

## BOND RESOLUTION

A RESOLUTION OF THE TROUP COUNTY BOARD OF EDUCATION TO REGULATE AND PROVIDE FOR THE ISSUANCE OF TROUP COUNTY SCHOOL DISTRICT (GEORGIA) GENERAL OBLIGATION BONDS, SERIES 2006, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$40,150,000, WHICH ARE BEING ISSUED FOR THE PURPOSE OF PROVIDING FUNDS, TO BE USED TOGETHER WITH OTHER AVAILABLE FUNDS, TO BE APPLIED TOWARD THE COSTS OF ACQUIRING ADDITIONAL REAL PROPERTY FOR FUTURE SCHOOLS AND ADMINISTRATIVE FACILITIES; ACQUIRING, CONSTRUCTING AND EQUIPPING A NEW ELEMENTARY SCHOOL, MIDDLE SCHOOL AND/OR HIGH SCHOOL, MODIFICATIONS TO MIDDLE AND/OR HIGH SCHOOL; ADDING TO, RENOVATING, REPAIRING, IMPROVING, FURNISHING AND EQUIPPING EXISTING EDUCATIONAL BUILDINGS, PROPERTIES AND FACILITIES OF THE TROUP COUNTY SCHOOL DISTRICT, INCLUDING, WITHOUT LIMITATION, CLASSROOM ADDITIONS, PHYSICAL EDUCATION FACILITIES AND RESURFACING AND PARKING FACILITIES; TECHNOLOGY UPGRADES, INFRASTRUCTURE AND EQUIPMENT; ADDITIONAL SCHOOL BUSES; CONSTRUCTING NEW OR RENOVATING EXISTING ADMINISTRATIVE FACILITIES; AND PAYING EXPENSES INCIDENT THERETO, SAID BONDS TO BE DATED AS OF THE FIRST DAY OF THE MONTH IN WHICH SUCH BONDS MAY BE ISSUED, AS AUTHORIZED BY THE CONSTITUTION OF THE STATE OF GEORGIA AND A VOTE OF THE QUALIFIED VOTERS OF TROUP COUNTY, GEORGIA HELD ON SEPTEMBER 19, 2006, PURSUANT TO AND IN CONFORMITY WITH ARTICLE VIII, SECTION VI, PARAGRAPH IV OF THE CONSTITUTION OF THE STATE OF GEORGIA, AS AMENDED, AND O.C.G.A. § 48-8-140 ET SEQ., WHICH WAS ENACTED PURSUANT TO THE AUTHORITY OF ARTICLE VIII, SECTION VI, PARAGRAPH IV OF THE CONSTITUTION OF THE STATE OF GEORGIA, AS AMENDED, TO REGULATE AND PROVIDE FOR THE FORM OF THE BONDS TO BE ISSUED HEREUNDER, TO PROVIDE FOR THE IMPOSITION, LEVY AND COLLECTION OF A ONE PERCENT SALES TAX FOR EDUCATIONAL PURPOSES, BEGINNING IMMEDIATELY UPON THE EXPIRATION OF THE ONE PERCENT SALES AND USE TAX FOR EDUCATIONAL PURPOSES WHICH WAS INITIALLY APPROVED BY A MAJORITY OF THE VOTERS OF TROUP COUNTY, GEORGIA IN MARCH, 1997 AND CONTINUED BY A MAJORITY OF THE VOTERS OF TROUP COUNTY, GEORGIA IN SEPTEMBER, 2001, SUFFICIENT IN AMOUNT TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS, TO PROVIDE FOR THE ISSUANCE AND SALE OF SAID BONDS, TO PROVIDE FOR THE VALIDATION OF SAID BONDS, AND FOR OTHER PURPOSES.

WHEREAS, at an election duly called and held in Troup County, Georgia, on September 19, 2006, after notice thereof had been given to the qualified voters of Troup County, Georgia for the time and in the manner required by law, a majority of the qualified voters of Troup County, Georgia voting in said election held for that purpose voted in favor of the imposition, levy and collection of a one percent sales and use tax for educational purposes, beginning immediately upon the expiration of the one percent sales and use tax for educational purposes which was initially approved by a majority of the voters of Troup County, Georgia in March, 1997 and continued by a majority of the voters of Troup County, Georgia in September, 2001, and the issuance of general obligation bonds of the Troup County School District, a political subdivision of the State of Georgia encompassing all of the territory within the boundaries of Troup County, Georgia (hereinafter sometimes referred to as the "School District") in the aggregate

principal amount of Forty Million One Hundred Fifty Thousand Dollars (\$40,150,000) for the purposes stated in the call of said election; and

NOW, THEREFORE, in order to issue and deliver the above-referenced Bonds, to adopt a form for such Bonds, and to authorize the execution of the same, be it resolved by the Board of Education, as the managing and controlling body of said School District, in a meeting duly assembled, and it is hereby resolved by authority of the same, that:

**Sec. 1. Authorization and Sale of Bonds.** Under authority of the Constitution and laws of the State of Georgia, of the aforesaid election and vote, and of this Resolution, there are hereby authorized to be issued by said Troup County Board of Education as the managing and controlling body of the School District, and acting for and on behalf of said political subdivision, Forty Million One Hundred Fifty Thousand Dollars (\$40,150,000) in aggregate principal amount of general obligation bonds of said political subdivision at rates of interest not to exceed 6.50% per annum, for the purposes stated in the call of said election, to wit: paying the costs of acquiring real property (improved or unimproved) for future schools and administrative facilities; a new elementary school; middle school and/or high school construction and modification; additions to, renovations of, repairs and improvements to and equipping of existing educational buildings, properties and facilities of the School District, including without limitation, classroom additions, physical education facilities and resurfacing and parking facilities; technology upgrades, infrastructure and equipment; additional school buses and constructing new or renovating existing administrative facilities and paying expenses incident thereto (including the payment of any capitalized interest) (collectively, the "Projects").

**Sec. 2. Date, Maturities and Interest Rates.** The Bonds shall be dated as of the first day of the month in which the Bonds are priced or issued, shall be issued as fully registered bonds without coupons in the denomination of \$5,000 (or any integral multiple thereof), shall be numbered from 1 consecutively upward in order of maturity, shall bear interest from the first day of the month in which the Bonds are priced or issued, payable semiannually on the 1st day of each April and October, with the first interest payment date on April 1, 2006, or such other date as the School District shall designate as the first such interest payment date, (each such April 1 and October 1 being referred to hereinafter as an "Interest Payment Date") in the manner stated in the bond form, at annual rates not in excess of 6.50% per annum, as determined by the Troup County Board of Education at the time the Bonds are issued (computed on the basis of a 360 day year consisting of twelve 30 day months), and the principal of said Bonds shall mature and be paid on October 1, in the years and amounts as determined by the Troup County Board of Education when the Bonds are issued; provided that when all of the Bonds have been issued, the principal payment schedule shall be as follows:

<u>DATE</u>	<u>AMOUNT</u>
October 1, 2008	\$7,420,000
October 1, 2009	7,715,000
October 1, 2010	8,015,000
October 1, 2011	8,335,000
October 1, 2012	8,665,000

The principal amount of any Bonds maturing in each year and the interest rate and redemption provisions applicable thereto will be determined by the School District by the adoption of a resolution relating thereto prior to the issuance of such Bonds.

**Sec. 3. Details of Bonds.** The Bonds shall be designated "Troup County School District (Georgia) General Obligation Bonds, Series 2006" (or such other appropriate series designation as the School District may designate). Interest on all Bonds shall be paid to the registered owners thereof (as shown on the bond registration books kept for that purpose by the registrar to be designated as hereinafter set forth) on the March 15 or September 15, as the case may be (each such March 15 or September 15 being referred to hereafter as a "Record Date"), next preceding the Interest Payment Date on which such payment is made. Such payment shall be made by check or draft mailed to such registered owner at his address as it appears on such bond registration books. The owner of not less than \$1,000,000 in aggregate principal amount of Bonds may request the bond registrar and paying agent to make payments of interest by wire transfer in writing, on or before the Record Date. The first payment of interest on a Bond shall be due on the Interest Payment Date next succeeding the date of authentication thereof unless such Bond is authenticated on an Interest Payment Date, in which case the first payment of interest thereon shall be due on the next succeeding Interest Payment Date, or unless such Bond is authenticated after a Record Date but before the next succeeding Interest Payment Date, in which case the first payment of interest thereon shall be due on the second succeeding Interest Payment Date; provided, however, the first Interest Payment Date with respect to the Bonds will be April 1, 2007 or such other date as the School District shall designate as the first Interest Payment Date. The interest paid on a Bond on each Interest Payment Date shall be computed from the date through which interest was last paid on the Bonds, or if interest has not previously been paid on the Bonds, from the dated date of the Bonds. The principal of the Bonds shall be payable only to the registered owner or his legal representative upon surrender thereof at the principal corporate trust office of the paying agent to be designated as hereinafter set forth. Both the principal of and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

**Sec. 4. Ownership of Bonds.** Said School District and its agents, including the registrar and the paying agent, may deem and treat the registered owner of any Bond as

the absolute owner of such Bond for the purpose of receiving payment of the principal thereof and the interest payable thereon, and for all other purposes whatsoever, and said School District and its agents shall not be affected by any notice to the contrary.

**Sec. 5. Execution of Bonds.** Prior to their date of issuance, the Bonds will be confirmed and validated by judgment of the Superior Court of Troup County, Georgia and shall be executed pursuant to the applicable provisions of Georgia law, for and on behalf of said School District with the manual or engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Chairman or Vice Chairman of said Board of Education, and the seal of said School District shall be imprinted or impressed thereon and attested by the manual or facsimile signature of the Secretary of said Board of Education. In case any officer whose signature shall appear on any Bond shall cease to be such officer before delivery of such Bonds, such signature, nevertheless, shall be valid and sufficient for all purposes as if he had remained in office until such delivery, and such Bonds may, nevertheless, be issued and delivered as though the person who signed or sealed such Bonds had not ceased to be such officer, and any of such Bonds may be executed and sealed on behalf of said School District by such officers who may at the time of the execution of such Bonds hold the proper offices of said School District although on the date of such Bonds or on the date of any lawful proceedings taken in connection therewith such persons may not have held such offices. No Bond shall be valid or obligatory for any purpose unless and until the certificate of authentication set forth in the form of the Bond shall have been duly executed by the registrar, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered. The registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized signatory of the registrar, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

**Sec. 6. Registration, Exchange or Transfer of Bonds.** Any Bond, upon surrender thereof at the principal corporate trust office of the registrar, together with an assignment duly executed by the owner or his attorney or legal representative in such form and with guaranty of signature as shall be satisfactory to the registrar, may, at the option of the owner, be exchanged for an aggregate principal amount of Bonds of the same maturity, series, and interest rate, and of any authorized denomination or denominations. The School District shall make provision for the exchange or transfer of Bonds at the principal corporate trust office of the registrar. The registrar shall require the payment in advance by the owner requesting such exchange or transfer of any tax or governmental charge required to be paid with respect to such exchange.

The registrar shall not be required to transfer or exchange any Bond (i) after the giving of notice calling such Bond for redemption or partial redemption has been made or (ii) until the certificate of validation on any replacement Bond shall have been properly executed by the Clerk of the Superior Court of Troup County, Georgia.

The inclusion of the foregoing provisions shall constitute (i) a continuing request from the School District to the Clerk of the Superior Court of Troup County, Georgia, unless his or her signature shall appear by facsimile, to execute the certificate of validation on any replacement Bonds issued and (ii) the appointment of the registrar as agent for the School District to do any and all things necessary to effect any transfer or exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be legal, valid and binding obligations of the School District, evidencing the same debt, and entitled to the same security and benefits under this resolution as the Bonds surrendered upon such transfer or exchange.

The registrar shall keep books for the registration of Bonds and for the registration of transfers of Bonds as provided in this resolution. The transfer of any Bond may be registered only upon such books upon surrender thereof to the registrar together with an assignment duly executed by the owner or his attorney or legal representative in such form and with guaranty of signature as shall be satisfactory to the registrar. Upon any such registration of transfer, the School District shall execute and the registrar shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds registered in the name of the transferee.

In all cases in which Bonds shall be exchanged or transferred, the School District shall execute and the registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the registrar. The School District or the registrar may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any owner for the privilege of exchanging or registering the transfer of Bonds under the provisions of this Resolution.

The Paying Agent for the Bonds may make appropriate arrangements for the Bonds (or any portion thereof) to be issued or held by means of a book-entry system administered by The Depository Trust Company ("DTC") with no physical distribution of bonds made to the public (other than those Bonds, if any, not held under such book-entry system). References in this Bond Resolution to a Bond or the Bonds shall be construed to mean the Bond or Bonds held under the book-entry system. In such event, one Bond for each maturity shall be issued to DTC, and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant will be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of such beneficial

ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner will be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE PAYING AGENT SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS BOND RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

Payments of principal, interest, purchase price and redemption or purchase premium, if any, with respect to the bonds, so long as DTC is the only owner of the bonds, will be paid by the Paying Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation from the School District, the Paying Agent and a representative of the underwriter relating to the Bonds to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The School District and the Paying Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

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

THE SCHOOL DISTRICT AND THE PAYING AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE BONDS; (B) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (C) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS; (D) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

The School District shall not be limited to utilizing a book-entry system maintained by DTC but may enter into a custody agreement with any bank or trust company serving as custodian (which may be the Paying Agent serving in the capacity of custodian) to provide for a book-entry or similar method for the registration and registration of transfer of all or a portion of the Series 2006 Bonds.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS RESOLUTION RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM.

**Sec. 7. Redemption.** The Bonds will not be subject to optional redemption prior to their stated maturity.

**Sec. 8. Form of Bonds.** The Bonds, the certificate of validation and certificate of authentication shall be substantially in the following terms and form, with such variations, omissions, and insertions, including the designation of the registrar and paying agent and the terms of redemption, as may be required to complete each Bond properly:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

UNITED STATES OF AMERICA  
STATE OF GEORGIA  
TROUP COUNTY SCHOOL DISTRICT (GEORGIA)  
GENERAL OBLIGATION BOND

SERIES     \*

NO.     \*

\$     \*

Interest Rate  
    \*     %

Maturity Date  
October 1,     \*

CUSIP     \*

The Troup County School District, a School District of the State of Georgia comprising all of Troup County, Georgia acting by and through its controlling and managing body, the Troup County Board of Education, and hereinafter sometimes designated as said School District, for value received hereby promises to pay to \_\_\_\_\_ or registered assigns or legal representative, on the maturity date specified above (or earlier as hereinafter referred to), upon presentation and surrender hereof at the principal corporate trust office of \_\_\_\_\_, in the City of \_\_\_\_\_, Georgia (the "paying agent"), the principal sum of \_\_\_\_\_ DOLLARS in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay to the registered owner hereof on a Record Date (as defined below) by check mailed to the registered owner at his address as it appears on the bond registration books of the School District kept by \_\_\_\_\_, \_\_\_\_\_, Georgia, as bond registrar, interest on said principal sum at the rate per annum specified above and on the dates provided below until payment of said principal sum. The owner of not less than \$1,000,000 in aggregate principal amount of Bonds (as defined below) may request the bond registrar and paying agent to make payments of interest by wire transfer in writing, on or before the Record Date.

The first payment of interest hereon shall be due on the Interest Payment Date (as defined below) next succeeding the date of authentication hereof unless this Bond is authenticated on an Interest Payment Date, in which case the first payment of interest hereon shall be due on the next succeeding Interest Payment Date, or unless this Bond is authenticated after a Record Date but before the next succeeding Interest Payment Date, in which case the first payment of interest hereon shall be due on the second succeeding Interest Payment Date. The interest paid on an Interest Payment Date shall be computed from the date through which interest was last paid on this Bond, or if interest has not previously been paid on this Bond, from **\*\*[INSERT DATED DATE]\*\***. As used herein, the term "Interest Payment Date" shall mean **\*\*[DESIGNATE FIRST INTEREST PAYMENT DATE]\*\*** and each April 1 and October 1 thereafter during the term hereof.

The term "Record Date" shall mean the March 15 or September 15, as the case may be, next preceding each Interest Payment Date.

Reference is hereby made to the further provisions of this Bond set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof.

It is certified and recited that all acts, conditions, and things required by the Constitution or statutes of the State of Georgia, to exist, happen, or be performed precedent to and in the issuance of this Bond, do exist, have happened, and have been performed in due and legal time, form, and manner as required by law, that provision has been made for the imposition, levy and collection of a one percent sales and use tax sufficient in amount to pay the principal of and interest on this Bond in accordance with its terms and that the total indebtedness of said School District, including this Bond, does not exceed any limitation prescribed by said constitution or statutes.

IN WITNESS WHEREOF, the Troup County School District, in the State of Georgia, acting by and through its controlling and managing body, the Troup County Board of Education, has caused this Bond to be executed with the manual or engraved, imprinted, stamped or otherwise reproduced facsimile signature of its Chairman, has caused its corporate seal to be hereunto imprinted or impressed and attested with the manual or facsimile signature of its Secretary, and has caused this Bond to be dated as of the date of its authentication.

TROUP COUNTY SCHOOL DISTRICT

By: \_\_\_\_\_  
Chairman, Troup County Board  
of Education

ATTEST:

\_\_\_\_\_  
Secretary, Troup County Board  
of Education

(SEAL)

VALIDATION CERTIFICATE

STATE OF GEORGIA )

TROUP COUNTY )

I, \_\_\_\_\_, the undersigned clerk of the Superior Court of Troup County, State of Georgia, keeper of the records and seal thereof, hereby certify that this Bond was validated and confirmed by judgment of the Superior Court of said County, in Civil Action File No. \_\_\_\_\_, on November \_\_\_\_, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Superior Court of Troup County, Georgia.

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Clerk, Superior Court of Troup County,  
Georgia

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated therein and issued under the provisions of the within mentioned Resolutions.

Date of Authentication: \_\_\_\_\_

\_\_\_\_\_, as Registrar

By: \_\_\_\_\_  
Authorized Officer

\* (In all places where asterisks appear in the foregoing Bond form, the wording shall be changed or supplied as may be proper to show date of maturity, interest rate, bond number, etc.)

This Bond is one of a duly authorized series of Bonds (the "Bonds") of like tenor, except as to numbers, interest rates, and dates of maturity, issued in the aggregate principal amount of \_\_\_\_\_ (\$\_\_\_\_\_) which is being issued for the purpose of paying the costs of acquiring real property (improved or unimproved) for future schools and administrative facilities; a new elementary school; middle school and/or high school construction and modification; additions to, renovations of, repairs and improvements to and equipping of existing educational buildings, properties and facilities of the School District, including without limitation, classroom additions, physical education facilities and resurfacing and parking facilities; technology upgrades, infrastructure and equipment; additional school buses and constructing new or renovating existing administrative facilities and paying expenses incident thereto (including the payment of any capitalized interest) (collectively, the "Project").

The Bonds are issuable as fully registered Bonds in the denomination of \$5,000 each or integral multiples thereof. At the principal corporate trust office of the bond registrar, in the manner and subject to the limitations and conditions provided in the Resolution of the School District adopted on October 19, 2006 and the Supplemental Resolution adopted on \*\*[indicate date]\*\*, pursuant to which the Bonds were issued, and without cost except for any tax or other governmental charge, Bonds may be exchanged or transferred, and a new Bond or Bonds of the same aggregate principal amount, interest rate and maturity and of any authorized denomination will be issued to the person or persons designated in the instructions for exchange or transfer. The bond registrar shall not be required to exchange or transfer any Bond (i) during the period between a Record Date and the next succeeding Interest Payment Date or (ii) until a certificate of validation on any replacement Bond shall have been properly executed by the Clerk of the Superior Court of Troup County.

The Paying Agent for the Bonds may make appropriate arrangements for the Bonds (or any portion thereof) to be issued or held by means of a book-entry system administered by The Depository Trust Company ("DTC") with no physical distribution of bonds made to the public (other than those Bonds, if any, not held under such book-entry system). In such event, one Bond for each maturity shall be issued to DTC, and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

The Bonds are not subject to redemption prior to their stated maturity.

This Bond is issued under and pursuant to authority of Article VIII, Section VI, Paragraph IV of the Constitution of the State of Georgia, as amended, O.C.G.A. § 48-8-140 et seq., which was enacted pursuant to the authority of Article VIII, Section VI, Paragraph IV of the Constitution of the State of Georgia, as amended, and the laws of the State of Georgia, which issuance was duly authorized by the Constitution of the State of Georgia and the qualified voters of Troup County, Georgia in an election held for that purpose on September 19, 2006. The indebtedness evidenced by this Bond is a general

obligation of the Troup County School District for the payment of the principal of and interest on which the full faith and credit of said School District have been and hereby are irrevocably pledged.

[End of Bond Form]

**Sec. 9. Delivery of Bonds.** Said Bonds shall have been validated as provided by law and, upon payment of the purchase price for said Bonds, including accrued interest to the date of delivery, there shall be delivered to the purchasers at the earliest feasible date the properly executed Bonds as they are described herein.

**Sec. 10. Receipt for Bonds.** Upon receipt of such purchase price and interest, the proper receipt therefor shall be executed.

**Sec. 11. Tax Levy for Payment of Bonds.** For the purpose of providing funds for the payment of the principal of and interest on said Bonds on the dates on which such principal and interest shall become due and payable, provision shall be made for the imposition, levy and collection, in the appropriate years, of a one percent sales and use tax for educational purposes, beginning immediately upon the expiration of the one percent sales and use tax for educational purposes which was initially approved by a majority of the voters in Troup County, Georgia in March, 1997 and continued by a majority of the voters of Troup County, Georgia in September, 2001, and to the extent such sales and use tax proceeds are not sufficient to pay the same, as required by Article IX, Section V, Paragraph VI of the Constitution of the State of Georgia, provision is hereby made for the assessment, levy and collection, in the appropriate years, of a direct annual tax upon all the taxable property subject to taxation for school bond purposes located within the boundaries of Troup County, Georgia, as the same now exists and within any extensions thereof, sufficient in amount to produce the funds required to pay the principal of and interest on said Bonds on the dates on which such principal and interest shall become due and payable. On October 17, 2006, the Troup County Board of Commissioners levied a direct annual tax upon all the taxable property subject to taxation for school bond purposes located within the boundaries of Troup County, Georgia, as the same now exists and within any extensions thereof, sufficient in amount to produce the funds required to pay the principal of and interest on said Bonds on the dates on which such principal and interest shall become due and payable, to the extent that such sales and use tax proceeds are not sufficient to pay the same. It is the intention of the School District that this provision be construed liberally so as to satisfy the requirements of Article IX, Section V, Paragraph VI of the Constitution of the State of Georgia, which requires that the School District provide for the levy of an ad valorem tax prior to the issuance of the Bonds.

**Sec. 12. Funds Pledged for Payment of Bonds.** Based upon information provided to the Board of Education about historical sales tax collections in Troup County, Georgia, the School District hereby determines that the proceeds of the one percent sales and use tax for educational purposes, beginning immediately upon the expiration of the one percent sales and use tax for educational purposes which was initially approved by a majority of the voters in Troup County, Georgia in March, 1997 and continued by a majority of the voters of Troup County, Georgia in September, 2001, will be sufficient to pay the principal of and interest on the Bonds in each year, as the same becomes due and payable; provided, however, interest on the Bonds during the construction of the Project may be paid from the capitalized interest portion of the Bond proceeds. The funds provided by said sales and use tax and said ad valorem property

taxes described in Section 11 hereof shall be irrevocably pledged to and appropriated for the payment of the principal of and interest on said Bonds so that all of said Bonds, as to both principal and interest, shall be fully paid as the same shall mature and become due. The School District hereby directs the State of Georgia Department of Revenue Sales and Use Tax Division to deposit all proceeds of said taxes with an escrow agent subsequently designated.

**Sec. 13. Additional Debt or Obligations.** To the extent allowed by applicable law, so long as any of the Bonds are outstanding, the School District will not incur any additional debt or obligations secured by the net proceeds of the sales and use tax or payable from any State of Georgia appropriation to which the School District may be entitled unless:

(a) if such additional debt or obligation is to be secured by the net proceeds of the sales and use tax, the net proceeds of the sales and use tax collected by the School District for a period of 12 consecutive months immediately preceding the adoption of the proceedings authorizing the issuance of such additional debt or obligation has been equal to at least 1.0 times the maximum aggregate annual debt service requirement for any succeeding year on the Bonds and any other outstanding debt or obligation secured by the net proceeds of the sales and use tax and on the additional debt or obligation proposed to be issued; and

(b) if such additional debt or obligation is to be payable from any State of Georgia appropriation to which the School District may be entitled, the amount of any appropriation to which the School District has been entitled for a period of 12 consecutive months immediately preceding the adoption of the proceedings authorizing the issuance of such additional debt or obligation has been equal to at least 1.5 times the maximum annual debt service requirement for any succeeding year on the Bonds and any other outstanding debt or obligation then outstanding and on the additional debt or obligation proposed to be issued.

**Sec. 14. Escrow Fund.** A special fund shall be created and designated as the "Troup County School District Special Purpose Sales and Use Tax Escrow Fund" (hereinafter called the "Escrow Fund"), to the credit of which there shall be deposited all of the proceeds from the imposition, levy and collection of the one percent sales and use tax for educational purposes approved by a majority of the voters in Troup County, Georgia on September 19, 2006, which are distributed to the School District, beginning immediately upon the expiration of the one percent sales and use tax for educational purposes which was initially approved by a majority of the voters in Troup County, Georgia in March, 1997 and continued by a majority of the voters of Troup County, Georgia in September, 2001. In addition, the accrued interest, capitalized interest, and premium, if any, from the sale of the Bonds, shall be deposited into the Escrow Fund. The School District, prior to the issuance of the Bonds, shall appoint one or more banks duly authorized to exercise corporate powers to serve as escrow agent for the Escrow Fund.

**Sec. 15. Construction Fund.** A special fund shall be created and designated as the "Troup County School District Construction Fund" (hereinafter called the "Construction Fund"), to the credit of which there shall be deposited with the depository therefor the remainder of the proceeds from the sale of the Bonds (other than the accrued interest thereon, capitalized interest, and the premium, if any, from the sale of the Bonds). Except for accrued interest, capitalized interest, and the premium, if any, from the sale of the Bonds, all of such proceeds, shall be deposited into the Construction Fund. All moneys in the Construction Fund shall be held by the depository as custodian. Moneys in the Construction Fund shall be used, at the order of the School District, for the purpose of paying the costs of issuing the Bonds and of acquiring real property (improved or unimproved) for future schools and administrative facilities; a new elementary school; middle school and/or high school construction and modification; additions to, renovations of, repairs and improvements to and equipping of existing educational buildings, properties and facilities of the School District, including without limitation, classroom additions, physical education facilities and resurfacing and parking facilities; technology upgrades, infrastructure and equipment; additional school buses and constructing new or renovating existing administrative facilities and paying expenses incident thereto.

**Sec. 16. Investment of Moneys in the Construction Fund.** The School District covenants that no investment or use will be made of the proceeds of the Bonds herein authorized or the interest thereon which will cause said Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder as such provisions may be applicable to said Bonds at the time of such investment or use. The School District further covenants that it will invest moneys in the Construction Fund only in such investments as are authorized by the laws of Georgia and in accordance with the representations in the Non-Arbitrage Certificate required to be delivered by the School District simultaneously with the delivery of the Bonds (the "Non-Arbitrage Certificate").

**Sec. 17. Use of Remaining Bond Proceeds.** The accrued interest, capitalized interest, and premium, if any, from the sale of the Bonds shall be delivered to the School District for deposit into the Escrow Fund, as the sinking fund for the Bonds. The remainder of the proceeds from the sale of the Bonds shall be deposited into the Construction Fund.

**Sec. 18. Appointment of Paying Agent and Registrar and Construction Fund Depository.** The School District, prior to the issuance of the Bonds, shall appoint one or more banks duly authorized to execute corporate powers to serve as paying agent and/or registrar and/or depository for the Construction Fund for the Bonds.

**Sec. 19. Special Covenants Regarding Federal Code Compliance.** The School District will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds. In particular, but without limiting the generality of the foregoing:

(a) At least one of the following two conditions will be satisfied: (i) less than 10% of the proceeds of the Bonds are to be used directly or indirectly in a trade or business carried on by any person other than a state or local governmental unit, or (ii) less than 10% of the proceeds of the Bonds will be directly or indirectly (A) secured by an interest in property used or to be used for a private business use or any interest in payments in respect of such property, or (B) to be derived from payments in respect of property, or borrowed money, used or to be used for a private business use;

(b) Less than 5% of the proceeds of the Bonds are to be used directly or indirectly (i) in a trade or business carried on by any person other than a governmental unit which use is not related or disproportionate to any government use thereof, or (ii) to make or finance loans to persons other than governmental units;

(c) The School District will not enter into any sale, lease, management contract or other arrangement conveying special legal entitlements for beneficial use of the proceeds of the Bonds or of financed property to a nongovernmental entity unless the School District obtains an opinion of nationally recognized bond counsel that such arrangement will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(d) The Bonds are not and shall not be "federally guaranteed" as defined in Section 149(b) of the Code;

(e) The School District will comply with all applicable arbitrage limitations to ensure that interest on the Bonds is and remains excludable from gross income for federal income tax purposes, and hereby agrees to pay from time to time all amounts as may be required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applied to the Bonds from time to time.

**Sec. 20. Creation of Rebate Fund.**

(a) There shall be created a fund to be designated as the "Troup County School District Rebate Fund" (the "Rebate Fund"). Subject to the transfer provisions provided in paragraph (d) below, moneys held in the Rebate Fund are hereby pledged to secure payments to the United States of America as provided in paragraph (d) below, and neither the political subdivision nor the owner of any Bonds shall have any right in or claim to such moneys.

(b) There shall be deposited in the Rebate Fund from time to time all amounts required to be deposited in the Rebate Fund by the Rebate Instructions delivered pursuant

to the Letter of Instructions (the "Letter of Instructions") attached as an exhibit to the Non-Arbitrage Certificate.

(c) The political subdivision shall direct the investment of all amounts held in the Rebate Fund in accordance with the Letter of Instructions. All earnings on investments in the Rebate Fund shall be retained in the Rebate Fund except as provided in paragraph (d) below.

(d) The political subdivision shall from time to time remit part or all of the balance in the Rebate Fund to the United States of America, as directed by the Rebate Instructions. In addition, if the Rebate Instructions so direct, the political subdivision shall deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as the Rebate Instructions may specify.

**Sec. 21. Conflicting Provisions Repealed.** Any and all ordinances or resolutions or parts thereof in conflict herewith are hereby repealed.

Adopted this 19<sup>th</sup> day of October, 2006.

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John G. Darden, Chairman, Troup  
County Board of Education

ATTEST:

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Edwin D. Smith, Secretary  
Troup County Board of Education

[SEAL]

## SECRETARY'S CERTIFICATE

I, the undersigned Secretary of the Troup County Board of Education, keeper of the records and seal thereof, hereby certify that the foregoing is a true and correct copy of the Resolution approved and adopted by majority vote of said Board of Education in regular meeting assembled, on October 19, 2006, the original of which Resolution has been entered in the official records of said School District under my supervision and is in my official possession, custody, and control.

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Edwin D. Smith, Secretary  
Troup County Board of Education

[SEAL]