Ground Lease, the Construction Loan Agreement, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, or the Contract, or to secure the Series 2026 Bonds in the manner provided in the Indenture. No litigation and no proceedings are pending against the City or its officials, or to their knowledge are threatened against them, that would affect the sale of the Series 2026 Bonds, the security therefor, or the ability of the City to enter into and perform its obligations under the Contract.

The Company has advised that no litigation or proceedings are pending or, to its knowledge, threatened against it except (i) litigation in which the probable recoveries and the estimated costs and expenses of defense, in the opinion of counsel to the Company, will be entirely within the Company's applicable insurance policy limits (subject to applicable deductibles) or (ii) litigation in which, in the opinion of counsel to the Company, an adverse determination would not have a materially adverse effect on the operations or condition, financial or otherwise, of the Company. No litigation and no proceedings are pending against the Company or its officers, or to their knowledge are threatened against them, that would affect the sale of the Series 2026 Bonds, the security therefor, or the ability of the Company to perform its obligations under the Ground Lease, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Franchise Agreement, the Security Agreement, the Bond Guaranty, or the Disclosure Agreement.

### **Opinion of Bond Counsel**

Certain legal matters incident to the authorization, validity, and issuance of the Series 2026 Bonds are subject to the unqualified approving opinion of Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel, whose opinion will be available at the time of delivery of the Series 2026 Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as Appendix C.

Bond Counsel is of the opinion that interest on the Series 2026 Bonds is exempt from State of Georgia income taxation, although the Series 2026 Bonds and the interest thereon may be included in the measure of certain State of Georgia business excise and franchise taxes.

Bond Counsel expresses no opinion regarding any other State of Georgia tax consequences arising with respect to the Series 2026 Bonds.

### **Certain U.S. Federal Tax Consequences of Owning Series 2026 Bonds**

#### *In General*

Bond Counsel will be rendering no legal opinions with respect to any federal tax consequences of purchasing, owning, or disposing of Series 2026 Bonds.

The following constitutes a summary of certain of the U.S. federal income tax consequences of the purchase, ownership, and disposition of the Series 2026 Bonds. It is based on existing law, which is subject to change, with or without retroactive effect. This summary is presented for informational purposes only and is intended to be a discussion primarily of the U.S. federal income tax consequences to owners who are U.S. Holders. It does not

address state, local, and foreign tax consequences to U.S. Holders. It should not be considered as legal or tax advice to prospective purchasers of the Series 2026 Bonds.

A U.S. Holder is a beneficial owner that is a United States person, meaning (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any state thereof or of the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of source, or (iv) a trust subject to the control of a U.S. fiduciary and the primary jurisdiction of a U.S. court. A Non-U.S. Holder is any other beneficial owner of Series 2026 Bonds.

It is not practicable to address all aspects of the U.S. federal tax laws that may affect a U.S. Holder's purchase of the Series 2026 Bonds. This summary does not address any particular tax consequences to U.S. Holders that may be subject to specialized treatment under U.S. federal income tax laws, such as financial institutions; insurance companies; regulated investment companies; tax-exempt organizations; individual retirement and other tax-deferred accounts; dealers in securities or currencies; individuals subject to the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to certain U.S. expatriates; holders that hold Series 2026 Bonds as a position in a hedge, straddle, constructive sale transaction, conversion transaction, "synthetic security," or other integrated transaction for U.S. federal income tax purposes; and U.S. Holders the functional currency of which is not the U.S. dollar. The tax consequences for any such U.S. Holder will vary with each purchaser, depending upon its particular situation.

#### *Inclusion of Interest in U.S. Federal Gross Income*

Interest on the Series 2026 Bonds will be includable in the gross income of U.S. Holders for federal income tax purposes.

#### *Series 2026 Bonds Not Purchased at the Initial Offering Prices*

There may be certain additional tax considerations relevant to those U.S. Holders who purchase Series 2026 Bonds either after their initial offering or at a price other than their initial offering price, whether or not in their initial offering. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the Series 2026 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Series 2026 Bonds.

#### *U.S. Federal Tax Withholding*

Interest payments with respect to the Series 2026 Bonds will be reported to the owners and the IRS. Such amounts will normally not be subject to withholding of federal income tax. The Trustee, however, may be required to withhold federal income tax at a rate of 24% from payments to certain owners ("backup withholding"). This tax may be withheld from certain payments if (i) an owner fails to furnish the Trustee with his or her TIN certified under penalties of perjury, (ii) the Trustee is notified by the IRS that the TIN furnished by an owner is incorrect, (iii) the IRS notifies the Trustee that an owner has failed to report properly certain income to the IRS, or (iv) when required to do so, an owner fails to certify under penalty of perjury that he or she is not subject to backup withholding.

#### *Non-U.S. Holders*

This summary does not address the tax consequences, if any, of ownership of the Series 2026 Bonds by Non-U.S. Holders. Purchasers of Series 2026 Bonds who are Non-U.S. Holders should consult their own tax advisors with respect to the tax consequences of ownership of the Series 2026 Bonds, including, without limitation, the possible exemption or applicability of United States withholding and other taxes on interest payments and other amounts received in respect to the Series 2026 Bonds.

### **Validation Proceedings**

The State of Georgia instituted proceedings in the Superior Court of Cobb County, Georgia to validate the Series 2026 Bonds and the security therefor. The State of Georgia was the plaintiff in the proceeding, and the Authority, the Company, and the City were the defendants. A final judgment confirming and validating the Series 2026 Bonds and the security therefor was entered on November 24, 2025. Under Georgia law, the judgment of validation will be forever conclusive with respect to the validity of the Series 2026 Bonds and the security therefor against the Authority, the Company, and the City. The judgment entered by the Superior Court of Cobb County held, among other things, that the Authority and the City are authorized to enter into the Contract; that the Contract, when executed and delivered, will constitute a valid, binding, and enforceable obligation of the Authority and the City; and that the City is authorized to make all payments required by the Contract and to levy and collect taxes,

within the limitations prescribed by Section 48-5-350 of the Official Code of Georgia Annotated, for the purpose of making all payments required under the Contract.

### **Closing Certificates**

At closing of the sale of the Series 2026 Bonds by the Underwriter, the Authority, the Company, and the City will each deliver to the Underwriter a certificate that (1) no litigation is pending or threatened against it that would have a material effect on the issuance or validity of the Series 2026 Bonds or performance under the contracts securing the Series 2026 Bonds or, in the case of the Company and the City, on its respective financial condition, and (2) the information contained in this Official Statement relating to it does not contain any misstatement of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

## **MISCELLANEOUS**

### **Rating**

Moody's Investors Service, Inc., has assigned a rating of "Aa3" to the Series 2026 Bonds. The rating reflects only the view of the rating agency, and any desired explanation of the significance of the rating should be obtained from the rating agency at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that such 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, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the liquidity and market price of the Series 2026 Bonds.

### **Underwriting**

The Series 2026 Bonds will be purchased for re-offering at negotiated sale by the Underwriter from the Authority at an aggregate purchase price of \_\_\_\_\_ percent of the aggregate principal amount of the Series 2026 Bonds plus accrued interest to the date of delivery. The Underwriter will enter into a Bond Purchase Agreement that provides that the Underwriter will purchase all of the Series 2026 Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2026 Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter intends to offer the Series 2026 Bonds to the public initially at the offering prices set forth on the cover page of this Official Statement, which offering prices may subsequently be changed from time to time by the Underwriter without any requirement of prior notice. The offering prices set forth on the cover page of this Official Statement average \$\_\_\_\_ per \$1,000 principal amount of the Series 2026 Bonds in excess of the purchase price to be paid to the Authority by the Underwriter. The Underwriter will receive no fee (other than the anticipated profits described in the preceding sentence) from the Authority for underwriting the Series 2026 Bonds. The Underwriter has reserved the right to permit other securities dealers who are members of the Financial Industry Regulatory Authority Inc. to assist in selling the Series 2026 Bonds. The Underwriter may offer and sell the Series 2026 Bonds to certain dealers (including dealers depositing Series 2026 Bonds into investment trusts) at prices lower than the public offering prices set forth on the cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2026 Bonds will be deducted from the Underwriter's underwriting profits or fees.

### **Independent Auditors**

The basic financial statements of the City as of June 30, 2025 and for the year then ended, attached hereto as Appendix A, have been audited by Nichols, Cauley & Associates, LLC, Kennesaw, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of Nichols, Cauley & Associates, LLC.

### **Transactions with Related Persons**

The Manager, an affiliate of the Company, (1) will contract with the Company pursuant to the Development Agreement to provide development services for the Project and (2) will contract with the Company pursuant to the Management Agreement to provide management services for the Project. The two members of the Manager are also

officers of the Company. See **“THE PROJECT - Manager”** herein. These contracts may be amended by mutual agreement of the contracting parties to include additional services at additional costs.

The contracts described above were not arrived at through arm’s length negotiations or subjected to competitive bidding, and no representation is made that contracts for comparable services could not be negotiated on a more favorable basis to the Company with unrelated parties. In addition, the relationships described above may result in conflicts of interest. See **“INVESTMENT CONSIDERATIONS - Conflicts of Interest”** herein.

**Additional Information**

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

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2026 Bonds.

**RESPONSIBILITY FOR OFFICIAL STATEMENT**

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, the Company, and the City. The contents of this Official Statement are the responsibility of the Company and the City, except that the Authority is responsible for the statements contained under the caption **“THE AUTHORITY”** and the information with respect to the Authority appearing under the caption **“LEGAL MATTERS - Pending Litigation”** herein, and, with the exception of the foregoing information for which the Authority is responsible, the Authority makes no representation as to the accuracy or completeness of any information contained herein.

**ACWORTH DOWNTOWN  
DEVELOPMENT AUTHORITY**

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

**LAKE CITY HOSPITALITY LLC**

By: \_\_\_\_\_  
Chief Financial Officer

**CITY OF ACWORTH**

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

## **APPENDIX A**

### **FINANCIAL STATEMENTS OF THE CITY**

The basic financial statements of the City as of June 30, 2025, and for the year then ended, included as this Appendix A, have been audited by Nichols, Cauley & Associates, LLC, Kennesaw, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Nichols, Cauley & Associates, LLC.

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**CITY OF ACWORTH, GEORGIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2025**

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**CITY OF ACWORTH, GEORGIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Thomas W. Allegood, Mayor  
Board of Aldermen  
City of Acworth  
Acworth, Georgia

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Acworth, Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Acworth, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Acworth, Georgia, as of June, 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation

and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, the Schedule of Changes in the City's Total OPEB Liability and Related Ratios, and the budgetary comparison information on pages 5-18 and 61-69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Acworth, Georgia's basic financial statements. The combining and individual fund statements and schedules, supplementary information, and special reports section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, supplementary information, and the special reports section 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. The 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 fund statements and schedules, supplementary information, and the special reports section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency

exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025 on our consideration of the City of Acworth, 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 the effectiveness of 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 Acworth, Georgia's internal control over financial reporting and compliance.

*Richels, Cauley + Associates, LLC*

Kennesaw, Georgia  
December 11, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2025

City of Acworth, Georgia

As management of the City of Acworth, we offer readers of the City of Acworth's financial statements this narrative overview and analysis of the financial activities of the City of Acworth, Georgia (the City) for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information in the letter of transmittal, which can be found on pages i-iv of this report.

### Financial Highlights

- The City's net position totals \$92,363,146 at the end of the year. This amount includes \$74,582,246 net investment in capital assets, a restricted portion of \$18,593,492 and an unrestricted net position of negative \$812,592.
- The City's total net position increased by \$9,580,427. Net position for governmental activities increased by \$7,846,613 or 12.3% and business-type net position increased by \$1,733,814 or 9.0%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,692,931, an increase of \$1,492,524. The net unassigned fund balance of \$4,503,999 is comprised of \$4,848,051 in the General Fund and a deficit of \$344,052 in the ARPA Special Revenue Fund which is due to a pending grant reimbursement.
- The City's total debt decreased \$2,314,673.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Acworth'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 the financial statements. In addition to the basic statements, this report contains other supplementary information, including combining statements for non-major funds, and a statistical section. Comparative data is presented as applicable.

**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.

- The *statement of net position* presents, combines, and consolidates the City's current financial resources with capital assets and liabilities, with the difference between the two reported as *net position*. This statement provides information on all 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 City's financial position is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net position changed during the 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 the statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

In the Statement of Net Position and the Statement of Activities, the city is divided into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including public safety, public works, culture and recreation, economic development, general administration and the City's employee insurance internal service fund. Property taxes and franchise fees finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help recover all or most of the cost of certain services it provides. The City's electrical power system, solid waste sanitation system, and stormwater system are reported here along with the City's customer service internal service fund.
- **Component unit** – The City has one discretely presented component unit - the Acworth Tourism Bureau Authority.

**Fund Financial Statements.** A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds are provided in the form of combining statements in a later section of the

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2025

City of Acworth, Georgia

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report. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance, provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City maintains twelve governmental funds. Information is presented separately in the governmental fund balance sheet, the governmental fund statement of revenues, and expenditures and changes in fund balance for the General Fund, Capital Improvement Fund, and the Special Purpose Local Option Sales Tax (SPLOST) Fund. These are considered major funds. Data from the other funds is combined into a single, aggregate presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found beginning on page **21** of this report.

The City of Acworth adopts a budget for all funds it operates. A budgetary comparison schedule has been provided for the General Fund as required supplementary information. Budget to actual comparisons for other governmental-type funds are provided in individual schedules elsewhere in this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City maintains three enterprise funds: Acworth Power, Acworth Sanitation, and Acworth Stormwater. *Internal Service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City has two internal service funds. One internal service fund is used to account for its customer service activities associated with Acworth Power, Acworth Sanitation, Acworth Stormwater, occupational tax certificate issuance, and property tax collections. This service predominantly benefits business-type activities more than governmental functions and is therefore included within the business-type activities in the government-wide financial statements. The City utilizes an internal service fund for the purpose of administering its workers compensation insurance as well as the employee medical insurance. This internal service fund has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Acworth Power, Acworth Sanitation, and Acworth Stormwater. The internal service funds of Customer Service and Insurance are presented in the proprietary fund section.

The basic proprietary funds financial statements are presented beginning on page **24** of this report.

**Notes to the Basic Financial Statements.** The financial statements include notes that explain some of the information in the financial statements and provide information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page **28** of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page **61** of this report.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

**June 30, 2025**

**City of Acworth, Georgia**

The City reports major funds in the basic financial statements. Combining and individual fund statements and schedules for non-major funds are presented following the notes to the financial statements and begins on page **70** of this report.

**Government-Wide Financial Analysis**

The following table provides a summary of the City’s governmental and business-type net position for the fiscal year. The City’s net position increased \$9,580,427 in fiscal year 2025. The net position of the governmental activities includes a \$64,211,744 net investment in capital assets. Capital Assets of \$71,848,069 include land, buildings, park improvements, infrastructure, machinery and equipment net of accumulated depreciation. Related debt includes revenue bonds of \$7,025,000, installment sales agreements of \$1,204,002, and leases totaling \$434,274.

The net position of the business-type activities includes \$10,370,502 net investment in capital assets. Capital assets of \$10,419,807 include land, building, electrical infrastructure, stormwater infrastructure, other improvements, machinery and equipment, net of accumulated depreciation.

For more detailed information, see the Statement of Net Position on page **19** of the financial statements and the notes to the financial statements.

	<b>Summary of Net Position</b>						Total % Change 2025-2024
	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	
<b>Assets:</b>							
Current and Other Assets	\$33,439,082	\$32,333,456	\$27,318,837	\$24,992,347	\$60,757,919	\$57,325,803	5.99%
Capital Assets	71,848,069	68,719,336	10,419,807	10,751,211	82,267,876	79,470,547	3.52%
<b>Total Assets</b>	<b>105,287,151</b>	<b>101,052,792</b>	<b>37,738,644</b>	<b>35,743,558</b>	<b>143,025,795</b>	<b>136,796,350</b>	<b>4.55%</b>
<b>Deferred outflows of resources:</b>							
Related to OPEB	2,142,966	3,010,212	875,297	1,113,366	3,018,263	4,123,578	-26.80%
Related to pensions	725,110	1,461,356	226,229	476,560	951,339	1,937,916	-50.91%
<b>Total Deferred Outflows of Resources</b>	<b>2,868,076</b>	<b>4,471,568</b>	<b>1,101,526</b>	<b>1,589,926</b>	<b>3,969,602</b>	<b>6,061,494</b>	<b>-34.51%</b>
<b>Liabilities:</b>							
Current liabilities	6,399,600	7,116,641	2,378,524	2,398,615	8,778,124	9,515,256	-7.75%
Long-term liabilities	22,633,658	26,800,866	6,101,595	6,301,426	28,735,253	33,102,292	-13.19%
<b>Total Liabilities</b>	<b>29,033,258</b>	<b>33,917,507</b>	<b>8,480,119</b>	<b>8,700,041</b>	<b>37,513,377</b>	<b>42,617,548</b>	<b>-11.98%</b>
<b>Deferred inflows of resources:</b>							
MEAG project	-	-	6,413,289	6,482,162	6,413,289	6,482,162	-1.06%
Related to OPEB	6,429,800	7,814,659	2,626,257	2,890,353	9,056,057	10,705,012	-15.40%
Related to pensions	1,257,269	203,907	392,259	66,496	1,649,528	270,403	510.03%
<b>Total Deferred Inflows of Resources</b>	<b>7,687,069</b>	<b>8,018,566</b>	<b>9,431,805</b>	<b>9,439,011</b>	<b>17,118,874</b>	<b>17,457,577</b>	<b>-1.94%</b>
<b>Net position:</b>							
Net investment in capital assets	64,211,744	59,341,169	10,370,502	10,716,243	74,582,246	70,057,412	6.46%
Restricted	18,593,492	18,639,557	-	-	18,593,492	18,639,557	-0.25%
Unrestricted	(11,370,336)	(14,392,439)	10,557,744	8,478,189	(812,592)	(5,914,250)	-86.26%
<b>Net Position</b>	<b>\$ 71,434,900</b>	<b>\$ 63,588,287</b>	<b>\$ 20,928,246</b>	<b>\$ 19,194,432</b>	<b>\$ 92,363,146</b>	<b>\$ 82,782,719</b>	<b>11.57%</b>

**Changes in Net Position**

The City’s total revenues before transfers were \$53,183,818 in fiscal year 2025. Expenses before transfers were \$43,603,391 for the same period. Governmental and business-type activities combined provided a \$9,580,427 increase in net position.

Governmental activities revenues, before transfers, were \$31,748,466 and included \$3,783,496 in charges for services, operating grants and contributions of \$440,103 and capital grants and contributions of \$8,574,613. The total change in

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

**June 30, 2025**

**City of Acworth, Georgia**

net position for governmental activities from 2024 to 2025 is \$7,846,613. The most influential factor of this change in net position is the increase in property tax billing and collections. The total tax digest increased by 6.6%, with residential assessed values contributing to the greatest portion of this increase. The largest governmental activities expenses were for public safety of \$8,140,552, culture and recreation of \$5,602,929, general government of \$4,623,757, and public works of \$3,549,910. Expenses include depreciation expense as explained in the notes to the financial statements.

Business-type activity revenues, before transfers, were \$21,435,352, and included \$20,679,793 in charges for services and \$1,250 in capital grant and contributions. The largest business-type activity expenses were for electric of \$15,446,936 which included wholesale power expenses of \$10,539,308 and personal services of \$1,803,955. Sanitation services include expenses of \$1,024,740 for personal services and \$453,586 in landfill tipping fees. The Stormwater utility fund included expenses for personal services of \$601,749 and operating expenses of \$301,855. The increase in net position of \$1,733,814 is largely due to the increase in the year-end settlement received from MEAG power during the year.

The table below shows the summary of the changes in net position during the year.

**Summary of Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
<b>Program:</b>						
Charges for services	\$ 3,783,496	\$ 4,043,809	\$ 20,679,793	\$ 20,148,236	\$ 24,463,289	\$ 24,192,045
Operating Grants and Contributions	440,103	234,068	-	-	440,103	234,068
Capital Grants and Contributions	8,574,613	11,871,720	1,250	3,750	8,575,863	11,875,470
<b>General:</b>						
Property taxes	11,462,467	10,221,155	-	-	11,462,467	10,221,155
Insurance premium taxes	2,143,241	1,990,208	-	-	2,143,241	1,990,208
Alcohol taxes	577,162	595,360	-	-	577,162	595,360
Hotel/motel taxes	493,794	485,216	-	-	493,794	485,216
Franchise taxes	1,672,184	1,649,508	-	-	1,672,184	1,649,508
Financial Institution tax	55,949	56,867	-	-	55,949	56,867
Business Taxes	879,574	854,871	-	-	879,574	854,871
Contributions not restricted	748,027	648,622	-	-	748,027	648,622
Operating Grants not restricted	624,660	1,248,141	-	-	624,660	1,248,141
Gain on sale of capital assets	70,185	-	-	-	70,185	-
Unrestricted Interest	223,011	241,713	754,309	700,855	977,320	942,568
<b>Total Revenues</b>	<b>31,748,466</b>	<b>34,141,258</b>	<b>21,435,352</b>	<b>20,852,841</b>	<b>53,183,818</b>	<b>54,994,099</b>
<b>Expenses:</b>						
General Government	4,623,757	4,582,650	-	-	4,623,757	4,582,650
Judicial	545,583	588,026	-	-	545,583	588,026
Public works	3,549,910	3,884,985	-	-	3,549,910	3,884,985
Culture and Recreation	5,602,929	5,347,317	-	-	5,602,929	5,347,317
Public safety	8,140,552	8,738,745	-	-	8,140,552	8,738,745
Housing and Development	1,633,798	1,407,712	-	-	1,633,798	1,407,712
Interest on long-term debt	256,859	278,476	-	-	256,859	278,476
Electric	-	-	15,446,936	16,410,533	15,446,936	16,410,533
Sanitation	-	-	2,399,431	2,279,224	2,399,431	2,279,224
Stormwater	-	-	1,403,636	502,648	1,403,636	502,648
<b>Total Expenses</b>	<b>24,353,388</b>	<b>24,827,911</b>	<b>19,250,003</b>	<b>19,192,405</b>	<b>43,603,391</b>	<b>44,020,316</b>
<b>Change in Net Position before</b>						
Transfers	7,395,078	9,313,347	2,185,349	1,660,436	9,580,427	10,973,783
Transfers	451,535	(4,808,364)	(451,535)	4,808,364	-	-
<b>Change in net position</b>	<b>7,846,613</b>	<b>4,504,983</b>	<b>1,733,814</b>	<b>6,468,800</b>	<b>9,580,427</b>	<b>10,973,783</b>
<b>Net Position - Beginning</b>	<b>63,588,287</b>	<b>59,083,304</b>	<b>19,194,432</b>	<b>12,725,632</b>	<b>82,782,719</b>	<b>71,808,936</b>
<b>Net Position - Ending</b>	<b>\$ 71,434,900</b>	<b>\$ 63,588,287</b>	<b>\$ 20,928,246</b>	<b>\$ 19,194,432</b>	<b>\$ 92,363,146</b>	<b>\$ 82,782,719</b>

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

**June 30, 2025**

**City of Acworth, Georgia**

**Governmental Activities**

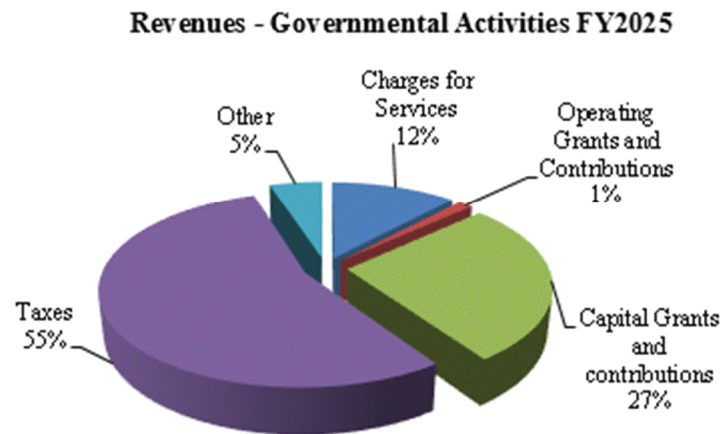
The City’s governmental activities are heavily reliant on property taxes to support governmental operations. The governmental activities increased the City’s net position by \$7,395,078 before transfers and increased the City’s net position by \$7,846,613 after net transfers of \$451,535. This accounts for 82% of the total increase in net position.

The following table illustrates the costs of governmental expenses along with the net costs after the deduction of program revenues:

<b>Governmental Activities</b>		
	FY 2025 Total Expenses	FY 2025 Net (Expense) Revenue and Change in Net Position
General Government	\$ 4,623,757	\$ (3,814,068)
Judicial	545,583	(15,059)
Public Works	3,549,910	3,367,808
Culture and Recreation	5,602,929	(3,674,237)
Public Safety	8,140,552	(6,228,131)
Housing and Development	1,633,798	(934,630)
Interest	256,859	(256,859)
<b>Total</b>	<b>\$ 24,353,388</b>	<b>\$ (11,555,176)</b>

Additional information concerning net cost of services may be found in the Statement of Activities on Page 20.

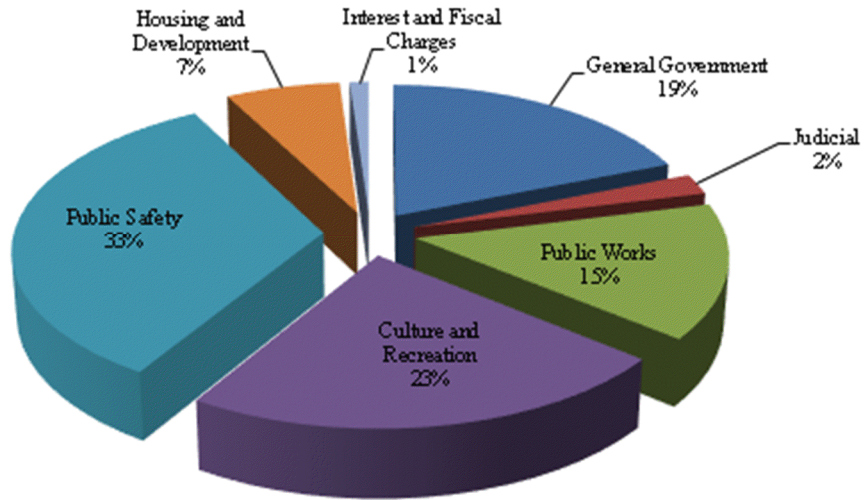
The following charts show the source of the City’s governmental revenues and expenses.



**Revenue Impacts:**

- Taxes of \$17,284,371 provided 55% of governmental revenues of general operations. Property Taxes in the amount of \$11,462,467 represent 66% of taxes. The M&O millage remained at 8.95 mills.
- Capital Grants and Contributions of \$8,574,613 provided 27% of governmental revenues of general operations and includes intergovernmental proceeds related Special Purpose Local Options Sales Tax and grants related to infrastructure.
- Charges for services of \$3,783,496 provides 12% of governmental revenues of general operations and includes housing and development fees of \$699,168 culture and recreation fees of \$1,323,219.
- The transfer in from business-type activities in the amount of \$451,535 decreased \$5,259,899 from the prior year transfer out amount of \$4,808,364.

**Expenses - Governmental Activities - FY 2025**



**Expense Impacts:**

- Personnel expense overall increased 10% due to pay adjustments and an increase in health insurance premiums.
- Public Safety expenses of \$8,140,522 account for 33% of governmental expenses. This is a decrease of 7% from prior year as a result of replacement of in-car and worn body cameras in the prior fiscal year.
- Public Works expenses of \$3,549,910 account for 15% of governmental expenses. This is a decrease of 9% from prior year and is the result of professional fees in the prior fiscal year.
- General government expenses of \$4,623,757 represent 19% of governmental expenses and remain consistent from the prior fiscal year with only a 1% increase.
- Culture and recreation expenses of \$5,602,929 increased 5% from prior year and represents 23% of governmental expenses. Most of this increase is attributed to increases in personnel costs and temporary labor.
- Interest on debt service decreased \$21,617 due to debt reduction.
- Total expenses decreased \$474,523 (approximately 2%) from the prior year.

**Business-Type Activities**

The City’s business-type activities include Acworth Power, Acworth Sanitation, Acworth Stormwater, and an internal service fund (Customer Service). Net position for business-type activities increased \$2,185,349 before net transfers out of \$451,535.

<b>Business Activities</b>		
	FY 2025 Total Expenses	FY 2025 Net (Expense) Revenue and Change in Net Position
Electric	\$ 15,446,936	\$ 1,871,301
Sanitation	2,399,431	22,831
Stormwater	1,403,636	(463,092)
<b>Total</b>	<b>\$ 19,250,003</b>	<b>\$ 1,431,040</b>

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

**June 30, 2025**

**City of Acworth, Georgia**

Revenues for business-type activities for fiscal year 2025 were \$21,435,352; an increase of \$582,511 from prior year as the result of increased kilowatt hours sold during the fiscal year and positive returns on investment earnings.

**Financial Analysis of the City’s Funds**

**Governmental Funds.** The focus of the City of Acworth’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. General governmental functions are contained in the general, special revenue, capital projects and debt service funds. Such information is useful in assessing the City’s financing requirements. Particularly, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

Financial Analysis of the City’s Major Governmental Funds					
Fund	Fund Balances 06/30/2024	Revenues / Sources	Expenditures / Uses	Revenue / Sources Over (Under) Expenditures/Uses	Fund Balances 06/30/2025
General Fund	\$ 8,415,337	\$ 21,319,384	\$ 21,397,110	\$ (77,726)	\$ 8,337,611
SPLOST	13,843,182	7,623,464	7,117,765	505,699	14,348,881
Capital Improvement	4,875,221	3,145,761	1,633,477	1,512,284	6,387,505

As of June 30, 2025, the City’s governmental funds reported combined ending fund balances of \$29,692,931, an increase of \$1,492,524 from the prior year. The General Fund had a decrease in fund balance of \$77,726. The SPLOST Fund is a major fund and had an increase in fund balance of \$505,699 because of the timing of capital projects. The Capital Improvement Fund is a major fund and had an increase in fund balance of \$1,512,284 due to a transfer from the general fund for future projects. Projects are still in progress as of the end of the fiscal year. Other non-major Governmental Funds had a net decrease of \$447,733 for a total fund balance of \$618,934; the majority of which is in the Confiscated Assets Fund.

The nonspendable portion of fund balance includes amounts restricted for prepaid insurance and prepaid expenditures. The restricted and committed portions of fund balance represent amounts restricted for seized assets held by the police department, capital projects and proceeds from the sale of the water and sewer system that cannot be spent without voter approval. Assignments of fund balance may be made by the city manager for future projects.

**General Fund**

At June 30, 2025, Acworth’s total fund balance for General Fund was \$8,337,611 and consisted of the following:

- Nonspendable – \$448,666 for prepaid insurance and future services.
- Restricted – \$6,215 for Public Safety, \$4,938 for Culture and Recreation, \$183 for Housing and Development, \$894 for Public Works; \$164 for Judicial, \$5,098 for General Government, and \$3,000,000 for voter appropriation.
- Assigned – \$17,791 for Housing and Development and \$5,611 for Culture and Recreation.
- Unassigned – \$4,848,051 which is an increase of \$33,903 from prior year.

Total Fund balance for the General fund decreased \$77,726 from the prior year.

As a measure of the General Fund’s liquidity, it may be helpful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 27% of the total fiscal year 2025 expenditures before transfers, while total fund balance is 46% of the same amount.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

**June 30, 2025**

**City of Acworth, Georgia**

<b>General Fund - Revenues by Source</b>						
	FY2025		FY2024		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 17,150,168	83%	\$ 15,642,441	77%	\$ 1,507,727	10%
License & Permits	777,745	4%	799,214	4%	(21,469)	-3%
Intergovernmental	58,913	0%	793,015	4%	(734,102)	-93%
Charges for Services	1,678,241	8%	1,604,833	8%	73,408	5%
Fines & Forfeitures	530,524	3%	925,576	5%	(395,052)	-43%
Investment Earnings	188,134	1%	203,598	1%	(15,464)	-8%
Contributions & Donations	67,776	0%	168,242	1%	(100,466)	-60%
Other	89,238	0%	143,935	1%	(54,697)	-38%
<b>Total</b>	<b>\$ 20,540,739</b>	<b>100%</b>	<b>\$ 20,280,854</b>	<b>100%</b>	<b>\$ 259,885</b>	<b>1%</b>

The following provides an explanation of revenues by source changes from FY2024 to FY2025:

- **Taxes.** Property taxes are the most significant revenue source during the year at \$11,642,998 and represent 68% of tax revenues. The taxable digest increased 6.6% and the millage rate remained at 8.95 mills during the fiscal year. Insurance Premium Taxes increased 8% to \$2,143,241. Occupational Taxes also increased 3% to \$879,574.
- **Licenses and permits.** License and permits saw a decrease of \$21,469 (3%). Building code permits make up the bulk of the decrease at \$14,271 lower than prior year due to a decrease in volume. Licenses and permits represent 4% of the total General Fund revenues before transfers.
- **Intergovernmental.** Intergovernmental revenue decreased 93% to \$58,913. The decrease is related to the Homeowner Tax Relief Grant received in FY24.
- **Charges for service.** Charges for services represents 8% of total General Fund revenues and saw an increase of \$73,408 (5%) mainly due to increased recreation program and rental revenues.
- **Fines and forfeitures.** Fines and forfeitures represent 3% of total General Fund revenues and decreased 43% to \$530,524. Decreased traffic violations contributed to the change from the prior year.
- **Investment earnings.** Investment earnings decreased 8% from the prior year due to the decrease in cash balances and interest rate fluctuations.
- **Contributions and donations.** Contributions and donations decreased 60% to \$67,776. Donations are used to fund programs such as Acworth Achievers, Expanding Horizons, and the Acworth Community Garden. Contributions and donations vary from year to year. The Acworth Achievers formed their own 501(c)(3) during the fiscal year and will operate independently from the City moving forward.
- **Other.** Other revenue decreased 38% to \$89,238. The decrease is attributed predominantly to reimbursements for damaged property in the prior year.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

**June 30, 2025**

**City of Acworth, Georgia**

<b>General Fund - Expenditures by Function</b>						
	FY2025		FY2024		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Government	\$ 4,101,382	21%	\$ 3,682,989	22%	\$ 418,393	11%
Public Safety	6,617,970	37%	6,462,272	38%	155,698	2%
Public Works	1,110,440	6%	1,065,532	6%	44,908	4%
Housing & Development	1,468,272	8%	1,191,985	7%	276,287	23%
Judicial	544,311	3%	553,316	3%	(9,005)	-2%
Culture & recreation	3,873,843	21%	3,569,566	21%	304,277	9%
Debt Service	344,728	2%	339,295	2%	5,433	2%
<b>Total</b>	<b>\$ 18,060,946</b>	<b>100%</b>	<b>\$ 16,864,955</b>	<b>100%</b>	<b>\$ 1,195,991</b>	<b>7%</b>

The following provides an explanation of expenditures by function changes from FY2024 to FY2025:

Overall, general fund personnel costs increased approximately 13%. During the year, the effects of pay adjustments, personnel re-organization, and group insurance increases accounted for the bulk of the net change.

- **General government.** Increased \$418,393 or 11% from prior year and was mostly attributed to a reorganization of personnel and pay adjustments.
- **Public Safety.** Public safety consists of the police department activities and housing of inmates at other facilities. FY2025 had an increase of \$155,698 or 2%. This increase was attributed to pay adjustments and increased cost for prisoner housing and medical expenditures.
- **Public Works.** Public works increased \$44,908 or 4% due to pay adjustments and increases in group insurance rates. This increase was offset by a decrease in contracted maintenance expenses.
- **Housing and Development.** Housing and development increased \$276,287 or 23% due to pay adjustments and increases in group insurance rates. Increased tax allocation increments paid to other entities also account for the increase.
- **Judicial.** Municipal court operations decreased \$9,005 or -2% due to payments to a consultant for assistance after the reorganization of personnel in the prior year.
- **Culture and Recreation.** Culture and recreation increased \$304,277 or 9%. Most of this increase relates to the increase in personnel costs. Payment was also made to the Acworth Achiever’s 501 (c)(3) for funds held by the City in their name.

**SPLOST**

At June 30, 2025, SPLOST fund balance was \$14,348,881. SPLOST proceeds are received monthly, and the levy will continue through December 2027. SPLOST receipts totaling \$7,420,524 were received during the year. Work was completed on the Cowan Road multi-use trail project and the Power and Public Works building renovations in FY2025. Continuing projects including miscellaneous paving and Northside Drive improvements were still under construction at the end of FY2025.

**Capital Improvement Fund**

At June 30, 2025, the fund balance was \$6,387,505. Committed Fund Balance of \$1,631,616 relates to open purchase orders for current projects. Assigned Fund Balance of \$4,755,889 includes funds assigned for future projects and purchases. Transfers in from the general fund and the Coronavirus State and Local Fiscal Recovery Funds from the American Rescue Plan during FY2025 are to provide funding for capital projects that are needed city-wide and include downtown parking improvements, technology and security upgrades, bridge and facility improvements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2025

City of Acworth, Georgia

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### Non Major Governmental Funds

The remaining non major funds of the City are as follows:

#### Special revenue funds

- **Hotel Motel Tax Fund** – Levied at a rate of 8%. Taxes received were \$493,794; an increase of \$8,578 or 2%.
- **Recreational Impact Fee Fund** – Assessed at \$500 per residential dwelling for recreational purposes. Fees received were \$48,300. Fund Balance is \$125,941 at June 30, 2025.
- **Confiscated Asset Fund** – Total revenues of \$334,796 are related to the seizure of property associated with illegal substances or activities. Fund balance is \$739,971 at June 30, 2025.
- **Soil Erosion Fees Fund** – Fees received in FY2025 were \$3,253. Fund balance is \$28,980 at June 30, 2025.
- **ARPA Grant Fund** - The City entered into an agreement to receive Coronavirus State and Local Fiscal Recovery Funds through the American Rescue Plan Act (ARPA). City's allocation totaling \$8,521,070 has been recognized in FY2022 through FY2025. These funds are required to be encumbered by December 31, 2024, and spent by December 31, 2026. The ARPA Grant Fund had a net change in fund balance of \$(344,0520) due to the deferral of a pending grant reimbursement.
- **Emergency Telephone System Fund** – Total revenues of \$555,060 account for the receipt of prepaid wireless 911 fees and non-prepaid wireless 911 fees from the Georgia Department of Revenue.
- **Acworth Lake Authority** – Fund Balance at June 30, 2025 is \$18,191. The Authority is blended with the primary government based upon the debt relationship concerning recreational facilities.
- **Acworth Downtown Development Authority** – Fund Balance at June 30, 2025 is \$49,900. The Authority is blended with the primary government based on the debt relationship. Debt service payments are made by the primary government.

#### Debt Service Fund

The Debt Service Fund consists of the debt associated with the City's Tax Allocation District. Other debts of the City are presented within the corresponding funds. Debt outstanding for the Tax Allocation District as of June 30, 2025 is \$505,000 and will be paid off in December 2025. The debt is repaid by the tax increment within the district.

**Proprietary Funds Overview.** The City's proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The City operates three enterprise funds and two internal service funds. The change in net position of the proprietary funds for FY2025 was \$1,659,288.

Acworth Power provides electrical service to approximately 7,000 residential and commercial customers. Operating revenues of Acworth Power increased 2% from the prior year. Kilowatt hours sold increased 3% from the prior year to 101,896,898. Salaries remained relatively flat due to turnover in the department in FY2025 but overall personal services costs decreased 13% due to adjustments for pension liability changes. Operating expenses decreased 5% in fiscal year 2025, mostly due to the increase in the year-end settlement received from MEAG power which is netted against wholesale power costs. Operating income therefore saw an increase of \$1,354,823 because of the settlement, combined with the increase in operating revenues. As a participant of MEAG, the City incurs costs related to the Vogtle Construction Project which are part of the wholesale power costs. Investment earnings increased \$53,454 due to changes in market conditions. Transfers out remained consistent with the prior year. Net position for Acworth Power increased \$1,936,106 to \$16,007,766.

Acworth Sanitation provides solid waste sanitation services to over 7,700 residential and commercial customers, collecting over 8,300 tons of refuse. Operating revenues increased \$136,044 from prior year and personal expenses increased \$64,126. OPEB adjustments during FY2025 accounted for most of this increase. Operating expenses increased \$47,937 mainly due to repairs on aging equipment. Net position for Acworth Sanitation increased \$22,831 to a negative \$823,408.

Acworth Stormwater is responsible for soil erosion and water quality inspections, and completion of all state and federally required reporting. The city maintains a permit to discharge stormwater in the municipal stormwater management system and must demonstrate we are monitoring our streams and complying with applicable state and

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

**June 30, 2025**

**City of Acworth, Georgia**

federal laws to maintain this status. The city first billed its stormwater utility fee in FY2024. Operating revenues of \$940,544 remain consistent with the prior year. Personal services increased \$331,370 due to the addition of personnel and pension and OPEB adjustments during FY2025. Operating expenses increased \$76,076 or 34% from the prior year due to contracted repairs, equipment rentals, and an increase in the general cost allocation percentage. Capital contributions totaled \$238,126 due to the transfer of capital assets from governmental activities. Net position for Acworth Stormwater decreased \$224,966.

<b>Enterprise Net Operating Income (Loss) Non-Operating Revenues (Expenses) and Transfers In (Out)</b>		
	Fiscal Year	
	2025	2024
Operating Income (Loss):		
Acworth Power	\$ 1,870,208	\$ 515,385
Acworth Sanitation	23,391	8,955
Acworth Stormwater	(463,092)	433,858
Total	<u>1,430,507</u>	<u>958,198</u>
Non-Operating Revenues (Expenses)	<u>753,749</u>	<u>698,894</u>
Contributed Capital	<u>239,376</u>	<u>5,495,049</u>
Income (Loss) Before Transfers	<u>2,423,632</u>	<u>7,152,141</u>
Transfers In (Out)	<u>(689,661)</u>	<u>(682,935)</u>
Change in Net Position	<u>\$ 1,733,971</u>	<u>\$ 6,469,206</u>

Internal service funds are utilized for two operations within the City. The Customer Service fund provides customer service support for customers of Acworth Power, Acworth Sanitation, and Acworth Stormwater, as well as occupational tax certificate holders and administration of property tax collections. The Customer Service Fund had a change in net position of \$(157) for an ending net position of \$688.

The City’s workers compensation and employee medical insurance programs are combined in an internal service fund. These funds are presented in the Proprietary Fund financial statements. Health insurance rates increased in FY2025. Costs were allocated to the related funds; however, the insurance fund ended the year with a decrease in net position of \$(74,526) due to the budgeted use of prior year surplus funds. Additional information on the insurance is contained in Note 15 in the notes to the financial statements.

**General Fund Budgetary Highlights**

The City’s budget is prepared in accordance with the laws of the State of Georgia and the Code of Ordinances of the City of Acworth. The City adopts the fiscal budget during June of the preceding fiscal year. A detailed budgetary comparison schedule for the fiscal year ended June 30, 2025 can be found in Required Supplementary Information.

During June 2024, the City adopted a General Fund budget of \$20,412,841 for General Fund expenditures (excluding transfers out) for FY2025. At the end of the fiscal year, the final actual expenditures were \$19,325,852 (excluding transfers out) which was a decrease of \$1,086,989 from the original adopted budget.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

**June 30, 2025**

**City of Acworth, Georgia**

Primary Reasons for the differences between original budget and actual results in the General Fund include:

Revenues:

- Taxes were 7% more than original projections, mostly due to an increase in property taxes received.

Expenditures:

- The 5% difference between original budget and actual expenditure results is largely due to salary and benefits savings from attrition in Parks and Recreation and the Police Departments and a vacancy for half the year in the Finance Department.

**Capital Assets and Debt Administration**

*Capital Assets.* The City of Acworth’s investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$71,848,069 and \$10,419,807 respectively. These are net of accumulated depreciation. This investment includes land, buildings, vehicles and equipment as well as infrastructure.

	<b>2025 Capital Assets (Net of Depreciation)</b>					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Construction in Progress	\$ 7,006,364	\$ 4,774,326	\$ -	\$ 21,262	\$ 7,006,364	\$ 4,795,588
Land	8,612,802	8,612,802	202,408	202,408	8,815,210	8,815,210
Buildings and Improvements	20,879,200	18,775,027	2,712	5,712	20,881,912	18,780,739
Electrical System	-	-	4,144,678	4,387,381	4,144,678	4,387,381
Storm water System	-	-	4,344,726	4,392,025	4,344,726	4,392,025
Improvements other than buildings	6,381,482	6,919,699	994,062	1,061,222	7,375,544	7,980,921
Intangible Assets	1	1	-	-	1	1
Vehicles and Equipment	3,649,677	3,257,253	731,221	681,201	4,380,898	3,938,454
Right-to-use leased equipment	456,016	595,728	-	-	456,016	595,728
Infrastructure	24,862,527	25,784,500	-	-	24,862,527	25,784,500
<b>Total</b>	<b>\$ 71,848,069</b>	<b>\$ 68,719,336</b>	<b>\$ 10,419,807</b>	<b>\$ 10,751,211</b>	<b>\$ 82,267,876</b>	<b>\$ 79,470,547</b>

Major capital assets additions during the current fiscal year included the following:

Governmental activities:

- Infrastructure – \$1,237,023 additions include Cowan Road multi-use trail, Rivers Run Subdivision resurfacing, and Willis and Main Street storm drain rehab.
- Construction in Progress -\$5,617,715 additions include Northside Drive improvements and renovations at Roberts school.
- Improvements other than buildings - \$221,807 includes the Veteran’s memorial at Patriot’s Point improvements.
- Vehicles and Equipment - \$1,511,334 additions include city-wide security equipment, police tasers, a generator for City Hall, 6 new police units and a utility trailer.
- Buildings - \$3,200,718 additions are the power and public works building renovations completed in FY2025.

Business-type activities:

- Electrical Infrastructure - \$114,424.
- Power Equipment - \$12,582.
- Sanitation collection vehicle - \$246,349.
- Stormwater Infrastructure - \$366,043
- Stormwater vehicle - \$72,185

The City intends to capitalize infrastructure assets and depreciate them over the estimated useful life. Additional information on the City’s capital assets can be found in Note 7 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2025

City of Acworth, Georgia

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### Long-term Debt

At the end of the 2025 fiscal year, the city had \$9,168,276 in outstanding long-term debt. This is a decrease of \$2,314,673 compared to the prior year. State Statute limits the amount of general obligation debt a government entity may issue to 10% of the total tax digest. The current debt limitation for the city is \$142,131,070 which is more than the City's outstanding general obligation debt.

Debt outstanding at June 30, 2025 is as follows:

- Tax Allocation District Bonds - \$505,000
- Acworth Downtown Development Authority – Revenue Bonds - \$1,985,000
- Acworth Downtown Development Authority – Series 2017 Bonds - \$5,040,000
- Installment Sales Agreement through Georgia Municipal Association - \$1,204,002
- Leases - \$434,274

More detailed information about the City's long-term liabilities is included in Note 8 to the financial statements.

### Economic Factors Affecting the City of Acworth

The Mayor and Board of Aldermen considered many factors when adopting the fiscal year ending June 30, 2026 budget. These factors have a significant effect on the City's financial position or results of operations. Key assumptions are as follows:

- Budget adopted for the General Fund estimates expenditures in the amount of \$22,854,136. The expected unassigned fund balance for the General Fund at the end of FY2026 remains relatively unchanged at \$4.8 million.
- Transfers out for debt service was budgeted at \$693,400.
- The millage rate is adopted in July of each year for the operations and maintenance in General Fund. The millage rate for fiscal year 2025 remained at 8.95. The adopted budget for FY 2026 has the millage rate remaining at 8.95.
- The 2025 taxable digest was \$1,223,315,086, which was 3.7% higher than the prior year. The budget is adopted in June and the approved digest is received shortly thereafter. Property taxes are a primary revenue stream and subject to changes based on reassessments and development.
- The 2026 population is estimated to remain flat at 23,717.
- SPLOST (2016) receipts ended in FY2022. The levy for the SPLOST (2022) began January 2022. SPLOST (2022) projects include city-wide information technology improvements, facility improvements, parks and recreation improvements, public works infrastructure, and public safety needs.
- As a MEAG participant, Acworth Power is part of the Plant Vogtle project expansion to be completed in the next few years. Acworth power has deferred funds for the City's portion related to the expansion for future use.
- Debt service payments for debt issued through the Acworth Downtown Development Authority via intergovernmental agreements between the City and the Acworth Downtown Development Authority are made via transfers from the General and Power Funds for the following:
  - CableNET Project - Mature July 2028; interest rate of 2.10% - 06/30/2025 balance \$1,985,000.
  - City of Acworth Street Project - Mature July 2031; interest rate 2.25% - 06/30/2025 balance \$5,040,000.
- Debt service payments in the General Fund are related to the Court/Jail Services renovation/addition and mature 01/07/2029 with an interest rate of 2.39% - 06/30/2025 balance \$1,204,002.
- Debt service payments related to the Tax Allocation District Bonds are made from the tax increment within the district and mature 12/1/2025 with an interest rate of 2.54% - 06/30/2025 balance \$505,000.

Given the economic times facing everyone, the city continues to take steps to reduce expenditures and control operational costs. By doing so, the City has maintained a positive fund balance.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2025

City of Acworth, Georgia

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### Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Acworth City Hall at 4415 Center Street, Acworth, Georgia 30101.

**CITY OF ACWORTH, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Acworth Tourism Bureau Authority
<b>Assets:</b>				
Cash and cash equivalents	\$ 8,939,655	\$ 4,760,905	\$ 13,700,560	\$ -
Investments	3,979,564	6,187,980	10,167,544	-
Receivables, net	110,138	3,450,788	3,560,926	-
Due from other governments	2,689,123	-	2,689,123	31,787
Due from primary government	-	-	-	87,278
Internal balances	(896,590)	896,590	-	-
Inventories	-	1,181,409	1,181,409	-
Prepaid items	552,883	32,750	585,633	-
Restricted assets	18,064,309	10,808,415	28,872,724	-
Capital assets, non depreciated	15,619,166	202,408	15,821,574	-
Capital assets, depreciated, net	56,228,903	10,217,399	66,446,302	-
Total assets	<u>105,287,151</u>	<u>37,738,644</u>	<u>143,025,795</u>	<u>119,065</u>
<b>Deferred outflows of resources:</b>				
Related to OPEB	2,142,966	875,297	3,018,263	-
Related to pensions	725,110	226,229	951,339	-
Total deferred outflows of resources	<u>2,868,076</u>	<u>1,101,526</u>	<u>3,969,602</u>	<u>-</u>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	2,346,583	667,515	3,014,098	8,661
Due to component unit	87,278	-	87,278	-
Due to other governments	85,520	-	85,520	-
Customer deposits	-	1,460,295	1,460,295	-
Unearned revenue	831,850	-	831,850	-
Noncurrent liabilities:				
Due within one year:				
Total OPEB liability	207,320	84,680	292,000	-
Long-term obligations	2,841,049	166,034	3,007,083	-
Due in more than one year:				
Net pension liability	2,596,162	809,983	3,406,145	-
Total OPEB liability	12,853,699	5,250,102	18,103,801	-
Long-term obligations	7,183,797	41,510	7,225,307	-
Total liabilities	<u>29,033,258</u>	<u>8,480,119</u>	<u>37,513,377</u>	<u>8,661</u>
<b>Deferred inflows of resources:</b>				
Deferred regulatory credits	-	6,413,289	6,413,289	-
Related to OPEB	6,429,800	2,626,257	9,056,057	-
Related to pensions	1,257,269	392,259	1,649,528	-
Total deferred inflows of resources	<u>7,687,069</u>	<u>9,431,805</u>	<u>17,118,874</u>	<u>-</u>
<b>Net position:</b>				
Net investment in capital assets	64,211,744	10,370,502	74,582,246	-
Restricted for:				
General government	5,098	-	5,098	-
Public works	12,201,123	-	12,201,123	-
Culture and recreation	1,828,994	-	1,828,994	110,404
Public safety	1,558,091	-	1,558,091	-
Housing and development	183	-	183	-
Debt service	3	-	3	-
Voter appropriation	3,000,000	-	3,000,000	-
Unrestricted	(11,370,336)	10,557,744	(812,592)	-
Total net position	<u>\$ 71,434,900</u>	<u>\$ 20,928,246</u>	<u>\$ 92,363,146</u>	<u>\$ 110,404</u>

See accompanying notes to financial statements.

**CITY OF ACWORTH, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit Acworth Tourism Bureau Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 4,623,757	\$ 396,535	\$ -	\$ 413,154	\$ (3,814,068)	\$ -	\$ (3,814,068)	
Public safety	8,140,552	583,729	352,327	976,365	(6,228,131)	-	(6,228,131)	
Public works	3,549,910	250,321	-	6,667,397	3,367,808	-	3,367,808	
Housing and development	1,633,798	699,168	-	-	(934,630)	-	(934,630)	
Judicial	545,583	530,524	-	-	(15,059)	-	(15,059)	
Culture and recreation	5,602,929	1,323,219	87,776	517,697	(3,674,237)	-	(3,674,237)	
Interest on long-term debt	256,859	-	-	-	(256,859)	-	(256,859)	
Total governmental activities	<u>24,353,388</u>	<u>3,783,496</u>	<u>440,103</u>	<u>8,574,613</u>	<u>(11,555,176)</u>	<u>-</u>	<u>(11,555,176)</u>	
Business-type activities:								
Electric	15,446,936	17,316,987	-	1,250	-	1,871,301	1,871,301	
Sanitation	2,399,431	2,422,262	-	-	-	22,831	22,831	
Stormwater	1,403,636	940,544	-	-	-	(463,092)	(463,092)	
Total business-type activities	<u>19,250,003</u>	<u>20,679,793</u>	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>1,431,040</u>	<u>1,431,040</u>	
Total Primary Government	<u>\$ 43,603,391</u>	<u>\$ 24,463,289</u>	<u>\$ 440,103</u>	<u>\$ 8,575,863</u>	<u>(11,555,176)</u>	<u>1,431,040</u>	<u>(10,124,136)</u>	
<b>Component Unit</b>								
Acworth Tourism Bureau Authority	\$ 191,266	\$ -	\$ 132,352	\$ -				\$ (58,914)
Total Component Unit	<u>\$ 191,266</u>	<u>\$ -</u>	<u>\$ 132,352</u>	<u>\$ -</u>				<u>\$ (58,914)</u>
General Revenues:								
Property taxes					11,462,467	-	11,462,467	-
Insurance premium tax					2,143,241	-	2,143,241	-
Alcohol taxes					577,162	-	577,162	-
Hotel/motel tax					493,794	-	493,794	-
Franchise taxes					1,672,184	-	1,672,184	-
Financial institution tax					55,949	-	55,949	-
Business taxes					879,574	-	879,574	-
Contributions not restricted to a specific program					748,027	-	748,027	-
Operating grants not restricted to a specific program					624,660	-	624,660	-
Gain on sale of capital assets					70,185	-	70,185	-
Unrestricted investment earnings					223,011	754,309	977,320	-
Transfers					451,535	(451,535)	-	-
Total general revenues and transfers					<u>19,401,789</u>	<u>302,774</u>	<u>19,704,563</u>	<u>-</u>
Change in net position					7,846,613	1,733,814	9,580,427	(58,914)
Net position - beginning					63,588,287	19,194,432	82,782,719	169,318
Net position - ending					<u>\$ 71,434,900</u>	<u>\$ 20,928,246</u>	<u>\$ 92,363,146</u>	<u>\$ 110,404</u>

**CITY OF ACWORTH, GEORGIA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2025**

	General Fund	Capital Improvement	SPLOST	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 8,916,239	\$ 23,416	\$ -	\$ -	\$ 8,939,655
Investments	3,968,431	11,133	-	-	3,979,564
Receivables, net	109,575	-	-	-	109,575
Due from other governments	31,178	276,176	1,829,435	552,334	2,689,123
Due from other funds	702,174	6,411,348	-	89,184	7,202,706
Prepaid items	448,666	-	23,736	2,321	474,723
Restricted assets	3,465,093	47,790	13,588,600	962,826	18,064,309
<b>Total assets</b>	<b>\$ 17,641,356</b>	<b>\$ 6,769,863</b>	<b>\$ 15,441,771</b>	<b>\$ 1,606,665</b>	<b>\$ 41,459,655</b>
<b>Liabilities:</b>					
Accounts payable	\$ 801,864	\$ 351,352	\$ 340,778	\$ 34,841	\$ 1,528,835
Retainage payable	-	16,994	496,013	-	513,007
Accrued liabilities	242,956	-	-	2,695	245,651
Due to other governments	-	-	-	85,520	85,520
Due to other funds	7,437,393	14,012	256,099	339,993	8,047,497
Due to component unit	87,278	-	-	-	87,278
Unearned revenue	651,220	-	-	180,630	831,850
<b>Total liabilities</b>	<b>9,220,711</b>	<b>382,358</b>	<b>1,092,890</b>	<b>643,679</b>	<b>11,339,638</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	83,034	-	-	344,052	427,086
<b>Fund balances:</b>					
Nonspendable	448,666	-	23,736	2,321	474,723
Restricted	3,017,492	-	14,325,145	892,574	18,235,211
Committed	-	1,631,616	-	-	1,631,616
Assigned	23,402	4,755,889	-	68,091	4,847,382
Unassigned	4,848,051	-	-	(344,052)	4,503,999
<b>Total fund balances</b>	<b>8,337,611</b>	<b>6,387,505</b>	<b>14,348,881</b>	<b>618,934</b>	<b>29,692,931</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 17,641,356</b>	<b>\$ 6,769,863</b>	<b>\$ 15,441,771</b>	<b>\$ 1,606,665</b>	

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.	71,848,069
Earned but unavailable revenue is not reported in the funds.	427,086
Deferred outflows of resources are not an available resource and, therefore, are not reported in the funds.	
Related to pensions	725,110
Related to OPEB	2,142,966
The Insurance Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund and a payable from the business-type activities are included in governmental activities in the statement of net position.	(32,166)
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds, leases, and contracts	(9,168,276)
Deferred inflows of resources related to pensions	(1,257,269)
Deferred inflows of resources related to OPEB	(6,429,800)
Accrued compensated absences	(856,570)
Total OPEB liability	(13,061,019)
Net pension liability	(2,596,162)
<b>Net position of governmental activities</b>	<b>\$ 71,434,900</b>

**CITY OF ACWORTH, GEORGIA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	General Fund	Capital Improvement	SPLOST	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 17,150,168	\$ -	\$ -	\$ 714,975	\$ 17,865,143
Licenses and permits	777,745	-	-	-	777,745
Intergovernmental	58,913	276,176	7,420,524	1,172,140	8,927,753
Charges for services	1,678,241	100	-	606,613	2,284,954
Fines and forfeitures	530,524	-	-	334,796	865,320
Investment earnings	188,134	510	109,748	34,367	332,759
Contributions and donations	67,776	-	-	20,000	87,776
Other	89,238	-	93,192	7,843	190,273
<b>Total revenues</b>	<b>20,540,739</b>	<b>276,786</b>	<b>7,623,464</b>	<b>2,890,734</b>	<b>31,331,723</b>
<b>Expenditures:</b>					
Current:					
General government	4,101,382	-	-	-	4,101,382
Public safety	6,617,970	-	-	1,406,797	8,024,767
Public works	1,110,440	-	-	-	1,110,440
Housing and development	1,468,272	-	-	164,335	1,632,607
Judicial	544,311	-	-	-	544,311
Culture and recreation	3,873,843	-	-	389,716	4,263,559
Capital outlay	-	1,633,477	6,815,070	-	8,448,547
Debt service	344,728	-	302,695	1,889,141	2,536,564
<b>Total expenditures</b>	<b>18,060,946</b>	<b>1,633,477</b>	<b>7,117,765</b>	<b>3,849,989</b>	<b>30,662,177</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,479,793</b>	<b>(1,356,691)</b>	<b>505,699</b>	<b>(959,255)</b>	<b>669,546</b>
<b>Other financing sources (uses):</b>					
Transfers in	645,328	2,868,975	-	1,570,004	5,084,307
Transfers out	(3,336,164)	-	-	(1,058,482)	(4,394,646)
Sale of capital assets	133,317	-	-	-	133,317
<b>Total other financing sources (uses)</b>	<b>(2,557,519)</b>	<b>2,868,975</b>	<b>-</b>	<b>511,522</b>	<b>822,978</b>
<b>Net change in fund balance</b>	<b>(77,726)</b>	<b>1,512,284</b>	<b>505,699</b>	<b>(447,733)</b>	<b>1,492,524</b>
<b>Fund balance - beginning</b>	<b>8,415,337</b>	<b>4,875,221</b>	<b>13,843,182</b>	<b>1,066,667</b>	<b>28,200,407</b>
<b>Fund balance - ending</b>	<b>\$ 8,337,611</b>	<b>\$ 6,387,505</b>	<b>\$ 14,348,881</b>	<b>\$ 618,934</b>	<b>\$ 29,692,931</b>

See accompanying notes to financial statements.

**CITY OF ACWORTH, 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, 2025**

Net change in fund balances - total governmental funds		\$ 1,492,524
Amounts reported for governmental activities in the statement of activities are different because:		
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. When assets are sold or retired, the difference between the sales proceeds, if any, and the net book value of the assets is reported in the statement of activities as a gain or loss.		
Depreciation expense	\$ (4,972,929)	
Capital outlay	8,402,920	
Loss on disposal of assets	(63,132)	
Transfer of capital assets to business type activates	<u>(238,126)</u>	3,128,733
The repayment of principal on long-term debt consumes current financial resources in the governmental funds.		
Principal payments on debt	<u>2,279,705</u>	2,279,705
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		346,558
The Insurance Internal Service Fund is used by management to charge the cost of insurance to individual funds.		
		(74,526)
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 the governmental funds.		
Net pension liability and changes in related deferred inflows/outflows of resources	339,756	
Total OPEB liability and changes in related deferred inflows/outflows of resources	366,839	
Accrued compensated absences	<u>(32,976)</u>	<u>673,619</u>
Change in net position of governmental activities		<u>\$ 7,846,613</u>

**CITY OF ACWORTH, GEORGIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	Enterprise Funds				Internal Service Funds
	Major			Totals	
	Electrical Power	Sanitation	Stormwater		
<b>Assets:</b>					
Current assets:					
Cash	\$ 2,275,474	\$ 1,584,513	\$ 660,516	\$ 4,520,503	\$ 240,402
Investments	6,187,980	-	-	6,187,980	-
Receivables, net					
Utility accounts	3,297,147	140,428	12,422	3,449,997	-
Other	-	-	-	-	1,354
Due from other funds	950,873	279,506	-	1,230,379	-
Inventory	1,181,409	-	-	1,181,409	-
Prepaid items	26,078	1,975	-	28,053	82,857
Restricted assets:					
Cash	1,396,661	-	-	1,396,661	-
Investments	9,411,754	-	-	9,411,754	-
Total current assets	<u>24,727,376</u>	<u>2,006,422</u>	<u>672,938</u>	<u>27,406,736</u>	<u>324,613</u>
Noncurrent assets:					
Capital assets, net	4,438,015	530,089	5,451,703	10,419,807	-
Total assets	<u>29,165,391</u>	<u>2,536,511</u>	<u>6,124,641</u>	<u>37,826,543</u>	<u>324,613</u>
<b>Deferred outflows of resources:</b>					
Related to pensions	114,732	53,941	18,741	187,414	38,815
Related to OPEB	513,105	332,009	30,183	875,297	-
Total deferred outflows of resources	<u>627,837</u>	<u>385,950</u>	<u>48,924</u>	<u>1,062,711</u>	<u>38,815</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts and claims payable	520,525	35,879	48,521	604,925	63,859
Accrued liabilities	26,478	13,217	6,525	46,220	11,601
Accrued compensated absences	76,541	35,270	20,817	132,628	33,406
Due to other funds	279,506	59,484	18,190	357,180	28,408
Total OPEB liability	49,640	32,120	2,920	84,680	-
Customer deposits	1,173,457	286,838	-	1,460,295	-
Total current liabilities	<u>2,126,147</u>	<u>462,808</u>	<u>96,973</u>	<u>2,685,928</u>	<u>137,274</u>
Long-term liabilities (net of current portion):					
Accrued compensated absences	19,135	8,818	5,205	33,158	8,352
Total OPEB liability	3,077,646	1,991,418	181,038	5,250,102	-
Net pension liability	410,782	193,130	67,101	671,013	138,970
Total long-term liabilities	<u>3,507,563</u>	<u>2,193,366</u>	<u>253,344</u>	<u>5,954,273</u>	<u>147,322</u>
Total liabilities	<u>5,633,710</u>	<u>2,656,174</u>	<u>350,317</u>	<u>8,640,201</u>	<u>284,596</u>
<b>Deferred inflows of resources:</b>					
Deferred regulatory credits	6,413,289	-	-	6,413,289	-
Related to pensions	198,933	93,529	32,496	324,958	67,301
Related to OPEB	1,539,530	996,166	90,561	2,626,257	-
Total deferred inflows of resources	<u>8,151,752</u>	<u>1,089,695</u>	<u>123,057</u>	<u>9,364,504</u>	<u>67,301</u>
<b>Net Position:</b>					
Net investment in capital assets	4,393,310	530,089	5,447,103	10,370,502	-
Unrestricted	11,614,456	(1,353,497)	253,088	10,514,047	11,531
Total net position	<u>\$ 16,007,766</u>	<u>\$ (823,408)</u>	<u>\$ 5,700,191</u>	<u>20,884,549</u>	<u>\$ 11,531</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds				<u>43,697</u>	
<b>Net position of business-type activities</b>				<u>\$ 20,928,246</u>	

See accompanying notes to financial statements.

**CITY OF ACWORTH, GEORGIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Enterprise Funds				Internal Service Funds
	Major			Totals	
	Electrical Power	Sanitation	Stormwater		
<b>Operating revenues:</b>					
Charges for services	\$ 16,593,496	\$ 2,422,262	\$ 940,544	\$ 19,956,302	\$ 5,124,832
Other	723,491	-	-	723,491	8,844
<b>Total operating revenues</b>	<u>17,316,987</u>	<u>2,422,262</u>	<u>940,544</u>	<u>20,679,793</u>	<u>5,133,676</u>
<b>Operating expenses:</b>					
Personal services	1,803,955	1,024,740	601,749	3,430,444	687,979
Operating	13,137,806	1,257,456	301,855	14,697,117	4,520,380
Depreciation	505,018	116,675	500,032	1,121,725	-
<b>Total operating expenses</b>	<u>15,446,779</u>	<u>2,398,871</u>	<u>1,403,636</u>	<u>19,249,286</u>	<u>5,208,359</u>
<b>Operating income (loss)</b>	<u>1,870,208</u>	<u>23,391</u>	<u>(463,092)</u>	<u>1,430,507</u>	<u>(74,683)</u>
<b>Nonoperating revenues (expenses):</b>					
Investment earnings	754,309	-	-	754,309	-
Interest expense	-	(560)	-	(560)	-
<b>Total nonoperating revenues (expenses)</b>	<u>754,309</u>	<u>(560)</u>	<u>-</u>	<u>753,749</u>	<u>-</u>
<b>Income (loss) before contributions and transfers</b>	<u>2,624,517</u>	<u>22,831</u>	<u>(463,092)</u>	<u>2,184,256</u>	<u>(74,683)</u>
<b>Capital contributions</b>	1,250	-	238,126	239,376	-
<b>Transfers out</b>	(689,661)	-	-	(689,661)	-
<b>Increase (decrease) in net position</b>	<u>1,936,106</u>	<u>22,831</u>	<u>(224,966)</u>	<u>1,733,971</u>	<u>(74,683)</u>
<b>Net position at beginning of year</b>	<u>14,071,660</u>	<u>(846,239)</u>	<u>5,925,157</u>		<u>86,214</u>
<b>Net position at end of year</b>	<u>\$ 16,007,766</u>	<u>\$ (823,408)</u>	<u>\$ 5,700,191</u>		<u>\$ 11,531</u>
<b>Change in net position of business-type activities</b>				<u>\$ 1,733,814</u>	

See accompanying notes to financial statements.

**CITY OF ACWORTH, GEORGIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Enterprise Funds				Internal Service Funds
	Major			Totals	
	Electrical Power	Sanitation	Stormwater		
<b>Cash flows from (to) operating activities:</b>					
Cash received from contributions and services provided	\$ 16,160,537	\$ 2,401,517	\$ 936,340	\$ 19,498,394	\$ 5,199,580
Cash payments for goods and services	(14,339,324)	(1,176,426)	(256,432)	(15,772,182)	(232,277)
Cash payments for benefits and claims	-	-	-	-	(4,248,915)
Cash payments for employee services and fringe benefits	(1,964,714)	(817,791)	(337,720)	(3,120,225)	(708,442)
<b>Net cash from (to) operating activities</b>	<u>(143,501)</u>	<u>407,300</u>	<u>342,188</u>	<u>605,987</u>	<u>9,946</u>
<b>Cash flows from (to) noncapital financing activities:</b>					
Transfers out	(689,661)	-	-	(689,661)	-
<b>Net cash from (to) noncapital financing activities</b>	<u>(689,661)</u>	<u>-</u>	<u>-</u>	<u>(689,661)</u>	<u>-</u>
<b>Cash flows from (to) capital and related financing activities:</b>					
Contributed capital	1,250	-	-	1,250	-
Interest paid	-	(560)	-	(560)	-
Payments for capital acquisitions	(82,301)	(246,349)	(174,240)	(502,890)	-
Principal payments on long-term obligations	-	(34,968)	-	(34,968)	-
<b>Net cash from (to) capital and related financing activities</b>	<u>(81,051)</u>	<u>(281,877)</u>	<u>(174,240)</u>	<u>(537,168)</u>	<u>-</u>
<b>Cash flows from (to) investing activities:</b>					
(Purchases) proceeds from sale of investments	(1,000,001)	-	-	(1,000,001)	-
<b>Net cash from (to) investing activities</b>	<u>(1,000,001)</u>	<u>-</u>	<u>-</u>	<u>(1,000,001)</u>	<u>-</u>
<b>Net increase (decrease) in cash</b>	(1,914,214)	125,423	167,948	(1,620,843)	9,946
<b>Cash at beginning of year (including \$1,412,496 in restricted cash)</b>	<u>5,586,349</u>	<u>1,459,090</u>	<u>492,568</u>	<u>7,538,007</u>	<u>230,456</u>
<b>Cash at end of year (including \$1,396,661 in restricted cash)</b>	<u>\$ 3,672,135</u>	<u>\$ 1,584,513</u>	<u>\$ 660,516</u>	<u>\$ 5,917,164</u>	<u>\$ 240,402</u>

See accompanying notes to financial statements.  
Continued on next page.

**CITY OF ACWORTH, GEORGIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (CONT'D)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Enterprise Funds			Totals	Internal Service Funds
	Major				
	Electrical Power	Sanitation	Stormwater		
<b>Reconciliation of operating income (loss) to net cash from operating activities:</b>					
Operating income (loss)	\$ 1,870,208	\$ 23,391	\$ (463,092)	\$ 1,430,507	\$ (74,683)
Adjustments to reconcile operating income (loss) to net cash to operating activities:					
Depreciation	505,018	116,675	500,032	1,121,725	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,164,976)	(1,137)	(4,204)	(1,170,317)	236
(Increase) decrease in due from other governments	112,145	-	-	112,145	-
(Increase) decrease in due from other funds	(950,873)	26,288	-	(924,585)	65,668
(Increase) decrease in inventory	(210,617)	-	-	(210,617)	-
(Increase) decrease in prepaid items	5,326	(210)	-	5,116	2,052
(Increase) decrease in deferred outflows of resources	320,652	145,784	(18,482)	447,954	40,446
Increase (decrease) in accounts and claims payable	(72,456)	9,680	32,001	(30,775)	8,728
Increase (decrease) in accrued liabilities	(27,920)	(3,493)	11,083	(20,330)	181
Increase (decrease) in due to other funds	(85,043)	45,272	13,422	(26,349)	28,408
Increase (decrease) in customer deposits	8,526	(19,608)	-	(11,082)	-
Increase (decrease) in total OPEB liability	120,790	255,011	183,958	559,759	-
Increase (decrease) in net pension liability	(389,487)	(192,890)	(31,339)	(613,716)	(117,332)
Increase (decrease) in deferred inflows of resources	(184,794)	2,537	118,809	(63,448)	56,242
<b>Net cash from (to) operating activities</b>	<b>\$ (143,501)</b>	<b>\$ 407,300</b>	<b>\$ 342,188</b>	<b>\$ 605,987</b>	<b>\$ 9,946</b>
<b>Schedule of capital and related financing activities:</b>					
Contribution of capital assets	\$ -	\$ -	\$ 238,126	\$ 238,126	\$ -
Purchase of capital assets on account	\$ 44,705	\$ -	\$ 4,600	\$ 49,305	\$ -

See accompanying notes to financial statements.  
Continued from previous page.

**CITY OF ACWORTH, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The accounting methods and procedures adopted by the City of Acworth, Georgia (the City), conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Annual Comprehensive Financial Report.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City was created in 1860 and operates under an elected Mayor/Council (Board of Aldermen) form of government. The City's major operations include public safety, culture-recreation, regulation and control of the electrical power system, highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

The financial statements of the reporting entity include those of the City of Acworth (the primary government) and in accordance with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34," the financial statements of its component units. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

The fiscal year ended of the component units is June 30. The component units do not issue separate Component Unit Financial Statements. A brief description of the City's component units is as follows:

**Blended Component Units**

Acworth Downtown Development Authority: The Acworth Downtown Development Authority was created by the City of Acworth, pursuant to the resolution of the Georgia General Assembly on January 15, 1981. The purpose of the Authority is the redevelopment of the downtown Acworth district. The City Board of Aldermen appoint all members of the Authority and has provided a majority of the resources for current year expenditures of the Authority. Additionally, the debt of the entity is expected to be repaid with City resources.

Acworth Lake Authority: The Acworth Lake Authority was created by the City of Acworth, pursuant to the resolution of the Georgia General Assembly on February 19, 1951. The purpose of the Authority is to develop Lake Acworth shore and adjoining land areas as a public park, providing recreational facilities for citizens. The City Board of Aldermen appoint a majority of the members of the Authority and provided the resources for all of the expenditures of the Authority. Additionally, the debt of the entity is expected to be repaid with City resources.

**CITY OF ACWORTH, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Discretely Presented Component Unit

Acworth Tourism Bureau Authority: The Acworth Tourism Bureau Authority was created by the City of Acworth, pursuant to the resolution of the Georgia General Assembly. The purpose of the Authority is to promote tourism, conventions, and trade shows within the area.

The City Board of Aldermen appoint all members of the Authority and the City is able to impose its will on the Authority.

Related Organizations: The Acworth Housing Authority and the Special Needs Development Group are related organizations which have not been included in the reporting entity. The Authority, which is managed by the Marietta Housing Authority, provides low-income housing to eligible families in the City. The Development Group provides funding for special needs parks. The Authority's board consists of 5 members appointed by the City Board of Aldermen. The Development Group's board consists of 8 members of which 3 are appointed by the City. The City does not have the ability to impose its will or have a financial benefit or burden relationship with the organizations. The debts of the organizations are not secured by the City and deficits are not financed by the City. No budgetary or financial relationship exists between the City and the organizations.

**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 and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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*.

**CITY OF ACWORTH, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

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 government considers all revenues except intergovernmental revenue to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenue is considered available if it is collected within 6 months after year end. 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 a payment is due.

Property taxes, franchise taxes, licenses, and interest 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 government.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Improvement Fund – The Capital Improvement Fund is used to account for financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**CITY OF ACWORTH, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Special Purpose Local Option Sales Tax (SPLOST) Fund - The SPLOST fund is used to account for the proceeds of a 1 percent special purpose local option sales tax approved by voter referendum for various projects throughout the City.

The City reports the following major proprietary funds:

Electrical Power Fund - The Electrical Power Fund accounts for the operations of the City's electric distribution services.

Sanitation Fund –The Sanitation Fund accounts for the City's solid waste sanitation services.

Stormwater Fund – The Stormwater Fund accounts for the activities of the City's rainwater runoff. Revenue to this fund come from user charges.

Additionally, the City reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund – The Debt Service Fund is used to accumulate resources that are restricted, committed, or assigned for the principal and interest payments on long-term obligations of the governmental funds.

Enterprise Funds – Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business.

Internal Service Funds - The Internal Service Funds account for services performed by a central service department for other departments or agencies of the governmental unit. The City has a Customer Service Internal Service Fund which performs customer service functions relating to the Electrical Power Fund, Sanitation Fund, Stormwater Fund and General Fund. The City also has an Insurance Internal Service Fund which is used to charge the cost of workers' compensation and health insurance to the various City departments.

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

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)

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**NOTES TO FINANCIAL STATEMENTS**  
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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. Operating expenses for enterprise funds and internal service 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**

Detailed information pertaining to the budget is included in the Required Supplementary Information section.

**E. Cash and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, cash and cash equivalents include restricted and unrestricted amounts in demand deposits.

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., non-negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

The City's investments include Georgia Fund 1. Georgia Fund 1 is managed by the Office of State Treasurer. The entire portfolio, including the City's pro-rata portion, consists of collateralized certificates of deposit and government or governmental agency securities owned outright and under agreement to resell. The reported value of Georgia Fund 1 is the same as the fair value of the pool shares.

The City invests in an external investment pool, the Municipal Competitive Trust, which is administered by the Municipal Electric Authority of Georgia ("MEAG"), a governmental entity. The City is a beneficiary of this trust. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, direct and general obligations of states, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be

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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

permissible under the laws of the State of Georgia. The fair value of the City's position in the pool changes with market conditions, and is calculated based on the fair value of net assets held in the pool at the close of each business day.

**F. Short-Term/Long-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.”

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Noncurrent portions of long-term interfund loan receivables are reported as advances.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

**G. Inventories**

Inventories are valued at cost using the first in/first out (FIFO) method. Inventory in the Enterprise Funds consists of expendable supplies held for consumption and items needed for repairs or improvements to the utility system. The purchase method is used to account for inventories within the City's Enterprise Funds. There are no inventories in the Governmental Funds.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the current fiscal period are recorded as prepaid items. The consumption method is used to account for prepaid items within the City's funds.

**I. 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 columns in the government-wide financial statements.

GASBS No. 34 requires the City to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City implemented the retroactive infrastructure provisions for all infrastructure assets.

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NOTES TO FINANCIAL STATEMENTS  
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All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization threshold for capital assets is \$5,000 for equipment and \$10,000 for all other categories of capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on an estimated useful life as follows:

	Electrical Power Fund	Sanitation Fund	Stormwater Fund	Governmental Activities
Buildings	10-20 years	-	-	5-40 years
Improvements other than buildings	7-30 years	-	7-30 years	7-30 years
Intangible assets -software	-	-	-	10 years
Electrical system	25 years	-	-	-
Stormwater system	-	-	20-25 years	-
Vehicles and equipment	3-10 years	2-10 years	2-10 years	2-15 years
Infrastructure	-	-	-	20-25 years

**J. Compensated Absences**

A liability for compensated absences is reported by the City in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. A liability in the governmental funds is reported only if the benefit has matured.

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences includes salary-related benefits, where applicable.

**K. Long-Term Obligations**

In the government-wide financial statements, and proprietary funds 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 statement of net position. Bond premiums and discounts are amortized over the life of

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the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds 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. Premiums received on debt issuances are 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.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are the deferred outflow relating to pensions and deferred outflow relating to OPEB reported in the government wide statement of net position and the proprietary funds statement of net position.

In addition to liabilities, the statement of financial 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 net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. They are the deferred inflows related to pensions, deferred inflows related to OPEB and the MEAG deferred regulatory credits in the government wide statement of net position and the proprietary funds statement of net position and the unavailable tax revenue reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**M. Nature and Purpose of Classifications of Fund Balance**

In the fund financial statements, governmental funds report fund 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. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. The committed fund balance classification includes amounts that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority.

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The City Board of Aldermen is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of a fiscal year, commit fund balances. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another resolution) to remove or revise the limitation. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. The City Board of Aldermen has by resolution authorized the City Manager to assign fund balance. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report a positive unassigned balance. In the event that funds other than the General Fund have an unassigned fund balance, it would be a deficit.

The City uses restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents or contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has adopted a policy to maintain a minimum level of unrestricted fund balance (committed, assigned, and unassigned fund balances) in the General Fund. The target level is set at 17% of annual operating expenditures.

**N. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**O. Comparative Data/Reclassification**

Comparative total data of the prior year has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain reclassifications have been made to the prior year columns to conform to the classifications used in the current year columns.

**2. DEPOSITS AND INVESTMENTS**

**A. Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's

**CITY OF ACWORTH, GEORGIA  
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deposits may not be returned to it. The City reduces its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of June 30, 2025, the City was not exposed to custodial credit risk.

**B. Credit and Interest Rate Risk - Investments**

In accordance with its investment policy, the City manages its exposure to the risk of declines in fair values by limiting the maturities of its investments to a maximum of five years for U.S. Treasury and agency obligations; obligations of the State of Georgia; obligations of other U.S. states; and obligations of other political subdivisions of the State of Georgia. All other securities, including certificates of deposit, banker's notes, and repurchase agreements are limited to maturities of one year or less. The City does not have a formal policy addressing credit risk.

As of June 30, 2025, the City had the following investments:

Type of Investment	Rating	Investment Maturities (in Years)				Total
		Less than 1	1-5	6-10	More than 10	
Georgia Fund 1	AAAf	\$ 11,033,669	\$ -	\$ -	\$ -	\$ 11,033,669
Municipal Competitive Trust	not rated	9,409,963	717,697	96,680	79,509	10,303,849
Total		<u>\$ 20,443,632</u>	<u>\$ 717,697</u>	<u>\$ 96,680</u>	<u>\$ 79,509</u>	<u>\$ 21,337,518</u>

The above table of investments includes \$11,169,974 of investments classified on the financial statements as restricted assets. See also Note 1 for disclosure of the types of investments authorized by legal provisions.

**Concentration of Credit Risk**

The City limits the amount that may be invested in any one issuer to 60% of the City's total portfolio.

**C. Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the City has the ability to access.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable

**CITY OF ACWORTH, GEORGIA  
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for the asset (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

- Level 3 inputs are unobservable inputs for the asset which are typically based on the City's own assumptions, as there is little, if any, related market activity.

The City's recurring fair value measurements at June 30, 2025 are classified as follows:

	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	
Municipal Competitive Trust	\$ 10,303,849	\$ 2,884,103	\$ 7,419,746	\$ -
	\$ 10,303,849	\$ 2,884,103	\$ 7,419,746	\$ -

**3. RECEIVABLES**

Receivables at June 30, 2025 consist of the following:

	Taxes and Fines	Accrued Interest	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 78,214	\$ 21,642	\$ -	\$ 20,165	\$ (10,446)	\$ 109,575
Electrical Power Fund	-	-	3,342,147	-	(45,000)	3,297,147
Sanitation Fund	-	-	145,428	-	(5,000)	140,428
Stormwater Fund	-	-	12,422	-	-	12,422
Internal Service Funds	-	-	-	1,354	-	1,354
Total	\$ 78,214	\$ 21,642	\$ 3,499,997	\$ 21,519	\$ (60,446)	\$ 3,560,926

**4. DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2025 consist of the following:

	Cobb County, GA	Georgia Department of Revenue	Georgia Governor's Office of Planning and Budget	Other	Total
General Fund	\$ -	\$ -	\$ -	\$ 31,178	\$ 31,178
Capital Improvement Fund	276,176	-	-	-	276,176
SPLOST Fund	1,829,435	-	-	-	1,829,435
Nonmajor Governmental Funds	-	85,520	344,052	122,762	552,334
	\$ 2,105,611	\$ 85,520	\$ 344,052	\$ 153,940	\$ 2,689,123

**CITY OF ACWORTH, GEORGIA  
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**5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund loans receivable are considered “available spendable resources.” Such balances at June 30, 2025 include Due from (to) and Interfund receivable (payable) and are summarized as follows:

Receivable To	Payable From								Total
	General Fund	Capital Improvement Fund	SPLOST Fund	Nonmajor Governmental Funds	Electrical Power Fund	Sanitation Fund	Stormwater Fund	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 256,099	\$ 339,993	\$ -	\$ 59,484	\$ 18,190	\$ 28,408	\$ 702,174
Capital Improvement Fund	6,411,348	-	-	-	-	-	-	-	6,411,348
Nonmajor Governmental Funds	75,172	14,012	-	-	-	-	-	-	89,184
Electrical Power Fund	950,873	-	-	-	-	-	-	-	950,873
Sanitation Fund	-	-	-	-	279,506	-	-	-	279,506
<b>Total</b>	<b>\$ 7,437,393</b>	<b>\$ 14,012</b>	<b>\$ 256,099</b>	<b>\$ 339,993</b>	<b>\$ 279,506</b>	<b>\$ 59,484</b>	<b>\$ 18,190</b>	<b>\$ 28,408</b>	<b>\$ 8,433,085</b>

Generally, outstanding balances between funds reported as “due to/from other funds” include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Interfund loans receivable are considered “available spendable resources.”

Interfund transfers for the current year were as follows:

TRANSFER OUT FROM	TRANSFER IN TO			Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 2,455,821	\$ 880,343	\$ 3,336,164
Nonmajor Governmental Funds	645,328	413,154	-	1,058,482
Electrical Power Fund	-	-	689,661	689,661
<b>Total</b>	<b>\$ 645,328</b>	<b>\$ 2,868,975</b>	<b>\$ 1,570,004</b>	<b>\$ 5,084,307</b>

Transfers are used to 1) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, 2) move unrestricted power funds to the general fund to maintain debt service on a routine basis and use unrestricted revenues to finance various capital projects in accordance with budgetary authorizations.

**CITY OF ACWORTH, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**6. RESTRICTED ASSETS**

The City's restricted assets at June 30, 2025 are restricted for the following:

<b>Governmental Funds</b>	<u>Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
<b>General Fund:</b>			
Municipal court bonds	\$ 417,343	\$ -	\$ 417,343
Proceeds from sale of water & sewer system	3,000,000	-	3,000,000
Bail bond escrow	30,258	-	30,258
Other	17,492	-	17,492
	<u>3,465,093</u>	<u>-</u>	<u>3,465,093</u>
<b>Capital Improvement Fund:</b>			
Unspent grant proceeds	47,790	-	47,790
<b>SPLOST Fund:</b>			
Unspent SPLOST proceeds	12,676,689	911,911	13,588,600
<b>Nonmajor governmental funds:</b>			
Recreational impact fee	56,981	58,001	114,982
Confiscated assets	58,033	761,488	819,521
Soil erosion fee	-	26,820	26,820
Unspent TAD proceeds	1,503	-	1,503
	<u>116,517</u>	<u>846,309</u>	<u>962,826</u>
<b>Total governmental funds</b>	<u>\$ 16,306,089</u>	<u>\$ 1,758,220</u>	<u>\$ 18,064,309</u>
<b>Proprietary Funds</b>			
<b>Power Fund:</b>			
MEAG Power project	\$ -	\$ 9,411,754	\$ 9,411,754
Customer deposits	1,396,661	-	1,396,661
<b>Total proprietary funds</b>	<u>\$ 1,396,661</u>	<u>\$ 9,411,754</u>	<u>\$ 10,808,415</u>

**CITY OF ACWORTH, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
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**7. CAPITAL ASSETS**

Capital asset activity for the period ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications/ Reductions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,612,802	\$ -	\$ -	\$ 8,612,802
Construction in progress	4,774,326	5,617,715	(3,385,677)	7,006,364
Total capital assets not being depreciated	<u>13,387,128</u>	<u>5,617,715</u>	<u>(3,385,677)</u>	<u>15,619,166</u>
Capital assets, being depreciated:				
Buildings	28,906,523	3,200,718	(100,906)	32,006,335
Improvements other than buildings	17,329,475	221,807	(85,609)	17,465,673
Intangible assets - software	212,236	-	-	212,236
Vehicles and equipment	12,077,929	1,511,334	(1,383,007)	12,206,256
Right-to-use leased equipment	698,559	-	-	698,559
Infrastructure	78,108,845	1,237,023	(415,289)	78,930,579
Total capital assets being depreciated	<u>137,333,567</u>	<u>6,170,882</u>	<u>(1,984,811)</u>	<u>141,519,638</u>
Less accumulated depreciation for:				
Buildings	(10,131,496)	(1,059,023)	63,384	(11,127,135)
Improvements other than buildings	(10,409,776)	(735,793)	61,378	(11,084,191)
Intangible assets - software	(212,235)	-	-	(212,235)
Vehicles and equipment	(8,820,676)	(1,117,531)	1,381,628	(8,556,579)
Right-to-use leased equipment	(102,831)	(139,712)	-	(242,543)
Infrastructure	(52,324,345)	(1,920,870)	177,163	(54,068,052)
Total accumulated depreciation	<u>(82,001,359)</u>	<u>(4,972,929)</u>	<u>1,683,553</u>	<u>(85,290,735)</u>
Total capital assets being depreciated, net	<u>55,332,208</u>	<u>1,197,953</u>	<u>(301,258)</u>	<u>56,228,903</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 68,719,336</u>	<u>\$ 6,815,668</u>	<u>\$ (3,686,935)</u>	<u>\$ 71,848,069</u>

**CITY OF ACWORTH, GEORGIA**  
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**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Beginning Balance	Additions	Reclassifications/ Reductions	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 202,408	\$ -	\$ -	\$ 202,408
Construction in progress	21,262	-	(21,262)	-
Total capital assets not being depreciated	<u>223,670</u>	<u>-</u>	<u>(21,262)</u>	<u>202,408</u>
Capital assets, being depreciated:				
Buildings	166,369	-	(50,301)	116,068
Improvements other than buildings	1,425,720	-	-	1,425,720
Electrical system	13,208,208	114,424	-	13,322,632
Stormwater system	10,019,381	366,043	-	10,385,424
Vehicles and equipment	5,151,622	331,116	47,877	5,530,615
Total capital assets being depreciated	<u>29,971,300</u>	<u>811,583</u>	<u>(2,424)</u>	<u>30,780,459</u>
Less accumulated depreciation for:				
Buildings	(160,657)	(3,000)	50,301	(113,356)
Improvements other than buildings	(364,498)	(67,160)	-	(431,658)
Electrical system	(8,820,827)	(357,127)	-	(9,177,954)
Stormwater system	(5,627,356)	(413,342)	-	(6,040,698)
Vehicles and equipment	(4,470,421)	(281,096)	(47,877)	(4,799,394)
Total accumulated depreciation	<u>(19,443,759)</u>	<u>(1,121,725)</u>	<u>2,424</u>	<u>(20,563,060)</u>
Total capital assets being depreciated, net	<u>10,527,541</u>	<u>(310,142)</u>	<u>-</u>	<u>10,217,399</u>
<b>Business-type activities capital assets, net</b>	<u><u>\$ 10,751,211</u></u>	<u><u>\$ (310,142)</u></u>	<u><u>\$ (21,262)</u></u>	<u><u>\$ 10,419,807</u></u>

During the fiscal year 2025, governmental activities transferred assets totaling \$238,126 to business-type activities.

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

Governmental activities:	
General government	\$ 579,198
Public safety	989,121
Public works, including depreciation of general infrastructure	2,163,198
Housing and development	11,792
Judicial	11,493
Culture and recreation	1,218,127
Total depreciation expense - governmental activities	<u>\$ 4,972,929</u>
Business-type activities:	
Electric	\$ 505,018
Sanitation	116,675
Stormwater	500,032
Total depreciation expense - business-type activities	<u>\$ 1,121,725</u>

**CITY OF ACWORTH, GEORGIA**  
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**8. LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Debt:					
Revenue bonds	\$ 8,225,000	\$ -	\$ (1,200,000)	\$ 7,025,000	\$ 1,225,000
Installment sales agreement	1,487,645	-	(283,643)	1,204,002	290,422
Tax allocation district bonds	995,000	-	(490,000)	505,000	505,000
Financed purchase	175,105	-	(175,105)	-	-
Leases	565,231	-	(130,957)	434,274	135,371
Total Debt	11,447,981	-	(2,279,705)	9,168,276	2,155,793
Compensated absences	823,594	32,976	-	856,570	685,256
Governmental activities long-term liabilities	<u>\$ 12,271,575</u>	<u>\$ 32,976</u>	<u>\$ (2,279,705)</u>	<u>\$ 10,024,846</u>	<u>\$ 2,841,049</u>
<b>Business-type activities:</b>					
Financed purchase	\$ 34,968	\$ -	\$ (34,968)	\$ -	\$ -
Compensated absences	237,359	-	(29,815)	207,544	166,034
Business-type activities long-term liabilities	<u>\$ 272,327</u>	<u>\$ -</u>	<u>\$ (64,783)</u>	<u>\$ 207,544</u>	<u>\$ 166,034</u>

The change in the compensated absences liability is presented as a net change.

For governmental activities, compensated absences, pension, and OPEB liabilities are typically liquidated in the General Fund.

**Governmental Activities:**

**A. Revenue Bonds (Direct Borrowing/Placements)**

Cable/Fiber Optic System

The City and the Acworth Downtown Development Authority entered into an intergovernmental contract for the purpose of constructing a Cable/Fiber Optic System within the City. Bonds were issued in 1999 and 2000 by the Authority. This contract enabled the City to lease from the Authority the hybrid fiber/coax broadband network constructed by the Authority with the bond proceeds.

The bonds issued by the Authority were refinanced to allow for the sale of the system. In June 2008 the Authority issued \$9,645,000 in Series 2008 Refunding Revenue Bond (City of Acworth Cable Project) for the purpose of refunding the existing bonds. As a result of the refunding, the City increased its total debt service requirements by \$200,000 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$958,903.

**CITY OF ACWORTH, GEORGIA**  
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The bonds issued by the Authority were refinanced again during on January 21, 2020. In January 2020, the Authority issued \$5,515,000 in Series 2020 Refunding Revenue Bond (City of Acworth Cable Project) for the purpose of refunding the existing bonds. As a result of the refunding, the City decreased its total debt service requirements by \$317,784 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$289,608.

The hybrid fiber/coax broadband network constructed has been sold and is no longer an asset owned by the City. Since no asset is owned by the City; the lease debt is not included in the calculation of net investment in capital assets.

The debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 645,000	\$ 41,685	\$ 686,685
2027	665,000	28,140	693,140
2028	675,000	14,174	689,174
Total	<u>\$ 1,985,000</u>	<u>\$ 83,999</u>	<u>\$ 2,068,999</u>

City of Acworth Street Project

During 2017, the Acworth Downtown Development Authority issued \$7,160,000 in Series 2017 Revenue Bonds for the purpose of financing the costs of the City of Acworth Street Project. The bonds were issued at a rate of 2.25% per annum with a maturity of July 01, 2031. The City and the Acworth Downtown Development Authority entered into an agreement of sale whereas the City will make the installment payments until the bond is paid in full. The principal is paid annually while the interest is paid bi-annually.

The debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 580,000	\$ 113,400	\$ 693,400
2027	595,000	100,350	695,350
2028	605,000	86,962	691,962
2029	1,345,000	73,350	1,418,350
2030	1,700,000	43,087	1,743,087
2031	215,000	4,838	219,838
Total	<u>\$ 5,040,000</u>	<u>\$ 421,987</u>	<u>\$ 5,461,987</u>

**CITY OF ACWORTH, GEORGIA  
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**B. Installment Sales Agreement (Direct Borrowing/Placements)**

Public Safety and Court Services

During 2014, the City and the Georgia Municipal Association entered into an installment sales agreement totaling \$3,840,000 over a period of 15 years for the purpose of financing the cost of renovating the existing facilities to provide public safety and court services for the City and the construction of an access road to the facilities. The principal amount is payable annually while the interest payments will be made semi-annually at a rate of 3.41%.

On February 6, 2020, the agreement was amended to modify the interest rate on the agreement to 2.39%. All other terms remained in effect.

The debt service requirements on this modified agreement are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 290,422	\$ 10,917	\$ 301,339
2027	297,363	18,281	315,644
2028	304,470	11,089	315,559
2029	311,747	3,725	315,472
Total	<u>\$ 1,204,002</u>	<u>\$ 44,012</u>	<u>\$ 1,248,014</u>

**C. Tax Allocation District Bonds (Direct Borrowing/Placements)**

During 2004, the City issued \$6,050,000 in limited obligation term bonds to undertake certain redevelopment projects within a tax allocation district (Lakeside TAD) established by the City. The issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but is secured solely by, and payable solely from, pledged revenues. The pledged revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City, Cobb County, and the Cobb County Board of Education. The property tax increments are pledged until the bonds are paid in full in fiscal year 2026. The tax allocation increments are projected to produce 100% of the debt service requirements over the life of the bonds. For the current year, total principal and interest paid and total tax allocation increments were \$509,050 and \$969,208 respectively.

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On July 23, 2013, the bonds were refunded and the revised debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 505,000	\$ 6,416	\$ 511,416
Total	\$ 505,000	\$ 6,416	\$ 511,416

**D. Leases**

The City is obligated under various lease agreements for the use of equipment. Lease debt service requirements to maturity for Governmental Activities are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 135,371	\$ 14,192	\$ 149,563
2027	139,934	9,629	149,563
2028	144,649	4,914	149,563
2029	14,320	140	14,460
Total	\$ 434,274	\$ 28,875	\$ 463,149

**E. Legal Debt Margin**

The City is subject to a debt limit that is 10% of its total assessed taxable property valuation. At June 30, 2025 that amount was \$142,131,070. As of June 30, 2025 the total outstanding debt applicable to the limit was \$8,229,002.

**9. COMMITMENTS AND CONTINGENCIES**

Municipal Electric Authority of Georgia

The City has entered into a Power Sales Contract with the Municipal Electric Authority of Georgia (the "Authority"). Concurrently with this agreement, the City has agreed to assume the obligation to pay the costs for excess entitlements transferred from the City of Sylvania, Georgia. The contract requires the City to purchase from the Authority all of the City's bulk power supply. The Authority is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations are general obligations for the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling \$10,425,073 from the Authority during the period ended June 30, 2025.

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Electric Cities of Georgia

The City is obligated under a Distribution Business Unit and Marketing Services Contract with the Electric Cities of Georgia. This contract provides for certain marketing, distribution, joint purchasing, training and safety, and technical support services. The City’s cost for these services were \$282,413 during the period ended June 30, 2025.

Encumbrances

Encumbrances outstanding as of June 30, 2025 are as follows:

Capital Improvement Fund	\$	1,432,030
SPLOST Fund		2,319,932
Nonmajor Governmental Funds		128,435
Total	<u>\$</u>	<u>3,880,397</u>

**10. PROPERTY TAXES**

The City bills and collects real and personal property taxes. Prior to fiscal year 2011, Cobb County, Georgia was billing and collecting those taxes on behalf of the City. Ad valorem tax on motor vehicles and mobile homes is collected by the Cobb County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied in September of each year on the assessed valuation of property as of the preceding January 1 and are due within 60 days. Taxes levied on September 15 were due on or before November 15.

Liens may attach to property for unpaid taxes at any time within three years after the due date.

Assess values are established by the Cobb County Tax Assessor’s office and are currently calculated at 40% of the market value. The assessed values of real and personal property (excluding public utility franchise, motor vehicles, heavy duty equipment and mobile home taxes) at January 1, 2024 was \$1,474,632,111.

Based on the 2024 digest millage levy of 8.95, a property tax owner would pay \$8.95 per \$1,000 of assessed valuation. Current tax collections of \$10,408,024 for the fiscal year ended June 30, 2025 were 99.34% of the levy.

**CITY OF ACWORTH, GEORGIA  
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**11. FUND BALANCE**

The composition of the City’s fund balances is as follows:

	General Fund	Capital Projects Fund	SPLOST Fund	Non-major Governmental Funds	Total
Nonspendable:					
Prepays	\$ 448,666	\$ -	\$ 23,736	\$ 2,321	\$ 474,723
Restricted for:					
Public safety	6,215	-	785,684	737,650	1,529,549
Culture and recreation	4,938	-	1,698,115	125,941	1,828,994
Housing and development	183	-	-	-	183
Public works	894	-	11,841,346	28,980	11,871,220
Judicial	164	-	-	-	164
General government	5,098	-	-	-	5,098
Voter appropriation	3,000,000	-	-	-	3,000,000
Debt service	-	-	-	3	3
Committed for:					
Public works	-	61,995	-	-	61,995
General government	-	179,509	-	-	179,509
Culture and recreation	-	1,390,112	-	-	1,390,112
Assigned for:					
Capital projects	-	54,813	-	-	54,813
General government	-	3,506,626	-	-	3,506,626
Public safety	-	23,550	-	-	23,550
Public works	-	36,445	-	-	36,445
Culture and recreation	5,611	1,124,738	-	49,900	1,180,249
Housing and development	17,791	9,717	-	18,191	45,699
Unassigned	4,848,051	-	-	(344,052)	4,503,999
	<u>\$ 8,337,611</u>	<u>\$ 6,387,505</u>	<u>\$ 14,348,881</u>	<u>\$ 618,934</u>	<u>\$ 29,692,931</u>

**12. EMPLOYEE RETIREMENT SYSTEM**

General Information about the Pension Plan - The City has established a defined benefit pension plan (“Plan”) and contributes to the Georgia Municipal Employees Benefit System (“GMEBS”), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The Georgia Municipal Employee Benefit System issues a publicly available financial report that includes financial statements and required supplementary information of GMEBS. That report may be obtained 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.

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Benefit terms and contribution requirements are established and may be amended by the Mayor and Board of Aldermen.

All full-time employees become eligible for the plan after one year of service. Beginning August 2002, benefits vest after completing five years of service. Employees who retire after age 65 with 5 years of services or after age 55 with 10 years of credited service are entitled to a retirement benefit. The monthly benefit is determined using a split benefit formula, incorporating the employees' highest average earnings for five consecutive years, years of service and rates of 1.0% and 1.75%.

The Plan was amended during 2007 to offer certain enhancements. During fiscal year ended December 31, 2007, all active employees were offered the option of acquiring an early retirement benefit under the "Rule of 80" with a minimum age of 52 (where age and credited years of service meet or exceed 80). Employees that meet the "Rule of 80" with a minimum age of 52 are entitled to early retirement benefits. The Plan was amended effective January 1, 2017 where employees contribute 4% of their annual salary towards the additional costs of these benefits. Previously, the employee contribution was 3%. The vesting period for benefits was also adjusted from seven years of service to 10 years of service. Effective January 1, 2017, employee benefits are determined using a benefit formula incorporating the employee's highest consecutive five years average earnings, years of service and a rate of 2.00%; previously 1.75%. All new employees are automatically covered by the new plan after meeting the eligibility requirement.

During fiscal year ended June 30, 2025, plan enhancements were made to decrease the vesting period from 7 or 10 years to 5 years for all employees, allow up to 3 years of military service for benefit eligibility purposes, and decrease the minimum age for the "Rule of 80" alternative retirement from 52 to 50 (Class 1 and 3 employees).

Elected officials have no waiting period for eligibility and are immediately vested. Elected officials are entitled to a benefit based on a set amount per years of service. Amendments were adopted in May 2012, concerning the benefit level and vesting for elected officials. The prior plan called for immediate participation for elected officials. Under the amended plan, future elected officials will have to meet a seven year vesting schedule. Amendments were adopted in July 2020, concerning benefit levels and vesting for elected officials. The amendment implements an eight year vesting schedule and requires employee contributions of 4% for elective officials taking office on or after January 1, 2021.

At January 1, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	111
Active employees	158
Elected officials	<u>6</u>
Total	<u><u>343</u></u>

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*Contributions* - Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions. For the year ended June 30, 2025, the actuarially determined rate was 8.48% of expected annual pay. The City's contributions to the Plan totaled \$892,992 for the year ended June 30, 2025.

Net Pension Liability - The City's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025.

*Actuarial assumptions* - The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% - 8.50% including inflation
Investment rate of return	7.375%
Post-retirement benefit increases	Not applicable

Mortality rates were based on the sex-distinct Pri-2012 head-count weighted mortality tables with rates multiplied by 1.25, as applicable.

The mortality and actuarial assumptions used in the January 1, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019.

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.60%
International equity	20%	7.03%
Real estate	10%	3.40%
Domestic fixed income	20%	2.70%
Global fixed income	5%	3.70%
Total	<u>100%</u>	

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*Discount rate* - The discount rate used to measure the total pension liability was 7.375 percent. 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. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2023	\$ 22,816,165	\$ 16,549,608	\$ 6,266,557
Changes for the year:			
Service cost	531,285	-	531,285
Interest	1,683,328	-	1,683,328
Differences between expected and actual experience	37,610	-	37,610
Contributions - employer	-	886,796	(886,796)
Contributions - employee	-	374,821	(374,821)
Net investment income	-	3,936,114	(3,936,114)
Benefit payments, including refunds of employee contributions	(1,045,318)	(1,045,318)	-
Administrative expense	-	(40,172)	40,172
Other	44,924	-	44,924
Net changes	1,251,829	4,112,241	(2,860,412)
Balances at 9/30/2024	<u>\$ 24,067,994</u>	<u>\$ 20,661,849</u>	<u>\$ 3,406,145</u>

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 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount (7.375%)	1% Increase (8.375%)
Net pension liability	\$ 6,598,402	\$ 3,406,145	\$ 819,746

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS Retirement Trust financial report. The GMEBS's financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which the contributions are received.

**CITY OF ACWORTH, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Investment income is recognized as earned by the GMEBS. The net appreciation (depreciation) in the fair value of investments held by the GMEBS is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the Statement of Net Position. Plan refunds, transfers and benefits to participants are recorded as they are received or paid. Other expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments are reported at fair value as of the Statement of Net Position date.

Investments of the System consist of common and preferred stocks, corporate fixed income securities, equity and fixed income mutual funds, governmental and governmental agency securities, real estate investment trusts, and external collective investment trusts. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in real estate funds are valued based on appraisals and valuations prepared by Morgan Stanley Real Estate Advisors. Fair value of the external collective investment trusts are equal to the value of the pool shares. The Office of the Comptroller of Currency is the oversight agency for the external collective investment trusts. Temporary cash and cash equivalent investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values.

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

For the year ended June 30, 2025, the City recognized pension expense of \$401,003. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 281,595	\$ 135,201
Net difference between projected and actual earnings on pension plan investments	-	1,514,327
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	<u>669,744</u>	<u>-</u>
Total	<u>\$ 951,339</u>	<u>\$ 1,649,528</u>

**CITY OF ACWORTH, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

\$669,744 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2026	\$ (280,526)
2027	156,677
2028	(702,267)
2029	(541,817)

**13. POST-EMPLOYMENT HEALTHCARE PLAN**

Plan Description - The City of Acworth OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Acworth. The plan does not issue separate financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The City provides medical, prescription drug and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree with the exception of life insurance. Employees retiring after March 1, 2009 are not provided life insurance. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 60, provided that the employee's age plus completed years of service with the City, at the time of the employee's retirement is equal to or greater than 85.

The plan was amended in 2016 whereas employees hired prior to September 1, 2016 become eligible for benefits if they retire on or after the age of 52, provided that the employee's age plus completed years of service with the City at the time of retirement is equal to or greater than 80. Employees hired after September 1, 2016 that are permanent full time career employees, have been employed a minimum of 30 full time continuous years with the City and have attained their 60th birthday while employed full time by the City, become eligible to purchase single coverage medical insurance under the then current City medical insurance plan until they become Medicare eligible. The employee shall pay the same rate as currently employed permanent full time career employees pay for medical insurance however, the rate may be adjusted by the Mayor and Board of Aldermen. Should the employee choose not to participate in Medicare, their eligibility for medical insurance under the City plan will cease on the date they would otherwise become eligible for Medicare coverage.

The cost of benefits for retirees is paid by the City. The City will pay 100% of the cost of benefits for the retiree's spouse if the employees retires after completing 30 years of service with the City, 75% if completed 25 years of service, 50% if completed 20 years of service, and 0% if less than 20 years of service. The plan was amended in 2017 for employees hired after September 1, 2016 whereas those employees retiring having attained the age of 60 and working a minimum of 30 continuous years with the City will be eligible to purchase single

**CITY OF ACWORTH, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

coverage medical insurance under the City’s plan at the same rate current employees would be contributing. Benefits cease upon reaching Medicare eligibility.

At January 1, 2023, the following employees were covered by the benefit terms:

Inactive plan members of beneficiaries currently receiving benefit payments	16
Active plan members	151
 Total	 167

Total OPEB Liability - The City’s total OPEB liability was measured as of June 30, 2024 by an actuarial valuation as of that date.

*Actuarial assumptions* - The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	3.00% to 8.50% including inflation
Healthcare cost trend rates	-4.65% for 2023, then 6.75% trended down to 4.50% over 9 years
Healthy mortality rates	Sex distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table, with rates multiplied by 1.25

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019.

*Discount rate* - Since the City funds this Plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). To comply with this requirement, the discount rate is based on an index of 20-year, tax-exempt general obligation bonds. Specifically, the chosen rate is 3.93%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2024.

**CITY OF ACWORTH, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at 6/30/2023	\$ 17,685,268
Changes for the year:	
Service cost	486,083
Interest	657,977
Change in benefit terms	-
Differences between expected and actual experience	(60,399)
Changes of assumptions	(81,367)
Benefit payments	(291,761)
Net changes	710,533
Balances at 6/30/2024	\$ 18,395,801

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	\$ 21,854,498	\$ 18,395,801	\$ 15,645,194

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 15,199,206	\$ 18,395,801	\$ 22,531,511

**CITY OF ACWORTH, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$524,257. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 173,086	\$ 1,445,791
Changes of assumptions	2,487,813	7,610,266
Employer contributions to the OPEB plan subsequent to the measurement date of the total OPEB liability	<u>357,364</u>	<u>-</u>
Total	<u>\$ 3,018,263</u>	<u>\$ 9,056,057</u>

\$357,364 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2026	\$ (484,286)
2027	(484,286)
2028	(1,336,141)
2029	(1,645,673)
2030	(1,374,484)
Thereafter	(1,070,288)

**14. DEFINED CONTRIBUTION PLAN**

The City of Acworth contributes to the City of Acworth’s 401(a) Plan, which is a defined contribution plan under Section 401(a) of the Internal Revenue Code. The Plan is administered by the Empower Financial Services, Inc. As of June 30, 2025, there were 226 plan members. Plan provisions and contribution requirements are established and amended by the City. The plan includes elected officials, all full-time employees, management employees and part-time permanent employees working more than 30 hours per week. The plan consists of employee contributions and an employer match. The employer match is up to 2.5% for qualifying regular and part-time employees and up to 5.5% for management employees and elected officials of the City. Such qualifying employees who have performed one (1) hour of service are eligible to participate in the plan.

**CITY OF ACWORTH, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The plan was amended in 2007 by the City to allow qualified employees and current elected officials hired/elected and enrolled prior to October 1, 2007 to be automatically vested. Employees hired after October 1, 2007 are required to meet a tiered seven (7) year vesting schedule. Elected officials participating after October 1, 2007 become fully vested after four (4) years of participation.

Effective January 01, 2018, the City amended the Plan. Employees not already contributing to the 401(a) plan may elect to contribute to a 457 plan and the City will fund the match of their contributions into the 401(a) plan. Employees may contribute into both plans provided the City's total percentage match does not exceed the specified percentage for employee type. Employees participating prior to January 1, 2018 will continue to have their contributions placed in the 401(a) plan. The vesting schedule was also amended to a five (5) year tiered vesting. All new employees may contribute to the 457 plan with the employer match in the 401(a) plan.

A participant that leaves the employment of the City is entitled to their account balance for employee contributions and if vesting requirements are satisfied they are also entitled to the employer match portion. Any forfeiture balances are used to reduce future employer contributions, or if no contributions are required, forfeited amounts are allocated to participant accounts based on the ratio of each participant's earnings to total earnings for all participants. The balance in the forfeiture account as of June 30, 2025 was \$17,073. The City made total contributions during the year of \$237,954. The participants made contributions during the year totaling \$364,568. The plan held no securities of the City or other related parties during the year.

**15. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. The retention of the pool is \$1,000,000 for property and \$750,000 for liability. Coverage is subject to a per occurrence deductible of \$2,500.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency. GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

**CITY OF ACWORTH, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA 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 Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City is also exposed to risks of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a group self-insurance fund managed by the Georgia Municipal Association Workers' Compensation Self-Insurance Fund whereby the risk is pooled with other entities. The policy is adjustable and the retention of the fund is \$1,000,000. Yearly premiums are paid by the City which will pay for related medical benefits and lost time exceeding the first seven days the employee is absent, and the first seven days if the employee is absent at least twenty-one days, up to statutory limits per occurrence. Beginning in 2006, coverage is subject to a per occurrence deductible of \$25,000.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self

**CITY OF ACWORTH, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

As part of this risk fund, the City is obligated to pay all contributions and assessments as prescribed by the fund, to cooperate with the fund'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 fund'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 Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs 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.

In addition, the City is exposed to risks of loss resulting from providing health, dental and vision benefits to employees and retirees. Prior to December 31, 2016; the City operated a partially self-insured program for medical claims (which includes prescriptions). The City was responsible for premium payments, medical claims payments and providing eligibility information. The City has not incurred a liability for potential claims while self-insured as the run-out period has passed. Any potential claims are believed to be minimal.

Under the partially self-insured plan, the City had a specific deductible of \$40,000 with an unlimited specific excess limited per cover person and an unlimited lifetime reimbursement limitation. There was no aggregating specific deductible. The City paid the claims and after the claims reached this amount, a private insurance carrier would reimburse the City. Under the aggregate excess coverage, there was an aggregate excess limit of \$1,000,000 with a corridor of 125%.

Effective January 1, 2017, the City became fully insured to provide medical, dental and vision benefits for eligible employees. Retirees eligible for medical coverage are under the same plan. The City is responsible for premium payments and providing eligibility information. The City pays the premium and employee contributions are deducted from payroll and are based on the level of coverage elected.

The City believes that coverage provided by these various insurance policies is adequate to cover any outstanding claims as detailed by the carrier.

**CITY OF ACWORTH, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**16. JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the ten county Atlanta regions, is a member of the Atlanta Regional Commission (ARC). Membership in a 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 officials of political subdivisions and private citizens representing districts with the Atlanta region. OCGA 50-8-39.1 provides that certain member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from Atlanta Regional Commission, 229 Peachtree Street #100, Atlanta, Georgia 30303.

**17. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had expenditures in excess of appropriations for the fiscal year June 30, 2025:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Recreational Impact Fee Fund			
Culture and recreation	\$ 67,558	\$ 67,559	\$ (1)
ARPA Grant Fund			
Public safety	-	344,052	(344,052)
Acworth Lake Authority			
Culture and recreation	10,000	10,036	(36)

**18. CHANGE WITHIN THE FINANCIAL REPORTING ENTITY**

During the fiscal year ended June 30, 2025, the ARPA Grant Fund changed from a major to non major fund. There was no effect on the beginning fund balance as the beginning fund balance of the ARPA Grant Fund was zero.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>										
Service cost	\$ 531,285	\$ 523,133	\$ 556,384	\$ 530,780	\$ 484,294	\$ 437,364	\$ 402,865	\$ 379,852	\$ 364,831	\$ 292,812
Interest	1,683,328	1,584,933	1,542,316	1,405,086	1,274,523	1,085,463	976,492	807,823	745,988	672,423
Differences between expected and actual experience	37,610	221,104	(540,804)	714,170	195,163	600,526	434,513	142,465	(3,829)	278,675
Changes of assumptions	-	-	-	-	377,166	1,113,438	-	196,116	-	-
Changes of benefit terms	44,924	-	-	-	-	-	-	1,001,149	-	-
Benefit payments, including refunds of employee contributions	(1,045,318)	(960,985)	(932,577)	(697,215)	(517,354)	(432,446)	(358,384)	(309,431)	(308,809)	(280,555)
<b>Net change in total pension liability</b>	<b>1,251,829</b>	<b>1,368,185</b>	<b>625,319</b>	<b>1,952,821</b>	<b>1,813,792</b>	<b>2,804,345</b>	<b>1,455,486</b>	<b>2,217,974</b>	<b>798,181</b>	<b>963,355</b>
<b>Total pension liability - beginning</b>	<b>22,816,165</b>	<b>21,447,980</b>	<b>20,822,661</b>	<b>18,869,840</b>	<b>17,056,048</b>	<b>14,251,703</b>	<b>12,796,217</b>	<b>10,578,243</b>	<b>9,780,062</b>	<b>8,816,707</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 24,067,994</b>	<b>\$ 22,816,165</b>	<b>\$ 21,447,980</b>	<b>\$ 20,822,661</b>	<b>\$ 18,869,840</b>	<b>\$ 17,056,048</b>	<b>\$ 14,251,703</b>	<b>\$ 12,796,217</b>	<b>\$ 10,578,243</b>	<b>\$ 9,780,062</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 886,796	\$ 912,788	\$ 898,185	\$ 827,871	\$ 674,588	\$ 596,241	\$ 534,171	\$ 423,979	\$ 406,534	\$ 434,039
Contributions - employee	374,821	361,601	335,931	339,959	332,560	312,418	281,419	248,431	193,653	164,243
Net investment income	3,936,114	1,918,309	(2,764,961)	3,215,055	1,150,461	350,717	954,892	1,218,198	780,159	62,237
Benefit payments including refunds of employee contributions	(1,045,318)	(960,985)	(932,577)	(697,215)	(517,354)	(432,446)	(358,384)	(309,431)	(308,809)	(280,555)
Administrative expense	(40,172)	(41,806)	(42,113)	(41,414)	(41,211)	(38,243)	(40,235)	(42,337)	(23,770)	(25,428)
<b>Net change in plan fiduciary net position</b>	<b>4,112,241</b>	<b>2,189,907</b>	<b>(2,505,535)</b>	<b>3,644,256</b>	<b>1,599,044</b>	<b>788,687</b>	<b>1,371,863</b>	<b>1,538,840</b>	<b>1,047,767</b>	<b>354,536</b>
<b>Plan fiduciary net position - beginning</b>	<b>16,549,608</b>	<b>14,359,701</b>	<b>16,865,236</b>	<b>13,220,980</b>	<b>11,621,936</b>	<b>10,833,249</b>	<b>9,461,386</b>	<b>7,922,546</b>	<b>6,874,779</b>	<b>6,520,243</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 20,661,849</b>	<b>\$ 16,549,608</b>	<b>\$ 14,359,701</b>	<b>\$ 16,865,236</b>	<b>\$ 13,220,980</b>	<b>\$ 11,621,936</b>	<b>\$ 10,833,249</b>	<b>\$ 9,461,386</b>	<b>\$ 7,922,546</b>	<b>\$ 6,874,779</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 3,406,145</b>	<b>\$ 6,266,557</b>	<b>\$ 7,088,279</b>	<b>\$ 3,957,425</b>	<b>\$ 5,648,860</b>	<b>\$ 5,434,112</b>	<b>\$ 3,418,454</b>	<b>\$ 3,334,831</b>	<b>\$ 2,655,697</b>	<b>\$ 2,905,283</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>85.85%</b>	<b>72.53%</b>	<b>66.95%</b>	<b>80.99%</b>	<b>70.06%</b>	<b>68.14%</b>	<b>76.01%</b>	<b>73.94%</b>	<b>74.89%</b>	<b>70.29%</b>
<b>Covered payroll</b>	<b>\$ 9,548,941</b>	<b>\$ 8,494,779</b>	<b>\$ 8,523,119</b>	<b>\$ 8,892,008</b>	<b>\$ 8,754,584</b>	<b>\$ 8,224,751</b>	<b>\$ 8,018,235</b>	<b>\$ 7,363,065</b>	<b>\$ 7,264,396</b>	<b>\$ 6,891,178</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>35.67%</b>	<b>73.77%</b>	<b>83.17%</b>	<b>44.51%</b>	<b>64.52%</b>	<b>66.07%</b>	<b>42.63%</b>	<b>45.29%</b>	<b>36.56%</b>	<b>42.16%</b>

**CITY OF ACWORTH, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS**

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Actuarially determined contribution	\$ 892,992	\$ 881,103	\$ 941,997	\$ 883,581	\$ 792,109	\$ 635,779	\$ 583,845	\$ 466,903	\$ 465,298	\$ 396,393
Contributions in relation to the actuarially determined contribution	892,992	881,103	941,997	883,581	792,109	635,779	583,845	466,903	465,298	396,393
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,026,374	\$ 10,317,725	\$ 9,844,243	\$ 9,647,628	\$ 9,271,176	\$ 9,119,107	\$ 8,801,412	\$ 8,023,610	\$ 7,881,656	\$ 7,383,239
Contributions as a percentage of covered payroll	8.10%	8.54%	9.57%	9.16%	8.54%	6.97%	6.63%	5.82%	5.90%	5.37%

**CITY OF ACWORTH, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 486,083	\$ 798,598	\$ 1,013,805	\$ 1,281,947	\$ 983,461	\$ 696,396	\$ 747,507	\$ 954,101
Interest	657,977	886,056	567,788	596,218	788,309	528,196	481,856	413,784
Changes of benefit terms	-	285,671	-	-	-	602,656.00	-	-
Differences between expected and actual experience	(60,399)	(1,066,760)	(113,503)	(988,841)	(76,250)	692,342	(474,028)	(77,885)
Changes of assumptions	(81,367)	(7,333,531)	(2,320,061)	(1,180,674)	2,552,507	6,122,495	(474,584)	(2,102,074)
Benefit payments	(291,761)	(229,988)	(150,171)	(114,476)	(68,416)	(41,170)	(40,479)	(40,336)
<b>Net change in total OPEB liability</b>	710,533	(6,659,954)	(1,002,142)	(405,826)	4,179,611	8,600,915	240,272	(852,410)
<b>Total OPEB liability - beginning</b>	17,685,268	24,345,222	25,347,364	25,753,190	21,573,579	12,972,664	12,732,392	13,584,802
<b>Total OPEB liability - ending (a)</b>	<u>\$ 18,395,801</u>	<u>\$ 17,685,268</u>	<u>\$ 24,345,222</u>	<u>\$ 25,347,364</u>	<u>\$ 25,753,190</u>	<u>\$ 21,573,579</u>	<u>\$ 12,972,664</u>	<u>\$ 12,732,392</u>
<b>Covered employee payroll</b>	\$ 10,317,725	\$ 9,844,243	\$ 9,647,628	\$ 9,271,176	\$ 9,119,107	\$ 8,801,412	\$ 8,023,610	\$ 7,881,656
<b>Total OPEB liability as a percentage of covered employee payroll</b>	178.29%	179.65%	252.34%	273.40%	282.41%	245.11%	161.68%	161.54%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits for the pension/OPEB plan.

2018 was the first fiscal year that data has been measured in accordance with GASB Statement 75. Schedule will show additional years as they become available.

**CITY OF ACWORTH  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 15,980,289	\$ 17,150,165	\$ 17,150,168	\$ 3
Licenses and permits	503,500	777,744	777,745	1
Intergovernmental	63,000	58,912	58,913	1
Charges for services	1,619,624	1,678,233	1,678,241	8
Fines and forfeitures	1,060,000	530,524	530,524	-
Investment earnings	102,000	188,134	188,134	-
Contributions and donations	109,000	67,775	67,776	1
Other	51,180	89,238	89,238	-
<b>Total revenues</b>	<b>19,488,593</b>	<b>20,540,725</b>	<b>20,540,739</b>	<b>14</b>
<b>Expenditures:</b>				
General Government				
Board of Aldermen	468,946	435,283	435,282	1
Administration - City Manager's Office	809,646	787,941	787,937	4
City Clerk	279,750	269,076	269,053	23
Elections	250	45	45	-
Financial Administration	907,972	704,272	704,259	13
Attorney/Legal Services	185,550	155,603	155,603	-
Information Systems	985,959	1,082,770	1,080,743	2,027
Human Resources	313,729	303,715	300,509	3,206
Insurance/Risk Management	400,000	426,296	426,083	213
External Auditors	46,500	47,553	47,553	-
General Government Building Maintenance	450,083	399,243	398,931	312
Government Bldg - City Hall	99,250	109,876	108,541	1,335
Government Bldg - 4400 Acworth Ind Dr	160,500	143,143	141,696	1,447
Government Bldg - 4406/4440 Acworth Ind Dr	98,100	117,456	116,911	545
Government Bldg - Other City Property	80,100	90,605	90,603	2
Government Bldg - Old Jail	1,704	539	532	7
Judicial				
Municipal Court	491,936	554,196	544,311	9,885
Public Safety				
Police	7,217,575	6,613,546	6,613,179	367
Jail	11,275	5,066	4,791	275
Public Works				
Public Works Administration	508,255	429,953	427,375	2,578
Highways and Streets	799,012	712,094	704,707	7,387
Right of Way Mowing	76,800	76,800	76,800	-
Fleet Maintenance	208,649	177,545	176,072	1,473
Cemetery	28,300	28,300	27,493	807

**CITY OF ACWORTH  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Culture and Recreation				
Recreation	2,653,569	2,565,271	2,560,615	4,656
Athletics	126,457	95,271	93,361	1,910
Acworth Achievers/Expanding Horizons	61,000	121,888	121,888	-
Roberts School Recreation Ctr.	46,660	46,648	45,897	751
Rosenwald School Community Center	11,600	15,897	15,318	579
Community Center	174,236	169,536	169,398	138
Neighborhood Playgrounds	14,392	3,442	3,241	201
Southshore Park and Beach	37,409	41,044	40,996	48
Dallas Landing Beach and park	59,670	53,770	51,073	2,697
Proctor Landing Beach and Park	61,878	56,040	55,444	596
Acworth Sports Complex	120,450	107,221	105,664	1,557
Bobby Van Newberry Park	14,660	14,739	13,848	891
Cauble Park Facilities	102,072	110,199	109,976	223
Logan Farm Park Facilities	108,250	108,296	108,149	147
Overlook Park Facilities	7,600	7,600	7,600	-
Summer Camp Operations	269,151	206,773	206,209	564
Special Events Activities	112,775	101,499	101,299	200
Senior Citizen Luncheon/Programs	63,350	41,003	40,476	527
Parks	24,600	22,478	20,887	1,591
Tree Commission	3,500	2,504	2,504	-
Housing and Development				
Protective Building Inspection	405,476	327,926	326,888	1,038
Planning and Zoning	106,035	93,703	91,669	2,034
Code Compliance	193,479	180,770	178,454	2,316
GIS	246,016	235,425	233,996	1,429
Historic Preservation	2,820	2,400	2,400	-
Economic Development	182,123	180,533	174,710	5,823
TAD (Disbursement Funds)	257,964	460,155	460,155	-
Debt Service	315,808	344,729	344,728	1
<b>Total expenditures</b>	<u>20,412,841</u>	<u>19,387,676</u>	<u>19,325,852</u>	<u>61,824</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(924,248)</u>	<u>1,153,049</u>	<u>1,214,887</u>	<u>61,838</u>
<b>Other financing sources (uses):</b>				
Transfers in	451,469	1,910,215	1,910,234	19
Transfers out	(886,381)	(3,336,164)	(3,336,164)	-
Sale of capital assets	30,000	133,317	133,317	-
<b>Total other financing sources (uses)</b>	<u>(404,912)</u>	<u>(1,292,632)</u>	<u>(1,292,613)</u>	<u>19</u>
<b>Net change in fund balance</b>	<u>\$ (1,329,160)</u>	<u>\$ (139,583)</u>	<u>(77,726)</u>	<u>\$ 61,857</u>
Fund balance at beginning of year - GAAP Basis			<u>8,415,337</u>	
Fund balance at end of year - GAAP Basis			<u>\$ 8,337,611</u>	

**CITY OF ACWORTH, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. Changes in Assumptions**

Changes in assumptions for Pension Plan:

Amounts reported for fiscal years ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct rates under the 2019 OASDI Trustees Report used for the intermediate alternative. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.

**CITY OF ACWORTH, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
- The investment return assumption was decreased from 7.50% to 7.375%.

Changes in assumptions for OPEB:

Amounts reported in the Schedule of Changes in the City's Total OPEB Liability and Related Ratios for the fiscal year ending June 30, 2024 reflect the following assumption changes based on an actuarial experience study for the period January 2015 to June 30, 2019:

- The discount rate effective June 30, 2020 and 2021 is 2.16%, and 2.21%, respectively.
- The discount rate effective June 30, 2022 and 2023 is 3.65%.
- The discount rate effective June 30, 2024 is 3.93%.
- Congress repealed the excise tax regulation in December 2019.

**2. Methods and Assumptions to Determine Pension Contribution Rates**

Valuation date – The actuarially determined contribution rate for fiscal year 2025 was determined as of January 1, 2024, with an interest adjustment to the fiscal year.

Actuarial cost method – Entry age level percentage of pay

Amortization method – Closed level dollar for remaining unfunded liability. Remaining amortization period varies for the bases, with a net effective amortization period of 11 years

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 amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Projected salary increase – 2.25% plus service based merit increases

**CITY OF ACWORTH, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Investment rate of return – 7.375%

Retirement age – 65

Mortality – Sex-distinct Pri-2012 head-count weighted Mortality Table with rate multiplied by 1.25.

### **3. Budgetary Data**

An operating budget is legally adopted each fiscal year for the General, Special Revenue, and the Debt Service Funds. Project length budgets are adopted for the Capital Project Funds at the beginning of each project.

Budgets for the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that the Capital Project Funds adopt project length budgets. In the General Fund, indirect cost allocations are budgeted as transfers.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the Board of Aldermen and the citizens by the City Manager by publication in the official Marietta Daily Journal newspaper.
2. A public hearing on the budget is held, giving notice thereof at least ten days in advance.
3. The budget is then revised and adopted or amended by the Board of Aldermen at the first regular meeting following the hearing.
4. The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level. The City's department heads may make transfers of appropriations within a department. Certain transfers of appropriations between departments require the approval of the Mayor and Board of Aldermen. The total budget so adopted may be revised during the year only by formal action of the Board of Aldermen in a regular meeting and no increase shall be made therein without provision also being made for financing the same. For a non-budgeted activity or item, or one which has a high likelihood of exceeding the budget appropriation, approval must come from the Mayor and Board of Aldermen.
5. Formal budgetary integration is employed as a management control device during the year for all funds.

**CITY OF ACWORTH, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Budgeted amounts reflected in the accompanying budget and actual comparisons are as originally adopted, or as amended, by the Board of Aldermen. Individual amendments were not material in relation to the original appropriations which were amended.

Unencumbered appropriations lapse at year end.

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 employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

## **APPENDIX B**

### **DEFINITIONS AND SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS**

This Appendix B has been prepared by Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel.

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## **DEFINITIONS AND SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS**

### **DEFINITIONS**

Certain words and terms used in this Official Statement are defined herein. In addition to the words and terms defined elsewhere herein, the following words and terms are defined terms in this Official Statement.

**“Accountant”** means a certified public accountant, or a firm of certified public accountants, who or which is “independent” as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote his or its full time to the Company or its Affiliates (but who or which may be regularly retained by the Company or its Affiliates).

**“Additional Bonds”** means the additional parity bonds authorized to be issued by the Authority pursuant to the terms and conditions of the Indenture.

**“Additional Contract”** means a contract or supplemental agreement (including, without limitation, any amendment or supplement to the Contract) between the City and the Authority or any other development authority that is now existing or that may hereafter be created or activated, pursuant to the terms of which a payment obligation from the City to any such authority is created or expanded, the source of which payment obligation is the Tax.

**“Additions or Alterations”** means modifications, repairs, renewals, improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to the Project, including any and all machinery, furnishings, fixtures, and equipment therefor, and including the restoration, reconstruction, or replacement of buildings, equipment, or other property damaged or destroyed by fire or other casualty or taken by or under the threat of condemnation or for which title is lost.

**“Administrative Rent”** means the rent payable by the Company to the Authority, described under the caption **“THE RENTAL AGREEMENT - Administrative Rent”** herein.

**“Affiliate”** of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, (i) “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, membership, or otherwise; and (ii) the terms “controlling” and “controlled” have meanings correlative to the foregoing.

**“Assignment of Contract Documents”** means the Assignment of Contract Documents, to be dated as of June 1, 2026, by the Company in favor of the Authority, assigning to the Authority all right, title, and interest of the Company in, to, and under the Construction Contract, the Design Contract, and the Plans and Specifications, together with written consents to such assignments and agreements in favor of the Authority, executed by the General Contractor and the Design Professional, and any modifications or replacements thereof or therefor.

**“Authority”** means the Acworth Downtown Development Authority, a public corporation created and existing under the laws of the State, and its successors and assigns.

**“Bond Documents”** means, collectively, the Credit Documents, the Ground Lease, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, the Bond Guaranty, the Contract, and the Indenture.

**“Bond Fund”** means the trust fund so designated, which is created pursuant to the Indenture.

**“Bond Guaranty”** means the Bond Guaranty Agreement, to be dated as of June 1, 2026, between the Company and the Trustee, as the same may be amended from time to time in accordance with the provisions thereof.

**“Bond Rent”** means the monthly rent the Company is obligated to pay the Authority pursuant to the Rental Agreement, which must be sufficient in time and amount to enable the Authority to pay the principal of, premium, if any, and interest on the Bonds.

**“Bond Year”** means the twelve-month period beginning on February 2 of each calendar year and ending on February 1 of the next succeeding calendar year.

**“Bondholders”** means the Persons in whose names any of the Bonds are registered on the books kept and maintained by the Trustee as bond registrar.

**“Bonds”** means the Series 2026 Bonds and all series of Additional Bonds from time to time authenticated and delivered under the Indenture.

**“Buildings”** means those certain buildings and all other facilities, fixtures, and improvements constituting part of the Project and not constituting part of the Equipment, which are or will be located on the Site.

**“City”** means the City of Acworth, a municipal corporation duly created and existing under the laws of the State of Georgia.

**“Commencement Date”** means the date that the Company, as seller, conveys the Project to the Authority, as buyer, pursuant to the Purchase and Sale Agreement.

**“Company”** means Lake City Hospitality LLC, a limited liability company duly formed and existing under the laws of the State of Georgia, and its successors and assigns.

**“Completion Date”** means the date of Completion of Construction, which shall be on or before February 1, 2028, unless extended in writing by the Authority and the Company, subject to force majeure.

**“Completion of Construction”** has the meaning given such term herein under the caption **“THE CONSTRUCTION LOAN AGREEMENT - Completion.”**

**“Construction Contract”** means the construction contract between the Company and the General Contractor, as approved by the Authority, providing for the construction of the Buildings, as the same may be modified or supplemented from time to time in accordance with the terms of the Construction Loan Agreement.

**“Construction Loan Agreement”** means the Construction Loan Agreement, to be dated as of June 1, 2026, between the Authority, as lender, and the Company, as borrower, as the same may be amended from time to time in accordance with the terms thereof.

**“Consultant”** means an Independent Person that is a nationally recognized professional management consultant having, in the good faith opinion of the Company, the skill and experience necessary to render the particular report required and that is reasonably acceptable to the Authority and the Trustee.

**“Consultant’s Report”** means a written report of a Consultant delivered to the Authority and the Trustee.

**“Continuing Disclosure Agreement”** means the Continuing Disclosure Agreement, to be dated as of June 1, 2026, between the Company and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**“Contract”** means the Intergovernmental Economic Development Agreement, to be dated as of June 1, 2026, between the Authority and the City, as the same may be amended from time to time in accordance with the provisions thereof.

**“Contracts”** means the Contract, the Prior Contract, and all Additional Contracts.

**“Cost Breakdown”** means the cost breakdown for construction of the Buildings submitted by the Company and approved by the Authority, as the same may be modified from time to time in accordance with the terms of the Construction Loan Agreement.

**“Costs of Construction”** means the actual, reasonable costs (whether hard or soft) paid or owing by the Company (but in no event in amounts exceeding the total costs set forth in the Cost Breakdown and in no event for purposes other than those therein set forth) in connection with the construction of the Buildings, as follows:

(a) amounts paid or owing by the Company under the Design Contract or the Construction Contract;

(b) the cost of the preparation of the Plans and Specifications (including any preliminary study or planning of the Buildings or any aspect thereof) and the cost of acquisition, construction, and installation of the Buildings and all construction, acquisition, and installation expenses required to provide utility services or other

facilities and all real or personal properties deemed necessary in connection with the Buildings (including development, architectural, engineering, and supervisory services with respect to any of the foregoing);

(c) labor, services, materials, and supplies used or furnished in site improvement and in the construction of the Buildings, including all costs incident thereto, the cost of the construction, acquisition, and installation of utility services or other facilities serving the Site, all real and personal property deemed necessary in connection with the Buildings, consulting and development fees, and the miscellaneous expenses incidental to any of the foregoing items including the premiums on any Surety Bonds;

(d) to such extent as they shall not be paid by the General Contractor, the premiums on all insurance policies required by the Construction Loan Agreement until the Completion Date;

(e) expenses incurred in seeking to enforce any remedy against any contractor or subcontractor or their surety in respect of any default under a contract relating to the construction of the Buildings;

(f) the out-of-pocket expenses of the Company, if any, including, but not limited to, architectural, engineering, and supervisory services, with respect to the construction of the Buildings;

(g) the fees, or out-of-pocket expenses, if any, of those providing services with respect to the construction of the Buildings, including, but not limited to, architectural, engineering, surveying, legal, accounting, and supervisory services;

(h) the fees and out-of-pocket expenses of the Inspector;

(i) such amounts, if any, as shall be necessary to reimburse the Company or the Authority in full for all advances and payments made by either of them for any of the items set forth in clauses (a) through (h) above; and

(j) such other costs and expenses relating to the Buildings that would constitute a “cost of project” permitted to be paid by the Authority pursuant to the Act, as the Authority may approve in writing.

“**Credit Documents**” means, collectively, the Construction Loan Agreement, the Note, and any Security Documents.

“**Debt Service Coverage Ratio**” means, for any particular period of time, the ratio (stated as a percentage) determined by dividing Income Available for Debt Service for such period by the Debt Service Requirement in such period.

“**Debt Service Requirement**” means the total principal and interest coming due on the Indebtedness of the Company, whether at maturity or upon mandatory redemption, in any specified period. The principal of and interest on Bonds shall be excluded from the determination of Debt Service Requirement to the extent that the same were or could be paid with amounts on deposit on the date of calculation (or Bond proceeds to be deposited on the date of issuance of proposed Additional Bonds) in the Bond Fund. In addition, solely for purposes of the provisions of the Rental Agreement described under the caption “**THE RENTAL AGREEMENT - Rate Covenant,**” the principal of and interest on Bonds will be excluded from the determination of Debt Service Requirement to the extent that the same were or could be paid with amounts on deposit on the date of calculation (or Bond proceeds to be deposited on the date of issuance of proposed Additional Bonds) in the Operation and Maintenance Reserve Fund.

“**Debt Service Reserve Fund**” means the trust fund so designated, which is created pursuant to the Indenture.

“**Debt Service Reserve Requirement**” means (1) initially, an amount equal to the maximum annual Debt Service Requirement with respect to Bonds in the then current or any succeeding Bond Year; (2) in the event that the historical Debt Service Coverage Ratio for each of the most recent two Fiscal Years for which audited financial statements have been completed pursuant to the Rental Agreement was greater than or equal to 1.20, an amount equal to 50% of the maximum annual Debt Service Requirement with respect to Bonds in the then current or any succeeding Bond Year; and (3) in the event that the historical Debt Service Coverage Ratio for any Fiscal Year thereafter for which audited financial statements have been completed pursuant to the Rental Agreement was less than 1.20, an amount equal to the maximum annual Debt Service Requirement with respect to Bonds in the then current or any succeeding Bond Year.

**“Design Contract”** means the design contract between the Company and the Design Professional, as approved by the Authority, providing for the design of the Buildings, as the same may be modified or supplemented from time to time in accordance with the terms of the Construction Loan Agreement.

**“Design Professional”** means PFVS Architects and Interiors LLC.

**“Equipment”** means the equipment, machinery, furnishings, and other personal property acquired with proceeds of the Bonds and with proceeds of casualty insurance policies or condemnation awards, and all replacements, substitutions, and additions thereto.

**“Expenses of Operation and Maintenance”** means all expenses reasonably incurred in connection with the operation and maintenance of the Project, including, without limitation, salaries, wages, the cost of materials and supplies, rentals of leased property, if any, management fees, the cost of audits, Trustee’s, paying agent’s, and bond registrar’s fees and expenses, payment of premiums for insurance required by the Rental Agreement and other insurance that the Company deems prudent to carry on the Project and its operations and personnel, and, generally, all expenses, exclusive of debt service on Indebtedness and depreciation or amortization, which under GAAP are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary or desirable for the proper operation and maintenance of the Project shall be included.

**“Extraordinary Services of the Trustee”** and **“Extraordinary Expenses of the Trustee”** mean all services rendered and all expenses incurred by the Trustee under the Indenture, including reasonable counsel fees and expenses, other than Ordinary Services of the Trustee and Ordinary Expenses of the Trustee.

**“Fair Market Value”** means (i) with respect to real property, the market value for such property as established by an independent real estate appraiser who is a member of the American Institute of Real Estate Appraisers selected by the Company and reasonably acceptable to the Authority and (ii) with respect to property other than real property, the current market value of such property as established by a broker, appraiser, or other expert selected by the Company and reasonably acceptable to the Authority.

**“Finance Lease”** means a lease that constitutes a “finance lease” under GAAP.

**“Fitch”** means Fitch Ratings, Inc., or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Company.

**“force majeure”** means acts beyond the Company’s reasonable control, including, without limitation: (a) acts of God; (b) flood, fire, earthquake, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest; (d) government order or law; (e) actions, embargoes, or blockades in effect on or after the date of the Construction Loan Agreement; (f) action by any governmental authority; (g) national, regional, or local emergency; (h) strikes, labor stoppages, or slowdowns or other industrial disturbances; (i) unavailability of materials; and (j) shortage of adequate power or transportation facilities. As a condition to the Company’s assertion of the excuse of force majeure, the Company (1) must give written notice within thirty (30) days of the occurrence of any event described in the preceding sentence to the Authority, stating the period of time the event is expected to continue, and (2) must use diligent efforts to ensure the effects of such event on the compliance by the Company with the affected provision of the Construction Loan Agreement are minimized.

**“Franchise Agreement”** means the SpringHill Suites By Marriott Franchise Agreement, dated May 28, 2025, between the Franchisor and the Company, as amended, modified, or replaced.

**“Franchisor”** means MIF, L.L.C. and its successors, assigns, and replacements.

**“Fund”** means any of the funds established pursuant to the Indenture.

**“GAAP”** means generally accepted accounting principles as in effect from time to time in the United States of America.

**“General Contractor”** means Pinkerton & Laws Construction of Atlanta, Inc.

**“Government Obligations”** means:

(a) direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) or obligations the payment of the principal of and interest on which when due are fully and unconditionally guaranteed by the United States of America;

(b) receipts or certificates that evidence an undivided ownership interest in the right to the payment of the principal of or interest on obligations described in clause (a) above, provided that such obligations are held in the custody of a bank or trust company acceptable to the Trustee, in a special account separate from the general assets of such custodian; and

(c) bonds, notes, or other obligations of any Governmental Issuer the timely payment of the principal of and interest on which is fully provided for (without reinvestment) by the deposit in trust or escrow of cash or non-callable obligations described in clauses (a) or (b) above.

**“Governmental Issuer”** means any state of the United States, any agency or instrumentality of such state, and any county, municipal corporation, or political subdivision of such state.

**“Gross Receipts”** means all the right, title, and interest of the Company in and to amounts received by or on behalf of the Company from the occupancy and operation of the Project, including all revenues, rents, fees, charges, or other income of any kind from any source received by the Company from the Project, including without limitation: (1) gross rentals received with respect to land, buildings, equipment, or other personal property owned, leased, or used by the Company; (2) gross revenues received from the sale of any merchandise or products after deducting the cost thereof if the sale is made directly by or on behalf of the Company or the gross revenues received by virtue of the Company licensing or otherwise permitting others to make such sales; (3) gross revenues received from any concession granted by the Company with respect to the Project; (4) gross revenues received from any and all leases of any lands, buildings, structures, equipment, or other personal property, or any parts thereof or therein owned, leased, or controlled by the Company as part of the Project including facilities related or appurtenant thereto; (5) gross revenues derived from the sale or rent of rooms, common facilities, and food and beverages (without taking into account any costs incurred in respect of such sales); (6) all other revenues of all operating departments of the Project; (7) all rents or fees payable by licensees, tenants, and concessionaires (but not the gross receipts of licensees, tenants, or concessionaires); and (8) all proceeds of business interruption insurance and temporary condemnation awards (excluding, however, proceeds of damage, destruction, and casualty insurance and permanent condemnation awards).

**“Ground Lease”** means the Ground Lease Agreement, to be dated June \_\_\_, 2026, between the Authority, as lessor, and the Company, as lessee, as amended, modified, or supplemented from time to time.

**“Guaranty”** means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing (whether by reason of being a general partner of a partnership or otherwise) any indebtedness, dividend, or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any Property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

**“Home Office Allowances”** means any home office expense allowance (such as for accounting and legal expenses and other cost reimbursements) or any other distribution payable by the Company to any Affiliate of the Company.

**“Impositions”** means all governmental charges and taxes (including all ad valorem, sales, use, intangible, transaction, privilege, or license or similar taxes); assessments (including all assessments for public improvements or benefits); water and sewer charges, excises, levies, fees (including license, permit, inspection, authorization, and similar fees); and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Project (including all interest and penalties thereon), which at any time may be assessed or imposed on or in respect of or be a lien upon the Project, but excluding Permitted Encumbrances. Nothing contained in the Rental Agreement will be construed to require the Company to pay any tax, assessment, levy, or charge imposed on any licensee, tenant, or other Person unless the failure to pay the same could result in a lien on the Project, and in all events, the Company shall have the right to contest any Imposition as provided in the Rental Agreement.

**“Income Available for Debt Service”** means, for any period of calculation, net income (including nonoperating revenue (such as interest income) but excluding (a) extraordinary gains and losses and (b) unrealized gains and losses on investments), plus (a) amounts deducted in arriving at such net income for (1) interest on Indebtedness (including the current portion thereof); (2) Home Office Allowances; (3) income taxes (whether federal, state, or local); (4) fees, costs, expenses, charges, or losses to the extent (A) reimbursable by third parties pursuant to indemnification provisions and with respect to liability or casualty events and (B) covered by insurance and actually reimbursed during such period, which reimbursement is not reflected as revenue or income; and (5) depreciation, amortization, deferred items, and other non-cash expenses, losses, or charges and (b) proceeds from business interruption insurance to the extent not reflected as revenue or income and actually representing lost revenue.

**“Indebtedness”** with respect to any Person means, at any time, without duplication:

- (a) its liabilities for borrowed money;
- (b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);
- (c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Finance Leases;
- (d) all liabilities for borrowed money secured by any lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);
- (e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);
- (f) Swaps of such Person; and
- (g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Indebtedness of any Person will include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

**“Indenture”** means the Trust Indenture and Security Agreement, to be dated as of June 1, 2026, between the Authority and the Trustee, as the same may be supplemented and amended from time to time in accordance with the provisions thereof.

**“Independent,”** when used with respect to any specified Person, means such a Person who (i) does not have any direct financial interest in the Company, other than the payment to be received under the contract for services to be performed by such Person; (ii) is not an officer, employee, underwriter, partner, Affiliate, subsidiary, or person performing similar functions for the Company; and (iii) when used with respect to any Person other than counsel, is not a trustee or director of the Company.

**“Inspector”** has the meaning given such term herein under the caption **“THE CONSTRUCTION LOAN AGREEMENT - Inspection.”**

**“Insurance Consultant”** means an Independent Person appointed by the Company and reasonably satisfactory to the Authority and the Trustee, qualified to survey risks and to recommend insurance coverage for hotel facilities and services of the type involved and having a favorable reputation for skill and experience in such surveys and such recommendations.

**“Insurance Requirements”** means all terms of any insurance policy required to be obtained under the Construction Loan Agreement and the Rental Agreement covering or applicable to the Project or any part thereof; all requirements of the issuer of any such policy; and all orders, rules, regulations, and other requirements of the national board of fire underwriters (or any other body exercising similar functions) applicable to or affecting the Project or any part thereof or any use of the Project or any part thereof.

**“Interest Payment Date”** means each August 1 and February 1, commencing August 1, 2026, in the case of Series 2026 Bonds, and the dates on which interest is scheduled to be paid, in the case of Additional Bonds.

**“Issuance Cost Fund”** means the trust fund so designated, which is created pursuant to the Indenture.

**“Land Rent”** means the rent payable by the Company to the Authority, described under the caption **“THE RENTAL AGREEMENT - Land Rent”** herein.

**“Long-Term Indebtedness”** means all Indebtedness that is not Short-Term Indebtedness.

**“Material Additions or Alterations”** means any Additions or Alterations having an aggregate construction cost in excess of \$500,000.

**“Monthly Repair and Replacement Deposit”** means the difference between (1) the sum of (A) the product of the Repair and Replacement Factor times the Gross Room Sales (as such term is defined in the Franchise Agreement) for such month, plus (B) any amount previously withdrawn from the Repair and Replacement Fund to restore the Bond Fund or the Debt Service Reserve Fund or to pay Expenses of Operation and Maintenance and not previously restored by deposits made to the Repair and Replacement Fund, minus (2) any amounts certified by the to have been expended on costs of Additions or Alterations within the 30-day period preceding the due date of such Monthly Repair and Replacement Deposit, from a source of funds other than proceeds of Bonds, Net Proceeds of insurance or condemnation awards with respect to the Project, or moneys withdrawn or to be withdrawn (for reimbursement purposes) from the Repair and Replacement Fund.

**“Moody’s”** means Moody’s Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Company.

**“Net Proceeds”** means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorney’s fees, adjuster’s fees, and any other expenses) incurred in the collection of such gross proceeds.

**“Note”** means the Construction Promissory Note, to be dated June \_\_, 2026, executed by the Company and payable to the order of the Authority as evidence of the loan made by the Authority to the Company pursuant to and any extension, renewal, modification or replacement thereof.

**“Occupancy Term”** means the duration of the right of occupancy created in the Rental Agreement.

**“Operation and Maintenance Fund”** means the trust fund so designated, which is created pursuant to the Indenture.

**“Operation and Maintenance Requirement”** means the estimated Expenses of Operation and Maintenance for the succeeding 45 days, as established in the current Project Budget on file with the Trustee.

**“Ordinary Services of the Trustee”** and **“Ordinary Expenses of the Trustee”** mean those reasonable services rendered and those reasonable expenses incurred by the Trustee in the performance of its duties under the

Indenture of the type ordinarily performed by corporate trustees under like indentures, including reasonable counsel fees and expenses.

**“Other Bond Documents”** means, collectively, the Pledged Contracts and the Bond Guaranty.

**“Outstanding Bonds”** or **“Bonds Outstanding”** or **“Outstanding”** means all Bonds that have been duly authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds theretofore cancelled or required to be cancelled by the Trustee,
- (b) Bonds that have been paid in full or are deemed to have been paid in accordance with the defeasance provisions of the Indenture, and
- (c) Bonds in substitution for which other Bonds have been authenticated and delivered under the Indenture.

**“Permitted Encumbrance”** means, with respect to the Security and the Project, any of the following:

- (i) The lien on the Security created by any Bond Document;
- (ii) Any lien arising by reason of good faith deposits with the Company in connection with leases of real estate or tangible personal property, bids, or contracts (other than contracts for the payment of money); deposits by the Company to secure public or statutory obligations, or to secure, or in lieu of, surety, stay, or appeal bonds; and deposits as security for the payment of taxes or assessments or other similar charges;
- (iii) Any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Company to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers’ compensation, unemployment insurance, pension or profit sharing plans, or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;
- (iv) Any judgment lien or notice of pending action against the Company so long as such judgment or pending action is being contested and execution thereon has been stayed or the period for responsive pleading or appeal has not lapsed, and neither the lien of any Bond Document nor the Project will be materially impaired or subject to material loss or forfeiture;
- (v) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit, or provision of law affecting the Project, to (1) terminate such right, power, franchise, grant, license, or permit, provided that the exercise of such right would not, in the opinion of the Company, materially impair the use of the Project or materially and adversely affect the value thereof, or (2) purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Project; (B) any liens (or deposits to obtain the release of such liens) on the Project for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges, and any liens of mechanics, materialmen, laborers, suppliers, or vendors for work or services performed or materials furnished in connection with the Project, which in the opinion of the Company, are not material in amount or which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested in good faith and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers, or vendors, have been due for less than 90 days; (C) utility, access, and other easements, rights-of-way, servitudes, restrictions, and other minor defects, encumbrances, encroachments, and irregularities in the title to the Project that do not, in the opinion of the Company, materially impair the use of the Project or materially and adversely affect the value thereof; (D) rights reserved to or vested in any municipality or public authority to control or regulate the Project or to use the Project in any manner, which rights do not, in the opinion of the Company, materially impair the use of the Project or materially and adversely affect the value thereof; (E) to the extent that it affects title to the Project, any Bond Document; and (F) landlord’s liens;
- (vi) Liens in the form of purchase money security interests securing Indebtedness (whether by loan, lease, installment sale agreements, or otherwise) incurred solely for the purpose of financing the acquisition of after-acquired personal property or refinancing such Indebtedness, provided that any lien described in this clause does not extend beyond the personal property financed;

- (vii) Liens on moneys deposited by tenants or others with the Company as security or prepayment for the rental of hotel units;
- (viii) Liens on accounts receivable of the Company securing Short-Term Indebtedness permitted under the Rental Agreement, provided that the principal amount of Short-Term Indebtedness so secured does not exceed twenty-five percent (25%) of the aggregate amount of accounts receivable of the Company at the time of the granting of any such lien; and
- (ix) Liens on Gross Receipts securing accounts payable or trade accounts of the Company incurred or assumed by the Company in the ordinary course of business

**“Permitted Investments”** means obligations in which the Authority is permitted to invest moneys of the Authority pursuant to applicable law, which have (or are collateralized by obligations which have) a Rating by any Rating Agency that is equal to or greater than the third highest long-term Rating of such Rating Agency, or which bears (or are collateralized by obligations which bear) the second highest short-term Rating of such Rating Agency, or which consist of negotiable or non-negotiable certificates of deposit issued by or interest-bearing time or demand deposits in banks, provided that any such deposits are (a) fully insured by the Federal Deposit Insurance Corporation or (b) fully secured by Government Obligations.

**“Person”** means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, a governmental unit or an agency, a political subdivision or instrumentality thereof, or any other group or organization of individuals.

**“PILOT Rent”** means the rent payable by the Company to the Authority, described under the caption **“THE RENTAL AGREEMENT - PILOT Rent”** herein.

**“Plans and Specifications”** means the detailed plans and specifications for the construction of the Buildings prepared by the Design Professional or by architects and engineers acceptable to the Design Professional and approved by the Design Professional, as amended, modified, or supplemented from time to time by the Company in accordance with the terms of the Construction Loan Agreement, a copy of which is or will be on file with the Authority.

**“Pledged Contracts”** means, collectively, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, and the Contract.

**“Prime Rate”** means the rate quoted from time to time as the “U.S. Prime Rate” in the Money Rates column of *The Wall Street Journal* (or if more than one U.S. prime rate is quoted, the average of such rates). If *The Wall Street Journal* is not published on any day, “Prime Rate” shall be determined from the last date *The Wall Street Journal* was published.

**“Prior Contract”** means the Intergovernmental Economic Development Contract, dated February 20, 2020, between the Authority and the City, as the same may be supplemented and amended from time to time in accordance with the provisions thereof.

**“Project”** means the approximately 100-suite select-service hotel, to be licensed as a SpringHill Suites by Marriott hotel pursuant to the Franchise Agreement, to be acquired, constructed, and installed, and to be located at 4700 Allatoona Gateway in the City of Acworth, and all related property, consisting of the Site, the Building, and the Equipment.

**“Project Budget”** means the Company’s budget (with detail provided on a month by month basis) for the Project for the applicable Fiscal Year including, without limitation, an employee staffing guide and a budget of capital expenditures for such year, a summary of the marketing plan for the Project, an annual cash flow analysis that itemizes Gross Receipts and Expenses of Operation and Maintenance on a monthly basis, the Monthly Repair and Replacement Deposit, and such other information as required by the Rental Agreement, as such budget shall be revised from time to time as provided in the Rental Agreement.

**“Project Fund”** means the trust fund so designated, which is created pursuant to the Indenture.

**“Purchase and Sale Agreement”** means the Purchase, Sale, and Option Agreement, to be dated as of June 1, 2026, between the Company, as seller, and the Authority, as purchaser, as the same may be amended from time to time in accordance with the terms thereof.

“**Rating**” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

“**Rating Agencies**” or “**Rating Agency**” means Fitch, Moody’s, or Standard and Poor’s or any successors thereto or any other nationally recognized credit rating agency then specified in writing to the Trustee by the Company.

“**Rental Agreement**” means the Rental Agreement, to be dated as of June 1, 2026, between the Authority and the Company, as it may be supplemented and amended from time to time in accordance with the provisions thereof.

“**Repair and Replacement Factor**” means (i) from the Opening Date (as such term is defined in the Franchise Agreement) until but excluding the 2nd anniversary of the Measurement Date (as such term is defined in the Franchise Agreement), 2%, (ii) from the 2nd anniversary of the Measurement Date until but excluding the 4th anniversary of the Measurement Date, 4%, and (iii) from the 4th anniversary of the Measurement Date and thereafter, 3%, subject to adjustment pursuant to the provision of the Rental Agreement described herein under the option “**THE RENTAL AGREEMENT - Property Reports.**”

“**Repair and Replacement Fund**” means the trust fund designated the “Repair, Replacement, and Maintenance Fund,” which is created pursuant to the Indenture.

“**Revenue Fund**” means the trust fund so designated, which is created pursuant to the Indenture.

“**Revenue Fund Balance**” means the estimated Expenses of Operation and Maintenance for the succeeding calendar month, as established in the current Project Budget on file with the Trustee.

“**Security**” means any of the property subject to the operation of the granting clauses contained in the Security Agreement.

“**Security Agreement**” means the Security Agreement, to be dated as of June 1, 2026, between the Company and the Authority, as the same may be amended from time to time in accordance with the terms thereof.

“**Security Deed**” means the Leasehold Deed to Secure Debt and Security Agreement, dated as of June 1, 2026, between the Company and the Authority, conveying inter alia the Company’s estate for years in the Site and the Buildings to the Authority as security for the Note, and any modifications or replacements thereof or therefor.

“**Security Documents**” means, collectively, the Security Deed, the Assignment of Contract Documents, and each other security, mortgage, or other collateral document, whether now existing or hereafter executed and delivered, securing the Note.

“**Series 2026 Bonds**” means the revenue bonds designated “Acworth Downtown Development Authority Economic Development Revenue Bonds (Suites Hotel Project), Federally Taxable Series 2026,” to be dated the date of issuance and delivery thereof, in the original aggregate principal amount of \$ \_\_\_\_\_, to be issued pursuant to the Indenture.

“**Short-Term Indebtedness**” means, with respect to a particular Person, all Indebtedness incurred or assumed by such Person for payments of principal and interest with respect to money borrowed for an original term of one year or less.

“**Site**” means the real estate located at 4700 Allatoona Gateway in downtown Acworth, Georgia

“**Standard and Poor’s**” or “**S&P**” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, or, if such limited liability company is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Company.

“**State**” means the State of Georgia.

“**STR List**” means the then applicable STR Chain Scales list published by *Smith Travel Research* (or in the event *Smith Travel Research* is no longer published, then as published in the then current industry leader in hospitality).

“**Surety Bonds**” means separate performance and labor and material payment bonds issued by a responsible surety bond company qualified to do business in the State of Georgia, which (1) contains dual obligee riders in favor of the Authority, (2) unconditionally guarantees performance of the Construction Contract upon any default by the General Contractor thereunder, including payment by the General Contractor of all amounts due in respect thereof and the correction of defects developing within one year after substantial completion of construction under the Construction Contract, (3) has a maximum amount available of at least 100% of the price of the Construction Contract including increases caused by change orders (except that the portion available thereunder for the correction of post-completion defects may be limited to 10% of the price of the Construction Contract), (4) provides that coverage thereunder may not be reduced or cancelled except upon thirty days’ prior written notice to the Company and the Authority, and (5) if cancellable by the surety under any circumstances, provides for full payment to the Authority prior to any cancellation.

“**Surplus Fund**” means the trust fund so designated, which is created pursuant to the Indenture.

“**Surplus Fund Balance**” means the estimated Land Rent or PILOT Rent coming due in the then current calendar year, as established in the current Project Budget on file with the Trustee.

“**Swaps**” means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps, and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of the Rental Agreement, the amount of the obligation under any Swap will be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

“**Tax**” means the three mill ad valorem tax authorized by Section 48-5-350 of the Official Code of Georgia Annotated or any successor provision.

“**Taxable Property**” means all taxable property located within the corporate limits of the City, as now existent and as the same may hereafter be extended, which is subject to taxation from time to time for purposes of fulfilling the City’s obligations under the Contract.

“**Trust Estate**” means any and all property subject to the operation of the granting clauses of the Indenture.

“**Trustee**” means the trustee or the co-trustee at the time serving as such under the Indenture. Wilmington Trust, National Association, Iselin, New Jersey, is the initial Trustee.

“**Unassigned Rights**” means all of the rights of the Authority (1) to receive notices under the Construction Loan Agreement, the Security Deed, the Assignment of Contract Documents, the Rental Agreement, the Security Agreement, and the Contract, (2) to receive reimbursements and payments for costs and expenses under the Construction Loan Agreement, the Rental Agreement, and the Contract and to receive Land Rent, PILOT Rent, and Administrative Rent under the Rental Agreement, (3) to be named as an additional insured or loss payee under insurance policies required by the Rental Agreement and the Construction Loan Agreement, (4) to be held harmless and indemnified pursuant to the Rental Agreement and the Construction Loan Agreement, and (5) during any period in which an Event of Default (as defined in the Indenture) has not occurred that is continuing, the right to exercise remedies under the Construction Loan Agreement, the Security Deed, the Assignment of Contract Documents, the Rental Agreement, and the Security Agreement.

## **SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS**

### **THE GROUND LEASE**

#### **Introduction**

The Ground Lease is a contract that will provide for the lease of the Site by the Authority to the Company to enable the Company to acquire, construct, and install the Project without being subject to the requirements of the “Georgia Local Government Public Works Construction Law,” codified as Chapter 91 of Title 36 of the Official Code of Georgia Annotated. The following is a summary, which does not purport to be comprehensive or definitive,

of certain provisions of the Ground Lease. Reference is made to the Ground Lease in its entirety for a complete recital of the detailed provisions thereof.

### **Term**

The term of the Ground Lease will expire at midnight on August 1, 2029, unless sooner terminated as hereinafter described. The term of the Ground Lease shall automatically terminate upon the conveyance of the Project to the Authority pursuant to the Purchase and Sale Agreement.

### **Rent**

Rent for the term of the Ground Lease will be \$10, payable on the commencement date of the term of the Ground Lease.

### **Use**

The Ground Lease will require the Company to use the Site (or cause the Site to be used) solely for the purpose of acquiring, constructing, and installing on the Site the Buildings and the Equipment.

### **Remedies Upon Default**

Upon the occurrence of an Event of Default under the Loan Agreement, the Authority may terminate the Ground Lease by giving the Company written notice of termination, in which event the Company must immediately quit and vacate the Site and deliver and surrender possession of the Site to the Authority, and the Ground Lease will be terminated at the time designated by the Authority in its notice of termination to the Company. The Ground Lease will require the Authority to cancel the Note and satisfy, release, and terminate the Security Deed and the Assignment of Contract Documents and deliver the cancelled Note and the satisfied Security Deed and Assignment of Contract Documents to the Company on the date the Ground Lease is terminated upon default.

## **THE CONSTRUCTION LOAN AGREEMENT**

### **Introduction**

The Construction Loan Agreement is a contract that will provide for the loan of the proceeds of the Series 2026 Bonds by the Authority to the Company to finance the costs of acquiring, constructing, and installing the Project. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Construction Loan Agreement. Reference is made to the Construction Loan Agreement in its entirety for a complete recital of the detailed provisions thereof.

### **Loan**

The Authority will agree in the Construction Loan Agreement to loan to the Company, and the Company will agree to borrow from the Authority, the proceeds of the sale of the Series 2026 Bonds for the purposes of (1) financing the costs of constructing the Buildings and installing the Equipment, (2) financing the costs of issuing the Series 2026 Bonds, (3) funding the Debt Service Reserve Fund and the Operation and Maintenance Fund to be held under the Indenture, and (4) financing related costs, in accordance with the terms and conditions of the Construction Loan Agreement and the Indenture. The deposit of the proceeds of the sale of the Series 2026 Bonds in the Issuance Cost Fund, the Debt Service Reserve Fund, the Operation and Maintenance Fund, the Capitalized Interest Account of the Bond Fund, and the Construction Account of the Project Fund as provided in the Indenture will constitute the loan of such proceeds from the Authority to the Company.

### **Insurance Policies**

The Company will agree in the Construction Loan Agreement that it will, at all times during the construction of the Buildings, procure and maintain or cause the General Contractor to procure and maintain in full force and effect Builder's Risk - Completed Value Form insurance insuring the Buildings and all building materials, supplies, and components delivered to or stored upon the Site, against loss or damage by fire, lightning, and all other casualties

and risks covered by the extended coverage endorsement then in use in the State of Georgia to the full insurable value of such property. Such policy or policies of insurance will name the Company, the Authority, and the Trustee as insureds, as their respective interests may appear. In addition, the Company will agree to cause the General Contractor at all times during the construction of the Buildings to maintain comprehensive general liability insurance providing insurance (with deductible provisions not to exceed \$25,000 per occurrence) to the extent of not less than \$1,000,000 per occurrence against liability for personal and bodily injury including death resulting therefrom and \$1,000,000 per occurrence for damage to property, including loss of use thereof, occurring on or in any way related to the construction of the Buildings, with excess coverage or “umbrella” insurance for claims under such coverage in the aggregate of not less than \$2,000,000 for any one occurrence, and the Company will agree to cause the General Contractor to maintain workers’ compensation insurance as required by law. Such insurance policy or policies must contain a provision that such insurance may not be cancelled by the issuer thereof without at least thirty (30) days’ advance written notice to the Company and the Authority.

### **Performance and Payment Bonds**

The Company will agree that the Construction Contract will require the General Contractor, at or prior to the commencement of construction of the Buildings, to deliver to the Authority on behalf of the Company Surety Bonds. All Net Proceeds received under any Surety Bonds must be paid over to the Trustee and deposited into the Construction Account of the Project Fund. Any amounts recovered by way of penalties or damages, whether liquidated or actual, for delays in completion by the General Contractor must be deposited in the Bond Fund.

### **Construction**

The Company will agree to enter into the Construction Contract prior to the commencement of construction with respect to any Buildings, which must provide for a fixed cost or guaranteed maximum price for the Buildings and for a commercially reasonable retainage to be held until the Completion of Construction. Prior to the commencement of construction of any Buildings, the Company will agree to file with the Authority and the Trustee (1) an estimate of the costs thereof (including the Cost Breakdown) and the estimated schedule for the completion of each phase of such Buildings and for the payment of such costs, which estimates and schedules must be approved by the Design Professional, and (2) copies of (A) the Construction Contract, (B) the Plans and Specifications, and (C) waivers of liens from the General Contractor and from any significant subcontractors to the extent required in the Construction Contract.

The Company will covenant to cause the Buildings to be constructed without material deviation from the Plans and Specifications and the Construction Contract and will warrant that all real and personal property provided for therein will be necessary or appropriate in connection with the Buildings. The Company will agree to complete the acquisition, construction, and installation of the Buildings as promptly as practicable and with all reasonable dispatch pursuant to the estimated time schedule delivered to the Authority and the Trustee pursuant to the Construction Loan Agreement.

The Company may not permit any mechanics’ or materialmen’s or other liens to be perfected or remain against the Site or the Buildings for labor or materials furnished in connection with the construction of the Buildings, provided that it will not constitute an Event of Default under the Construction Loan Agreement if such a lien is filed if the Company notifies the Authority of the existence of such lien and if the Company in good faith promptly contests such lien in a manner reasonably satisfactory to the Authority.

The Company may in its discretion make changes to the Buildings, to the Construction Contract, to the Cost Breakdown, to the Design Contract, or to any estimate, schedule, or Plans and Specifications therefor, including any change orders under any Construction Contract; provided that prior to any such change becoming effective such change must be: (i) in writing, (ii) approved by the Design Professional, which approval must include a statement that all approvals of any governmental authority required in connection with the change, if any, have been obtained, (iii) approved in writing by the Authority, which approval may not be unreasonably withheld, conditioned, or delayed, and (iv) filed with the Trustee. No changes causing costs under the Construction Contract to exceed the fixed cost or guaranteed maximum price for the Buildings shall be made unless there shall have previously been filed with the Authority satisfactory evidence of coverage of the increase in the price under the related Surety Bond and a certificate of the Company, approved by the Design Professional, that the total cost of the Buildings including the change can be paid from moneys available in the Construction Account of the Project Fund (including, if necessary, additional deposits to the Construction Account of the Project Fund by the Company).

Prior to the Completion of Construction, the Company will agree to prepare and deliver to the Authority a monthly status or progress report with respect to the Buildings, setting forth such information as shall reasonably inform the Authority of the status of the acquisition, construction, and installation of the Buildings, including,

without limitation, the then total estimated cost of construction as measured against the original budget therefor, which report must be approved by the Design Professional.

## **Completion**

The Construction Loan Agreement will require construction of the Buildings to be completed without material deviation from the Plans and Specifications on or before the Completion Date. “**Completion of Construction**” will have occurred only upon the satisfaction of the following conditions: (i) the Buildings, including any equipment, fittings, and fixtures required to be installed by the Plans and Specifications, have been substantially completed and installed without any material deviation from the Plans and Specifications; (ii) the permanent certificate of occupancy has been issued by the appropriate governmental authority and a copy thereof has been delivered to the Authority, and all other certificates, licenses, permits, authorizations, consents, and approvals necessary for the full use and occupancy of the Buildings for their intended purposes, as required by any governmental authority having or claiming to have jurisdiction respecting the Site, have been issued by such governmental authority and copies of the same have been delivered to the Authority; and (iii) the Company has delivered or caused to be delivered to the Authority a written certificate of the Design Professional, in form and substance reasonably satisfactory to the Authority, as to the square footage of the Buildings, and to the effect that the construction of the Buildings, including all equipment, fittings, and fixtures required to be installed by the Plans and Specifications, has been substantially completed and installed without any material deviation from the Plans and Specifications and in accordance with all applicable governmental requirements relating to the construction of the Buildings, and to the effect that direct connection has been made to all abutting public utilities necessary for the operation of the Buildings, including, without limitation, water, electricity, storm and sanitary sewer, and telephone.

The Completion Date must be evidenced to the Authority and the Trustee by a certificate of substantial completion listing the items to be completed or corrected, if any, and the amounts to be withheld therefor, signed by the Company and approved by the Design Professional stating that, except for amounts retained by the Trustee for Costs of Construction not then due and payable, (i) construction of the Buildings has been completed without material deviation from the Plans and Specifications and all labor, services, materials, and supplies used in such construction have been paid or provided for; (ii) all other facilities necessary in connection with the construction of the Buildings have been constructed, acquired, and installed without material deviation from the Plans and Specifications and all costs and expenses incurred in connection therewith have been paid or provided for; and (iii) according to the “as built” survey of the Site or a certificate of the surveyor obtained pursuant to the Construction Loan Agreement, the Buildings do not encroach on any other property or violate any setback or sideline requirements applicable to the Site, except pursuant to public or private easements in favor of the Company.

## **Disbursements for Costs of Construction**

The Company may not request, and the Authority will not be required to disburse, any amount that would at any time cause the amount then and theretofore disbursed with respect to all line items in the Cost Breakdown to exceed the amount set forth in the Cost Breakdown for the total Costs of Construction plus the construction contingency less the percentage of the cost of completed construction specified in the Construction Contract to be retained.

The Construction Loan Agreement will require the Company to request all disbursements under the Construction Loan Agreement from the Construction Account of the Project Fund by submission of a copy of a request for disbursement to the Authority, which each request for disbursement, except that for the final disbursement, must include the following:

(a) A written draw request comprised of the following: (i) a standard American Institute of Architects Document G702, Application and Certificate for Payment, and American Institute of Architects Form G703, Continuation Sheets, showing by trade the cost of work on the Buildings and the cost of materials incorporated into the Buildings or stored on the Site, all to the date stated in the draw request; (ii) copies of all invoices to be paid or reimbursed out of the funds requested to be disbursed; and (iii) evidence, in the form of receipted invoices or such other form as the Authority may require, that the previous disbursement was paid by the Company according to the draw request therefor. The draw request must be signed by the Company, the General Contractor (but only if the draw request is for items within the scope of the Construction Contract), and the Design Professional. The cost break-down included in the draw request must show the percentage of completion of each line item on the Cost Breakdown as submitted to the Authority, and the accuracy of the cost break-down must be certified by the Company, the General Contractor (for items within the scope of the Construction Contract), or, as to any items not within the scope of the Construction Contract, by the contractors directly responsible to the Company for such items.

(b) A current certificate of the Company, in form and substance reasonably satisfactory to the Authority, certifying as to compliance in all material respects with each and every term and condition of the Construction Loan Agreement, and containing an estimate by the Company of the Costs of Construction then and theretofore incurred and the cost of completing the construction of the Buildings, with such supporting detail as the Authority shall reasonably require, including such information as shall be sufficient to demonstrate to the Authority that the amount of moneys on deposit in the Construction Account of the Project Fund remaining for subsequent disbursements will be sufficient to pay the remaining Costs of Construction.

(c) If such Request for Disbursement is for items within the scope of the Construction Contract, a certificate of the General Contractor, in form and substance reasonably satisfactory to the Authority, dated not more than three (3) days prior to the date of such request for disbursement, which must include (i) a specific representation and warranty that all payments theretofore made to the General Contractor by the Company have been used by the General Contractor solely to pay for labor or services performed or rendered or materials supplied or furnished in connection with the construction of the Buildings and (ii) an estimate of the Costs of Construction under the Construction Contract then and theretofore incurred and the cost of completing performance under the Construction Contract, with such supporting detail as the Authority shall reasonably require, including such information as shall be sufficient to demonstrate to the Authority that the amount of moneys on deposit in the Construction Account of the Project Fund remaining for subsequent disbursements will be sufficient to pay the remaining Costs of Construction.

(d) A Certificate of the Design Professional, in form and substance reasonably satisfactory to the Authority, dated not more than three (3) days prior to the date of such request for disbursement, stating: (i) that the Design Professional has inspected the Site and found that each category of work with respect to which the draw request relates has been done without material deviation from the Plans and Specifications and that all labor and services with respect to, and materials incorporated into, the construction to the date of such certificate comply with the Plans and Specifications, (ii) that the moneys on deposit in the Construction Account of the Project Fund which will remain after disbursement of the draw request which is the subject of the request for disbursement is sufficient for the completion of construction of the Buildings in accordance with the Plans and Specifications, and (iii) such other and additional information as the Authority may from time to time reasonably require.

(e) An endorsement to the title insurance policy, advancing the effective date thereof to the date of the requested disbursement and insuring the Authority's security title in and to the Site, without any change in the status of the title to the Site from that set forth in the original title insurance policy, as theretofore endorsed.

(f) At the sole option of the Authority, a list of the names and addresses of all materialmen, laborers, and contractors and subcontractors with whom the General Contractor or the Company has made agreements for the performance or rendering of labor or services on, or the supplying, furnishing, or delivery of materials to, the Site.

The Company will be required to request the final disbursement from the Construction Account of the Project Fund by submission of a copy of a request for disbursement to the Authority, which must include the following:

(a) A final draw request comprised of the following: (i) a standard American Institute of Architects Document G702, Application and Certificate for Payment, and American Institute of Architects Form G703, Continuation Sheets, showing by trade the cost of work on the Buildings and the cost of materials incorporated into the Buildings or stored on the Site, all to the date stated in the draw request; (ii) copies of all invoices to be paid or reimbursed out of the funds requested to be disbursed; and (iii) evidence, in the form of receipted invoices or such other form as the Authority may require, that the previous disbursement was paid by the Company according to the draw request therefor. The draw request must be signed by the Company, the General Contractor (but only if the draw request is for items within the scope of the Construction Contract), and the Design Professional. The cost break-down included in the draw request must show the percentage of completion of each line item on the Cost Breakdown as submitted to the Authority, and the accuracy of the cost break-down shall be certified by the Company, the General Contractor (for items within the scope of the Construction Contract), or, as to any items not within the scope of the Construction Contract, by the contractors directly responsible to the Company for such items.

(b) If not previously delivered to the Authority, the final "as-built" survey showing the dimensions and locations of the Buildings.

(c) A certificate of the Company, in form and substance reasonably satisfactory to the Authority, certifying as to compliance in all material respects with each and every term and condition of the Construction Loan Agreement, and stating the total Costs of Construction.

(d) A final affidavit of the General Contractor, sworn to by an authorized agent of the General Contractor, in form and substance reasonably satisfactory to the Authority, which must include without limitation (i) a specific representation and warranty that all payments made to the General Contractor by the Company have been used by the General Contractor solely to pay for labor or services performed or rendered or materials supplied or furnished in connection with the construction of the Buildings, (ii) a statement of the total Costs of Construction within the scope of the Construction Contract and a specific representation and warranty that all such Costs of Construction have been paid in full, and (iii) a statement that the General Contractor has been paid in full the agreed price for or the reasonable value of the construction of the Buildings.

(e) At the sole option of the Authority, a certificate in favor of the Authority, dated not more than three (3) days prior to the date of such request for disbursement, signed by attorneys designated or approved by the Authority and certifying that such attorneys have examined the public records of Cobb County and that, as of the date of such certificate, no laborers', materialmen's, or other liens have been filed for record against the Site, and that the status of the title to the Site is the same as set forth in the original title insurance policy, as theretofore endorsed.

(f) An endorsement to the title insurance policy, advancing the effective date thereof to the date of the final disbursement, deleting any pending disbursements clause, and insuring the Authority's interest in the Site, without any change in the status of the title to the Site from that set forth in the original title insurance policy, as theretofore endorsed.

### **Events of Default and Remedies**

Each of the following events will constitute an Event of Default under the Construction Loan Agreement:

(a) failure by the Company to pay any amount due under the Construction Loan Agreement or under any other Credit Document (whether principal, interest, fees, or other amounts) when and as the same becomes due and payable (whether at maturity, on demand, or otherwise); or

(b) the Company shall (1) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of the Company or of all or a substantial part of the property of the Company; (2) admit in writing the inability of the Company, or be generally unable, to pay the debts of the Company as such debts become due; (3) make a general assignment for the benefit of the creditors of the Company; (4) commence a voluntary case under the federal bankruptcy law (as now or hereafter in effect); (5) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; (6) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Company in an involuntary case under the federal bankruptcy law; or (7) take any action for the purpose of effecting any of the foregoing; or

(c) a proceeding or case shall be commenced, without the application of the Company, in any court of competent jurisdiction, seeking (1) the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of debts of the Company; (2) the appointment of a trustee, receiver, custodian, liquidator, or the like of the Company or of all or any substantial part of the assets of the Company; or (3) similar relief in respect of the Company under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition and adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment, or decree approving or ordering any of the foregoing shall be entered and continue in effect, for a period of sixty (60) days from commencement of such proceeding or case or the date of such order, judgment, or decree, or any order for relief against the Company shall be entered in an involuntary case or proceeding under the federal bankruptcy law; or

(d) any representation or warranty made by the Company in the Construction Loan Agreement or in any of the other Credit Documents shall be false or misleading in any material respect on the date as of which made (or deemed made); or

(e) default shall occur in any material respect in the performance or observance of any term, condition, or provision contained in the Construction Loan Agreement and not referred to in clauses (a) through (d) above, which default continues for thirty (30) days after the date the Authority gives the Company written notice thereof, provided that in the case of any such default that cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of time not materially detrimental to the rights of the Authority, to be determined conclusively by the Authority, it will not constitute an Event of Default if corrective action is instituted by the Company within the applicable period and diligently pursued until the

default is corrected in accordance with and subject to any directions or limitations of time established by the Authority; or

(f) a judgment or order for the payment of money having a material adverse effect shall be rendered against the Company and such judgment or order shall not be released, vacated, stayed, or fully bonded-off within thirty (30) days after the date of its issue or entry; or

(g) failure of the Company to proceed continuously with the construction of the Buildings, except for stoppage by reason of fire, labor disputes, unavailability of materials, strikes, acts of God, or other causes beyond the control of the Company; or

(h) subject to force majeure, failure of the Company to achieve Completion of Construction on or before the Completion Date.

Upon the occurrence of an Event of Default under the Construction Loan Agreement the Authority may, with notice to the Company, take all, any, or any combination of the following actions, whether consistent or inconsistent:

(a) Termination of Disbursement Obligation. The Authority may suspend or terminate all obligations of the Authority under the Construction Loan Agreement to make further disbursements of moneys held under the Indenture.

(b) Possession of the Site. The Authority may take possession of the Site together with all materials, equipment, improvements, and personal property thereon, whether or not affixed to the Site.

(c) Performance of Work. The Authority may perform or cause to be performed any and all work and labor and supply or cause to be supplied any and all materials, equipment, and improvements for the purposes of: (i) protecting the Site, (ii) securing the Site, or (iii) pursuing development and construction of the Buildings. In the event that the Authority pursues development and construction of the Buildings, such pursuit shall be substantially in accordance with the Plans and Specifications.

(d) Legal Proceedings. The Authority may proceed as authorized by law to obtain payment of the loan made under the Construction Loan Agreement.

## **Amendments**

The Construction Loan Agreement may be amended only as provided in the Indenture. See “**THE INDENTURE - Amendment of Other Bond Documents**” herein.

# **THE RENTAL AGREEMENT**

## **Introduction**

The Rental Agreement is a contract that will provide for the rental of the Project by the Authority to the Company. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Rental Agreement. Reference is made to the Rental Agreement in its entirety for a complete recital of the detailed provisions thereof.

## **Rental of the Project**

The Authority will rent to the Company, and the Company will rent from the Authority, the Project at the rentals described below and for the Occupancy Term and in accordance with the provisions of the Rental Agreement, subject to Permitted Encumbrances.

## **Occupancy Term**

The Rental Agreement will become effective upon the Commencement Date and will be in full force and effect until midnight, February 1, 2056, subject to the provisions of the Rental Agreement permitting earlier termination,

or if all the Bonds have not been paid or retired (or provision for such payment has not been made as provided in the Indenture), until ninety-one (91) days after the date that such payment or provision shall have been made.

**Bond Rent related to Series 2026 Bonds**

Until the principal of, premium, if any, and interest on the Series 2026 Bonds have been fully paid or provision for the payment thereof has been made in accordance with the Indenture, the Company will be obligated to pay to the Trustee for the account of the Authority as rent for the Project, the following amounts:

(i) on or before June 20, 2026, or the date of issuance and delivery of the Series 2026 Bonds, whichever is later, and on or before the twentieth (20th) day of each month thereafter, a sum equal to one-sixth (1/6th) (one-half), in the case of interest due on August 1, 2026) of the amount payable on the next succeeding August 1 or February 1, whichever is closer, as interest on the Series 2026 Bonds, as provided in the Indenture; and

(ii) on or before February 20, 2029 and on or before the twentieth (20th) day of each month thereafter, to and including January 20, 2056, a sum equal to (a) one-twelfth (1/12th) of the amount required to retire Series 2026 Bonds under the mandatory redemption requirements of the Indenture on the next succeeding February 1, as principal of the Series 2026 Bonds, or (b) one-twelfth (1/12th) of the principal due on the next succeeding February 1, which is a maturity date of the Series 2026 Bonds, as provided in the Indenture, as the case may be.

**Bond Rent related to Additional Bonds**

Until the principal of, premium, if any, and interest on Additional Bonds have been fully paid or provision for the payment thereof has been made in accordance with the Indenture, the Company will be obligated to pay to the Trustee for the account of the Authority as rent for the Project the amounts set forth in amendments to the Rental Agreement as required by the provisions thereof described herein under the caption “**THE RENTAL AGREEMENT - Additional Bonds.**”

**Land Rent**

The Company will be obligated to pay to the Authority as rent for the Project, on or before the day of each year set for the payment of ad valorem property taxes in Cobb County generally, commencing with the calendar year following the calendar year of the Commencement Date, an amount equal to the “Payment Percentage” set forth below of the ad valorem property taxes that would be due (including, without limitation, to Cobb County, the Cobb County School District, the City of Acworth, and the State of Georgia) if title to the Project was vested in the Company:

<u>Calendar Year After Commencement Date</u>	<u>Payment Percentage</u>
6	20%
7	40
8	60
9	80
10	100

**PILOT Rent**

The Company will be obligated to pay to the Authority as rent for the Project, on or before the day of each year set for the payment of ad valorem property taxes in Cobb County generally, commencing with the eleventh (11th) calendar year following the calendar year of the Commencement Date, an amount equal to the ad valorem property taxes that would be due (including, without limitation, to Cobb County, the Cobb County School District, the City of Acworth, and the State of Georgia) if title to the Project was vested in the Company.

**Administrative Rent**

The Company will be obligated to pay to the Trustee as rent for the Project until the principal of, premium, if any, and interest on the Bonds have been fully paid (i) an amount equal to the annual fee of the Trustee for the

Ordinary Services of the Trustee rendered and the Ordinary Expenses of the Trustee incurred under the Indenture, as and when the same become due; (ii) reasonable fees and charges of the Trustee, as bond registrar and paying agent, and of any other paying agents on the Bonds for acting as paying agents as provided in the Indenture, as and when the same become due; and (iii) the reasonable fees and charges of the Trustee for the necessary Extraordinary Services of the Trustee rendered by it and Extraordinary Expenses of the Trustee incurred by it under the Indenture, as and when the same become due.

In addition the Company will be obligated to pay directly to the Authority as rent for the Project an amount sufficient to reimburse the Authority for all expenses reasonably incurred by the Authority in accordance with the terms of the Rental Agreement in connection with the Project.

### **Obligations of Company Unconditional**

The obligations of the Company to make the payments required by the Rental Agreement and to perform and observe any and all of the other covenants and agreements on its part contained in the Rental Agreement will be a general obligation of the Company and will be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Authority.

### **Deposit of Gross Receipts**

In order to secure its obligations under the Rental Agreement, the Company will agree to collect or cause to be collected with all due dispatch, all Gross Receipts and to deposit, or cause to be deposited, into the Revenue Fund all Gross Receipts when and as received.

### **Property Reports**

Following receipt by the Company from the Franchisor of any property improvement plan provided pursuant to the terms of the Franchise Agreement, the Company will be obligated to implement any recommendations contained in such property improvement plan in compliance with the terms of the Franchise Agreement, including any recommended increase in the Repair and Replacement Factor.

### **Maintenance and Modification of Project by the Company**

The Company will agree that during the Occupancy Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations will permit; (ii) keep the Buildings and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time, subject to the provisions of the Rental Agreement described herein under the caption "**THE RENTAL AGREEMENT - Removal of Equipment,**" all reasonably necessary and proper repairs thereto and renewals and replacements thereof, including external and structural repairs, renewals, and replacements; and (iii) use the Equipment in the regular course of its business only, within the normal capacity of the Equipment, without abuse, but subject to normal wear and tear, and in a manner contemplated by the manufacturer thereof, and cause the Equipment to be maintained in accordance with the manufacturer's then currently published standard maintenance contract and recommendations. The Company may also, at its own expense or with proceeds of Additional Bonds, from time to time make any Additions or Alterations it may deem desirable for its business purposes that do not, in the opinion of the Design Professional filed with the Authority, materially adversely affect the operation or value of the Project.

Any Material Additions or Alterations may be made only by contractors who furnish performance and labor and material payment bonds in the full amount of such contracts, made by the contractor thereunder as the principal and a surety company or companies reasonably acceptable to the Authority as surety, and such bonds must be in such form as is reasonably acceptable to the Authority. Such bonds must name the Company and the Authority as obligees, and all Net Proceeds received under such bonds must be paid over to the Trustee and deposited in the Construction Account of the Project Fund to be applied to the completion of the Material Additions or Alterations. The Company will further agree that at all times during the construction of any Material Additions or Alterations it will maintain or cause to be maintained in full force and effect Builder's Risk-Completed Value Form insurance to the full insurable value of such Additions or Alterations.

The Company may not permit any mechanics' or materialmen's or other statutory liens to be perfected or remain against the Project for labor or materials furnished in connection with any Additions or Alterations so made by it, provided that it will not constitute an Event of Default under the Rental Agreement upon such lien being filed, if the Company promptly notifies the Authority of any such liens, and the Company in good faith promptly contests such liens in accordance with the provisions of the Rental Agreement described herein under the caption "**THE RENTAL AGREEMENT - Contest of Liens.**" The Company may not do or permit others under its control to do

any work in or about the Project or related to any repair, rebuilding, restoration, replacement, alteration of, or addition to the Project, or any part thereof, unless the Company has first procured and paid for all requisite municipal and other governmental permits and authorizations. All such work must be done in a good and workmanlike manner and in compliance with all applicable building, zoning, and other laws, ordinances, governmental regulations, and requirements and in accordance with the Insurance Requirements.

### **Removal of Equipment**

The Authority will not be under any obligation to renew, repair, or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary Equipment. If no Event of Default under the Rental Agreement has happened and is continuing, in any instance where the Company in its discretion determines that any items of Equipment or parts thereof have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the Company may remove such items of Equipment or parts thereof from the demise of the Rental Agreement and (on behalf of the Authority) sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Authority therefor, provided that the Company must:

(a) substitute (either by direct payment of the cost thereof or by advancing to the Authority the funds necessary therefor) and install as part of the Project items of replacement equipment or related property having equal or greater value or utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, provided such removal and substitution will not impair the nature of the Project, all of which replacement equipment or related property must be free of all liens (other than Permitted Encumbrances) and must become the property of the Authority, must become a part of the Equipment subject to the demise of the Rental Agreement, and must be held by the Company on the same terms and conditions as the items originally constituting Equipment, or

(b) not make any such substitution and installation, unless in the case of: (i) the sale of any such Equipment, (ii) the trade-in of such Equipment for other machinery, furnishings, equipment, or related property not to become part of the Equipment to be demised by the Rental Agreement, or (iii) any other disposition thereof, the Company pays to the Trustee the proceeds of such sale or disposition or an amount equal to the credit received upon such trade-in for deposit into the Redemption Account of the Bond Fund. In the case of the sale, trade-in (for property not to become part of the Equipment to be demised by the Rental Agreement), or other disposition of any such Equipment to the Company or an Affiliate, the Company must pay to the Trustee an amount equal to the greater of the amounts and credits received therefor or the Fair Market Value thereof at the time of such sale, trade-in, or other disposition for deposit into the Redemption Account of the Bond Fund.

### **Taxes, Other Governmental Charges, and Utility Charges**

The Company will be obligated to duly pay and discharge, as the same become due and payable, (i) all taxes, governmental charges, and other Impositions of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project, including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the revenues and receipts of the Company from the Project that, if not paid, will become a lien on the Project or a charge on the revenues and receipts therefrom prior to or on a parity with the charge and security interest thereon and the pledge or assignment thereof to be created and made in the Security Agreement and including all ad valorem taxes or payments in lieu of such taxes lawfully assessed upon the Company's rights in and to the Project and all sales and use taxes lawfully assessed upon the Authority or the Company in connection with the Project; (ii) all utility and other charges incurred in the ownership, operation, maintenance, use, occupancy, and upkeep of the Project; and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company will be obligated to pay only such installments as are required to be paid during the Occupancy Term.

If the Company first notifies the Trustee of its intention so to do, the Company may, at its own expense and in its own name and behalf and in good faith, contest any such taxes, assessments, Impositions, and other charges in accordance with the provisions of the Rental Agreement described herein under the caption "**THE RENTAL AGREEMENT - Contest of Liens**" and, in the event of any such contest, may permit the taxes, assessments, Impositions, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom.

## Insurance

Throughout the Occupancy Term, the Company will be obligated to keep the Project and its operations or cause the same to be kept continuously insured against such casualties, contingencies, and risks as are customarily insured against with respect to facilities of like size and type and entities engaged in the same or similar activities, as recommended by an Insurance Consultant, paying as the same become due all premiums in respect thereto, including but not limited to:

(1) Property Insurance. insurance upon the repair or replacement basis in an amount not less than 100% of the then actual cost of replacement (without taking into account any depreciation, and exclusive of excavations, footings, foundations, landscaping, and paving) of the Project (with deductible provisions not to exceed \$25,000 in any one casualty) against any peril included within the classification “All Risks of Physical Loss”;

(2) Business Interruption. all risk business interruption or equivalent insurance with respect to any casualty or loss that affects the use and occupancy of the Project, whether or not such casualty or loss relates to the Project or any other property of the Company or an Affiliate physically connected to or adjacent to the Project in an amount sufficient to provide proceeds that will cover a period not less than two (2) years from the date of casualty or loss, in an amount equal to the sum of (a) the Debt Service Requirement for such period and (b) the total of all other amounts payable by the Company to third parties for such period in connection with the Project, reduced to the extent such amounts would not be payable because of Expenses of Operation and Maintenance not incurred during a period of non-occupancy of that portion of the Project then not being occupied;

(3) Liability Insurance. comprehensive general liability insurance providing insurance (with deductible provisions not to exceed \$25,000 per occurrence) to the extent of not less than \$1,000,000 per occurrence against liability for personal and bodily injury including death resulting therefrom and \$1,000,000 per occurrence for damage to property, including loss of use thereof, occurring on or in any way related to the Project or any part thereof or the operation thereof, with excess coverage or “umbrella” insurance for claims under such coverage in the aggregate of not less than \$2,000,000 for any one occurrence;

(4) Crime and Fidelity Insurance. fidelity bonds or crime and fidelity insurance covering dishonest acts by employees of the Company, if any, who collect or have custody or access to revenues, receipts, or funds of the Project;

(5) Flood Insurance. insurance under the Federal Flood Insurance Program within the minimum requirements and amounts required for federally financed or assisted loans under the Flood Disaster Protection Act of 1973, as amended, if any portion of the Project is eligible under such program;

(6) Workers’ Compensation Insurance. statutory workers’ compensation insurance covering all employees of the Company employed at the Project in amounts required by law; and

(7) Boiler and Machinery Insurance. broad form boiler and machinery insurance (without exclusion for explosion) covering all boilers or other pressure vessels, machinery, and equipment comprising part of the Project and insurance against loss of occupancy or use arising from any such breakdown in such amounts as are specified in paragraphs (1) and (2) above.

The Company will be obligated to comply or cause compliance with all Insurance Requirements before the expiration of any applicable extension or grace period and may not bring or knowingly keep or permit to be brought or kept any article upon the Project or knowingly cause or permit any condition to exist thereon that would be prohibited by any Insurance Requirement, or would invalidate insurance coverage required under the Rental Agreement to be maintained by the Company on or with respect to any part of the Project.

The Net Proceeds of the insurance carried pursuant to the provisions of paragraphs (1), (5), and (7) described above must be deposited in the Construction Account of the Project Fund, and the Net Proceeds of insurance carried pursuant to the provisions of paragraphs (3) and (6) described above must be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid. The Net Proceeds of the insurance carried pursuant to the provisions of paragraphs (2) and (4) described above must be deposited in the Revenue Fund.

All insurance required by the Rental Agreement must be taken out and maintained in generally recognized responsible insurance companies rated not less than “A” by A.M. Best & Co., with a financial rating size of Class

VIII or larger, and qualified to issue such policies in the State of Georgia, selected by the Company and subject to the approval of the Authority, which approval may not be unreasonably withheld, conditioned, or delayed. All policies evidencing such insurance must provide for payment to the Company, the Authority, and the Trustee, as their respective interests may appear, the policies required by paragraph (3) described above must name the Authority and the Trustee as an additional insured, and the policies required by paragraphs (1), (5), and (7) described above must name the Authority as mortgagee and loss payee under the Standard New York Mortgage Endorsement providing that no act or omission by the named insured shall in any way prejudice the rights of the Authority under such policies and must require that all Net Proceeds of insurance for loss or damage covered thereby be paid to the Trustee for deposit in the Construction Account of the Project Fund; provided, however, that all claims regardless of amount may be adjusted by the Company with the insurers, subject to prior written approval of the Authority, which approval may not be unreasonably withheld, conditioned, or delayed.

The Rental Agreement will require the Company (1) to procure a review of its insurance requirements by the Insurance Consultant not less than every three (3) years along with a written recommendation, if any, for changing any of the insurance or coverages hereinabove described, and (2) if any such review by the Insurance Consultant contains reasonable recommendations for changing any of such insurance or coverages, to promptly change such insurance or coverages in accordance with the recommendations.

### **Contest of Liens**

In the event the Company in good faith contests liens pursuant to the provisions of the Rental Agreement described herein under the caption "**THE RENTAL AGREEMENT - Maintenance and Modification of Project by the Company and -Taxes, Other Governmental Charges, and Utility Charges,**" the Company may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, provided the Company must furnish the Trustee with a bond equal to at least the amount so contested or an opinion of Independent counsel reasonably acceptable to the Authority stating that by nonpayment of such items the title of the Authority as to any material part of the Project will not be materially and imminently endangered and neither the Project nor any material part thereof will be subject to imminent loss or forfeiture. If the Company is unwilling, unable, or otherwise fails to obtain such a bond or an opinion of Independent counsel, the Company must promptly cause to be satisfied and discharged all such unpaid items by payment thereof, by causing the lien to be transferred from the Project to other security as permitted by State law, or by payment of the amount so contested into a reserve held by the Trustee. Such reserve may be used by the Trustee to satisfy the items if action is taken to enforce the lien and such action is not stayed.

### **Advances by the Authority or the Trustee**

If the Company fails to maintain the insurance coverages required by the Rental Agreement or fails to pay the taxes, Impositions, and other charges required to be paid by the Rental Agreement or fails to keep the Project in as reasonably safe condition as its operation will permit or fails to keep the Project in good repair and good operating condition, the Authority or the Trustee may (but will be under no obligation to), after notifying the Company in writing of its intention to do so and after giving the Company thirty (30) days after such notice to cure such failure, take out the required policies of insurance and pay the premiums on the same or pay the taxes, Impositions, or other charges or make the required repairs, renewals, and replacements. In addition, if the Company should fail to make any payment or to perform or comply with any of the agreements, covenants, or obligations of the Company under the Rental Agreement, the Security Agreement, or the Bond Guaranty, which failure remains uncured beyond all applicable notice and cure periods, then the Authority or the Trustee, at the option of either one, may make such payment or perform such agreement, covenant, or obligation for the account and at the expense of the Company, but shall not be obligated to do so. Any and all payments and expenses incurred or paid in so doing shall become an additional obligation of the Company to the one making the advancement, which amounts, together with interest thereon from the date of payment at the Prime Rate plus two percent (2%) per annum, the Company will agree to pay on demand. The Trustee will be under no obligation to make any such payment unless it is required to do so by the owners of at least twenty-five percent (25%) in the aggregate principal amount of all Bonds then Outstanding and is provided with adequate funds paid in cash to the Trustee (from a source or sources approved by the Trustee) for the purpose of such payment.

### **Damage and Destruction**

Unless the Project is destroyed or damaged to the extent prescribed by, and the Company is obligated to prepay, or elects to exercise its option to prepay, the Bond Rent pursuant to, the provisions of the Rental Agreement described herein under the caption "**THE RENTAL AGREEMENT - Option and Obligation to Prepay Bond Rent in Certain Events,**" if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Project is destroyed or is damaged (in whole or in part) by

fire or other casualty, the Company must promptly give written notice thereof to the Trustee. All Net Proceeds recovered under the insurance policies required to be carried pursuant to the provisions of the Rental Agreement described in paragraphs (1), (5), and (7) herein under the caption “**THE RENTAL AGREEMENT - Insurance**” must be deposited in (i) the Construction Account of the Project Fund, if such Net Proceeds exceed \$500,000, and (ii) the Repair and Replacement Fund, if such Net Proceeds do not exceed \$500,000, whereupon the Company must proceed promptly, but only after the requirements of the Rental Agreement described in the following paragraph are met, to repair, rebuild, restore, or re-equip the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not materially impair the nature of the Project.

Before the Trustee applies any Net Proceeds of insurance deposited in the Project Fund to pay the costs of repairing, rebuilding, restoring, or re-equipping the Project, the Company must furnish to the Trustee (i) a certificate of a Design Professional to the effect that the Project can be reasonably restored within a period of two (2) years to substantially the condition thereof immediately preceding such damage or destruction and (ii) a Consultant’s Report to the effect that the forecasted Income Available for Debt Service (including any proceeds of business interruption insurance) until such repair, rebuilding, restoration, and re-equipping is expected to be completed will be sufficient to pay the Debt Service Requirement until such repair, rebuilding, restoration, and re-equipping is expected to be completed.

In the event the Net Proceeds are not sufficient to pay in full the costs of any such repair, rebuilding, restoration, or re-equipping, the Company must nonetheless complete such work and must pay that portion of the costs thereof in excess of the amount of such Net Proceeds.

Any balance of such Net Proceeds of insurance remaining after application pursuant to the provisions of the Rental Agreement described in the first paragraph above or remaining because of the failure of the Company to furnish to the Trustee the items required by the provisions of the Rental Agreement described in the second paragraph above must be deposited into the Redemption Account of the Bond Fund and used to redeem Outstanding Bonds.

### **Condemnation and Failure of Title**

Unless the Company is obligated to prepay, or elects to exercise its option to prepay, the Bond Rent pursuant to the provisions of the Rental Agreement described herein under the caption “**THE RENTAL AGREEMENT - Option and Obligation to Prepay Bond Rent in Certain Events**” upon the failure of title to the Project or upon the taking of title to or the temporary use of the Project in any condemnation proceeding, in the event that title to the Project fails or title to or the temporary use of the Project or any part thereof is taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, the Authority, the Company, and the Trustee will be obligated to cause the Net Proceeds received by them or any of them from any title insurance policy or any award made in such eminent domain proceedings to be deposited in the Construction Account of the Project Fund, to be applied in one or more of the following ways as will be directed in writing by the Company:

(a) If the requirements of the Rental Agreement described in paragraph (d) below are met, to the restoration of the Project to substantially the same condition thereof as existed prior to the failure of title or the exercise of the power of eminent domain.

(b) If the requirements of the Rental Agreement described in paragraph (d) below are met, to the acquisition of other suitable land and the acquisition, by construction or otherwise, in the name of the Authority, to the extent permitted by applicable law, of improvements consisting of a building or buildings, facilities, furnishings, machinery, equipment, or other properties suitable for the Company’s operations at the Project as conducted prior to such failure of title or taking (which improvements will be deemed a part of the Project and available for use and occupancy by the Company without the payment of any rent other than as in the Rental Agreement provided to the same extent as if such improvements were specifically described in the Rental Agreement and demised by the Rental Agreement); provided, that such improvements and properties must be acquired by the Company, in the name of the Authority, subject to no liens other than Permitted Encumbrances.

(c) To the redemption of the principal of any of the Outstanding Bonds, together with accrued interest thereon to the date of redemption, which must be not more than one hundred eighty (180) days after such event; provided, that no part of any such title insurance proceeds or condemnation award may be applied to such redemption unless (i) all of the Outstanding Bonds are to be redeemed in accordance with the Indenture and the requirements of the Rental Agreement described herein under the caption “**THE RENTAL AGREEMENT - Option and Obligation to Prepay Bond Rent in Certain Events**” have been met or (ii) in the event that less

than all of the Outstanding Bonds are to be redeemed and the requirements of the Rental Agreement described herein under the caption “**THE RENTAL AGREEMENT - Option and Obligation to Prepay Bond Rent in Certain Rents**” are not met, the Company must furnish to the Trustee a certificate of a Design Professional stating (A) that the property forming a part of the Project that was lost or that was taken by such condemnation proceedings is not essential to the Company’s use or occupancy of the Project or (B) that the Project has been restored to a condition substantially equivalent to its condition prior to the failure of title or the taking by such condemnation proceedings or (C) that improvements have been acquired that are suitable for the Company’s operations at the Project as contemplated by the provisions of the Rental Agreement described in paragraph (b) above.

(d) Before the Trustee applies any Net Proceeds of any title insurance policy or condemnation award pursuant to the provisions of the Rental Agreement described in paragraph (a) or (b) above to pay the costs of restoring or replacing the Project, the Company must furnish to the Trustee (i) a certificate of a Design Professional to the effect that the Project can be reasonably restored or replaced within a period of two (2) years to substantially the condition thereof immediately preceding such failure of title or condemnation and (ii) a Consultant’s Report to the effect that the forecasted Income Available for Debt Service (including any proceeds of business interruption insurance) until such restoration and replacement is expected to be completed will be sufficient to pay the Debt Service Requirement until such restoration and replacement is expected to be completed.

(e) Any balance of the Net Proceeds of the title insurance policy or the award in such eminent domain proceedings remaining after application pursuant to the provisions of the Rental Agreement described in paragraphs (a), (b), and (c) above or remaining because of the failure of the Company to furnish to the Trustee the items required by the provisions of the Rental Agreement described in paragraph (d) above must be deposited into the Redemption Account of the Bond Fund and used to redeem Outstanding Bonds.

#### **Company to Maintain its Existence; Conditions Under Which Exceptions Permitted**

The Company will agree to (1) maintain its legal existence as a Georgia limited liability company, (2) not merge into another entity or permit one or more other entities to merge into it, and (3) not dissolve or otherwise dispose of all or substantially all of its assets. The Company may, without violating the agreement described in the preceding sentence, merge into another domestic entity (that is, an entity organized and existing under the laws of one or more states of the United States of America), or permit one or more such domestic entities to merge into it, or sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, if the surviving, resulting, or transferee Person:

- (1) is authorized to do business in the State;
- (2) is a domestic corporation, partnership, limited liability company, or other entity;
- (3) assumes in writing all of the obligations of the Company under the Rental Agreement, the Security Agreement, and the Bond Guaranty; and
- (4) obtains the prior written consent of the Authority to the merger, sale, or transfer, which consent may be withheld, conditioned, or delayed in the sole discretion of the Authority.

If the requirements of the Rental Agreement described above regarding merger, sale, or transfer are met, the Company will be relieved from its obligations, and such successor Person will succeed to and be substituted for the Company, under the Rental Agreement, the Security Agreement, and the Bond Guaranty, with the same effect as if such successor Person had originally been a party to such instruments.

#### **Rate Covenant**

The Company will covenant and agree to fix, charge, and collect, or cause to be fixed, charged, and collected, rents, rates, fees, and charges for the use of the Project and for the services furnished or to be furnished by the Project, sufficient to produce in each period of four consecutive fiscal quarters a Debt Service Coverage Ratio equal to or in excess of 1.20.

If (1) the Company fails to satisfy the covenant described in the preceding paragraph or (2) the Franchisor has the right to terminate the Franchise Agreement as a result of default by the Company under the Franchise Agreement, the Company at its expense will be obligated to promptly retain a Consultant to make, within 90 days after being so retained, recommendations with respect to the Company’s rents, rates, fees, and charges for the

Project and the Company's methods of operation and other factors affecting the financial condition of the Company as the Consultant believes are appropriate to enable the Company to satisfy the Debt Service Coverage Ratio covenant described in the preceding paragraph or cure the default under the Franchise Agreement. If in the judgment of the Consultant it is not possible for the Company to satisfy the covenant described in the preceding paragraph, the report of the Consultant will so indicate and will further indicate the anticipated Debt Service Coverage Ratio if the recommendations of the Consultant are followed, which will be substituted for 1.20 for purposes of the provisions of the Rental Agreement described under this caption for the Fiscal Year in which the Consultant is retained and for the subsequent Fiscal Year.

The Company will be obligated to follow each recommendation of the Consultant unless the Company delivers to the Authority and the Trustee an opinion of counsel (which opinion as to form is reasonably acceptable to the Authority and the Trustee) to the effect that compliance with a particular recommendation would violate a provision of existing law or regulations, in which case the Company need not comply with that particular recommendation. So long as a Consultant is retained and the Company follows such Consultant's recommendations to the extent permitted by law, the provisions of the Rental Agreement described under this caption will be deemed to have been complied with even if the covenant described in the first paragraph under this caption for the following two periods of four consecutive fiscal quarters is not satisfied; provided, however, that the gross revenues of the Company may not be less than the amount required to pay when due the total Expenses of Operation and Maintenance and the debt service on all Indebtedness of the Company for such periods of four consecutive fiscal quarters.

The Company may permit the rendering of service by it or the occupancy or use of the Project free of charge or at discounted or reduced rates (except as and incident to prepayment programs) to the extent necessary for retaining its eligibility for grants, loans, subsidies, or payments from the United States of America or any instrumentality thereof or from any state or any instrumentality thereof, or in compliance with any recommendation for free or discounted services that may be made by a Consultant, or to such further extent as may be consistent with the valid business purposes of the Company and will not prevent the Company from complying with the terms and provisions of the Rental Agreement.

### **Hotel Brand**

The Company will covenant that the Project will initially be in the "Upper Midscale" classification of the STR List. The Company will be entitled to change the "brand" or management of the Project in its sole reasonable discretion for any reason, provided that such "brand" is a nationally recognized chain of hotels and comes from a similar category (or higher category) as the then current "brand" is included as detailed in the STR List. The Company must notify the Authority of any proposed change in brand or management at least sixty (60) days prior to such change but in all events prior to any public announcement or discussions with any representative of the press.

### **Financial Statements and Notices**

The Company will be obligated to provide the Authority and the Trustee (1) annually, within one hundred twenty (120) days after the end of each fiscal year of the Company, the basic financial statements of the Company, including the balance sheet, income statement, and statement of cash flows, for the year then ended, in comparative form with the preceding fiscal year, which basic financial statements must be accompanied by an audit report resulting from an audit conducted by Accountants in conformity with generally accepted auditing standards; (2) promptly upon receipt thereof, a copy of each other report submitted to the Company by its Accountants in connection with any annual, interim, or special audit made by them of the books of the Company (including, without limitation, any management report prepared in connection with such Accountants' annual audit of the Company); (3) quarterly, within sixty (60) days after the end of each fiscal quarter, financial statements for such fiscal quarter prepared by the Company without audit, covering the operations of the Company for such fiscal quarter and containing a balance sheet as of the end of such fiscal quarter and an income statement for such fiscal quarter, showing in comparative form the year-to-date financial figures for the current fiscal year; (4) promptly upon obtaining knowledge of an Event of Default under the Rental Agreement, a certificate specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto; (5) promptly after (i) the occurrence thereof, notice of the institution by any Person of any action, suit, or proceeding or any governmental investigation or any arbitration, before any court or arbitrator or any governmental or administrative body, agency, or official, against the Company or the Project, which could reasonably be expected to have a material adverse effect or (ii) the receipt of actual knowledge thereof, notice of the threat of any such action, suit, proceeding, investigation, or arbitration, each such notice described above to specify, if known, the amount of damages being claimed or other relief being sought, the nature of the claim, the Person instituting the action, suit, proceeding, investigation, or arbitration, and any other significant features of the claim; and (6) with reasonable promptness, such other information relating to the operations, management, business, properties, or condition (financial or other) of the Company as the Authority or the Trustee may reasonably request in writing from time to time. The audited financial statements to be furnished to the Authority and the Trustee annually pursuant to the Rental Agreement must be

prepared in accordance with GAAP applied on a consistent basis and must be accompanied by (a) a certificate of the Company to the effect that the Company is not in default in any material respect under any provisions of the Rental Agreement, the Security Agreement, or the Bond Guaranty and has complied in all material respects with all of the provisions thereof, or if the Company is in such default or has failed to so comply, setting forth the nature of the default or failure to comply and (b) a certificate of the Accountants reporting on the Company's financial statements stating the Debt Service Coverage Ratio for such fiscal year. The unaudited financial statements to be furnished to the Authority and the Trustee quarterly pursuant to the Rental Agreement must be prepared in accordance with GAAP applied on a consistent basis, subject to year-end adjustment and lack of footnotes, and must be accompanied by (a) a certificate of the Company to the effect that the Company is not in default in any material respect under any provisions of the Rental Agreement, the Security Agreement, of the Bond Guaranty and has complied in all material respects with all of the provisions thereof, or if the Company is in such default or has failed to so comply, setting forth the nature of the default or failure to comply, and (b) a certificate of the Company stating the Debt Service Coverage Ratio for the preceding four consecutive fiscal quarters and any variances from the Project Budget, room rental activity, and room rental rates for such fiscal quarter.

### **Project Budget**

On or before the date that is thirty (30) days prior to the commencement of each fiscal year of the Company, commencing with the first fiscal year following the Commencement Date, the Company will be obligated to prepare or cause to be prepared an annual Project Budget for such fiscal year demonstrating compliance with the rate covenant described herein under the caption "**THE RENTAL AGREEMENT - Rate Covenant**" and must file a copy of such Project Budget with the Authority and the Trustee. As and when determined necessary or appropriate by the Company, the Project Budget must be revised and a copy of each revision must be promptly filed with the Authority and the Trustee.

### **Permitted Indebtedness**

The Company will covenant and agree that it will not, directly or indirectly, incur, assume, or guarantee any Indebtedness, whether secured or unsecured, except for:

- (1) the obligations contained in the Rental Agreement, the Security Agreement, and the Bond Guaranty;
- (2) Short-Term Indebtedness if, immediately after the incurrence, assumption, or guarantee of such Indebtedness, the aggregate principal amount of all such outstanding Short-Term Indebtedness of the Company does not exceed 20% of the gross revenues of the Company for its most recent fiscal year; provided, however, that for a period of 20 consecutive calendar days in each fiscal year, the aggregate principal amount of outstanding Short-Term Indebtedness of the Company, other than any Short-Term Indebtedness incurred to fund a judgment against the Company, may not exceed three percent (3%) of the gross revenues of the Company for its most recent fiscal year; and
- (3) Long-Term Indebtedness, upon delivery to the Authority and the Trustee of a certificate of the Company stating (i) that the principal amount of such Long-Term Indebtedness to be incurred, together with the aggregate principal amount of all other Long-Term Indebtedness of the Company then outstanding under this clause (3), does not exceed 15% of the gross revenues of the Company for its immediately preceding fiscal year and (ii) that such Long-Term Indebtedness described in clause (i), together with outstanding Short-Term Indebtedness, does not exceed 25% of the gross revenues of the Company for its immediately preceding fiscal year.

### **Related Party Transactions**

The Company will agree to not enter into or be a party to or permit to exist directly or indirectly any transaction or material group of related transactions (including without limitation the purchase, lease, sale, or exchange of properties of any kind or the rendering of any service) with any Affiliate, except in the ordinary course and pursuant to the reasonable requirements of the Company's business and upon fair and reasonable terms no less favorable to the Company than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate and except for distributions from the Surplus Fund.

### **Line of Business**

The Company will agree to not engage to any substantial extent in any business other than the ownership and operation of the Project and businesses reasonably related thereto or in furtherance thereof.

## Events of Default and Remedies

The following will be “Events of Default” under the Rental Agreement, and the term “Event of Default” will mean, whenever it is used in the Rental Agreement, any one or more of the following events:

(a) The Company’s failure to pay the rents required to be paid under the Rental Agreement at the times specified therein and continuing for a period of five (5) days after written notice in the manner provided in the Rental Agreement, given to the Company by either the Trustee or the Authority, that the payment referred to in such notice has not been received, or, without regard to notice, the Company’s failure to pay the rents required to be paid under the Rental Agreement at the times specified therein and continuing for a period of ten (10) days after any such amount becomes due under the Rental Agreement, whichever occurs first.

(b) The Company’s breach in any material respect of any representation or warranty contained in the Rental Agreement, the Security Agreement, or the Bond Guaranty or the Company’s failure to observe, perform, or comply in any material respect with any covenant, condition, or agreement in the Rental Agreement, the Security Agreement, or the Bond Guaranty on the part of the Company to be observed or performed, other than as referred to in paragraph (a) above or (f) below, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Company by the Authority or the Trustee, unless the Authority and the Trustee agree in writing to an extension of such time prior to its expiration. In the case of any such breach or default that cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of time not materially detrimental to the rights of the Authority, the Trustee, and the Bondholders, to be determined conclusively by the Trustee, it will not constitute an Event of Default if corrective action is instituted by the Company within the applicable period and diligently pursued until the breach or default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee.

(c) The Company (i) applies for or consents to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of it or of all or a substantial part of its property or of the Project; (ii) fails to promptly lift, release, vacate, stay, or fully bond-off any execution, garnishment, or attachment of such consequence as will have a material adverse effect; (iii) enters into an agreement of composition with its creditors; (iv) admits in writing its inability to pay its debts as such debts become due; (v) makes a general assignment for the benefit of its creditors; (vi) commences a voluntary case under the federal bankruptcy law or any similar law in effect in a foreign jurisdiction (as now or hereafter in effect); (vii) files a petition or answer seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; (viii) fails to controvert in a timely or appropriate manner or acquiesce in writing to any petition filed against it in an involuntary case under such federal bankruptcy law or any similar law in effect in a foreign jurisdiction; or (ix) takes any action for the purpose of effecting any of the foregoing.

(d) A proceeding or case is commenced, without the application of the Company, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Company; (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of the Company or of all or any substantial part of the assets of it or of the Project; or (iii) similar relief in respect of the Company under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition and adjustment of debts, and such proceeding or case continues undismissed or an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unvacated and unstayed and in effect for a period of sixty (60) days, whether consecutive or not.

(e) The occurrence of an “event of default” under any of the Bond Documents (as defined in such Bond Documents) by the Company.

(f) Failure by the Company to deliver the Gross Receipts to the Trustee as required by the provisions of the rental Agreement described herein under the caption **“THE RENTAL AGREEMENT - Deposit of Gross Receipts.”**

Whenever any Event of Default under the Rental Agreement has happened and is subsisting, the Authority, to the extent permitted by law, may take any one or more of the following remedial steps:

(1) The Authority, upon ten (10) days’ prior written notice to the Company, may terminate the Rental Agreement and exclude the Company from possession of the Project.

(2) The Authority, upon ten (10) days’ prior written notice to the Company, may, without terminating the Rental Agreement, exclude the Company from possession of the Project and use its best efforts to sub-let

the Project to another for the account of the Company, holding the Company liable for all rent and other payments due up to the effective date of such sub-let and for the excess, if any, of the rent and other amounts payable by the Company under the Rental Agreement over the rents and other amounts that are payable by such new sub-tenant under such new sub-let document.

(3) The Authority may have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Company related to the Project.

(4) The Authority may from time to time take whatever action at law or in equity or under the terms of the Bond Documents may appear necessary or desirable to collect the obligations of the Company under the Rental Agreement, the Security Agreement, and the Bond Guaranty then due or thereafter to become due or to enforce performance and observance of any obligation, agreement, or covenant of the Company under the Rental Agreement, the Security Agreement, and the Bond Guaranty.

Any amounts collected pursuant to action described above must be paid to the Trustee and applied in accordance with the provisions of the Indenture.

### **Option and Obligation to Prepay Bond Rent in Certain Events**

The Rental Agreement will grant the Company the option to prepay the Bond Rent, in whole or in part prior to the full payment of all of the Bonds (or provision for payment thereof having been made in accordance with provisions of the Indenture), if any of the following has occurred:

(a) the Project has been damaged or destroyed by fire or other casualty to such extent that, in the opinion of a Design Professional expressed in a certificate filed with the Authority and the Trustee, (i) the Project cannot be reasonably restored within a period of six (6) consecutive months to substantially the condition thereof immediately preceding such damage or destruction or (ii) the Project is unfit for occupancy for a period of six (6) consecutive months or (iii) the cost of reconstruction would exceed the total amount of Net Proceeds of insurance carried thereon by more than \$250,000; or

(b) title to a substantial portion of the Project shall fail or title to, or the temporary use of, a substantial portion of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority or person, firm, or corporation acting under governmental authority and such a failure of title or taking or takings result, in the opinion of a Design Professional expressed in a certificate filed with the Authority and the Trustee, in the Project being unfit for occupancy for a period of six (6) consecutive months.

Notwithstanding the foregoing, the Company will have the obligation under the Rental Agreement to prepay the Bond Rent, in whole or in part prior to the full payment of all of the Bonds (or provision for payment thereof having been made in accordance with provisions of the Indenture), if the events stated in (a) or (b) above have occurred, in the event the Company fails to furnish to the Trustee the items required by the provisions of the Rental Agreement described herein under the caption "**THE RENTAL AGREEMENT - Damage and Destruction or - Condemnation and Failure of Title,**" whichever is applicable.

In the case of any of the events described in (a) or (b) above, the Company, if it is obligated to prepay the Bond Rent or if it exercises its option to prepay the Bond Rent, must prepay the Bond Rent within one hundred eighty (180) days after such event. If the Company is obligated to prepay the Bond Rent or exercises its option to prepay the Bond Rent as described in (a) or (b) above, any Net Proceeds of insurance or of any condemnation award must be paid into the Redemption Account of the Bond Fund.

### **Release of Certain Land**

The Authority and the Company will reserve the right at any time and from time to time to amend the Rental Agreement for the purpose of effecting the release and removal from the Rental Agreement and the right of occupancy created thereby of any part (or interest in such part) of the Site with respect to which the Authority, on the request of the Company, proposes to convey fee title to a railroad, public utility, or public body in order that railroad services, utility services, or public services may be provided to the Project; provided, that if at the time any such amendment is made any of the Bonds are Outstanding and unpaid, the Company must deliver to the Trustee, among other items, the following:

(a) a certificate of the Company to the effect that the Company is not in default in any material respect under any of the provisions of the Rental Agreement and that neither the Building nor any other improvements are located on a portion of the Site with respect to which the release is to be granted, accompanied by a plat of survey of the Site certified by a registered surveyor of the State depicting (i) the boundaries of the portion of the Site with respect to which the release is to be granted, (ii) all improvements located on the property surveyed and the relation of the improvements by distances to the boundaries of the portion of such property with respect to which the release is to be granted, and (iii) all easements and rights of way with recording data and instruments establishing the same; and

(b) a certificate of the Design Professional, dated not more than sixty (60) days prior to the date of the release and stating that, in the opinion of the person signing such certificate, (i) the portion of the Site so proposed to be released is necessary or desirable in order to obtain railroad services, utility services, or public services to benefit the Project and (ii) the release so proposed to be made will not impair the usefulness of the Project as a modern hotel and will not materially impair the means of ingress thereto and egress therefrom.

If such release relates to a part of the Site on which transportation or utility facilities are located, the Authority must retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as a modern hotel. Any money consideration received in connection with the release of any portion of the Site as described above must be deposited in the Redemption Account of the Bond Fund and used to redeem Bonds or to pay principal of the Bonds as the same becomes due.

### **Option to Purchase Unimproved Land**

If no Event of Default under the Rental Agreement has occurred and is continuing, the Company will be granted the option to purchase any part of the Site on which the Building is not situated (although transportation or utility facilities may be located thereon), at any time and from time to time, at and for a purchase price equal to the Fair Market Value thereof, provided that the Company furnishes the Authority with the following:

(a) a notice in writing containing (i) an adequate legal description of that portion of the Site with respect to which such option is to be exercised and (ii) a statement that the Company intends to exercise its option to purchase such portion of the Site on a date stated, which shall not be less than forty-five (45) days nor more than one hundred twenty (120) days from the date of such notice;

(b) a certificate of the Design Professional, dated not more than ninety (90) days prior to the date of the purchase, stating that in the opinion of the person signing such certificate (i) the portion of the Site with respect to which the option is to be exercised is not needed for the operation of the Project for the purposes stated in the Rental Agreement and (ii) the purchase will not impair the usefulness of the Project as a modern hotel and will not materially impair the means of ingress thereto and egress therefrom;

(c) a certificate of an independent appraiser acceptable to the Authority, dated not more than ninety days prior to the date of the purchase, stating that release from the Rental Agreement of that portion of the Site with respect to which the option is to be exercised will not materially impair the Fair Market Value of the Project;

(d) a certificate of the Company to the effect that the Building is not located on the portion of the Site with respect to which the option is to be exercised, accompanied by a plat of survey of the Site certified by a registered surveyor of the State, depicting (i) the boundaries of the portion of the Site with respect to which the option is to be exercised, (ii) all improvements located on the property surveyed and the relation of the improvements by distances to the boundaries of the portion of such property with respect to which the option is to be exercised, and (iii) all easements and rights of way with recording data and instruments establishing the same; and

(e) an amount of money equal to the purchase price computed as described above.

The Authority will agree that upon receipt of the notice, certificates, and money required as described above to be furnished to it by the Company, the Authority will promptly deliver such money to the Trustee for deposit in the Redemption Account of the Bond Fund to be used to redeem Bonds or purchase Bonds and will execute a deed regarding such portion of the Site with respect to which the Company shall have exercised the option granted to it as described above. If the option described above relates to a portion of Site on which transportation or utility facilities are located, the Authority must retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project. The Company will covenant that it will not construct or permit to be constructed on any such unimproved land any facility that would substitute for the Project.

## **Granting of Easements**

If no Event of Default under the Rental Agreement is then continuing, the Authority, at the request of the Company, may at any time or times grant easements, licenses, rights of way (including the dedication of public highways, roads, or streets), and other rights or privileges in the nature of easements with respect to any property included in the Project, or the Authority, at the request of the Company, may release existing easements, licenses, rights of way, and other rights or privileges with or without consideration, and the Authority will agree that it will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way, or other right or privilege upon receipt of, among other items, a certificate of the Design Professional, dated not more than sixty (60) days prior to the date of such grant or release, stating (A) that such grant or release is not materially detrimental to the proper conduct of the operations of the Company and (B) that such grant or release will not materially impair the effective use or materially interfere with the operation of the Project as a modern hotel, will not materially impair the Fair Market Value of the Project, and will not materially impair the means of ingress thereto and egress therefrom. Any money consideration received in connection with the granting or release of an easement as described above must be deposited in the Redemption Account of the Bond Fund and used to redeem Bonds or to pay principal of the Bonds as the same becomes due.

## **Amendments**

The Rental Agreement may be amended only as provided in the Indenture. See “**THE INDENTURE - Amendment of Other Bond Documents**” herein.

# **THE CONTRACT**

## **Introduction**

The Contract is a contract that will provide standby credit support for the Authority’s obligations under the Series 2026 Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Contract. Reference is made to the Contract in its entirety for a complete recital of the detailed provisions thereof.

## **City’s Payment Obligations**

In consideration of the Authority’s agreements and undertakings set forth in the Contract, the City will agree that:

(a) It will pay to the Authority, by making such payments directly to the Trustee for the account of the Authority for deposit in the Debt Service Reserve Fund, within one (1) year of the date on which the balance held in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, an amount sufficient, when added to funds held at the time of such payment in the Debt Service Reserve Fund, to cause the balance held therein to equal the Debt Service Reserve Requirement.

(b) The provisions of the Contract described above to the contrary notwithstanding, if, for any reason, on the third business day preceding any interest payment date and any redemption date with respect to the Bonds, there is not on deposit in the Interest Account or the Principal Account of the Bond Fund created under the Indenture moneys sufficient to pay the total principal, interest, and premium coming due on the Bonds on such interest payment date or redemption date (whether by mandatory redemption, maturity, or otherwise), the City must on such date pay to the Authority, by making such payments directly to the Trustee for the account of the Authority for deposit into the Interest Account and the Principal Account, an amount equal to the amount by which the total principal, interest, and premium coming due on the Bonds (whether by mandatory redemption, maturity, or otherwise) on the next interest payment date or redemption date exceeds the amount in the Interest Account and the Principal Account (and not being held for the payment of Bonds not yet presented for payment or interest checks not cashed).

(c) In the event the City has notice that any payment of principal of, premium, if any, or interest on a Bond that has been made to a Bondholder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court of competent jurisdiction, the City must pay to the Authority, by making payments directly to the Trustee for the account of the Authority for

deposit in the Interest Account and the Principal Account, an amount equal to such recovery if sufficient funds are not otherwise available to reimburse such Bondholder.

(d) The City will also be obligated to pay to the Authority an amount equal to (i) any costs incurred by the Authority in connection with the issuance of any series of Bonds to the extent such costs are not paid from proceeds of such Bonds and (ii) the fees, costs, and expenses of the Trustee under the Indenture if the Authority is unable to pay such fees, costs, and expenses from the payments made by the Company pursuant to the Rental Agreement.

### **Source of Funds for City's Payment Obligations**

The obligation of the City to make payments under the Contract will constitute a general obligation of the City, payable out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds). The City will covenant and agree that it will, to the extent necessary, levy an annual ad valorem tax on all Taxable Property, at such rate or rates within the three (3) mill limit authorized pursuant to Section 48-5-350 of the Official Code of Georgia Annotated or within such greater millage as may hereafter be authorized by applicable law, as may be necessary to produce in each year revenues that will be sufficient to fulfill the City's obligations under the Contract, from which revenues the City will agree to appropriate sums sufficient to pay in full when due all of the City's obligations under the Contract. The City will create and grant a lien in favor of the Authority on any and all revenues realized by the City from such tax, to make the payments that are required under the Contract, which lien will be superior to any that can hereafter be created, except that this lien may be extended to cover any Additional Contracts, as permitted by the provisions of the Contract described herein under the caption "**THE CONTRACT - Limitations on Additional Contracts.**" Nothing contained in the Contract, however, will be construed as limiting the right of the City to make the payments called for by the Contract out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds).

The City's obligation to levy an annual ad valorem tax within the three (3) mill limit authorized by Section 48-5-350 of the Official Code of Georgia Annotated or such greater millage hereafter authorized by law, for the purpose of providing funds to meet the City's payment obligations under the Contract, will not be junior and subordinate but will be superior or equal to the City's obligation to levy an annual ad valorem tax at such rate or rates within such three (3) mill limit or such greater millage as hereafter authorized by law, pursuant to the provisions of the Prior Contract and any Additional Contract. The Contract provides, however, that the City will not be required to levy a tax in any year at a rate or rates exceeding in the aggregate the maximum three (3) mills now authorized by Section 48-5-350 of the Official Code of Georgia Annotated or any greater millage hereafter prescribed by law, in order to meet its obligations under all Contracts.

### **Limitations on Additional Contracts**

So long as the Bonds are Outstanding, the City will agree that it will not:

(1) enter into an Additional Contract that creates a lien on the revenues to be derived from the tax to be levied under the Contract by the City to fulfill its obligations under the Contract, which is superior to the lien created under the Contract;

(2) enter into any other contract or agreement creating a lien on such tax revenues for any purpose other than debt service payments (including creation and maintenance of reasonable reserves therefor) superior to or on a parity with the lien created thereon to fulfill the obligations of the City under the Contract; and

(3) enter into any Additional Contract that provides for payment to be made by the City from moneys derived from the levy of a tax within the maximum millage now or hereafter authorized by law if each annual payment of all amounts payable with respect to debt service or that are otherwise fixed in amount or currently budgeted in amount under all Contracts then in existence, together with each annual payment to be made under the proposed Additional Contract, in each future calendar year, would exceed the amount then capable of being produced by a levy of a tax within the maximum millage now or hereafter authorized by law on the taxable value of property located within the corporate limits of the City subject to taxation for such purposes, as shown by the latest tax digest available immediately preceding the execution of any such Additional Contract; and

(4) enter into any other contract or agreement creating a lien on such tax revenues for purposes of debt service payments (including creation and maintenance of reasonable reserves therefor) on debt the repayment of which may be accelerated at the option of the holder thereof (or a trustee or other fiduciary for such holder) prior to the scheduled maturity or maturities of such debt.

It will be further expressly provided in the Contract that so long as the Bonds are Outstanding, the City may not hereafter enter into any Additional Contract for the purpose of debt service payments (including creation and maintenance of reserves therefor), unless the amount then capable of being produced by the levy of an ad valorem tax within the maximum millage then authorized under Section 48-5-350 of the Official Code of Georgia Annotated or any successor provision on all Taxable Property as shown by the latest tax digest available immediately preceding the execution of such Additional Contract, is equal to at least one and twenty-five hundredths (1.25) times the maximum combined amount payable in any future calendar year with respect to debt service under all existing Contracts and any such Additional Contract. Debt service for purposes of this provision of the Contract will mean required payments of principal, including principal to be paid through mandatory redemption, interest, and amounts required to be paid for creation and maintenance of reasonable debt service reserves and to establish and maintain mandatory investment programs, less principal and interest received or to be received from investment of any of the foregoing amounts (except funds on hand or to be on hand in any debt service reserve) required to be applied to debt service in each calendar year. The City will be obligated to furnish the Authority, not less than five (5) nor more than sixty (60) days prior to the date of execution and delivery of any such Additional Contract, a report of an independent certified public accountant to the effect that, based upon an affidavit of the Tax Commissioner of Cobb County as to the assessed value of Taxable Property, the requirements of the Contract described in this paragraph have been met.

### **Annual Budgets and Financial Statements**

Commencing with the City's first fiscal year commencing after the date of the Contract, the City will be obligated to furnish to the Authority and the Trustee copies of each annual budget of the City within thirty (30) days after the filing of the adopted budget with its Mayor and Board of Aldermen.

During the term of the Contract, the City will be obligated to provide the Authority and the Trustee annually, as soon as practicable, but not later than two hundred seventy (270) days after the end of each fiscal year of the City, its basic financial statements for each fiscal year, with comparative totals for the preceding fiscal year, which basic financial statements must be prepared in accordance with generally accepted accounting principles as in effect from time to time, and which must be accompanied by an audit report resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

### **Term**

The term of the Contract will commence with the execution and delivery of the Contract and will extend until 91 days after the principal of, premium, if any, and interest on the Bonds have been paid in full or due provision is made therefor as provided in the Indenture, but in no event will the term of the Contract exceed fifty years from the date of the Contract.

### **Obligations Absolute**

The Contract will provide that it will constitute security for the benefit of the owners of the Bonds, and the obligations of the City under the Contract will be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Authority. The City will agree that it will not (i) withhold, suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in the Contract; (ii) fail to observe any of its other agreements contained in the Contract; or (iii) terminate its obligations under the Contract for any contingency, act of God, event, or cause whatsoever.

### **Amendments**

The Contract may be amended only as provided in the Indenture. See "**THE INDENTURE - Amendment of Other Bond Documents**" herein.

# THE INDENTURE

## Introduction

The Indenture is a contract for the benefit of the Bondholders that will specify the terms and details of the Series 2026 Bonds and will define the security for the Series 2026 Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Indenture. Reference is made to the Indenture in its entirety for a complete recital of the detailed provisions thereof.

## Pledge and Assignment

Pursuant to the Indenture, the Authority will pledge and assign to the Trustee, and grant a security interest in, (i) its right, title, interest, and remedies in and to the Pledged Contracts (except Unassigned Rights) and the funds established and held under the Indenture and (ii) all rents, revenues, and receipts derived from the Authority's ownership of the Project, as security for the obligations of the Authority under the Indenture and the Bonds.

## Establishment of Funds

Under the terms of the Indenture, the Authority will create and establish with the Trustee the following trust funds:

- (1) the Revenue Fund;
- (2) the Bond Fund and therein the following four accounts:
  - (a) the Interest Account,
  - (b) the Principal Account,
  - (c) the Redemption Account, and
  - (d) the Capitalized Interest Account;
- (3) the Debt Service Reserve Fund;
- (4) the Operation and Maintenance Fund;
- (5) the Repair and Replacement Fund;
- (6) the Surplus Fund;
- (7) the Issuance Cost Fund; and
- (8) the Project Fund and therein the Construction Account.

## Revenue Fund

All Gross Receipts, as and when received by the Trustee from the Company pursuant to the Rental Agreement, and all rents, revenues, and receipts derived from the Authority's ownership of the Project, as and when received by the Authority, must be deposited into the Revenue Fund and must be held therein until disbursed as described below. The Trustee, without further direction from the Authority or the Company, must apply moneys held in the Revenue Fund on or before the 20th day of each calendar month for the following purposes and in the following order of priority:

- (1) First, To the payment of such Expenses of Operation and Maintenance as the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority) may request; however, only such Expenses of Operation and Maintenance as are reasonably and properly necessary or desirable for the proper operation and maintenance of the Project and as are included in the Project Budget may be disbursed pursuant to this priority First.
- (2) Second, To the payment of any and all Impositions against the Project or any part thereof that may then be due and owing and that is the subject of a written request of the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority).

(3) Third, To the payment of all amounts owed to the Trustee for fees for Ordinary Services of the Trustee and Extraordinary Services of the Trustee and the Ordinary Expenses and Extraordinary Expenses of the Trustee.

(4) Fourth, To the deposit into the Interest Account one-sixth (1/6th) of the amount required to pay the interest on the Bonds coming due on the next succeeding Interest Payment Date.

(5) Fifth, To the deposit into the Principal Account one-twelfth (1/12th) of the amount required to pay the principal of the Bonds coming due on the next succeeding February 1, either at maturity or by mandatory sinking fund redemption.

(6) Sixth, To the deposit into the Debt Service Reserve Fund the amount required to cause the balance held therein to equal the Debt Service Reserve Requirement.

(7) Seventh, To the deposit into the Operation and Maintenance Fund the amount required to cause the balance held therein to equal the Operation and Maintenance Requirement.

(8) Eighth, To the deposit into the Repair and Replacement Fund the Monthly Repair and Replacement Deposit.

(9) Ninth, To the deposit into the Surplus Fund all remaining moneys held in the Revenue Fund in excess of the Revenue Fund Balance.

## **Bond Fund**

### *General*

The Bond Fund will be used as a sinking fund to pay when due the principal of, premium, if any, and interest on the Bonds.

### *Interest Account*

The Trustee must promptly deposit into the Interest Account, from moneys in the Revenue Fund or as and when received, all payments of Bond Rent specified in the Rental Agreement corresponding to interest on the Bonds. The Trustee must promptly deposit into the Interest Account, as and when received, all payments specified in the Contract for deposit in the Interest Account. The Trustee, as assignee of the Contract, must demand payment from the City of the amounts due under the Contract for deposit in the Interest Account, as and when such amounts become due. Moneys in the Interest Account must be used solely to pay interest on the Bonds when due.

### *Principal Account*

The Trustee must promptly deposit into the Principal Account, from moneys in the Revenue Fund or as and when received, all payments of Bond Rent specified in the Rental Agreement corresponding to principal of the Bonds. The Trustee must promptly deposit into the Principal Account, as and when received, all payments specified in the Contract for deposit in the Principal Account. The Trustee, as assignee of the Contract, must demand payment from the City of the amounts due under the Contract for deposit in the Principal Account, as and when such amounts become due. Moneys in the Principal Account must be used solely (i) for the payment of principal of the Bonds as the same shall become due and payable at maturity and (ii) to redeem the Bonds in accordance with the mandatory sinking fund redemption schedule set forth in this Official Statement under the caption "**THE SERIES 2026 BONDS - Redemption -- Mandatory Sinking Fund Redemption of Series 2026 Bonds.**"

### *Redemption Account*

In the event of (i) receipt by the Trustee of moneys pursuant to the provisions of the Indenture described herein under the caption "**THE INDENTURE - Project Fund -- Excess Moneys**" or of condemnation awards or insurance proceeds for purposes of redeeming Bonds or (ii) deposit with the Trustee by the Authority or the Company of moneys from any other source for redeeming Bonds (other than mandatory sinking fund redemptions), such moneys must be deposited in the Redemption Account. Moneys on deposit in the Redemption Account must be used first to make up any deficiencies existing in the Interest Account or the Principal Account (in the order listed), and then for the purchase or redemption (other than mandatory sinking fund redemptions) of Bonds in accordance with the

provisions of the Indenture described in this Official Statement under the caption “**THE SERIES 2026 BONDS - Redemption.**”

#### *Capitalized Interest Account*

Moneys in the Capitalized Interest Account must be transferred to the Interest Account at the written request of the Authority and used solely to pay interest on the Bonds of any series when due.

#### **Debt Service Reserve Fund**

Upon the delivery of any series of Bonds, there will be credited to the Debt Service Reserve Fund from moneys on hand and lawfully available for such purpose, in cash and investments, an amount equal to the Debt Service Reserve Requirement. The Trustee must deposit in the Debt Service Reserve Fund any moneys paid to the Trustee under the Rental Agreement or specified in the provisions of the Indenture described herein under the caption “**THE INDENTURE - Revenue Fund**” for credit or transfer to the Debt Service Reserve Fund. The Trustee must promptly deposit into the Debt Service Reserve Fund, as and when received, all payments specified in the Contract for deposit in the Debt Service Reserve Fund. The Trustee, as assignee of the Contract, must demand payment from the City of the amounts due under the Contract, as and when such amounts become due. Funds held in the Debt Service Reserve Fund must be used for payment of principal of, premium, if any, and interest on the Bonds as the same become due in the event there should be insufficient funds for such purpose in the Bond Fund, unless provision for their payment in full has been duly made, and for payment of fees, charges, and expenses of the Trustee upon the occurrence of an Event of Default under the Indenture.

Upon any reduction in the Debt Service Reserve Requirement, the resulting moneys then held in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement must be transferred to the Redemption Account. If the Company has exercised its option or is obligated to prepay the Bond Rent in whole and not in part pursuant to the terms of the Rental Agreement described herein under the caption, “**THE RENTAL AGREEMENT - Option and Obligation to Prepay Bond Rent in Certain Events,**” and has paid the sums as provided therein, all of the moneys then held in the Debt Service Reserve Fund must be transferred to the Redemption Account.

#### **Operation and Maintenance Fund**

Amounts on deposit in the Operation and Maintenance Fund must be used first to restore the Bond Fund and the Debt Service Reserve Fund to the respective amounts required at that time to be held therein, and then to pay, upon the written request of the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority), Expenses of Operation and Maintenance, but only if the Company first delivers to the Trustee a certificate to the effect that the Company has insufficient unrestricted cash (whether held in the Funds or elsewhere) to pay such Expenses of Operation and Maintenance.

#### **Repair and Replacement Fund**

Amounts on deposit in the Repair and Replacement Fund must be used first to restore the Bond Fund and the Debt Service Reserve Fund to the respective amounts required at that time to be held therein, and then to pay, upon the written request of the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority), (1) the costs of Additions or Alterations, (2) Impositions, and (3) Expenses of Operation and Maintenance, but only if the Company first delivers to the Trustee a certificate to the effect that the Company has insufficient unrestricted cash (whether held in the Funds or elsewhere) to pay such Expenses of Operation and Maintenance. Moneys on deposit in the Repair and Replacement Fund to be used to pay the costs of Material Additions or Alterations must be transferred to the Construction Account of the Project Fund and disbursed in accordance with the requirements of the Indenture described herein under the caption “**THE INDENTURE - Project Fund.**”

#### **Surplus Fund**

All sums accumulated and retained in the Surplus Fund must be used first to prevent default in the payment of interest and premium on or principal of the Bonds when due and then must be applied upon the written request of the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority), to the following purposes and in the following order of priority:

- (1) First, To the restoration of the Bond Fund and the Debt Service Reserve Fund to the respective amounts required at that time to be held therein.

(2) Second, To the payment of such Expenses of Operation and Maintenance as the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority) may request.

(3) Third, To the payment of any and all Impositions against the Project or any part thereof that may then be due and owing.

(4) Fourth, To the deposit into the Operation and Maintenance Fund the amount required to cause the balance held therein to equal the Operation and Maintenance Requirement.

(5) Fifth, To the payment of all amounts owed to the Authority for Land Rent and PILOT Rent pursuant to the Rental Agreement.

(6) Sixth, To the payment of debt service currently due on Indebtedness of the Company (other than Indebtedness evidenced by obligations under the Rental Agreement, the Security Agreement, and the Bond Guaranty).

(7) Seventh, To the payment of Home Office Allowances not exceeding in any month \$1,000 (increasing at 3% per annum commencing with Fiscal Year 2031).

(8) Eighth, Upon the written request of the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority), to the payment of costs of Additions or Alterations or to the deposit into the Repair and Replacement Fund. Moneys on deposit in the Surplus Fund to be used to pay the costs of Material Additions or Alterations must be transferred to the Construction Account of the Project Fund and disbursed in accordance with the requirements of the Indenture described herein under the caption "**THE INDENTURE - Project Fund.**"

(9) Ninth, Upon the written request of the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority), to the optional acquisition of Bonds by redemption or by purchase in the open market at a price not exceeding the callable price as provided and in accordance with the terms and conditions of the Indenture, which Bonds may be any of the Bonds, prior to their respective maturities, and when so used for such purposes the moneys will be withdrawn from the Surplus Fund and deposited into the Redemption Account.

If (1) all amounts previously withdrawn from the Repair and Replacement Fund to pay Expenses of Operation and Maintenance have been previously restored by deposits made to the Repair and Replacement Fund, (2) if no Event of Default under the Indenture has occurred that is then continuing, and (3) the application of moneys set forth in priorities (1) through (7) (and, if applicable, (8) and (9)) above have been made, any moneys in the Surplus Fund in excess of the Surplus Fund Balance may be withdrawn from the Surplus Fund upon the written request of the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority) and used for any lawful corporate purpose of the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority).

### **Issuance Cost Fund**

Any moneys received by the Trustee from any series of Bonds for the purpose of paying the costs of issuing any Bonds will be deposited in the Issuance Cost Fund. The moneys in the Issuance Cost Fund will be held in trust by the Trustee and will be applied to the payment of the costs of issuing the Bonds or transferred to the Construction Account of the Project Fund, upon the joint written request of the Company and the Authority.

### **Project Fund**

#### *General*

Any moneys received by the Trustee from any series of Bonds or from the Net Proceeds of insurance or condemnation awards or from the Authority or the Company from any other source (including, without limitation, transfers from the Repair and Replacement Fund or the Surplus Fund) for the purpose of paying the costs of acquiring, constructing, installing, reconstructing, repairing, or replacing the Project or any Material Additions or Alterations must be deposited in the Construction Account of the Project Fund. The moneys in the Construction Account of the Project Fund will be held in trust by the Trustee, must be applied to the payment of Costs of Construction, and, pending such application, must be held as trust funds under the Indenture until paid out or transferred as described below.

### *Disbursements*

Moneys deposited in the Construction Account of the Project Fund will be paid out from time to time by the Trustee on a joint written request of the Authority and the Company, in order to pay, or as reimbursement for payment made, for Costs of Construction, in each case within three (3) banking days, or as soon as Project Fund investments can be liquidated, after receipt by the Trustee of a joint written request of the Authority and the Company described below together with bills of sale, invoices, or other evidence satisfactory to the Trustee that such costs are due and owing or have been incurred and previously paid by or on behalf of the Company. Each joint written request must certify:

(1) the item number of such joint written request, the name of the Person to whom each such payment is due, each amount to be paid or reimbursed, the general classification of the costs for which each obligation to be paid was incurred, and that such costs were incurred for or in connection with the Project or Material Additions or Alterations and constitute Costs of Construction;

(2) that such costs have been incurred by, or on behalf of, the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority) and are presently due and payable or have been paid by the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority) and are reimbursable under the Indenture and each item thereof is a proper charge against the Construction Account of the Project Fund and has not been paid or reimbursed, as the case may be;

(3) that no part of such costs was included in any other joint written request previously filed with the Trustee under the provisions hereof;

(4) that the requirements for such disbursement contained in the provisions of the Construction Loan Agreement described herein under the caption "**THE CONSTRUCTION LOAN AGREEMENT - Disbursements for Costs of Construction**" have been met; and

(5) that the withdrawal and use of the Project Fund moneys for the purpose intended will not cause any of the representations or certifications contained in the Indenture to be untrue.

### *Excess Moneys*

If after the Completion Date of the Project or any Material Additions or Alterations there remains any moneys in the Construction Account of the Project Fund in excess of amounts retained or set aside to meet costs not then due and payable or which are being contested, the Trustee must deposit such moneys in the Redemption Account to be used to redeem Bonds on the first available redemption date.

### **Investment of Funds and Accounts**

Any moneys held as part of the Funds or other special trust funds created under the Indenture, or other accounts or funds held by the Trustee under the Indenture, to the extent permitted by law, will be invested and reinvested by the Trustee, but only at the written request of and as specified by the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority), in such Permitted Investments as may be designated by the relevant party. Such investments will be valued at fair market value on each Interest Payment Date.

Such investments may be made only as follows:

- (i) moneys in the Bond Fund and all accounts of the Bond Fund, other than the Capitalized Interest Account, only in Government Obligations maturing or redeemable at the option of the holder not later than the next-succeeding principal payment date, mandatory redemption payment date, or Interest Payment Date of the Bonds;
- (ii) moneys in the Debt Service Reserve Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than five (5) years from the date of purchase thereof; and
- (iii) moneys in any other Funds or accounts, including the Capitalized Interest Account, only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from each such respective fund or account.

All interest accruing from investments of moneys in the Funds and other funds and accounts and any profit realized therefrom will be allocated as follows:

- (a) interest and profits from the investment of moneys of each account (except the Capitalized Interest Account) held in the Bond Fund will be retained in the account of the Bond Fund to which such investments relate;
- (b) interest and profits from the investment of moneys in the Capitalized Interest Account will be deposited (i) in the Construction Account of the Project Fund until the Completion Date and (ii) thereafter in the Interest Account;
- (c) interest and profits from the investment of moneys of each account held in the Project Fund will be retained in the account of the Project Fund to which such investments relate;
- (d) interest and profits from the investment of moneys in the Issuance Cost Fund will be retained in the Issuance Cost Fund;
- (e) interest and profits from the investment of moneys in the Debt Service Reserve Fund will be retained in the Debt Service Reserve Fund at all times the balance is less than the Debt Service Reserve Requirement; thereafter and at all times the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Requirement, such interest and profits will be deposited (i) in the Construction Account of the Project Fund until the Completion Date and (ii) thereafter in the Interest Account;
- (f) interest and profits from the investment of moneys in the Repair and Replacement Fund will be deposited in the Revenue Fund;
- (g) interest and profits from the investment of moneys in the Operation and Maintenance Fund will be deposited (i) in the Construction Account of the Project Fund until the Completion Date and (ii) thereafter in the Revenue Fund;
- (h) interest and profits from the investment of moneys in the Surplus Fund will be deposited in the Revenue Fund;
- (i) interest and profits from the investment of moneys in the Revenue Fund will be retained in the Revenue Fund; and
- (j) interest and profits from the investment of moneys in any other funds will, upon written request of the Company (or, if the Rental Agreement is no longer in full force and effect, the Authority), be retained in the respective funds or deposited in the Revenue Fund.

#### **Additional Bonds**

Additional Bonds may be issued by the Authority to provide funds to pay any one or more of the following: (i) the costs of completing the Project; (ii) the costs of making such Material Additions or Alterations in, on, or to the Project as the Company may deem necessary or desirable and as will not impair the nature of the Project as a modern hotel within the "Upper Midscale" classification of the STR List and as will be located on the Site; (iii) to refund any Bonds; and (iv) the costs of the issuance and sale of the Additional Bonds, the cost of funding the Debt Service Reserve Requirement with respect to such Additional Bonds, and capitalized or funded interest for such period and such other costs reasonably related to the financing as shall be agreed upon by the Company and the Authority.

If the Company is not in default under the Rental Agreement, the Authority may, on request of the Company, from time to time in its sole discretion issue the amount of Additional Bonds specified by the Company; provided, that the terms of such Additional Bonds, the purchase price to be paid therefor, and the manner in which the proceeds therefrom are to be disbursed has been approved in writing by the City, provided, that the sale of any Additional Bonds will be the sole responsibility of the City, and provided further that the Company and the Authority have entered into an amendment to the Rental Agreement to provide for additional Bond Rent in an amount at least sufficient to pay principal of and interest on the Additional Bonds when due and to provide for any additional terms or changes to the Rental Agreement required because of such Additional Bonds, and provided further that the Authority has otherwise complied with the provisions of the Indenture with respect to the issuance of such Additional Bonds.

Prior to the issuance of any Additional Bonds to finance the costs of completing the Project or the cost of Material Additions or Alterations to the Project, the Company must cause to be prepared and filed with the Authority a certificate of the Company approved by the Design Professional setting forth the estimated cost of the completion of the Project or the proposed Material Additions or Alterations to the Project, including an allowance for contingencies, the estimated date of completion of the Project or estimated date on which such Material Additions or Alterations will be placed in service or completed, and the amount, if any, provided or to be provided by the Company from other sources toward payment of the costs of completion of the Project or such Material Additions or Alterations to the Project and the manner in which such funds will be provided.

In addition, prior to the issuance of any Additional Bonds, there must be filed with the Trustee the items described in “**THE CONTRACT - Limitations on Additional Contracts**” herein.

The Company must cause to be deposited in the Debt Service Reserve Fund on or before the date of issuance and delivery of any Additional Bonds an amount sufficient to cause the balance therein to equal the Debt Service Reserve Requirement, taking into account the proposed Additional Bonds.

Any Additional Bonds will be secured by the Trust Estate and the Bond Guaranty, and the liens and security interests created by the Indenture will be equal, without preference or priority, to the liens and security interests provided for the Series 2026 Bonds.

### **Events of Default and Remedies**

Each of the following is an Event of Default within the meaning of the Indenture:

- (a) default in the due and punctual payment of any interest on any Bond;
- (b) default in the due and punctual payment of the principal of any Bond (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof;
- (c) any material breach by the Authority of any representation or warranty made in the Indenture or default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Authority in the Indenture or in the Bonds contained, provided, however, that, no default under this paragraph (c) will constitute an Event of Default until actual written notice of such default by registered or certified mail has been given by the Trustee or by the registered owners of not less than twenty five percent (25%) of the aggregate principal amount of Bonds then Outstanding to the Company and the Authority, and the Company and the Authority have had thirty (30) days after receipt of such notice to correct such default or cause such default to be corrected and have not corrected such default or caused such default to be corrected within the applicable period; provided, however, if such default be such that it cannot with due diligence be cured within the applicable period but can be wholly cured within a period of time not materially detrimental to the rights of the Trustee and the Bondholders, to be determined conclusively by the Trustee, it will not constitute an Event of Default under the Indenture if corrective action is promptly instituted by the Company or the Authority, as the case may be, within the applicable period and diligently pursued until the default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee;
- (d) the issuance of an order of relief by the Bankruptcy Court of the United States District Court having valid jurisdiction, granting the Authority relief under federal bankruptcy law, or the issuance by any other court having valid jurisdiction of an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Authority or any substantial part of its property, affairs, or assets, and the continuance of any such decree or order is unstayed and in effect for a period of sixty consecutive days; or
- (e) the consent by the Authority to the institution of proceedings in bankruptcy against it, or to the institution of any proceeding against it under any federal or state insolvency laws, or to the filing of any petition, application, or complaint seeking the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Authority or of any substantial part of its property, affairs, or assets.

If an Event of Default under the Indenture occurs and is continuing, the Trustee will have the right and option to exercise any or all of the following remedies, or any or all other remedies then provided by law or in equity:

(1) The Authority, upon the demand of the Trustee, must forthwith surrender the actual possession of, and it will be lawful for the Trustee, by such officer or agent as it may appoint, with or without force or process of law, to enter and take possession of, and exclude the Authority and its agents and servants wholly from, all or any part of the Project together with the books, papers, and accounts of the Authority pertaining thereto, including the rights and the position of the Authority under the Rental Agreement, without the appointment of a receiver, or an application therefor, and to hold, operate, store, use, control, and manage the same and conduct the business thereof and from time to time make all necessary and proper repairs, maintenance, renewals, restorations, replacements, and improvements and procure all necessary and proper insurance as the Trustee deems prudent, and the Trustee may rent the Project or any part thereof in the name and for the account of the Authority and collect, receive, and sequester the rents, revenues, issues, earnings, income, products, and profits therefrom and, out of the same and any moneys received from any receiver of any part thereof, pay, or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding, and managing the same, including reasonable compensation to the Trustee and its agents and counsel and for any charges of the Trustee hereunder; any taxes and assessments and other charges that the Trustee may deem wise to pay; and all expenses of such maintenance, repairs, and improvements and apply the remainder of the moneys so received in accordance with the provisions of the Indenture described herein under the caption **“THE INDENTURE - Application of Moneys After Default.”** The Trustee may complete the construction of any improvements that have been undertaken but not completed, and the Trustee for such purpose may use all available materials and equipment at the Project and may acquire all other necessary materials and equipment and employ contractors and other employees. All sums expended by the Trustee for such purposes will constitute advancements pursuant to the Indenture and will be secured by the Indenture and will forthwith be due and payable by the Authority to the Trustee and will bear interest at the rate per annum two (2) percentage points in excess of the highest rate of interest then being charged with respect to any Bonds from the date paid or incurred by the Trustee. While in possession of such property the Trustee must render annually to the Authority and the Company and also to the Bondholders at their addresses shown by the registration books a summarized statement of income and expenditures in connection therewith.

(2) The Trustee may exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect, and will have the power to proceed with any available right or remedy granted by the Bond Documents or the laws of the State, as it may deem best, including any suit, action, mandamus, or special proceeding in equity or at law or in bankruptcy or otherwise for the collection of all amounts due and unpaid under the Bonds and the Bond Documents, for specific performance of any covenant or agreement contained in the Indenture or therein, or for the enforcement of any proper legal or equitable remedy as the Trustee will deem most effective to protect the rights aforesaid, insofar as such may be authorized by law, and may enforce its right to the appointment of a receiver pursuant to the provisions of the Indenture described herein under the caption **“THE INDENTURE - Appointment of Receivers.”** The Trustee, as the assignee of all of the right, title, and interest of the Authority in and to the Pledged Contracts (except for the Unassigned Rights), may enforce each and every right granted to the Authority under the Pledged Contracts (except for the Unassigned Rights).

If an Event of Default under the Indenture occurs and is continuing, and if requested so to do by the registered owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers described above as the Trustee, being advised by counsel, may deem most expedient in the interests of the Bondholders.

Anything in the Indenture to the contrary notwithstanding, the registered owners of a majority in aggregate principal amount of Bonds then Outstanding will have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, provided the Trustee is indemnified pursuant to the Indenture, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or in connection with the appointment of a receiver or in connection with any other proceedings; provided, that such direction may not be otherwise than in accordance with the provisions of law and of the Indenture.

### **Appointment of Receivers**

If an Event of Default under the Indenture occurs and is continuing, the Trustee will, as a matter of strict right and regardless of the value of the Trust Estate or of the solvency of any party bound for the payment of the Bonds, have the right to the appointment on ex parte application and without notice to the Authority or the Company, by any court having jurisdiction, of a receiver to take charge of, manage, preserve, protect, and operate the Project and the Trust Estate; to collect the revenues, rents, issues, profits, products, and income thereof; to make all necessary and needed repairs; to complete the construction of any improvements that have been undertaken but not completed; to pay all taxes and assessments against the Project and insurance premiums for insurance thereon; and after the payment of the expenses of the receivership, including reasonable attorneys' fees to the Trustee's attorney, and after

compensation for management of the Project, to apply the net proceeds to pay the Bonds or in such manner as the court may direct. All such expenses will be secured by the lien of the Indenture until paid.

### **Application of Moneys After Default**

Upon an Event of Default under the Indenture and if moneys held by the Trustee are insufficient to pay the principal of, premium, if any, and interest on the Bonds, all moneys received and held by the Trustee pursuant to the Indenture and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture and the Bond Guaranty must, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee and the creation of a reasonable reserve for such anticipated costs and expenses, be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys must be applied:

FIRST - To the payment of reasonable and necessary operating expenses of the Project and for reasonable renewals, repairs, and replacements of the Project necessary to prevent impairment of the Project;

SECOND - To the payment of the fees for Ordinary Services of the Trustee and Extraordinary Services of the Trustee and the Ordinary Expenses and Extraordinary Expenses of the Trustee and the costs and compensation of any advances made by the Trustee and any receiver and the reasonable attorneys' fees, costs, and expenses of the Trustee or any receiver;

THIRD - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, in the order of the maturity of the installments of such interest and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

FOURTH - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds that have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest at the same rate as the interest on such Bonds from the respective dates upon which they became due and, if the amount available is not sufficient to pay in full principal of, premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal, interest, and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege; and

FIFTH - To be held for the payment to the Bondholders entitled thereto as the same become due of the principal of, premium, if any, and interest on the Bonds that may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment must be made ratably according to the amount of principal, premium, if any, and interest due on such date to the Bondholders entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds has become due and payable, all such moneys must be applied first to the items described in paragraph FIRST of the preceding paragraph (a), second to the items described in paragraph SECOND of the preceding paragraph (a), and then to the payment to the persons entitled thereto of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege.

### **Limitations on Rights and Remedies of Bondholders**

No Bondholder will have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust of the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless: (i) a default has occurred of which the Trustee has been notified as provided in the Indenture; (ii) such default has become an Event of Default under the Indenture; (iii) the registered owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and provided the indemnity required by the Indenture and have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit, or

proceeding in its own name; and (iv) the Trustee thereafter fails or refuses to exercise the powers granted in the Indenture or to institute such action, suit, or proceeding in its own name.

### **Amendment of the Indenture**

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture as will not be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes, among others:

- (1) to cure any ambiguity or formal defect or omission in, or to correct or supplement any defective provision of, the Indenture;
- (2) to reflect a change in applicable law provided that the Trustee must determine that such supplemental indenture does not materially prejudice the rights of Bondholders; or
- (3) in connection with any other change in the Indenture that, in the judgment of the Trustee, does not materially prejudice or materially adversely affect the Bondholders or impair the Trust Estate.

Exclusive of indentures supplemental to the Indenture described above, the registered owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding will have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of such indenture or indentures supplemental to the Indenture as are 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 the Indenture or in any supplemental indenture; provided, however, that nothing described above will permit, or be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or a reduction in the rate or an extension of the time of payment of interest on, or a reduction of any premium payable on the redemption of, any Bonds, without the consent of every registered owner of such affected Bonds; or (b) the creation of any lien or security interest (other than any Permitted Encumbrances) prior to or on a parity with the lien and security interest of the Indenture or the deprivation of any Bondholders of the lien created by the Indenture, without the consent of the registered owners of all the Bonds at the time Outstanding that would be affected by the action to be taken; or (c) a reduction in the amount, or an extension of the time of any payment, required by the mandatory sinking fund redemption provisions of the Indenture, without the consent of the registered owners of all the Bonds at the time Outstanding that would be affected by the action to be taken; or (d) a reduction in the aforesaid aggregate principal amount of Bonds the registered owners of which are required to consent to any such supplemental indenture, without the consent of the registered owners of all the Bonds at the time Outstanding that would be affected by the action to be taken; or (e) the modification of the trusts, powers, obligations, remedies, privileges, rights, duties, or immunities of the Trustee or any other provision of the Indenture that, in the reasonable judgment of the Trustee, prejudices the rights of the Trustee, without the written consent of the Trustee; or (f) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; or (g) the release of or requirements for the release of the Indenture, without the consent of the registered owners of all the Bonds at the time Outstanding that would be affected by the action to be taken.

### **Amendment of Other Bond Documents**

The Authority and the Trustee are required by the Indenture, without the consent of or notice to the Bondholders, to consent to any amendment, change, or modification of the Other Bond Documents as may be required among other purposes, (i) for the purpose of curing any ambiguity or formal defect or omission therein; (ii) to substitute, release, or add additional land or interests in land, buildings, machinery, equipment, or other real or personal property; or (iii) in connection with any other change therein that, in the judgment of the Trustee, does not prejudice the Trustee or materially adversely affect the owners of the Bonds.

Except for the amendments, changes, or modifications described above, neither the Authority nor the Trustee may consent to any other amendment, change, or modification of any Other Bond Document without giving notice to and obtaining the written approval or consent of the registered owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that nothing described above will permit or be construed as permitting, (a) an extension of the time for payment of any amounts payable under the Note, the Rental Agreement, or the Contract or a reduction in the amount of any payment or in the total amount due under the Note, the Rental Agreement, or the Contract, without the consent of every registered owner of Bonds affected thereby; or (b) a reduction in the aforesaid aggregate principal amount of Bonds the registered owners of which are required to consent to any such amendment, change, or modification of any Other Bond Document, without the consent of the registered owners of all the Bonds at the time Outstanding that would be affected by the action to be taken.

## Defeasance of Bonds

If there is irrevocably deposited with the Trustee (a) moneys sufficient to make the payment of the principal of, premium, if any, and interest on the Bonds to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture) or (b) non-callable Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure, without further investment or reinvestment thereof, in the written opinion of an independent certified public accounting firm of national reputation in form and substance satisfactory to the Trustee, the availability of sufficient moneys to make such payment, then such Bonds or such portion will be deemed to have been paid within the meaning of the Indenture, will be secured solely by such moneys or Government Obligations deposited in escrow, and will no longer be secured by the Indenture.

## THE CONTINUING DISCLOSURE AGREEMENT

### Introduction

The Disclosure Agreement is a contract that will specify the terms and details of the Company's continuing disclosure obligations in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Disclosure Agreement. Reference is made to the Disclosure Agreement in its entirety for a complete recital of the detailed provisions thereof.

### Definitions

The following capitalized terms have the following meanings for purposes of the Disclosure Agreement:

**“Annual Report”** means any Annual Report provided by the Company pursuant to the provisions of the Disclosure Agreement described herein under the caption **“THE CONTINUING DISCLOSURE AGREEMENT - Provision of Annual Reports and - Content of Annual Reports.”**

**“Beneficial Owner”** of Series 2026 Bonds is determined pursuant to Rule 13d-3 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, and includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares:

- (1) voting power, which includes the power to vote, or to direct the voting of, any Series 2026 Bond; or
- (2) investment power, which includes the power to dispose, or to direct the disposition of, any Series 2026 Bond.

**“Bondholders”** means the registered owners of the Series 2026 Bonds.

**“Disclosure Representative”** means the authorized representative of the Company or his or her designee, or such other persons as the Company may designate in writing to the Trustee from time to time.

**“Dissemination Agent”** means any Dissemination Agent designated in writing by the Company and that has filed with the Trustee a written acceptance of such designation.

**“EMMA”** means the Electronic Municipal Market Access system maintained by the MSRB for purposes of the Rule.

**“Financial Obligation”** means a:

- (A) debt obligation;

(B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(C) guarantee of an obligation described in clause (A) or (B).

The term financial obligation does 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 twelve consecutive months adopted by the Company as its fiscal year for financial reporting purposes and initially means the period beginning on January 1 of each calendar year and ending on December 31 of the same calendar year.

**“Listed Events”** means any of the events listed in the provisions of the Disclosure Agreement described herein under the caption **“THE CONTINUING DISCLOSURE AGREEMENT - Reporting of Significant Events.”**

**“MSRB”** means the Municipal Securities Rulemaking Board or any successor thereto for purposes of the Rule.

**“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.

### **Means of Dissemination**

All information disseminated pursuant to the Disclosure Agreement will be provided to the MSRB in an electronic format as prescribed by the MSRB. As of the date of the Disclosure Agreement, EMMA is the electronic format prescribed by the MSRB. All documents provided to the MSRB pursuant to the Disclosure Agreement will be accompanied by identifying information as prescribed by the MSRB.

### **Provision of Annual Reports**

The Company will agree in the Disclosure Agreement to, or to cause the Dissemination Agent to, not later than 180 days after the end of each Fiscal Year, commencing with Fiscal Year 2026, provide to the MSRB an Annual Report that is consistent with the requirements of the provisions of the Disclosure Agreement described below under the caption **“THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports.”** Not later than fifteen business days prior to such date, the Company will agree to provide the Annual Report to the Dissemination Agent (if other than the Company) and to the Trustee (if the Trustee is not the Dissemination Agent). 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 the provision of the Disclosure Agreement described below under the caption **“THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports”**; provided that the audited financial statements of the Company may be submitted separately from the balance of the Annual Report.

If by fifteen business days prior to the date specified in the immediately preceding paragraph for providing the Annual Report to the MSRB, the Trustee has not received a copy of the Annual Report, the Trustee must contact the Company and the Dissemination Agent to determine if the Company is in compliance with the provisions of the Disclosure Agreement described in the immediately preceding paragraph.

If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required as described above, the Trustee must, in a timely manner, send a notice of such failure to the MSRB. The Dissemination Agent is required to:

- (i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB for filing with the MSRB, the proper form for such filing, and the proper identifying information prescribed by the MSRB to accompany such filing; and
- (ii) if the Dissemination Agent is other than the Company, file a report with the Company and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, to the MSRB in an electronic format as prescribed by the MSRB, accompanied by identifying information prescribed by the MSRB, and stating the date it was provided.

The Company will be required to promptly file a notice of any change in its Fiscal Year with the MSRB. If the audit report specified in clause (1) of the provisions of the Disclosure Agreement described below under the caption

**“THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports”** is not submitted as part of the Annual Report to the MSRB pursuant to the Disclosure Agreement, the Company will agree to, or to cause the Dissemination Agent to, provide to the MSRB such audit report, together with the audited financial statements to which such audit report relates, when and if they are available to the Company.

### **Content of Annual Reports**

The Disclosure Agreement will require the Company’s Annual Report to contain or incorporate by reference the following:

(1) the Company’s financial statements for the preceding Fiscal Year, which must be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which must be accompanied by an audit report, if available at the time of submission of the Annual Report to the MSRB pursuant to the Disclosure Agreement, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards; and

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to the Disclosure Agreement and if such changes are material to the Company, a narrative explanation describing the impact of such changes on the Company.

Any or all of the items listed above may be incorporated by specific reference from other documents, including official statements of debt issues with respect to which the Company is an “obligated person” (as defined by the Rule), which are available to the public on the MSRB’s Internet website or filed with the Securities and Exchange Commission. The Company must clearly identify each such other document so incorporated by reference.

### **Reporting of Significant Events**

The Disclosure Agreement will govern the giving of notices of the occurrence of any of the following events with respect to the Series 2026 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, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2026 Bonds, or other material events affecting the tax status of the Series 2026 Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Series 2026 Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Series 2026 Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Company;
- (13) The consummation of a merger, consolidation, or acquisition involving the Company or the sale of all or substantially all of the assets of the Company, 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;

- (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 Company, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Company, any of which affect Bondholders, 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 Company, any of which reflect financial difficulties.

For purposes of the event identified in clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Company 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 Company, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Company.

If the Company obtains knowledge of the occurrence of a Listed Event, the Company will agree to file in a timely manner, not in excess of ten business days after the occurrence of the Listed Event, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in clauses (8) (other than tender offers) and (9) need not be given under the Disclosure Agreement any earlier than the notice (if any) of the underlying event is given to the Bondholders pursuant to the Indenture.

### **Termination of Reporting Obligation**

The Company's obligations under the Disclosure Agreement will terminate upon the legal defeasance in full, prior redemption in full, or payment in full of all of the Series 2026 Bonds.

If the Company's obligations under the Construction Loan Agreement and the Rental Agreement are assumed in full by some other entity, such Person will be responsible for compliance with the Disclosure Agreement in the same manner as if it were the Company and the original Company will have no further responsibility under the Disclosure Agreement.

### **Dissemination Agent**

The Company may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and the Company may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the Company will be the Dissemination Agent.

### **Amendment; Waiver**

Notwithstanding any other provision of the Disclosure Agreement, the Company and the Trustee may amend the Disclosure Agreement, and any provision of the Disclosure Agreement may be waived (and the Trustee must agree to any amendment or waiver so requested by the Company), if:

- (a) such amendment or waiver 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 any obligor on the Series 2026 Bonds, or type of business conducted by such obligor;
- (b) such amendment or waiver does not materially impair the interests of the Beneficial Owners, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the Trustee or by the approving vote of the Bondholders owning more than two-thirds in aggregate principal amount of the Series 2026 Bonds outstanding at the time of such amendment or waiver; and
- (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings in the Disclosure

Agreement to violate the Rule if such amendment or waiver had been effective on the date of the Disclosure Agreement but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of the Disclosure Agreement described herein under the caption “**THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports**” is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information must explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of the Disclosure Agreement described herein under the caption “**THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports**” specifying the accounting principles to be followed in preparing the Company’s financial statements are amended or waived, the Annual Report for the Fiscal Year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Beneficial Owners to enable them to evaluate the ability of the Company to meet its obligations. To the extent reasonably feasible, the comparison must also be quantitative. The Company must file a notice of the change in the accounting principles with the MSRB on or before the effective date of any such amendment or waiver.

### **Additional Information**

Nothing in the Disclosure Agreement will prevent the Company from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the Company 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 the Disclosure Agreement, the Company will have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

### **Default**

In the event of a failure of the Company or the Trustee to comply with any provision of the Disclosure Agreement, the Trustee may (and, at the request of the Bondholders of at least 25% in aggregate principal amount of Outstanding Series 2026 Bonds, must), or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Company or the Trustee, as the case may be, to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement will not be deemed an “Event of Default” or “default” under the Indenture, the Construction Loan Agreement, or the Rental Agreement, and the sole remedy under the Disclosure Agreement in the event of any failure of the Company or the Trustee to comply with the Disclosure Agreement will be an action to compel performance. A court may decide not to order the specific performance of the covenants contained in the Disclosure Agreement.

## **THE CONTINUING DISCLOSURE CERTIFICATE**

### **Introduction**

The Disclosure Certificate will specify the terms and details of the City’s continuing disclosure obligations in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Disclosure Certificate. Reference is made to the Disclosure Certificate in its entirety for a complete recital of the detailed provisions thereof.

### **Definitions**

The following capitalized terms have the following meanings for purposes of the Disclosure Certificate:

**“Annual Report”** means any Annual Report provided by the City pursuant to the provisions of the Disclosure Certificate described herein under the caption **“THE CONTINUING DISCLOSURE CERTIFICATE - Provision of Annual Reports and - Content of Annual Reports.”**

**“Beneficial Owner”** of Series 2026 Bonds is determined pursuant to Rule 13d-3 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, and includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares:

- (1) voting power, which includes the power to vote, or to direct the voting of, any Series 2026 Bond; or
- (2) investment power, which includes the power to dispose, or to direct the disposition of, any Series 2026 Bond.

**“Bondholders”** means the registered owners of the Series 2026 Bonds.

**“Dissemination Agent”** means any Dissemination Agent designated in writing by the City and that has filed with the City a written acceptance of such designation.

**“EMMA”** means the Electronic Municipal Market Access system maintained by the MSRB for purposes of the Rule.

**“Financial Obligation”** means a:

- (A) debt obligation;
- (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) guarantee of an obligation described in clause (A) or (B).

The term financial obligation does 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 twelve consecutive months adopted by the City as its fiscal year for financial reporting purposes and initially means the period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year.

**“Listed Events”** means any of the events listed in the provisions of the Disclosure Certificate described herein under the caption **“THE CONTINUING DISCLOSURE CERTIFICATE - Reporting of Significant Events.”**

**“MSRB”** means the Municipal Securities Rulemaking Board or any successor thereto for purposes of the Rule.

**“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.

### **Means of Dissemination**

All information disseminated pursuant to the Disclosure Certificate will be provided to the MSRB in an electronic format as prescribed by the MSRB. As of the date of the Disclosure Certificate, EMMA is the electronic format prescribed by the MSRB. All documents provided to the MSRB pursuant to the Disclosure Certificate will be accompanied by identifying information as prescribed by the MSRB.

### **Provision of Annual Reports**

The City will agree in the Disclosure Certificate to, or to cause the Dissemination Agent to, not later than 270 days after the end of each Fiscal Year, commencing with Fiscal Year 2026, provide to the MSRB an Annual Report that is consistent with the requirements of the provisions of the Disclosure Certificate described below under the caption **“THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports.”** Not later than fifteen business days prior to such date, the City will agree to provide the Annual Report to the Dissemination Agent

(if other than the City). 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 the provisions of the Disclosure Certificate described below under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports**”; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report.

If the City is unable to provide to the MSRB an Annual Report by the date required as described above, the City must, in a timely manner, send a notice of such failure to the MSRB. The Dissemination Agent is required to:

- (i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB for filing with the MSRB, the proper form for such filing, and the proper identifying information prescribed by the MSRB to accompany such filing; 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 the Disclosure Certificate, to the MSRB in an electronic format as prescribed by the MSRB, accompanied by identifying information prescribed by the MSRB, and stating the date it was provided.

The City will be required to promptly file a notice of any change in its Fiscal Year with the MSRB. If the audit report specified in clause (1) of the provisions of the Disclosure Certificate described below under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports**” is not submitted as part of the Annual Report to the MSRB pursuant to the Disclosure Certificate, the City will agree to, or to cause the Dissemination Agent to, provide to the MSRB such audit report, together with the audited basic financial statements to which such audit report relates, when and if they are available to the City.

### **Content of Annual Reports**

The Disclosure Certificate will require the City’s Annual Report to contain or incorporate by reference the following:

- (1) the City’s basic financial statements for the preceding Fiscal Year, which must be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which must be accompanied by an audit report, if available at the time of submission of the Annual Report to the MSRB pursuant to the Disclosure Certificate, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;
- (2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to the Disclosure Certificate and if such changes are material to the City, a narrative explanation describing the impact of such changes on the City; and
- (3) information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the City: (A) the legal debt margin of the City, (B) the property tax digest of the City, (C) the millage rates of the City, (D) the property tax levies and collections of the City, (E) the estimated value of total tax title liens (or fi fas) owned by the City, (F) the ten largest taxpayers of the City, (G) the ad valorem tax coverage of debt service of the three mill tax, (H) the City’s governmental funds tax revenues by source, and (I) the insurance coverage of the City.

Any or all of the items listed above may be incorporated by specific reference from other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB’s Internet website or filed with the Securities and Exchange Commission. The City must clearly identify each such other document so incorporated by reference.

### **Reporting of Significant Events**

The Disclosure Certificate will govern the giving of notices of the occurrence of any of the following events with respect to the Series 2026 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, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2026 Bonds, or other material events affecting the tax status of the Series 2026 Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Series 2026 Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Series 2026 Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event 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;
- (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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bondholders, 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 City, any of which reflect financial difficulties.

For purposes of the event identified in clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City 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 or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

If the City obtains knowledge of the occurrence of a Listed Event, the City will agree to file in a timely manner, not in excess of ten business days after the occurrence of the Listed Event, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in clauses (8) (other than tender offers) and (9) need not be given under the Disclosure Certificate any earlier than the notice (if any) of the underlying event is given to the Bondholders pursuant to the Indenture.

### **Termination of Reporting Obligation**

The City's obligations under the Disclosure Certificate will terminate upon the legal defeasance in full, prior redemption in full, or payment in full of all of the Series 2026 Bonds.

## **Dissemination Agent**

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and the City may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the City will be the Dissemination Agent.

## **Amendment; Waiver**

Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, if:

- (a) such amendment or waiver 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 obligor on the Series 2026 Bonds, or type of business conducted by such obligor;
- (b) such amendment or waiver does not materially impair the interests of the Beneficial Owners, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the City or by the approving vote of the Bondholders owning more than two-thirds in aggregate principal amount of the Series 2026 Bonds outstanding at the time of such amendment or waiver; and
- (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings in the Disclosure Certificate to violate the Rule if such amendment or waiver had been effective on the date of the Disclosure Certificate but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of the Disclosure Certificate described herein under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports**” is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information must explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of the Disclosure Certificate described herein under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports**” specifying the accounting principles to be followed in preparing the City’s financial statements are amended or waived, the Annual Report for the Fiscal Year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Beneficial Owners to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison must also be quantitative. The City must file a notice of the change in the accounting principles with the MSRB on or before the effective date of any such amendment or waiver.

## **Additional Information**

Nothing in the Disclosure Certificate will prevent the City from disseminating any other information, using the means of dissemination set forth in the 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 the 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 the Disclosure Certificate, the City will have no obligation under the Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

## **Default**

In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate will not be deemed an “event of default” or “default” under the Indenture or the Contract, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply

with the Disclosure Certificate will be an action to compel performance. The cost to the City of performing its obligations under the Disclosure Certificate will be paid solely from funds lawfully available to the City for such purpose.

## **APPENDIX C**

### **FORM OF LEGAL OPINION**

The form of Legal Opinion included as this Appendix C has been prepared by Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2026 Bonds.

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\_\_\_\_\_, 2026

Acworth Downtown Development Authority  
Acworth, Georgia

Re: \$\_\_\_\_\_ Acworth Downtown Development Authority  
Economic Development Revenue Bonds (Suites Hotel Project),  
Federally Taxable Series 2026

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery on this date by the Acworth Downtown Development Authority (the “Authority”) of the captioned bonds (the “Bonds”).

We have examined the law and such certified proceedings and other papers authorizing and relating to the Bonds as we deem necessary to render this opinion, including the following:

1. An amendment to Article IX, Section VIII, Paragraph II of the Constitution of the State of Georgia of 1976 (1980 Ga. Laws 2134 to 2143, inclusive), now specifically continued as a part of the Constitution of the State of Georgia of 1983 pursuant to Article XI, Section I, Paragraph IV of the Constitution of the State of Georgia of 1983 and an Act of the General Assembly of the State of Georgia (1986 Ga. Laws 4386 to 4388, inclusive), as implemented by an Act of the General Assembly of the State of Georgia (1991 Ga. Laws Ex. Sess. 442 to 444, inclusive) (collectively the “Act”).

2. Certified copy of a Series 2025 Bond Resolution of the Authority adopted on September 16, 2025, as ratified, reaffirmed, supplemented, and amended by a Supplemental Series 2026 Bond Resolution of the Authority adopted on \_\_\_\_\_, 2026 (collectively the “Bond Resolution”).

3. Certified transcript of validation proceedings in the Superior Court of Cobb County, Georgia, resulting in a final judgment validating and confirming the Bonds and the security therefor.

4. Certified copy of a resolution of the City of Acworth (the “City”) adopted on September 18, 2025.

5. Fully executed counterpart of the Trust Indenture and Security Agreement, dated as of June 1, 2026 (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”).

6. Fully executed counterpart of the Rental Agreement, dated as of June 1, 2026 (the “Rental Agreement”), between the Authority and Lake City Hospitality LLC (the “Company”).

7. Fully executed counterpart of the Security Agreement, dated as of June 1, 2026 (the “Security Agreement”), between the Company and the Authority.

8. Fully executed counterpart of the Intergovernmental Economic Development Agreement, dated as of June 1, 2026 (the “Contract”), between the Authority and the City.

9. Fully executed counterpart of the Bond Guaranty Agreement, dated as of June 1, 2026 (the “Bond Guaranty”), between the Company and the Trustee.

10. Fully executed counterpart of the Ground Lease Agreement, dated the date hereof (the “Ground Lease”), between the Authority and the Company.

11. Fully executed counterpart of the Construction Loan Agreement, dated as of June 1, 2026 (the “Construction Loan Agreement”), between the Authority and the Company.

12. Fully executed original of the Construction Promissory Note, dated the date hereof (the “Note”), of the Company.

13. Fully executed counterpart of the Leasehold Deed to Secure Debt and Security Agreement, dated as of June 1, 2026 (the “Security Deed”), from the Company to the Authority.

14. Fully executed counterpart of the Assignment of Contract Documents, dated as of June 1, 2026 (the “Assignment of Contract Documents”), by the Company in favor of the Authority.

15. Fully executed counterpart of the Purchase, Sale, and Option Agreement, dated as of June 1, 2026 (the “Purchase and Sale Agreement”), between the Company and the Authority.

The Bonds are being issued under and pursuant to the Act and the Bond Resolution for the purpose of financing the costs, in whole or in part, of acquiring, constructing, and installing an approximately 100-suite select-service hotel, to be located on an approximately 3.518 acre site, in the City of Acworth (the “Project”), to be rented by the Authority to the Company.

As to questions of fact material to our opinion, we have relied upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to us; (b) certifications furnished to us by or on behalf of the Company, the City, and the Authority; and (c) representations of the Company,

the City, and the Authority contained in such proceedings and in documents delivered in connection with the issuance of the Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Reference is made to (1) an opinion of even date of Eversheds Sutherland (US) LLP, Atlanta, Georgia, with respect, among other matters, to the company status and good standing of the Company; to the company power of the Company to enter into and perform the Ground Lease, the Construction Loan Agreement, the Note, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, and the Bond Guaranty (collectively the “Company Contracts”); and to the due authorization, execution, and delivery by the Company of the Company Contracts and the validity and enforceability thereof against the Company and (ii) a title insurance policy to be issued by Chicago Title Insurance Company with respect, among other matters, to all matters relating to the Company’s leasehold estate in the real property encumbered by the Security Deed and to the existence and priority of the liens and matters of record relating to the Security Deed on such real property.

Based upon the foregoing, it is our opinion, as of the date hereof and under existing law, that:

(1) The Authority was duly created and is validly existing as a body corporate and politic and public corporation under the Constitution and statutes of the State of Georgia, including particularly the Act, and has all requisite power and authority (i) to adopt the Bond Resolution; (ii) to issue, sell, and deliver the Bonds and use the proceeds thereof for the purposes and upon the terms and conditions set forth in the Construction Loan Agreement and the Indenture; and (iii) to enter into and perform its obligations under the Indenture, the Ground Lease, the Construction Loan Agreement, the Security Deed, the Assignment of Contract Documents, the Purchase and Sale Agreement, the Rental Agreement, the Security Agreement, and the Contract (collectively the “Authority Contracts”).

(2) The Authority Contracts have been duly authorized, executed, and delivered by the Authority and constitute the legal, valid, and binding obligations of the Authority enforceable upon the Authority. The Indenture creates a valid lien on the Trust Estate (as defined in the Indenture).

(3) The Bonds have been duly authorized, executed, issued, and delivered by the Authority and are the legal, valid, and binding special or limited obligations of the Authority, payable solely from the amounts pledged under the Indenture, which include amounts paid to the Authority by the City under the Contract.

(4) The Contract has been duly authorized, executed, and delivered by the City and constitutes the legal, valid, and binding obligation of the City enforceable upon the City. The Contract obligates the City to levy an annual ad valorem tax on all taxable property located within the corporate limits of the City within the three (3) mill limit authorized pursuant to Section 48-5-350 of the Official Code of Georgia Annotated or such greater millage limit hereafter authorized under applicable law, sufficient in amount to pay the City's obligations under the Contract, to the extent the necessary funds are not provided from other sources.

(5) The Bonds are exempt from local property taxes in the State of Georgia and the interest on the Bonds is exempt from State of Georgia income taxation, although the Bonds and the interest thereon may be included in the measure of certain State of Georgia business excise and franchise taxes.

(6) The Bonds are exempt from registration under the Securities Act of 1933, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Authority Contracts (i) may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights; (ii) may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and (iii) may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

**NELSON MULLINS RILEY &  
SCARBOROUGH LLP**

By: \_\_\_\_\_  
Earle R. Taylor, III, Partner

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**\$23,835,000\***

**ACWORTH DOWNTOWN  
DEVELOPMENT AUTHORITY  
(GEORGIA)**

**Economic Development Revenue  
Bonds (Suites Hotel Project),  
Federally Taxable Series 2026**

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**OFFICIAL STATEMENT**

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**No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the Company, the City, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The delivery of this Official Statement at any time does not imply that the information herein is correct as of any time subsequent to this date.**

**RAYMOND JAMES®**

Dated: \_\_\_\_\_, 2026

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<sup>1</sup> See detailed "TABLE OF CONTENTS" on pages (i) to (iii).

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\* Preliminary; subject to change.