

# PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 28, 2026

NEW ISSUE  
BOOK-ENTRY ONLY

RATINGS: Moody's "Aa2" Long Term  
S&P Global Ratings "AA" Long Term  
S&P Global Ratings "A-1+" Short Term  
See "MISCELLANEOUS, -Ratings" herein

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other matters, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2026A Bonds is excludable from gross income for federal income tax purposes under § 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2026A Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2026A Bonds is exempt from present State of Georgia income taxation. See Appendix C attached hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2026A Bonds. For a more complete discussion of the tax status of the Series 2026A Bonds and certain other tax consequences relating to the Series 2026A Bonds, see "TAX STATUS" herein.*



## \$70,070,000\* MACON WATER AUTHORITY (GEORGIA) Tax-Exempt Adjustable Mode Water and Sewer Refunding and Improvement Revenue Bonds, Series 2026A

**Dated: Date of Issuance**

**Price 100.0%**

**Due: October 1, 2056**

The Macon Water Authority (the "**Authority**") is issuing its TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A (the "**Series 2026A Bonds**") pursuant to an Indenture of Trust, dated as of the date of issuance of the Series 2026A Bonds, between the Authority and The Bank of New York Mellon Trust Company, N.A., having a designated corporate trust office in Houston, Texas, as trustee thereunder (the "**Trustee**"). Proceeds of the Series 2026A Bonds will be used to provide funds, together with other available funds of the Authority, to finance (i) the refunding and redemption in full of the Authority's outstanding TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2018B, (ii) the costs of acquiring, constructing, and equipping certain improvements to the water and sewer system of the Authority, and (iii) the necessary costs of issuing the Series 2026A Bonds. See "THE SERIES 2026A BONDS" herein.

The Series 2026A Bonds will be issued in registered form in the name of Cede and Co., as the nominee for The Depository Trust Company ("**DTC**"), New York, New York. Individual purchases of the Series 2026A Bonds must be made in book-entry form only, in the principal amount, during a Short-Term Rate Period or a Medium-Term Rate Period, of \$100,000 and integral multiples of \$5,000 in excess thereof. Individual purchasers ("**Beneficial Owners**") of the Series 2026A Bonds will not receive physical delivery of the Series 2026A Bonds. Transfers of the Series 2026A Bonds will be effected through a book-entry system as described herein. So long as DTC or its nominee is the registered owner of the Series 2026A Bonds, disbursements of payments of principal of and premium (if any), and interest on the Series 2026A Bonds to DTC are the responsibility of the Trustee; disbursements of such payments to DTC Participants are the responsibility of DTC; and disbursements of such payments to the Beneficial Owners are the responsibility of Direct and Indirect Participants as more fully described herein. See "THE SERIES 2026A BONDS, -Book-Entry Only System of Delivery of the Bonds" herein.

The Series 2026A Bonds will be issued on a parity basis with the Authority's outstanding Prior Bonds (as defined herein), the payment of the principal of and interest on which is secured by a first and prior pledge of and lien on the revenues of the Authority's water and sewer system (the "**System**"), after payment of the reasonable and necessary expenses of operating, maintaining, and repairing the System (the "**Net Revenues**"). See "PLAN OF FINANCING, -Security and Sources of Payment for the Series 2026A Bonds" herein.

The Series 2026A Bonds will initially bear interest at the Weekly Rate (as described herein) and continue to bear interest at the Weekly Rate to, but not including, the date upon which the interest rate borne by the Series 2026A Bonds is converted, if ever, to the Monthly Rate, the Semiannual Rate, the Money Market Rate, the Medium-Term Rate, or the Fixed Rate in accordance with the terms of the Indenture. During a Weekly Rate Period, interest on the Series 2026A Bonds is payable quarterly on January 1, April 1, July 1, and October 1, commencing January 1, 2027, and on any Conversion Date (each, an "**Interest Payment Date**"). If any Interest Payment Date is not a Business Day, interest will be paid on the next succeeding Business Day, and interest accruing for the period from such Interest Payment Date to such next succeeding Business Day will be paid on the next date on which interest is paid.

The Series 2026A Bonds are subject to optional and mandatory redemption, including redemption at par, and mandatory tender for purchase prior to maturity in the manner and at the times described herein.

Holders and prospective purchasers of the Series 2026A Bonds after the date hereof should be aware that certain information may no longer be accurate and should refer to the revisions, supplements, and additions to this Official Statement, if any, or any new offering materials for current information after such date.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE SERIES 2026A BONDS OR THE SECURITY THEREFOR. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

THE SERIES 2026A BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY THE REVENUES OF THE AUTHORITY. THE SERIES 2026A BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OF GEORGIA (THE "**STATE**") OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR AGENCY. THE AUTHORITY HAS NO TAXING POWER.

The Series 2026A Bonds are offered when, as, and if issued by the Authority, subject to the approval of legality by Gray Pannell LLC, Savannah, Georgia, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Jones Cork LLP, Macon, Georgia, and for the Underwriters by their counsel, Arnall Golden Gregory LLP, Atlanta, Georgia. Gray Pannell LLC, Savannah, Georgia, is acting as Disclosure Counsel to the Authority. The Series 2026A Bonds are expected to be delivered in definitive form through DTC on or about November 5, 2026.

# STIFEL

Security Capital Brokerage, Inc.

Official Statement dated: November \_\_, 2026.

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Series 2026A Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2026A Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

## **MACON WATER AUTHORITY**

### **Members and Officers**

Gary Bechtel, *Chairman*  
Frank Patterson, *Vice Chairman*  
Bill Howell  
Dwight Jones  
Elaine Lucas  
Marshall Talley  
Valerie Wynn

### **Appointed Officials**

Michel Wanna, *Executive Director & President*  
Amy Weber, *Controller*

### **INDEPENDENT AUDITORS**

McNair, McLemore, Middlebrooks & Co., LLC  
Macon, Georgia

### **COUNSEL TO THE AUTHORITY**

Jones Cork LLP  
Macon, Georgia

### **BOND COUNSEL AND DISCLOSURE COUNSEL**

Gray Pannell LLC  
Savannah, Georgia

### **UNDERWRITERS**

Stifel, Nicolaus & Company, Incorporated  
Atlanta, Georgia

Security Capital Brokerage, Inc.  
Atlanta, Georgia

### **UNDERWRITERS' COUNSEL**

Arnall Golden Gregory LLP  
Atlanta, Georgia

## TABLE OF CONTENTS

|                                                                  | <u>Page</u> |
|------------------------------------------------------------------|-------------|
| INTRODUCTION .....                                               | 1           |
| The Authority.....                                               | 1           |
| Macon-Bibb County.....                                           | 2           |
| Purpose of the Series 2026A Bonds.....                           | 2           |
| Trustee, Registrar, and Paying Agent .....                       | 2           |
| Remarketing Agent .....                                          | 2           |
| Terms of the Offering .....                                      | 2           |
| Security and Sources of Payment for the Series 2026A Bonds ..... | 2           |
| Description of the Series 2026A Bonds.....                       | 3           |
| Additional Bonds .....                                           | 4           |
| Tax Status .....                                                 | 4           |
| Professionals Involved in the Offering .....                     | 4           |
| Continuing Disclosure .....                                      | 5           |
| Additional Information .....                                     | 5           |
| <br>THE SERIES 2026A BONDS .....                                 | <br>6       |
| Authority for Issuance of the Series 2026A Bonds.....            | 6           |
| Validation of the Series 2026A Bonds.....                        | 6           |
| General Description .....                                        | 6           |
| Book-Entry Only System of Delivery of Series 2026A Bonds.....    | 6           |
| Interest Rates.....                                              | 9           |
| Conversion of Interest Rate Determination Method .....           | 12          |
| Optional Redemption of Series 2026A Bonds.....                   | 14          |
| Extraordinary Optional Redemption of Series 2026A Bonds.....     | 15          |
| Optional and Mandatory Tender of Series 2026A Bonds.....         | 17          |
| <br>PLAN OF FINANCING .....                                      | <br>24      |
| Estimated Sources and Uses of Funds .....                        | 24          |
| The Refunding Program.....                                       | 24          |
| The Projects .....                                               | 24          |
| Security and Sources of Payment for the Series 2026A Bonds ..... | 25          |
| Investment of Money .....                                        | 27          |
| Projects Fund Disbursements.....                                 | 29          |
| Rate Covenant.....                                               | 29          |
| Additional Bonds .....                                           | 30          |
| Remedies.....                                                    | 31          |
| <br>THE SYSTEM .....                                             | <br>33      |
| General.....                                                     | 33          |
| Water System.....                                                | 33          |
| Wastewater System.....                                           | 34          |
| Governmental Approvals and Environmental Regulation .....        | 34          |
| Capital Improvements from Current Funds .....                    | 36          |
| Equity Management Plan.....                                      | 36          |
| Current Water and Sewer Rates .....                              | 36          |
| Billing .....                                                    | 37          |
| Historical Numbers of Water and Sewer Customers .....            | 37          |
| Historical Water and Sewer Usage .....                           | 37          |
| Largest Water and Sewer Customers.....                           | 38          |
| <br>DEBT STRUCTURE OF THE SYSTEM .....                           | <br>39      |
| Estimated Debt Service Schedule .....                            | 39          |

|                                                                                   |    |
|-----------------------------------------------------------------------------------|----|
| Historical Debt Service Coverage Ratios.....                                      | 40 |
| Historical Revenue Bonds Debt Service Coverage.....                               | 40 |
| Revenue Bonds & GEFA Loans Historical Total Debt Service Coverage .....           | 41 |
| <br>FINANCIAL INFORMATION CONCERNING THE SYSTEM .....                             | 43 |
| The System's Six-Year Operating History .....                                     | 43 |
| Management Comments Concerning Material Trends in Revenues and Expenditures ..... | 45 |
| Accounting Policies .....                                                         | 46 |
| Independent Auditors' Reports .....                                               | 46 |
| Operating Budget of the System .....                                              | 47 |
| <br>THE AUTHORITY .....                                                           | 48 |
| Introduction.....                                                                 | 48 |
| Governing Body.....                                                               | 48 |
| Management.....                                                                   | 49 |
| Employees, Employee Relations, and Employee Benefits .....                        | 49 |
| Pension Plan.....                                                                 | 49 |
| Other Post-Employment Benefits .....                                              | 50 |
| Governmental Immunity and Insurance Coverage .....                                | 51 |
| Storm Water System Acquisition and Operations .....                               | 51 |
| PFAS Information.....                                                             | 52 |
| <br>MACON-BIBB COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION .....                  | 53 |
| Introduction.....                                                                 | 53 |
| Population .....                                                                  | 53 |
| Per Capita Personal Income .....                                                  | 54 |
| Bank Deposits .....                                                               | 54 |
| Industry and Employment.....                                                      | 54 |
| <br>LEGAL MATTERS.....                                                            | 57 |
| Litigation.....                                                                   | 57 |
| Legal Proceedings.....                                                            | 57 |
| <br>TAX STATUS .....                                                              | 58 |
| Federal Tax Exemption.....                                                        | 58 |
| State Tax Exemption.....                                                          | 58 |
| Maintenance of Tax Status.....                                                    | 58 |
| Premium Bonds.....                                                                | 59 |
| Other Tax Consequences .....                                                      | 59 |
| Information Reporting and Backup Withholding .....                                | 60 |
| Disposition of the Series 2026A Bonds .....                                       | 60 |
| <br>RISK FACTORS .....                                                            | 61 |
| Force Majeure Events .....                                                        | 61 |
| Economic Matters .....                                                            | 61 |
| Environmental Matters.....                                                        | 61 |
| Cyber-Security .....                                                              | 61 |
| <br>MISCELLANEOUS .....                                                           | 62 |
| Ratings .....                                                                     | 62 |
| Underwriting.....                                                                 | 62 |
| Continuing Disclosure .....                                                       | 62 |
| Financial Statements .....                                                        | 63 |
| Consulting Engineer.....                                                          | 63 |
| Miscellaneous .....                                                               | 63 |

|                                                                                                    |    |
|----------------------------------------------------------------------------------------------------|----|
| Forward-Looking Statements.....                                                                    | 64 |
| Certification .....                                                                                | 64 |
| Appendix A: MACON WATER AUTHORITY ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2025 |    |
| Appendix B: FORM OF THE INDENTURE                                                                  |    |
| Appendix C: PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL                                         |    |
| Appendix D: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE                                          |    |
| Appendix E: ENGINEERING REPORT                                                                     |    |

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No dealer, broker, salesperson or other person has been authorized by the Authority 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 must not be relied upon as having been authorized by the Authority. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Authority. Sources other than the Authority are believed to be reliable but are not guaranteed as to accuracy or completeness by the Authority. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority 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. This Official Statement is submitted in connection with the sale of the Series 2026A Bonds described herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement, including the Appendices, contains certain opinions, estimates and forward-looking statements and information, including projections, that are based on the Authority's beliefs as well as assumptions made by and information currently available to the Authority. Such opinions, estimates, projections and forward-looking statements set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Authority, were prepared on a reasonable basis, reflect the best currently available estimates and judgments and present, to the best of the Authority's knowledge and belief, the expected course of action and the expected future financial performance of the Authority. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on such opinions, statements or prospective financial information.

The prospective financial information set forth in this Official Statement, except for certain information sourced to parties other than the Authority, is solely the product of the Authority. Neither the Authority's independent auditors, nor any other independent auditors, have compiled, examined or performed any procedures with respect to, or been consulted in connection with the preparation of, the prospective financial information contained herein. The Authority's independent auditors assume no responsibility for the content of the prospective financial information set forth in this Official Statement, disclaim any association with such prospective financial information and have not, nor have any other independent auditors, expressed any opinion or any other form of assurance on such information or its achievability.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into and are not part of this Official Statement.

The Series 2026A Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

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 2026A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Series 2026A Bonds have not been registered under the Securities Act of 1933, and the Resolution (as defined herein) has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2026A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE “FORWARD-LOOKING STATEMENTS.” IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. A NUMBER OF IMPORTANT FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN FORWARD-LOOKING STATEMENTS.

Stifel Nicolaus & Company, Incorporated, Atlanta, Georgia and Security Capital Brokerage, Inc., Atlanta, Georgia (the “Underwriters”) have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

## OFFICIAL STATEMENT

Relating to

**\$70,070,000\***

**MACON WATER AUTHORITY (GEORGIA)  
TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER  
REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A**

### INTRODUCTION

This Official Statement, including the cover page and the Appendices hereto, of the Macon Water Authority (the “**Authority**”) sets forth information concerning the Authority and the proposed MACON WATER AUTHORITY (GEORGIA) TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A (the “**Series 2026A Bonds**”).

The information contained in this section entitled “INTRODUCTION” is a brief description of the terms of and security for the Series 2026A Bonds and does not purport to be comprehensive or definitive. A full review of the entire Official Statement, as well as the documents summarized or described herein, should be made. All undefined, capitalized terms used herein shall have the meaning ascribed to such terms in the Indenture (hereinafter defined) unless the context requires otherwise. For more detailed information on the terms used herein, see “Appendix B: FORM OF THE INDENTURE, -Definitions.”

THE FOLLOWING DISCUSSION IN THE SECTIONS ENTITLED “THE SYSTEM,” “DEBT STRUCTURE OF THE SYSTEM,” AND “FINANCIAL INFORMATION CONCERNING THE SYSTEM” REPRESENT SUMMARIES OF THE MACON WATER AUTHORITY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025 AND THE ENGINEERING REPORT, COPIES OF WHICH ARE ATTACHED HERETO AS APPENDIX A AND APPENDIX E, RESPECTIVELY. PROSPECTIVE INVESTORS MUST REVIEW THE ENTIRE REPORTS IN THEIR ENTIRETY AND THE CONSIDERATIONS AND ASSUMPTIONS UPON WHICH THE RESULTS ARE BASED PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE SERIES 2026A BONDS.

#### **The Authority**

The Authority is a body corporate and politic, which is deemed to be a political subdivision of the State of Georgia, and a public corporation, and was enacted by the General Assembly of Georgia by the provisions of Ga. L. 1992, p. 4991, as amended (the “**Act**”), which amended an act known as the “Macon-Bibb County Water and Sewerage Authority Act,” approved March 2, 1966, Ga. L. 1966, p. 2737, as amended. The Act was enacted to provide a consolidated charter for the Authority, to change the name of the Authority to Macon Water Authority, and to reapportion and revise the boundaries of the five electoral districts provided for the Authority, and for other purposes. The general purpose of the Authority is to secure for Macon-Bibb County, Georgia, a satisfactory and reliable water and sanitary sewer system at the most reasonable cost possible and to make such system and the services thereof available to public and private consumers in Macon-Bibb County and its environs, including municipalities outside Macon-Bibb County and to adjoining counties. In 2015, the Act was further amended to provide for the ability to operate a storm water utility as authorized by and pursuant to an intergovernmental agreement with the governing body responsible for storm water control in the areas served by the Authority, to provide storm water management services and to operate, maintain, develop, repair, and construct a storm water management system and utility in areas served by the Authority. The System defined herein does not currently include a storm water management system; however, the Authority has implemented a storm water management system and utility operated separately from the System. For more detailed information, see “THE AUTHORITY” herein.

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

## **Macon-Bibb County**

Macon-Bibb County, a consolidated government (“**Macon-Bibb County**”), is both a political subdivision and municipal corporation of the State and is located in Central Georgia. Macon-Bibb County had an estimated population of 157,556 as of July 1, 2025, compiled by the U.S. Department of Commerce, Bureau of the Census. For more detailed information, see “MACON-BIBB COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.”

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

The Series 2026A Bonds are being issued to provide funds to (i) refund and redeem in full the Authority’s outstanding TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2018B (the “**Series 2018B Bonds**”), (ii) acquire, construct, and equip certain improvements to the water and sewer system of the Authority (the “**Projects**”), and (iii) pay the necessary costs of issuing the Series 2026A Bonds. See “THE PLAN OF FINANCING, -Estimated Sources and Uses of Funds, -The Refunding Plan, and-The Projects,” and “Appendix E: ENGINEERING REPORT.”

### **Trustee, Registrar, and Paying Agent**

The Bank of New York Mellon Trust Company, N.A., having a designated corporate trust office in Houston, Texas, will act as Trustee (the “**Trustee**”), Registrar (“**Registrar**”) and Paying Agent (“**Paying Agent**”) for the Series 2026A Bonds.

### **Remarketing Agent**

Stifel, Nicolaus & Company, Incorporated, Atlanta, Georgia, will act as Remarketing Agent (the “**Remarketing Agent**”) for the Series 2026A Bonds.

### **Terms of the Offering**

*Authority for Issuance.* The Series 2026A Bonds are to be issued under the authority of the Constitution and general laws of the State, in particular the Act and the Revenue Bond Law of the State, codified at Official Code of Georgia Annotated (“**O.C.G.A.**”) § 36-82-60 through § 36-82-85 (the “**Revenue Bond Law**”). The Series 2026A Bonds are being issued in accordance with the provisions of the Indenture (defined herein) as authorized by a bond resolution adopted by the Authority on September 3, 2026 (the “**Resolution**”).

*Offering.* The Series 2026A Bonds are offered when, as, and if issued by the Authority, subject to prior sale and to withdrawal or modification of the offer without notice, to approval of legality by Gray Pannell LLC, Savannah, Georgia, Bond Counsel, and to validation by the Superior Court of Bibb County.

*Delivery.* The Series 2026A Bonds in definitive form are expected to be delivered through DTC in New York, New York, on or about November 5, 2026.

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

*Lien on Net Revenues of the System.* Payment of the principal of and interest on the Series 2026A Bonds will be payable from and secured by a first and prior pledge of and lien on the revenues derived by the Authority from the ownership and operation of the water and sewer system of the Authority (the “**System**”) (except amounts received as federal or state grants), remaining after payment of the reasonable and necessary expenses of operating, maintaining, and repairing the System, but before provision for depreciation or interest charges (the “**Net Revenues**”).

**Initially there is no Liquidity Facility or Credit Facility to secure the Series 2026A Bonds; however, the Indenture provides that the Authority may, subject to the terms and conditions set forth in the Indenture, arrange for the issuance of a Liquidity Facility or Credit Facility.**

Payment of the principal of and interest on the Series 2026A Bonds will be equally and ratably secured on a parity basis with the Authority's outstanding Series 2015 Bonds, Series 2018A Bonds, Series 2020 Bond, Series 2020B Bonds and Series 2024 Bonds (collectively, the "**Prior Bonds**") (each series as hereinafter described) and any additional revenue bonds of the Authority issued hereafter on a parity basis with the Prior Bonds and the Series 2026A Bonds in accordance with terms of the Prior Resolutions (as defined herein) and the Resolution ("**Additional Bonds**").

The Prior Bonds, the Series 2026A Bonds, and any Additional Bonds hereinafter issued are referred to collectively herein as the "**Bonds**."

*Debt Service Reserve.* Payment of principal of and interest on the Series 2026A Bonds will also be secured by a debt service reserve account within the Sinking Fund. Said reserve will be fully funded from funds of the Authority upon the issuance of the Series 2026A Bonds and such account may be extended or separate debt service reserve accounts may be established upon the issuance of Additional Bonds.

*Trust Indenture.* Pursuant to an Indenture of Trust, dated as of the date of issuance of the Series 2026A Bonds (the "**Indenture**"), by and between the Authority and the Trustee, the Authority has assigned, for the benefit of the Holders of the Series 2026A Bonds, without recourse, representation, or warranty to the Trustee, all money in the Bond Fund, the Bond Purchase Fund, the Surplus Fund, and the Projects Fund, including the proceeds of the Series 2026A Bonds pending disbursement thereof and all of the proceeds of the foregoing, including without limitation investments thereof.

For more detailed information, see "PLAN OF FINANCING, -Security and Sources of Payment for the Series 2026A Bonds" and "Appendix B: FORM OF THE INDENTURE."

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

*Redemption.* The Series 2026A Bonds are subject to optional and mandatory redemption, including redemption at par, and mandatory tender for purchase prior to maturity in the manner and at the times described herein.\*

*Denominations.* Individual purchases of the Series 2026A Bonds may be made in book-entry form (i) during any Short-Term Rate Period or any Medium-Term Rate Period, in the amount of \$100,000 and integral multiples of \$5,000 in excess thereof and (ii) during the Fixed Rate Period, in the amount of \$5,000 and integral multiples thereof.

*Registration and Transfer.* The Series 2026A Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository for the Series 2026A Bonds. Individual purchases of the Series 2026A Bonds will be made in book-entry form only, in the principal amount, during a Short-Term Rate Period or a Medium-Term Rate Period, of \$100,000 and integral multiples of \$5,000 in excess thereof (during a Short-Term Rate Period or a Medium-Term Rate Period, an "**Authorized Denomination**").

*Manner of Making Payment.* So long as DTC or its nominee is the registered owner of the Series 2026A Bonds, principal of and premium (if any), and interest on the Series 2026A Bonds are payable by wire transfer by the Paying Agent to Cede & Co., as nominee for DTC which, in turn, will remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners (as defined herein). The Series 2026A Bonds will be dated their date of issuance and delivery, and will mature, subject to prior redemption, on October 1, 2056, on which date all unpaid principal and interest on the Series 2026A Bonds will be due and payable. Interest on the Series 2026A Bonds will be computed on the

basis of a 365-day year (366 days in a leap year) for the actual days elapsed during any Short-Term Rate Period other than a Money Market Rate Period or a Semiannual Rate Period, on the basis of a 360-day year of twelve 30-day months during any Long-Term Rate Period or Semiannual Rate Period and a 360-day year for actual days elapsed during any Money Market Rate Period (calculated by multiplying the principal amount of Series 2026A Bonds by the interest rate, dividing that sum by 360, and multiplying that amount by the actual days elapsed).

Interest on the Series 2026A Bonds will be computed from the Interest Payment Date to which interest has been paid or duly provided for next preceding the date of authentication thereof, unless (a) such date of authentication is prior to the first Interest Payment Date, in which case interest will be computed from the Issue Date or (b) such date of authentication is an Interest Payment Date to which interest on the Series 2026A Bonds has been paid in full or duly provided for, in which case interest will be computed from such date of authentication; provided, however, that if interest on the Series 2026A Bonds is in default, Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange will bear interest from the last date to which interest has been paid or duly provided for on the Series 2026A Bonds or, if no interest has been paid or duly provided for on the Series 2026A Bonds, from the Issue Date.

For more detailed information on the Series 2026A Bonds, see “THE SERIES 2026A BONDS.”

### **Additional Bonds**

Subject to certain conditions as set forth in the Indenture, the Authority may issue Additional Bonds on a parity with the first and prior lien of the Bonds on the Net Revenues of the System. See “THE SERIES 2026A BONDS, -Additional Bonds.”

In addition, from time to time the Authority may issue additional bonds or obligations payable from the Net Revenues of the System and secured by a lien on said Net Revenues which is junior and subordinate to the lien of the Bonds on the Net Revenues of the System.

### **Tax Status**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2026A Bonds is excludable from gross income for federal income tax purposes under § 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”), and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2026A Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2026A Bonds is exempt from present State of Georgia income taxation. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2026A Bonds. See Appendix C attached hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2026A Bonds.

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

Certain legal matters pertaining to the Authority and its authorization and issuance of the Series 2026A Bonds are subject to the approving opinion of Gray Pannell LLC, Savannah, Georgia, Bond Counsel. Certain other legal matters will be passed on for the Authority by its counsel, Jones Cork LLP, Macon, Georgia, and for the Underwriters by their counsel, Arnall Golden Gregory LLP, Atlanta, Georgia. Gray Pannell LLC, Savannah, Georgia, is acting as Disclosure Counsel to the Authority.

The financial statements of the Authority for the fiscal year ended September 30, 2025, attached hereto as Appendix A, have been audited by McNair McLemore Middlebrooks & Co., Macon, Georgia, to the extent and for the period indicated in their report thereon which appears in Appendix A hereto. The Engineering Report attached hereto as Appendix E was prepared by Jacobs Engineering Group Inc., Atlanta, Georgia. Jacobs Engineering Group Inc. has consented to the references and use within this Official Statement to its report.

### **Continuing Disclosure**

The Authority will sign a Continuing Disclosure Certificate on the date of the sale of the Series 2026A Bonds, which will allow the Underwriters of the Series 2026A Bonds to comply with Securities and Exchange Commission Rule 15c2-12(b)(5). See “MISCELLANEOUS, -Continuing Disclosure” and “Appendix D: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE.”

### **Additional Information**

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

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Series 2026A Bonds, the Authority, the Indenture, and the security and sources of payment for the Series 2026A Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to, or summaries of, the Indenture or any other document or constitutional provision or statute are qualified in their entirety by the exact terms of such documents or constitutional provision or statute. All references herein to the Series 2026A Bonds are qualified in their entirety to the form thereof and the provisions with respect thereto included in the Indenture. Copies of the Indenture and other documents and information are available upon request, prior to the delivery of the Series 2026A Bonds from Stifel, Nicolaus & Company, Incorporated, 3630 Peachtree Road, N.E., Suite 400, Atlanta, Georgia 30326, and after delivery of the Series 2026A Bonds, upon payment to the Authority of a charge for copying, mailing and handling, from the Macon Water Authority, 790 Second Street, P. O. Box 108, Macon, Georgia 31202-0108.

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## THE SERIES 2026A BONDS

### Authority for Issuance of the Series 2026A Bonds

The Series 2026A Bonds will be issued under the authority of the Constitution of the State, the general laws of the State, in particular, the Revenue Bond Law, and pursuant to the Act and the Indenture. The Act authorizes the Authority to issue its revenue bonds for the purpose of paying all or part of the cost of any one or more projects or for the purpose of refunding any of its outstanding revenue bonds, together with accrued interest thereon. The Authority is authorized to operate and maintain the System for its own use and for the use of public and private consumers both within and without the territorial limits of the Authority, and to prescribe and revise rates and collect fees and charges for the services furnished by the System as the same now exists and as it hereafter may be added to, extended, improved, and equipped.

### Validation of the Series 2026A Bonds

In accordance with the Revenue Bond Law of Georgia, the Series 2026A Bonds and the security therefor were confirmed and validated by judgment of the Superior Court of Bibb County, Georgia, on October 7, 2026 (Civil Action No. 2026-CV-085792). Under State law, the judgment of validation is forever conclusive against the Authority with respect to such validation of the Series 2026A Bonds and the security therefor.

### General Description

The Series 2026A Bonds, dated as of their date of issuance and delivery, will mature, subject to prior redemption, on October 1, 2056, on which date all unpaid principal and interest on the Series 2026A Bonds will be due and payable. The Series 2026A Bonds will initially bear interest at the Weekly Rate (as described herein) and will continue to bear interest at the Weekly Rate to, but not including, the date upon which the interest rate borne by the Series 2026A Bonds is converted, if ever, to the Monthly Rate, the Semiannual Rate, the Money Market Rate, the Medium-Term Rate, or the Fixed Rate in accordance with the terms of the Indenture (a “**Conversion Date**”). See “THE SERIES 2026A BONDS, -Conversion of Interest Rate Determination Method” herein. During the Weekly Rate Period, interest on the Series 2026A Bonds will be payable on January 1, April 1, July 1, and October 1 (each, an “**Interest Payment Date**”), commencing January 1, 2027, and on any Conversion Date.

The Series 2026A Bonds are subject to optional and mandatory redemption, including redemption at par, and optional and mandatory tender for purchase prior to maturity in the manner and at the times described herein. See “THE SERIES 2026A BONDS -Optional Redemption of Series 2026A Bonds, -Extraordinary Optional Redemption of the Series 2026A Bonds, and -Optional and Mandatory Tender of Series 2026A Bonds” herein.

### Book-Entry Only System of Delivery of Series 2026A Bonds

*The following description of the procedures and recordkeeping with respect to the beneficial ownership interests in the Series 2026A Bonds, payment of interest and other payments on the Series 2026A Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2026A Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners is based on certain information furnished by DTC. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority does not take responsibility for the accuracy thereof. Accordingly, the Authority does not make any representation concerning these matters.*

The Depository Trust Company, New York, New York, will act as securities depository for the Series 2026A Bonds. The Series 2026A 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 2026A Bond certificate will be issued for each maturity of the Series 2026A Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2026A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026A Bond ("**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 2026A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026A Bonds, except in the event that use of the book-entry system for the Series 2026A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026A 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 the Series 2026A 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 2026A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Series 2026A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026A Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2026A Bonds bond documents. For example, Beneficial Owners of the Series 2026A Bonds may wish to ascertain that the nominee holding the Series 2026A 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 Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026A 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 Authority 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 2026A Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

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

A Beneficial Owner shall give notice to elect to have its Series 2026A Bonds purchased or tendered, through its Participant, to a tender or remarketing agent, and shall effect delivery of such Series 2026A Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2026A Bonds, on DTC's records, to the tender or remarketing agent. The requirement for physical delivery of the Series 2026A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2026A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the tender or remarketing agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2026A Bonds at any time by giving reasonable notice to the Authority or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2026A 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 2026A Bond certificates will be printed and delivered to DTC.

SO LONG AS CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS NOMINEE FOR DTC, IS THE SOLE HOLDER OF THE SERIES 2026A BONDS, THE AUTHORITY AND THE BOND REGISTRAR WILL TREAT CEDE & CO. OR SUCH OTHER NOMINEE AS THE ONLY OWNER OF THE SERIES 2026A BONDS FOR ALL PURPOSES UNDER THE BOND RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2026A BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE AUTHORITY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE BOND RESOLUTION. THE AUTHORITY DOES NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2026A BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND

RESOLUTION TO BE GIVEN TO HOLDERS OF THE SERIES 2026A BONDS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS OWNER.

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

## **Interest Rates**

*Interest Rate Limitations.* The Indenture provides that the Series 2026A Bonds will bear interest at the Weekly Rate, the Monthly Rate, the Semiannual Rate, the Money Market Rate, the Medium-Term Rate, or the Fixed Rate, as described herein; provided, however, no Series 2026A Bond will at any time bear interest at a rate in excess of the lesser of (i) 12% per annum (the “**Ceiling Rate**”) or (ii) the maximum rate permitted by applicable law. Each Interest Rate Determination Method in effect from time to time will continue in effect until the date on which such Interest Rate Determination Method is changed as described under “THE SERIES 2026A BONDS, -Conversion of Interest Rate Determination Method.”

*Weekly Rate.* The Series 2026A Bonds will initially bear interest at the Weekly Rate, and the interest rate on the Series 2026A Bonds will be subject to conversion to the Monthly Rate, the Semiannual Rate, the Money Market Rate, the Medium-Term Rate, or the Fixed Rate in accordance with the provisions of the Indenture as described herein. During any Weekly Rate Period the Series 2026A Bonds will bear interest at the Weekly Rate. Such Weekly Rate for the initial Interest Period will be determined by the Underwriters on the Issue Date in the manner described below with respect to subsequent Interest Periods during a Weekly Rate Period. During any Weekly Rate Period, the Remarketing Agent will determine the Weekly Rate for the applicable Interest Period by 4:00 p.m., Local Time, on the applicable Computation Date. Each Weekly Rate will be the rate of interest which, if borne by the Series 2026A Bonds, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes of the same general nature as the Series 2026A Bonds or securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes that are comparable as to credit and maturity (or comparable with respect to optional tender provisions) with the credit and maturity or the optional tender provisions of the Series 2026A Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the first Business Day of such Interest Period; provided, that, if for any reason the Weekly Rate for any Interest Period is not established as described above by the Remarketing Agent, no Remarketing Agent is serving as such under the Indenture or the rate so established is held to be invalid or unenforceable with respect to any Interest Period, then the Weekly Rate for such Interest Period will be 100% of the Alternate Weekly Index on the date such interest rate was (or would have been) determined as described above. In connection with any change in the Interest Rate Determination Method to a Weekly Rate pursuant to the Indenture, the initial Weekly Rate will be determined as described above on the applicable Computation Date.

*Monthly Rate.* During any Monthly Rate Period, the Series 2026A Bonds will bear interest at the Monthly Rate. During any Monthly Rate Period, the Remarketing Agent will determine a Monthly Rate by 4:00 p.m., Local Time, on the applicable Computation Date. Each Monthly Rate will be the rate of interest which, if borne by the Series 2026A Bonds, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes of the same general nature as the Series 2026A Bonds or securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes that are comparable as to credit and maturity (or comparable with respect to optional tender provisions) with the credit and maturity or the optional tender provisions of the Series 2026A Bonds, be the interest rate necessary, but would not exceed the interest rate

necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the first Business Day of such Interest Period; provided, that, if for any reason the Monthly Rate for any Interest Period is not established as described above by the Remarketing Agent, no Remarketing Agent is serving as such under the Indenture or the rate so established is held to be invalid or unenforceable with respect to any Interest Period, then the Interest Rate Determination Method shall be deemed to have been converted to the Weekly Rate on the date such interest rate was (or would have been) determined as described above. In connection with any change in the Interest Rate Determination Method to a Monthly Rate pursuant to the Indenture, the initial Monthly Rate will be determined as described above on the applicable Computation Date.

*Semiannual Rate.* During any Semiannual Rate Period, the Series 2026A Bonds will bear interest at the Semiannual Rate. During any Semiannual Rate Period, the Remarketing Agent will determine the Proposed Rate for the next Interest Period by 2:00 p.m., Local Time, on the Proposed Rate Computation Date. Thereafter, the Remarketing Agent will determine a Semiannual Rate for the next Interest Period by 4:00 p.m., Local Time, on the applicable Computation Date; provided, however, that such Semiannual Rate will not be less than the Proposed Rate determined by the Remarketing Agent on the preceding Proposed Rate Computation Date. Each Semiannual Rate will be the rate of interest which, if borne by the Series 2026A Bonds, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes of the same general nature as the Series 2026A Bonds or securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes that are comparable as to credit and maturity (or comparable with respect to optional tender provisions) with the credit and maturity or the optional tender provisions of the Series 2026A Bonds, be the interest rate necessary, but (subject to the foregoing proviso concerning the Proposed Rate) would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the first Business Day of such Interest Period. If for any reason the Semiannual Rate or the Proposed Rate for any Interest Period is not established as described above by the Remarketing Agent, no Remarketing Agent is serving as such under the Indenture or the rate so established is held to be invalid or unenforceable with respect to any Interest Period, then the Interest Rate Determination Method shall be deemed to have converted to the Weekly Rate on the date such interest rate was (or would have been) determined as described above. In connection with any change in the Interest Rate Determination Method to a Semiannual Rate pursuant to the Indenture, the Proposed Rate will be determined as described above on the applicable Proposed Rate Computation Date and the initial Semiannual Rate will be determined as described above on the applicable Computation Date.

*Money Market Rate.* During any Money Market Rate Period, the Series 2026A Bonds will bear interest at the Money Market Rate. During any Money Market Rate Period, the Remarketing Agent will, in the exercise of its reasonable judgment, select the Money Market Rate Period, the Money Market Rate Index and the Money Market Percentage not later than 12:30 p.m., Local Time, on the first day of such Money Market Rate Period. The Money Market Rate Index and the Money Market Percentage applicable to the Series 2026A Bonds will be selected by the Remarketing Agent with the intention of yielding the lowest Money Market Rate that would be necessary for the Remarketing Agent to place all the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the first day of any Money Market Rate Period. On the first day of each Money Market Rate Period, the Remarketing Agent will give written notice to the Trustee and the Authority specifying (i) the Money Market Rate Index selected, (ii) the Money Market Percentage selected and (iii) the frequency of change or adjustment in rates established pursuant to such Money Market Rate Index. If for any reason the Remarketing Agent fails to determine the Money Market Rate, no Remarketing Agent is serving as such under the Indenture or the rate so established is held to be invalid or unenforceable, then the Interest Rate Determination Method shall be deemed to have converted to the Weekly Rate on the date such interest rate was (or would have been) determined as described above.

*Medium-Term Rate.* During any Medium-Term Rate Period, the Series 2026A Bonds will bear interest at the Medium-Term Rate. The interest rate to be borne by the Series 2026A Bonds from the

applicable Conversion Date to the last day of the applicable Medium-Term Rate Period will be the rate determined by the Remarketing Agent on the applicable Computation Date to be the rate which, if borne by the Series 2026A Bonds would, in the judgment of the Remarketing Agent having due regard for prevailing market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes and that are comparable to the Series 2026A Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the applicable Conversion Date. If for any reason the applicable rate is not established as described above by the Remarketing Agent, no Remarketing Agent is serving as such under the Indenture or the rate so established is held to be invalid or unenforceable, then the Interest Rate Determination Method shall be deemed to have converted to the Weekly Rate on the date such interest rate was (or would have been) determined as described above.

On the Computation Date with respect to a Medium-Term Rate, the Remarketing Agent will determine the Medium-Term Rate Period. Each Medium-Term Rate Period must be at least 271 days and must end no later than the date of maturity of the Series 2026A Bonds or, if earlier, on a day immediately preceding a Business Day. If the Remarketing Agent fails to determine the Medium-Term Rate Period or the Medium-Term Rate Period so established is held to be invalid or unenforceable, the Medium-Term Rate Period will be (i) if the Interest Rate Determination Method in effect immediately prior to such Conversion Date was a Medium-Term Rate, the shorter of (a) the period equal to the Medium-Term Rate Period for such Medium-Term Rate (provided, however, that if the last day of such period would not be a day immediately preceding a Business Day, such period will be extended to the next succeeding day that is a day immediately preceding a Business Day) and (b) the remaining maturity of the Series 2026A Bonds, or (ii) if the Interest Rate Determination Method in effect immediately prior to such Conversion Date was not a Medium-Term Rate, the shorter of (a) the period ending on the first date that is a day immediately preceding a Business Day and is at least 271 days after the Conversion Date and (b) the remaining maturity of the Series 2026A Bonds.

If requested in the Conversion Notice by the Authority, the Remarketing Agent may also determine on the Computation Date redemption premiums, different from those set forth in the Indenture and described herein under “THE SERIES 2026A BONDS, -Optional Redemption, *During Long-Term Rate Period*,” for optional redemption of the Series 2026A Bonds during the Medium-Term Rate Period. Such redemption premiums shall be consistent with the prevailing market conditions, in the reasonable judgment of the Remarketing Agent. The Remarketing Agent will not establish redemption premiums different from those set forth in the Indenture and described herein unless an Opinion of Bond Counsel is furnished to the effect that such action will not adversely affect the exclusion of interest on the Series 2026A Bonds from gross income of the Holders thereof for federal income tax purposes.

*Fixed Rate.* The Series 2026A Bonds will bear interest at the Fixed Rate during the Fixed Rate Period. The interest rate to be borne by the Series 2026A Bonds from the Fixed Rate Conversion Date to the date of payment in full of the Series 2026A Bonds will be the rate determined by the Remarketing Agent on the applicable Computation Date to be the rate which, if borne by the Series 2026A Bonds would, in the judgment of the Remarketing Agent having due regard for the prevailing market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes and that are comparable to the Series 2026A Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the Fixed Rate Conversion Date. If for any reason the Fixed Rate is not established as described above by the Remarketing Agent or no Remarketing Agent shall be serving as such under the Indenture then the provisions described in the last paragraph under “THE SERIES 2026A BONDS, -Conversion of Interest Rate Determination Method, *Failure of Conversion*, or *Revocation of Fixed Rate Conversion*” below shall apply; if the Fixed Rate established by the Remarketing Agent is held to be invalid or unenforceable, the interest rate to be borne by the Series 2026A Bonds from the Fixed Rate Conversion Date to the date of payment in full of the Series

2026A Bonds shall be determined by the Remarketing Agent based on the criteria in the preceding sentence and avoiding the cause of invalidity or unenforceability.

If requested in the Conversion Notice by the Authority, the Remarketing Agent may also determine on the Computation Date redemption premiums, different from those set forth in the Indenture and described herein under “THE SERIES 2026A BONDS, -Optional Redemption, -*During Long-Term Rate Period*,” for optional redemption of the Series 2026A Bonds during the Fixed Rate Period. Such redemption premiums shall be consistent with the prevailing market conditions, in the reasonable judgment of the Remarketing Agent. The Remarketing Agent will not establish redemption premiums different from those set forth in the Indenture and described herein unless an Opinion of Bond Counsel is furnished to the effect that such action will not adversely affect the exclusion of interest on the Series 2026A Bonds from gross income of the Holders thereof for federal income tax purposes.

*Notice of Rates and Deemed Conversions.* Promptly upon receipt from the Remarketing Agent of any Semiannual Rate, Medium-Term Rate, or Fixed Rate, the Paying Agent will give each Holder notice of the new Rate. The Authority and any Holder or Beneficial Owner may obtain any Proposed Rate on or after the applicable Proposed Rate Computation Date and may obtain any Rate on or after the applicable Computation Date upon request to the Remarketing Agent. Promptly upon receipt from the Remarketing Agent or the Trustee of notice of any deemed conversion to the Weekly Rate, the Paying Agent shall give each Holder, the Credit Issuer, if any, the Liquidity Provider, if any, and the Rating Agency, if any, then rating the Series 2026A Bonds notice of the deemed conversion.

*Determination of Rate Conclusive.* The determination of any Rate and Proposed Rate by the Remarketing Agent shall be conclusive and binding upon the Authority, the Trustee, the Paying Agent, the Remarketing Agent, the Credit Issuer, if any, the Liquidity Provider, if any, and the Holders or Beneficial Owners.

*No Liability.* In determining the interest rate that the Series 2026A Bonds will bear as described above, the Remarketing Agent shall have no liability to the Authority, the Trustee, the Paying Agent, the Registrar, the Credit Issuer, if any, the Liquidity Provider, if any, or any Holder or Beneficial Owner except for its gross negligence or willful misconduct.

### **Conversion of Interest Rate Determination Method**

*Conversion Notice.* The Interest Rate Determination Method may be changed from any Short-Term Rate or a Medium-Term Rate to any other Interest Rate Determination Method or from a Medium-Term Rate to a new Medium-Term Rate or from a Money Market Rate to a new Money Market Rate on any Conversion Date by the Authority giving written notice of such change (a “**Conversion Notice**”) to the Remarketing Agent and the Trustee with a copy to the Paying Agent, the Rating Agency, if any, rating the Series 2026A Bonds, the Credit Issuer, if any, and the Liquidity Provider, if any. The Conversion Notice must be received by the Remarketing Agent and the Trustee at least 40 days prior to the proposed Conversion Date.

*Opinions With Respect to Conversions.* Each Conversion Notice given to the Remarketing Agent and the Trustee must be accompanied by an Opinion of Bond Counsel to the effect that the change in the Interest Rate Determination Method or the change from a Medium-Term Rate to a new Medium-Term Rate or from a Money Market Rate to a new Money Market Rate will not cause the interest on the Series 2026A Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that such change is permitted under the Indenture.

The Authority must deliver to the Remarketing Agent and the Trustee, by 10:00 a.m., Local Time, on each Conversion Date a Supplemental Opinion of Bond Counsel to the effect that the change in the Interest Rate Determination Method or from a Medium-Term Rate to a new Medium-Term Rate or from a

Money Market Rate to a new Money Market Rate is permitted under the Indenture and, under the laws existing on such Conversion Date, such change will not cause the interest on the Series 2026A Bonds to be included in the gross income of the Holders thereof for federal income tax purposes.

*Conversion Date.* If the Interest Rate Determination Method in effect prior to a Conversion Date is:

- (i) a Weekly Rate or a Monthly Rate, the Conversion Date must be the first Business Day of an Interest Period;
- (ii) a Semiannual Rate, the Conversion Date must be a Semiannual Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day);
- (iii) a Money Market Rate with respect to which the applicable Money Market Rate Index is based on money market instruments not having a fixed maturity and the interest rate on which may be changed at any time, the Conversion Date must be a Business Day;
- (iv) a Money Market Rate with respect to which the applicable Money Market Rate Index is based on money market instruments with a fixed maturity or the interest rate on which may be changed only on a fixed reset date, the Conversion Date must be such maturity or reset date; or
- (v) a Medium-Term Rate, the Conversion Date must be the day next succeeding the last day of the Medium-Term Rate Period.

*Notice of Conversions to Holders.* The Trustee will give written notice to the Holders of a Conversion Date, which notice will be in substantially the form attached to the Indenture, appropriately completed, and will be sent by first-class mail, postage prepaid at least 30 days prior to the Conversion Date.

*Failure of Conversion or Revocation of Fixed Rate Conversion.* If (i) the Authority fails to deliver to the Trustee and the Remarketing Agent by 10:00 a.m., Local Time, on the Conversion Date any supplemental Opinion of Bond Counsel required by the Indenture and described under “THE SERIES 2026A BONDS, -Conversion of Interest Rate Determination Method, -Opinions With Respect to Conversions” above or (ii) an Event of Default has occurred and is continuing under the Indenture, the Interest Rate Determination Method for the Series 2026A Bonds will not be changed on the Conversion Date.

Notwithstanding any other provision of the Indenture to the contrary, no conversion of the Interest Rate Determination Method to the Fixed Rate will occur if the Authority, not later than 10:00 a.m., Local Time, on the Business Day immediately preceding the applicable Computation Date, directs the Remarketing Agent not to change the Interest Rate Determination Method to the Fixed Rate by written notice, with a copy to the Trustee, the Remarketing Agent, the Paying Agent, the Credit Issuer, if any, and the Liquidity Provider, if any.

If a proposed conversion of the Interest Rate Determination Method is canceled pursuant to the provisions of the Indenture described in the two preceding paragraphs, all Bonds will nevertheless be deemed to have been tendered for purchase on the Conversion Date and will be purchased on the Conversion Date. The Series 2026A Bonds will continue to bear interest in accordance with the Interest Rate Determination Method in effect prior to the Conversion Date and, in the case of a proposed change from a Medium-Term Rate or a Money Market Rate, for a Medium-Term Rate Period or a Money Market Rate Period ending on the first day that is a day immediately preceding a Business Day and that occurs on or after the day that is the same number of days after the proposed Conversion Date as the number of days in the immediately preceding Medium-Term Rate Period or Money Market Rate Period, as the case may be (but in no event later than the maturity of the Series 2026A Bonds); provided, however, that (i) the rate of

interest that the Series 2026A Bonds will bear will be determined on the Conversion Date and (ii) if the Interest Rate Determination Method in effect prior to the Conversion Date is the Semiannual Rate, for purposes of the provisions of the Indenture described in this paragraph, the provisions of the Indenture requiring the setting of a Proposed Rate will not be applicable.

*Failure to Mail Certain Notices.* Failure to mail the notice of a Conversion Date to Holders as described above, or any defect therein, will not affect the validity of any interest rate or change in the Interest Rate Determination Method on any of the Series 2026A Bonds or the requirement that the Series 2026A Bonds be tendered for purchase pursuant to the provisions of the Indenture described below under “Optional and Mandatory Tender of Series 2026A Bonds,-Mandatory Purchase on Mandatory Purchase Date” or extend the period for tendering any of the Series 2026A Bonds for purchase, and the Trustee will not be liable to any Holder by reason of its failure to mail such notice or any defect therein.

*Conversion to a Rate with Semiannual Interest Payment Dates.* The Indenture provides that the Interest Rate Determination Method may not be converted to a Rate upon which interest is payable semiannually unless (i) the interest component of a Credit Facility, if any, which will be in effect immediately following such conversion, if any, provides for payment of up to 210 days of interest on the Series 2026A Bonds at the Ceiling Rate or (ii) the interest component of a Liquidity Facility, if any, which will be in effect immediately following such conversion, if any, provides for payment of the appropriate number of days of interest on the Series 2026A Bonds at the Ceiling Rate as required by each Rating Agency then rating the Series 2026A Bonds.

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

*During Weekly Rate Period.* During any Weekly Rate Period, the Series 2026A Bonds are subject to redemption, at the written direction of the Authority, in whole on any Business Day or in part on any Interest Payment Date at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

*During Monthly Rate Period.* During any Monthly Rate Period, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole on the first Business Day of any calendar month or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

*During Money Market Rate Period.* During any Money Market Rate Period with respect to which the applicable Money Market Rate Index is based on money market instruments not having a fixed maturity and the interest rate on which may change at any time, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole on any Business Day or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

During any Money Market Rate Period with respect to which the applicable Money Market Rate Index is based on money market instruments with a fixed maturity or the interest rate on which may be changed only on a fixed reset date, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole on any such maturity date or fixed reset date or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

*During Semiannual Rate Period.* During any Semiannual Rate Period, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

*During Long-Term Rate Period.* During any Long-Term Rate Period, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole or in part on any Interest Payment Date occurring on or after the First Day of Redemption Period as described below, at the principal amount thereof, plus a redemption premium (expressed as a percentage of principal amount) plus accrued interest thereon to the redemption date as follows: provided, however, if a Credit Facility is then in effect, such redemption premium shall be paid only from Eligible Funds described in clause (i) of the definition of Eligible Funds on deposit in the Series 2026A Bond Fund, unless such Credit Facility provides for payment of such premium:

| Length of Long-Term Rate Period from Conversion Date until end of Rate Period<br>(Expressed in Years) | First Day of Redemption Period              | Redemption Premium as a Percentage of Principal Amount of Series 2026A Bonds                                         |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| More than 15                                                                                          | 10th Anniversary of Conversion Date         | 3% declining by 1% every year after the 10th Anniversary of the Conversion Date until reaching 0%, and thereafter 0% |
| More than 10 but not more than 15                                                                     | 7th Anniversary of Conversion Date          | 3% declining by 1% every year after the 7th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%  |
| More than 7 but not more than 10                                                                      | 5th Anniversary of Conversion Date          | 2% declining by 1% every year after the 5th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%  |
| More than 5 but not more than 7                                                                       | 4th Anniversary of Conversion Date          | 1% declining by 1% to 0% the first year after the 4th Anniversary of the Conversion Date, and thereafter 0%          |
| 5 or less                                                                                             | Bonds not redeemable pursuant to provisions | N/A                                                                                                                  |

The above premiums may be changed upon the conversion to a Long-Term Rate upon the receipt of an Opinion of Bond Counsel subject to and in accordance with the Indenture as described under “THE SERIES 2026A BONDS, Interest Rates, *-Medium-Term Rate*” and “*-Fixed Rate*.”

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

The Series 2026A Bonds are subject to redemption in whole, at the direction of the Authority at a redemption price equal to 100% of the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date, on any date for which the requisite notice of redemption can be given, within 180 days of the occurrence of any of the following events:

(i) the System shall have been damaged or destroyed to such an extent that, in the judgment of the Authority, (A) it cannot reasonably be restored within a period of three consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Authority is thereby prevented from carrying on its normal operations at the System for a period of three consecutive months, or (C) it would not be economically feasible for the Authority to replace, repair, rebuild or restore the same;

(ii) unreasonable burdens or excessive liabilities shall have been imposed on the Authority with respect to the operations of the System, that, in the judgment of the Authority, render the continued operation of the System uneconomical;

(iii) changes which the Authority cannot reasonably control or overcome in the economic availability of materials, supplies, labor, equipment and other properties and things necessary for the efficient operation of the System for the purposes contemplated by the Indenture shall have occurred or technological changes that the Authority cannot reasonably overcome shall have occurred that, in the judgment of the Authority, render the continued operation of the System uneconomical; or

(iv) legal curtailment of the Authority's use and occupancy of all or substantially all of the System, which curtailment, in the judgment of the Authority, prevents the Authority from carrying on its normal operations at the System for a period of three consecutive months.

*Mandatory Redemption from Surplus Bond Proceeds.* All Surplus Bond Proceeds are required to be deposited in the Surplus Fund in accordance with the written directions of the Authority. The deposit of Surplus Bond Proceeds in the Surplus Fund will be deemed to be a direction of the Authority to redeem the greatest principal amount of Series 2026A Bonds that can be redeemed from such Surplus Bond Proceeds on the earliest redemption date on which the Series 2026A Bonds can be redeemed without a redemption premium.

*Mandatory Sinking Fund Redemption.* The Series 2026A Bonds are subject to mandatory sinking fund redemption in part, without premium, on October 1 in each of the following years in the following principal amount of the Sinking Fund Requirements per year, at a redemption price equal to the principal amount of Series 2026A Bonds to be redeemed plus accrued interest to the redemption date, and without premium (the 2056 maturity to be paid rather than redeemed):

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2047        | \$3,925,000   |
| 2048        | 4,125,000     |
| 2049        | 4,345,000     |
| 2050        | 4,565,000     |
| 2051        | 4,805,000     |
| 2052        | 5,055,000     |
| 2053        | 5,325,000     |
| 2054        | 5,600,000     |
| 2055        | 15,750,000    |
| 2056        | 16,575,000    |

*Selection of Series 2026A Bonds to be Redeemed.* If less than all the Outstanding Bonds are called for redemption, the Registrar or, if the Series 2026A Bonds are held in the Book-Entry System, the Securities Depository will first select and call for redemption Bonds held by the Liquidity Provider or the Trustee or a pledge agent for the account of the Authority and pledged to the Credit Issuer as contemplated in the Indenture. If, following such selection, additional Bonds must be selected and called for redemption, the Registrar or, if the Series 2026A Bonds are held in the Book-Entry System, the Securities Depository will select or arrange for the selection of, in such manner as it deems fair and equitable and pursuant to its rules and procedures, the Series 2026A Bonds, in Authorized Denominations, provided that any Bond or portion thereof remaining shall be in an Authorized Denomination. If there is called for redemption less than the principal amount of a Bond, the Authority will execute and the Trustee will authenticate and deliver, upon surrender of such Bond, without charge to the Holder thereof in exchange for the unredeemed principal amount of such Bond at the option of such Holder, Bonds in any of the Authorized Denominations or, if the Series 2026A Bonds are held in the Book-Entry System, the Securities Depository shall, acting pursuant to its rules and procedures, reflect in said system the partial redemption and the Trustee shall (i) either exchange the Series 2026A Bond or Bonds held by the Securities Depository for a new Bond or Bonds in the appropriate principal amount, if such Bond is presented to the Trustee by the Securities Depository or (ii) obtain from the Securities Depository a written confirmation of the reduction in the principal amount of the Series 2026A Bonds held by the Securities Depository.

*Notice of Redemption.* The Authority shall exercise its option to cause a redemption of Series 2026A Bonds by giving written notice to the Remarketing Agent, the Trustee, the Paying Agent, the Liquidity Provider, if any, and the Credit Issuer, if any, not less than 45 days prior to the date selected for redemption; provided, however, that, if such redemption is pursuant to the provisions described under “THE SERIES 2026A BONDS, -Extraordinary Optional Redemption of Series 2026A Bonds,” the Authority must also deliver a certificate of an Authority Representative certifying that the conditions precedent to such redemption have been met. To exercise any optional redemption pursuant to the Indenture so long as a Credit Facility is in effect, then at least one day before the Trustee is to give notice of such redemption, the Trustee must have received written consent from the Credit Issuer to a draw on the Credit Facility in the amount of such redemption price if moneys in the Bond Fund constituting Eligible Funds under clause (i) of the definition of Eligible Funds will not be available to reimburse the Credit Issuer for such drawing on the date of such redemption. If the Credit Issuer does not consent to a drawing for an optional redemption of Series 2026A Bonds pursuant to the Indenture, the Trustee shall condition such call for redemption upon the deposit with the Trustee of sufficient Eligible Funds on or prior to the date selected for redemption to reimburse the Credit Issuer for such drawing or to retire the Series 2026A Bonds to be redeemed if the Credit Issuer fails to honor such drawing, and if sufficient Eligible Funds are not so available on the date selected for redemption, such call for redemption will be revoked. Notice of redemption will be mailed by the Trustee by first-class mail, postage prepaid, at least 30 days before the redemption date to each Holder of the Series 2026A Bonds to be redeemed in whole or in part at the Holder’s last address appearing on the Register, but no defect in or failure to give such notice of redemption will affect the validity of the redemption. A notice of optional redemption shall describe whether and the conditions under which the call for redemption shall be revoked. All Bonds properly called for redemption will cease to bear interest on the date fixed for redemption, provided Eligible Funds for their redemption have been duly deposited with the Trustee, and thereafter the Holders of such Bonds called for redemption will have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Bond for any portion not redeemed.

### **Optional and Mandatory Tender of Series 2026A Bonds**

*During Weekly Rate Period or Monthly Rate Period.* During any Weekly Rate Period or Monthly Rate Period, the Holders of the Series 2026A Bonds will have the right to tender any Bond (or portion thereof in an Authorized Denomination, provided that any Bond or portion thereof remaining is also in an Authorized Denomination) for purchase on any Optional Tender Date, but only upon:

(i) delivery to the Remarketing Agent at its principal office, not later than 4:00 p.m., Local Time, on or before the seventh day (or on the immediately preceding Business Day, if such seventh day is not a Business Day) next preceding such Optional Tender Date, of an irrevocable written, telephonic (followed, if requested by the Remarketing Agent, by written or facsimile confirmation delivered to the Remarketing Agent no later than the close of business on the next succeeding Business Day), or facsimile notice stating (1) that such Holder will tender for purchase all or any portion of the Holder’s Bonds in an Authorized Denomination and the amount of Series 2026A Bonds to be tendered and (2) the Optional Tender Date on which such Bonds will be tendered; and

(ii) delivery of such Bond (with an appropriate instrument of transfer duly executed in blank) to the Remarketing Agent at its principal office at or prior to 10:00 a.m., Local Time, on such Optional Tender Date; provided, however, that no Bond (or portion thereof) will be purchased unless such Bond as delivered to the Remarketing Agent conforms in all respects to the description thereof in the notice described in (i) above.

If the Series 2026A Bonds are held in a Book-Entry System, a purchase notice pursuant to (i) above may be delivered by a Beneficial Owner. Such purchase notice must be delivered as set forth in (i) above and must state that such Beneficial Owner will cause its beneficial interest (or portion thereof in an Authorized Denomination) to be tendered, the amount of such interest to be tendered, the Optional Tender

Date on which such interest will be tendered and the identity of the Participant through which the Beneficial Owner maintains its interest. Upon delivery of such notice, the Beneficial Owner must make arrangements to have its beneficial ownership interest in the Series 2026A Bonds being tendered transferred to the Remarketing Agent at or prior to 10:00 a.m., Local Time, on the Optional Tender Date, but need not otherwise comply with (ii) above.

*During Semiannual Rate Period.* During any Semiannual Rate Period, the Holders of the Series 2026A Bonds will have the right to tender any such Bond (or portion thereof in an Authorized Denomination, provided that any Bond or portion thereof remaining is also in an Authorized Denomination) for purchase on any Optional Tender Date, but only upon:

(i) delivery to the Remarketing Agent at its principal office, not later than 4:00 p.m., Local Time, on or before the fourteenth day (or on the immediately preceding Business Day if such fourteenth day is not a Business Day) next preceding such Optional Tender Date of an irrevocable written, telephonic (followed, if requested by the Remarketing Agent, by written or facsimile confirmation delivered to the Remarketing Agent no later than the close of business on the next succeeding Business Day), or facsimile notice stating (1) that such Holder will tender for purchase all or any portion of the Holder's Bonds in an Authorized Denomination and the amount of Series 2026A Bonds to be tendered and (2) the Optional Tender Date on which such Bonds will be tendered; and

(ii) delivery of such Bond (with an appropriate instrument of transfer duly executed in blank) to the Remarketing Agent at its principal office at or prior to 10:00 a.m., Local Time, on such Optional Tender Date; provided, however, that no Bond (or portion thereof) will be purchased unless such Bond as delivered to the Remarketing Agent conforms in all respects to the description thereof in the notice described in (i) above.

If the Series 2026A Bonds are held in a Book-Entry System, a purchase notice pursuant to (i) above may be delivered by a Beneficial Owner. Such purchase notice must be delivered as set forth in (i) above and must state that such Beneficial Owner will cause its beneficial interest (or portion thereof in an Authorized Denomination) to be tendered, the amount of such interest to be tendered, the Optional Tender Date on which such interest will be tendered and the identity of the Participant through which the Beneficial Owner maintains its interest. Upon delivery of such notice, the Beneficial Owner must make arrangements to have its beneficial ownership interest in the Series 2026A Bonds being tendered transferred to the Remarketing Agent at or prior to 10:00 a.m., Local Time, on the Optional Tender Date, but need not otherwise comply with (ii) above.

*Election to Tender Irrevocable.* Any election of a Holder to tender Bonds for purchase on an Optional Tender Date in accordance with the provisions described above under "THE SERIES 2026A BONDS -Optional and Mandatory Tender of Series 2026A Bonds, *During Weekly Rate Period or Monthly Rate Period*" and "*During Semiannual Rate Period*" will be irrevocable and will be binding on the Holder making such election and on any transferee of such Holder.

*Notices.* During any Semiannual Rate Period, the Remarketing Agent will give notice by first-class mail, postage prepaid, to Holders not more than 45 nor less than 35 days prior to each Optional Tender Date, which notice will state in substance (i) the next Optional Tender Date, (ii) the next Proposed Rate Computation Date related thereto, (iii) that the Proposed Rate may be obtained at the principal office of the Remarketing Agent on or after the Proposed Rate Computation Date and (iv) that the Series 2026A Bonds are subject to tender at the option of the Holder thereof in the manner described above.

*Mandatory Purchase on Mandatory Purchase Date.* The Series 2026A Bonds will be subject to mandatory tender for purchase on any Mandatory Purchase Date at the Purchase Price thereof. Notwithstanding the preceding sentence, there will be no purchase pursuant to the provisions described in

this paragraph of Series 2026A Bonds to be redeemed on the Mandatory Purchase Date, nor of Series 2026A Bonds issued in exchange for or upon the registration of transfer of such Bonds to be redeemed.

Holders of Series 2026A Bonds are required to tender such Bonds to the Remarketing Agent by 10:00 a.m., Local Time, on each Mandatory Purchase Date. The Series 2026A Bonds are not subject to mandatory tender on account of an Authorized Liquidity Termination.

Not less than 30 days prior to each Mandatory Purchase Date occurring as a result of a Credit Modification Date or at the Authority's direction, and not less than three days prior to each Mandatory Purchase Date occurring at the Credit Issuer's direction, the Trustee will give written notice of such Mandatory Purchase Date, by first-class mail, postage prepaid, to the Holders, which notice will be in substantially the form attached to the Indenture, appropriately completed. With respect to any Mandatory Purchase Date that is a Credit Issuance Date or a Liquidity Issuance Date, the Trustee will give written notice of such Mandatory Purchase Date, by first-class mail, postage prepaid, not less than 30 days prior to the proposed Credit Issuance Date or Liquidity Issuance Date, to the Holders, which notice will be in substantially the form attached to the Indenture, appropriately completed. With respect to any Mandatory Purchase Date that is a Conversion Date, the Trustee will provide written notice to the Holders as described under "THE SERIES 2026A BONDS, -Conversion of Interest Rate Determination Method" and "*- Notice of Conversions to Holders.*" Failure to mail such notices or any defects therein will not affect the rights or obligations of the Holders and the Trustee will not be liable to any Holder by reason of its failure to mail such notice or any defect therein.

If a proposed conversion of the Interest Rate Determination Method is revoked or canceled pursuant to the provisions of the Indenture described under "THE SERIES 2026A BONDS, -Conversion of Interest Rate Determination Method" and "*-Failure of Conversion or Revocation of Fixed Rate Conversion,*" all Series 2026A Bonds nevertheless will be deemed to have been tendered for purchase on the Conversion Date and will be purchased on the Conversion Date, and the Series 2026A Bonds will continue to bear interest at the Interest Rate Determination Method in effect prior to the Conversion Date, as described under "THE SERIES 2026A BONDS, -Conversion of Interest Rate Determination Method" and "*-Failure of Conversion or Revocation of Fixed Rate Conversion.*"

*Bonds Deemed Tendered.* If (i) with respect to a Mandatory Purchase Date, a Holder fails to deliver such Bond to the Remarketing Agent on or before the Mandatory Purchase Date, or (ii) with respect to an Optional Tender Date, a Holder gives notice of its election to tender Bonds (or portion thereof) to the Remarketing Agent and thereafter fails to deliver such Bonds (or portion thereof) to the Remarketing Agent, as required, then such Bond (or portion thereof) that is not delivered to the Remarketing Agent will be deemed to have been properly tendered (such Bond being hereinafter referred to as an "Untendered Bond") and, to the extent that there is on deposit with the Remarketing Agent on the date purchase thereof is required, an amount sufficient to pay the Purchase Price thereof, such Untendered Bond will cease to constitute or represent a right to payment of principal or interest thereon and will constitute and represent only the right to the payment of the Purchase Price payable on such date.

*Source of Funds for Purchase of Series 2026A Bonds.* On each Optional Tender Date and each Mandatory Purchase Date there will be purchased (but solely from funds set forth below) the Series 2026A Bonds (or portions thereof) tendered (or deemed tendered) to the Remarketing Agent for purchase in accordance with the Indenture at the applicable Purchase Price. Funds for the payment of the Purchase Price for such Bonds (or portions thereof) will be paid by the Remarketing Agent solely from the following sources and in the following order of priority:

- (i) proceeds of the remarketing of such Bonds (or portions thereof) by the Remarketing Agent;
- (ii) if a Credit Facility is then in effect, moneys drawn under such Credit Facility pursuant to the Indenture;

(iii) if a Credit Facility is then in effect, moneys from the Bond Purchase Fund constituting Eligible Funds, if any, under clause (i) of the definition of Eligible Funds which have been transferred to the Remarketing Agent pursuant to the Indenture;

(iv) if a Liquidity Facility is then in effect, moneys paid by the Liquidity Provider to purchase such Bonds pursuant to the terms of the Liquidity Facility; and

(v) any other moneys furnished by or on behalf of the Authority for purchase of Series 2026A Bonds.

Bonds (or portions thereof) purchased as described above will be delivered as described under “THE SERIES 2026A BONDS -Optional and Mandatory Tender of Series 2026A Bonds, *Delivery of Purchased Series 2026A Bonds*.”

*Delivery of Purchased Series 2026A Bonds.* Series 2026A Bonds (or portions thereof) purchased pursuant to the Indenture will be delivered as follows:

(a) Bonds Purchased from Remarketing Proceeds. Bonds purchased with moneys described in paragraph (i) under “THE SERIES 2026A BONDS -Optional and Mandatory Tender of Series 2026A Bonds, *Source of Funds for Purchase of Series 2026A Bonds*” will be delivered to the purchasers thereof upon receipt of payment therefor. Prior to such delivery the Registrar will provide for registration of transfer to the Holders, as provided in a written notice from the Remarketing Agent;

(b) Bonds Purchased from Draws Under Credit Facility or Under Liquidity Facility. Bonds (or portions thereof) purchased with moneys drawn under a Credit Facility (“**Pledged Bonds**”) will be surrendered to the Trustee for registration of transfer to the Authority and upon such registration of transfer, the Series 2026A Bonds issued in respect thereof will be (i) delivered to and held by the Trustee for the account of the Authority, and no such Bond will be released, pledged or otherwise transferred or disposed of until the Trustee has received written notice from the Credit Issuer that the amounts so drawn under the Credit Facility, together with interest thereon, if any, due pursuant to any Credit Agreement, have been reimbursed to the Credit Issuer and that the amount so drawn under the Credit Facility with respect to such Bonds has been, or upon such release will be, correspondingly and fully reinstated, and thereupon will be delivered to, or in accordance with the written direction of, the Authority or (ii) if required pursuant to any Credit Agreement, issued to a pledge agent for the account of the Credit Issuer as pledgee of such Bonds, and no such Bond will be released, pledged or otherwise transferred or disposed of until the Trustee has received written notice from the Credit Issuer that the amounts so drawn under the Credit Facility, together with interest thereon, if any, due pursuant to any Credit Agreement, have been reimbursed to any Credit Issuer and that the amount so drawn under the Credit Facility with respect to such Bonds has been, or upon such release will be, correspondingly and fully reinstated. If the Book-Entry System is in effect and less than all of the Series 2026A Bonds become Pledged Bonds, the Trustee shall withdraw any Pledged Bonds from the Book-Entry System and shall authenticate and hold physical bonds as described in this subsection until all such Bonds are released as provided in this subsection, at which time the Trustee shall reinstate the Book-Entry System with respect to such Bonds. Bonds or portions thereof purchased with moneys drawn under a Liquidity Facility shall be surrendered to the Trustee for registration of transfer to the Liquidity Provider; and

(c) Bonds Purchased with Other Moneys. Bonds (or portions thereof) purchased with any other moneys pursuant to the Indenture will be delivered to the Trustee (i) for cancellation and will be canceled, or (ii) if the Authority requests, for registration of transfer to the Authority.

Notwithstanding the above, so long as the Series 2026A Bonds are held under the Book-Entry System, Bonds will not be delivered as set forth in (a) through (c) above (except as set forth in the last sentence of (b) above); rather, transfers of beneficial ownership and pledges of the Series 2026A Bonds to

the persons indicated above will be effected on the books of the Securities Depository and its Participants pursuant to its rules and procedures.

*Remarketing of Series 2026A Bonds; Remarketing Agent.* Stifel, Nicolaus & Company, Incorporated (in such capacity, together with any successor appointed pursuant to the Indenture) has been appointed the initial Remarketing Agent pursuant to the Indenture and has entered into a Remarketing Agreement with the Authority, dated as of the date of issuance of the Series 2026A Bonds (the “**Remarketing Agreement**”). The Remarketing Agent’s duties and obligations are governed by the express provisions of the Indenture and the Remarketing Agreement. Pursuant to the Remarketing Agreement, the Remarketing Agent is obligated to use its reasonable best efforts to solicit indications of interest from purchasers of tendered Bonds, but is not obligated to advance its own funds to purchase, or to effect the purchase of, any Bonds.

Subject to the Indenture and the Remarketing Agreement, the Remarketing Agent will use its reasonable best efforts to place Bonds (or portions thereof) at a price of par plus accrued interest, if any, on each date that such Bonds (or portions thereof) are required to be purchased pursuant to the Indenture, and, if such Bonds are not placed on such date (such Bonds being hereinafter referred to as “**Unremarketed Bonds**”), the Remarketing Agent will continue, for a period not in excess of 30 days after such date, to use its reasonable best efforts to place such Unremarketed Bonds at a price of par plus accrued interest, if any. The Remarketing Agent will use its reasonable best efforts to place Unremarketed Bonds on a particular date that is more than 30 days after the date on which such Unremarketed Bonds were tendered (or deemed tendered) for purchase and became Unremarketed Bonds upon receipt by the Remarketing Agent and the Trustee by 10:00 a.m., Local Time, on such date, of an Opinion of Bond Counsel to the effect that under the laws existing on such date, the placement of such Unremarketed Bonds on such date will not adversely affect the exclusion of interest on the Series 2026A Bonds from gross income of the Holders thereof for federal income tax purposes.

The Remarketing Agreement provides that the Remarketing Agent’s responsibilities are contractual in nature and that the Remarketing Agent is not acting as an advisor, financial advisor, fiduciary or agent under the law of agency for the Authority. The Remarketing Agent may, however, be required to balance its duty to deal with the Authority in a fair and reasonable manner with its duty to determine interest rates on the Series 2026A Bonds and perform its other responsibilities as Remarketing Agent in a manner that is fair and reasonable to investors.

The Remarketing Agent may at any time resign and be discharged of its duties and obligations created by the Indenture and may be removed at any time in the manner provided in the Indenture. Under the Indenture, the Remarketing Agent may resign by giving at least 30 days’ notice to the Authority, the Trustee, the Paying Agent, the Liquidity Provider, if any, and the Credit Issuer, if any. The Remarketing Agent may be removed at any time, upon not less than 30 days’ notice, at the direction of the Authority, by an instrument signed by the Authority and filed with the Remarketing Agent, the Trustee, the Paying Agent, the Liquidity Provider, if any, and the Credit Issuer, if any; provided that no such removal will be effective until a successor Remarketing Agent has been appointed. The Authority, with the consent of the Liquidity Provider, if any, and the Credit Issuer, if any, which consent may not be unreasonably withheld, has the right to appoint any successor Remarketing Agent for the Series 2026A Bonds, subject to the conditions set forth in the Indenture. To the extent permitted by any Remarketing Agreement then in effect, the Remarketing Agent may at any time transfer all of its duties and obligations as Remarketing Agent under the Indenture to an affiliate of such Remarketing Agent that satisfies the conditions set forth in the Indenture and, upon such transfer, such affiliate will automatically become the Remarketing Agent under the Indenture without any further action.

The Remarketing Agent will not be required to remarket any Bonds pursuant to the Indenture if it has actual knowledge that an Event of Default has occurred and is continuing under the Indenture or if the Remarketing Agent determines, in its sole discretion, that the remarketing of the Series 2026A Bonds would

be unlawful or would be likely to result in the imposition of liability or damages against the Authority, the Remarketing Agent, the Paying Agent, the Trustee, the Liquidity Provider, if any, or the Credit Issuer, if any. The Remarketing Agreement also provides that the Remarketing Agent's obligations are subject to the satisfaction of certain conditions, including, among others, the absence of certain adverse market, legal or regulatory developments, and the absence of any material adverse change in the Authority or in the marketability of the Series 2026A Bonds. The Remarketing Agent may suspend its obligations under the Remarketing Agreement if any such condition is no longer satisfied.

Pursuant to the Remarketing Agreement, the Remarketing Agent may, in its discretion, at any time and from time to time, with prior written notice to the Authority, in good faith, seek to obtain an opinion of counsel satisfactory to it concerning the effect that any action or inaction contemplated by the Remarketing Agent may have on the excludability of interest on the Series 2026A Bonds from gross income of the Holders thereof for federal income tax purposes and other federal tax consequences of interest on the Series 2026A Bonds. In determining the interest rates that the Series 2026A Bonds will bear, the Remarketing Agent will have no liability to the Authority, the Paying Agent, the Trustee, the Registrar, the Credit Issuer, if any, the Liquidity Provider, if any, or any Holder or Beneficial Owners, except for its gross negligence or willful misconduct.

If a Credit Facility is then in effect, the Remarketing Agent will not remarket any Bonds to (i) the Authority, (ii) any other Person obligated (as guarantor or otherwise) to make payments on the Series 2026A Bonds or under a Credit Agreement, or (iii) an "affiliate" of the Authority as defined in Bankruptcy Code § 101(2) (if the Remarketing Agent has actual knowledge that such Person is an "affiliate" at the time of such remarketing), pursuant to the Indenture prior to the expiration or earlier termination of the Credit Facility unless, prior to such remarketing, the Trustee, the Rating Agency, if any, rating the Series 2026A Bonds and the Remarketing Agent have received an unqualified opinion of Counsel experienced in bankruptcy law matters to the effect that such remarketing would not result in a preferential payment pursuant to the provisions of Section 547 of the Bankruptcy Code recoverable from Holders of the Series 2026A Bonds pursuant to Section 550 of the Bankruptcy Code in the event of an Act of Bankruptcy, and if a Rating Agency is rating the Series 2026A Bonds, such Rating Agency has confirmed to the Trustee in writing that its rating will not be withdrawn or reduced as a result of such remarketing.

The Remarketing Agent will give any Person to which Bonds are proposed to be remarketed written notice of any Mandatory Purchase Date, acceleration of maturity of Series 2026A Bonds or redemption of Series 2026A Bonds, notice of which has been given to Holders, prior to remarketing Bonds to such Person.

The Authority will pay the fees and expenses of the Remarketing Agent as provided in the Remarketing Agreement. The Remarketing Agreement also contains provisions requiring the Authority to furnish offering and disclosure materials to the Remarketing Agent, to notify the Remarketing Agent of certain material events affecting the Authority, the Series 2026A Bonds, the Indenture or the Remarketing Agreement, and, when required, to prepare amendments, supplements or replacement disclosure documents. The Remarketing Agreement contains customary indemnification provisions in favor of the Remarketing Agent and certain related persons.

*No Remarketing Under Certain Conditions.* Pursuant to the Indenture, the Series 2026A Bonds will not be remarketed unless (i) a Credit Facility providing for the payment of the principal of and interest on, and Purchase Price of the Series 2026A Bonds will be in effect following the remarketing of such Bonds, (ii) a Liquidity Facility providing for the purchase of Series 2026A Bonds to the extent other funds are not available will be in effect following the remarketing of such Bonds, (iii) no such Credit Facility or Liquidity Facility will be in effect, but at the time of such remarketing, the Series 2026A Bonds are rated by a Rating Agency and such long-term and/or short-term rating is satisfactory to the Remarketing Agent in its sole discretion, or (iv) no such Credit Facility will be in effect, but following the remarketing of such Bonds, the Series 2026A Bonds will bear interest at a Long-Term Rate. In addition, the Series 2026A Bonds will not be remarketed following a Mandatory Purchase Date occurring at the Credit Issuer's direction unless

and until the Remarketing Agent has received the consent of the Credit Issuer to such remarketing. The Remarketing Agent's obligations under the Remarketing Agreement are also subject to the satisfaction of certain additional conditions set forth therein, and the Remarketing Agent may suspend its obligations under the Remarketing Agreement if such conditions are not satisfied

*Draws on Credit Facility or Purchases under Liquidity Facility.* In the event that moneys from the source described in paragraph (i) under "THE SERIES 2026A BONDS -Optional and Mandatory Tender of Series 2026A Bonds, *Source of Funds for Purchase of Series 2026A Bonds*" are insufficient to pay the Purchase Price of Series 2026A Bonds tendered or deemed tendered on an Optional Tender Date or a Mandatory Purchase Date, the Trustee will, by 11:00 a.m., Local Time, on such Optional Tender Date or Mandatory Purchase Date, take all action required to cause the Purchase Price of such Bonds, to the extent not available from such source, to be paid (1) from the Credit Facility, if a Credit Facility is then in effect or (2) from a purchase under the Liquidity Facility, if a Liquidity Facility is then in effect.

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## PLAN OF FINANCING

### Estimated Sources and Uses of Funds\*

#### Sources of Funds:

|                                                |          |
|------------------------------------------------|----------|
| Proceeds from Sale of Series 2026A Bonds ..... | \$ _____ |
| Total Sources of Funds .....                   | \$ _____ |

#### Uses of Funds:

|                                                                 |          |
|-----------------------------------------------------------------|----------|
| Redemption of Outstanding Series 2018B Bonds <sup>1</sup> ..... | \$ _____ |
| Deposit to Construction Fund <sup>2</sup> .....                 | \$ _____ |
| Estimated Costs of Issuance <sup>3</sup> .....                  | \$ _____ |
| Total Uses of Funds .....                                       | \$ _____ |

<sup>1</sup> See "PLAN OF FINANCING, -The Refunding Program."

<sup>2</sup> See "PLAN OF FINANCING, -The Projects."

<sup>3</sup> Includes estimated fees of attorneys and accountants, underwriters' discount and expenses, cost of printing, bond validation fees, rating agencies' fees, initial fee of the Trustee, and other miscellaneous fees and expenses.

### The Refunding Program

Pursuant to the provisions of a bond resolution adopted by the Authority on October 18, 2018 (the "**2018B Resolution**"), and an indenture of trust dated as of December 4, 2018, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**2018B Indenture**"), the Authority issued and delivered \$20,070,000 in aggregate principal amount of its Series 2018B Bonds, which bonds have as security for the payment thereof a first priority pledge of and lien on the Net Revenues of the System. The Series 2018B Bonds are outstanding and unpaid in the original aggregate principal amount of \$20,070,000 and are subject to mandatory sinking fund redemption, in part, on each October 1 in the years 2032 through and including 2038.

A portion of the proceeds from the sale of the Series 2026A Bonds will be used to currently refund and redeem on November 6, 2026 (the "**Redemption Date**"), the principal of and interest on all of the outstanding Series 2018B Bonds (collectively, the "**Refunded Bonds**"). Proceeds of the Series 2026A Bonds will be deposited irrevocably on the date of issuance of the Series 2026A Bonds with The Bank of New York Mellon Trust Company, N.A., having a designated corporate trust office in Houston, Texas, as trustee for the Series 2018B Bonds. The amount so deposited shall be sufficient to pay the principal of and interest on the Refunded Bonds on the Redemption Date. All Refunded Bonds will be redeemed on the Redemption Date. The Authority has given irrevocable instructions to The Bank of New York Mellon Trust Company, N.A., as trustee for the Series 2018B Bonds, to call the Refunded Bonds for redemption on the Redemption Date.

The Authority acknowledges and intends that, by virtue of the aforesaid deposits with The Bank of New York Mellon Trust Company, N.A., the Refunded Bonds will be deemed to have been paid and that, consequently, the rights granted to the Holders of the Refunded Bonds under the 2018B Resolution and 2018B Indenture (except as specifically reserved in said resolutions and indentures) will have ceased, been terminated, and become void concurrently with the issuance and delivery of the Series 2026A Bonds.

## The Projects

Proceeds from the sale of the Series 2026A Bonds will be used by the Authority to pay the costs of additions, extensions and improvements to, and equipment for certain capital facilities of the Authority in accordance with the Capital Improvement Plan (“CIP”) as detailed in the Engineering Report, see “Appendix E: ENGINEERING REPORT.” In particular, the Authority plans to finance improvements to its Rocky Creek WRF to address operational and maintenance rehabilitation needs without increasing permitted treatment capacity.

For further information regarding the Projects, see “Appendix E: ENGINEERING REPORT – Section 4, Proposed Capital Improvements.”

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

*Pledge of Net Revenues of the System.* The Act authorizes the Authority to pledge to the payment of its revenue bonds, and the interest thereon, all or any part of the revenues of the System. In accordance with the Act, the Series 2026A Bonds will be payable from and secured by a pledge of and lien on Net Revenues of the System. The Net Revenues so pledged shall immediately be subject to the charge or lien of said pledge without any physical delivery thereof or other act, and the charge or lien of said pledge shall be valid and binding against the Authority and against all parties having claims of any kind against the Authority whether such claims shall have arisen from a tort, contract, or otherwise and irrespective of whether such parties have notice of such pledge.

Payment of the Series 2026A Bonds is secured by a first and prior pledge of and lien on the Net Revenues of the System. Said first and prior lien or pledge on the Net Revenues of the System is on a parity with the first and prior charge or lien thereon of the following series of bonds previously issued by the Authority:

(a) MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2015, dated December 10, 2015, issued in the original aggregate principal amount of \$8,870,000, (the “**Series 2015 Bonds**”), which bonds were issued pursuant to a master bond resolution adopted by the Authority on October 1, 2015, as supplemented and amended by a first supplemental bond resolution adopted by the Authority on December 3, 2015 (together, the “**2015 Resolution**”). Proceeds of the Series 2015 Bonds were used to provide funds to make substantial additions, extensions and improvements to, and equipment for certain capital facilities of the Authority. The Series 2015 Bonds are outstanding and unpaid in the full original aggregate principal amount of \$8,870,000 and mature on October 1 in the years 2032 through 2035.

(b) MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2018A, dated December 4, 2018, issued in the original aggregate principal amount of \$17,340,000 (the “**Series 2018A Bonds**”), which bonds were issued pursuant to the 2015 Resolution, as supplemented and amended by a second supplemental bond resolution adopted by the Authority on November 15, 2018 (together with the 2015 Resolution, the “**2018A Resolution**”). Proceeds of the Series 2018A Bonds were used to provide funds to make substantial additions, extensions and improvements to, and equipment for certain capital facilities of the Authority. As of October 1, 2026, the Series 2018A Bonds will be outstanding and unpaid in the aggregate principal amount of \$15,345,000 and will mature on October 1 in the years 2027 through 2032.

(c) MACON WATER AUTHORITY WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2020, dated September 29, 2020, issued in the original principal amount of \$30,495,000 (the “**Series 2020 Bond**”), which bond was issued in accordance with a resolution adopted by the Authority on October 3, 2019 (the “**2019 Resolution**”). Proceeds of the Series 2020 Bond were used to currently refund and redeem the Authority’s (i) WATER AND SEWER REVENUE BONDS, SERIES 2010B, (ii) WATER AND SEWER REVENUE BONDS, SERIES 2011A, and (iii) WATER AND SEWER REVENUE BONDS, SERIES 2011B, and to pay expenses

incurred in connection with the issuance of the Series 2020 Bond. As of October 1, 2026, the Series 2020 Bond will be outstanding and unpaid in the principal amount of \$12,375,000, bears interest at the rate of 2.07% per annum, and is subject to scheduled mandatory redemption on October 1 of each year until maturity on October 1, 2031.

(d) **MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2020B**, dated September 24, 2020, issued in the original aggregate principal amount of \$20,380,000 (the “**Series 2020B Bonds**”), which bonds were issued in accordance with a resolution adopted by the Authority on August 26, 2020 (the “**2020B Resolution**”). Proceeds of the Series 2020B Bonds were used to provide funds to make substantial additions, extensions and improvements to, and equipment for certain capital facilities of the Authority. As of October 1, 2026, the Series 2020B Bonds will be outstanding and unpaid in the aggregate principal amount of \$16,755,000 and mature on October 1 in the years 2027 through 2041.

(e) **MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2024**, dated October 22, 2024, issued in the original aggregate principal amount of \$102,710,000 (the “**Series 2024 Bonds**”), which bonds were issued pursuant to a bond resolution adopted by the Authority on September 5, 2024, as supplemented and amended by a first supplemental bond resolution adopted by the Authority on October 3, 2024 (together, the “**2024 Resolution**”). Proceeds of the Series 2024 Bonds were used to provide funds to make substantial additions, extensions and improvements to, and equipment for certain capital facilities of the Authority. As of October 1, 2026, the Series 2024 Bonds will be outstanding and unpaid in the full original aggregate principal amount of \$102,710,000, and mature on October 1 in the years 2039 through 2054.

In accordance with the 2015 Resolution, the 2018A Resolution, the 2019 Resolution, the 2020B Resolution and the 2024 Resolution (collectively, the “**Prior Resolutions**”), the Authority has pledged to the payment of the principal of and interest on the Prior Bonds and any bonds issued on a parity therewith the Net Revenues of the System.

The Authority is in compliance with all covenants and undertakings in connection with the Prior Bonds. The Prior Resolutions are in full force and effect and have not been repealed, altered, or amended in any respect which will adversely affect the rights or interests of the owners of any of said bonds. The Series 2026A Bonds are being issued on a parity with the Prior Bonds.

See “PLAN OF FINANCING, -Rate Covenant” and “Appendix B: FORM OF THE INDENTURE, -Revenues and Funds; -Flow of Funds.”

*Debt Service Reserve.* Payment of principal of and interest on the Series 2026A Bonds will also be secured by the Debt Service Reserve Requirement held in the Debt Service Reserve Account within the Sinking Fund, which is held in trust for the owners of the Prior Bonds and the Series 2026A Bonds under the terms of the Prior Resolutions and the Indenture. The Debt Service Reserve Requirement for the Series 2026A Bonds will be fully funded by the Authority upon the issuance of the Series 2026A Bonds.

*Limited Obligations.* The Series 2026A Bonds are limited obligations of the Authority. The principal of and redemption premium, if any, and interest on the Series 2026A Bonds are not payable from, and are not a charge upon, any funds of the Authority other than the Net Revenues of the System. The Series 2026A Bonds do not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Authority, other than the Net Revenues of the System. The Series 2026A Bonds do not constitute a debt of Macon-Bibb County within the meaning of any constitutional or statutory limitation or provision nor a pledge of the faith and credit of Macon-Bibb County, but the Series 2026A Bonds shall be payable solely from the funds provided for in the Indenture, and the issuance of the Series 2026A Bonds shall not directly, indirectly, or contingently obligate Macon-Bibb County to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

## Investment of Money

(a) *Projects Fund.* Subject to the provisions of the Indenture, money in the Projects Fund for the Series 2026A Bonds may be invested and reinvested, upon direction to the Trustee from the Authority, in any of the following investments allowed by O.C.G.A. § 36-82-7, if and to the extent the same are at the time legal for investment of bond proceeds:

- (i) the local government investment pool created in O.C.G.A. § 36-83-8; or
- (ii) the following securities and no others:

(A) bonds or other obligations of the Authority, or bonds or obligations of the State or other states or of counties, municipal corporations and political subdivisions of the State;

(B) bonds or other obligations of the United States or of subsidiary corporations of the United States government, which are fully guaranteed by such government;

(C) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(D) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan or payment agreement with the United States government;

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

subsidiary corporations included in subparagraph (B) above, obligations of the agencies and instrumentalities of the United States government included in subparagraph (C) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in subparagraph (D) above; and

(F) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

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

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

(3) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

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

(G) Interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys.

(b) *Revenue Fund, Sinking Fund, and the Renewal and Replacement Fund.* Money not required to pay current obligations of the Authority may be invested in the following investments, if and to the extent the same are at the time legal for investment of such money:

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

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

(B) obligations of any corporation of the United States government.

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

(D) obligations of other political subdivisions of the State.

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

(F) prime bankers' acceptances.

(G) repurchase agreements.

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

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

### **Projects Fund Disbursements**

All payments from the Projects Fund shall be made on a reimbursement basis upon requisitions signed by an authorized signatory of the Authority properly authorized to sign on its behalf. There shall be filed with each requisition presented to the Trustee (other than requisitions issued in payment for the fees and costs incident to the issuance of the Series 2026A Bonds): (i) approved construction draw requests stating the amount which has been paid to each contractor or vendor, to include the name of the person, firm, or corporation to whom payment thereof has been made; and (ii) a certificate attached to the requisitions wherein the Consulting Engineer certifies that (A) an obligation in the stated amount has been incurred by the Authority, and that the same is a proper charge against the Projects Fund, and stating that the bill, invoice, or statement of account for such obligation, or a copy thereof, is on file in the office of the Consulting Engineer; (B) the Consulting Engineer has not notice of any vendor's, or mechanic's, or other liens or rights to liens, chattel mortgages, or conditional sales contracts which should be satisfied or discharged before such payment is made; (C) such requisition contains no item representing payment on account or any retained percentages which the Authority is, at the date of such certificate, entitled to retain; and (D) insofar as such obligation was incurred for work, material, supplies, or equipment in connection with the Projects, such work was actually performed, or such material, supplies, or equipment was actually installed in or about the construction or delivered at the site of the work for that purpose.

### **Rate Covenant**

The Authority covenants in the Resolution that it has placed into effect a schedule of rates, fees, and charges for the services, facilities, and commodities furnished by the System and as often as it shall appear necessary the Authority shall revise and adjust such schedule of rates, fees, and charges for services and facilities to the extent necessary to produce funds sufficient to:

(a) pay the Operating Expenses of the System;

(b) pay the debt service requirements of the Bonds and any other obligations of the Authority in connection with the issuance of the Bonds; and

(c) provide Net Revenue, without making allowances for depreciation, which is at least equal to 120% of the amount required to be paid into the Debt Service Account in the Sinking Fund in the then current Sinking Fund Year.

If the Authority fails to adopt a schedule or schedules of rates, fees, and charges or to revise the same as necessary in accordance with the provisions of the Indenture, the holder of any Bond, without regard to whether any default shall have occurred, may institute and prosecute in any court of competent jurisdiction an appropriate action to compel the Authority to adopt such schedule or schedules or to revise such schedule or schedules so that funds will be received sufficient in amount to maintain at all times funds for which provisions are made in the Indenture, and to pay the Operating Expenses of the System.

The rates, fees, and charges will be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that, as nearly as practicable, such rates, fees, and charges will be uniform in application to all users falling within any reasonable class.

### **Additional Bonds**

The Authority may issue Additional Bonds from time to time ranking as to lien on the Net Revenues of the Authority *pari passu* with the Prior Bonds and the Series 2026A Bonds provided all of the following conditions are met:

(i) The payments covenanted to be made by the provisions of the Prior Resolutions and the Indenture, as such payments may have been enlarged and extended in any proceedings authorizing the issuance of future bonds on a parity with the Prior Bonds and the Series 2026A Bonds, and then being made on a current basis as required, the Sinking Fund and the Renewal and Replacement Fund are at their proper balances, and there shall exist no default as to the payment of the principal of or interest on any Bonds issued pursuant to the Prior Resolutions or the Indenture or future bonds issued on a parity therewith which are not to be redeemed upon delivery of such Additional Bonds.

(ii) The net earnings of the System for a period of twelve consecutive months out of the 24 months immediately preceding the adoption of the resolution or indenture authorizing the issuance of such Additional Bonds must have been equal to at least 1.25 times the highest combined principal and interest requirements in any succeeding Sinking Fund Year on the outstanding Bonds and on the Bonds then proposed to be issued; provided, however, that, in making the determination of such coverage, (A) there shall first be deducted from the combined principal and interest requirements for each succeeding Sinking Fund Year all payments made or contracted to be made for deposit to the Sinking Fund by Macon-Bibb County pursuant to any future contract entered into by such political subdivision and the residents thereof of the facilities and services of the System and (B) all principal and interest requirements for the payment of any Bonds to be redeemed from any funds to be made available upon delivery of the Additional Bonds or obligations then proposed to be issued shall be disregarded and shall not be taken into account. Net earnings for the purpose of this subsection (ii) shall be the amount by which the gross earnings of the System for the applicable period shall exceed (x) the Operating Expenses and (y) the amounts included in gross earnings and paid for deposit to the Sinking Fund in the applicable period pursuant to any contract with Macon-Bibb County. For the purpose of this subsection (ii), the interest requirements on any Bonds bearing interest at a variable rate shall be determined by using the average interest rate on such Bonds of the 12 months immediately preceding the adoption of the resolution or indenture authorizing the issuance of such Additional Bonds; provided, however, that if such variable rate Bonds have been outstanding for less than 12 months, the interest requirements shall then be determined by using the average interest rate on such Bonds for as many months as possible.

(iii) An independent and recognized firm of certified public accountants employed by the Authority shall certify to the Authority that the requirements set forth in Sections (i) and (ii) above are being met and have been complied with.

(iv) An independent and recognized firm of consulting engineers employed by the Authority shall provide a written report to the Authority containing (i) the engineer's recommendations as to the additions, extensions, and improvements to be made to the System with the proceeds to be derived from

the issuance of such Additional Bonds; (ii) a designation, in reasonable detail, of the work and installation proposed to be done and the estimated cost thereof; and (iii) an opinion of the engineers as to the capability of the System, as so added to, extended, and improved, of generating revenues sufficient to pay the costs of operating, maintaining, and repairing the System and of paying the Authority's present and future Sinking Fund payments required under the Prior Resolutions together with the debt service requirements of the Indenture. Such report shall also contain a projection of the net earnings to be derived from the System for each succeeding Sinking Fund Year after such additions, extensions, and improvements have been completed.

(v) The Authority shall adopt proper proceedings reciting that all of the above requirements have been met and shall authorize the issuance of such Additional Bonds which proceedings shall, *inter alia*, provide for the date and rate or rates of interest, maturity dates, and redemption provisions. Interest on such Additional Bonds shall fall due on April 1 and October 1 of each year, and the Additional Bonds shall mature on April 1 or October 1, but not necessarily in each year or in equal installments. Any such proceedings shall require the Authority to increase the monthly payments then being made into the Sinking Fund to the extent necessary to pay the principal of and the interest on all Bonds, including the Additional Bonds proposed to be issued, and to create, within not more than five years from the date of delivery of the Additional Bonds to be issued, a debt service reserve in the Sinking Fund in an amount at least equal to, and to maintain said reserve in an amount equal to the Debt Service Reserve Requirement in any succeeding Sinking Fund Year. Any such proceeding or proceedings shall restate and reaffirm by reference all of the applicable terms, conditions, and provisions of the Prior Resolutions and the Indenture.

(vi) Such additional bonds or obligations and all proceedings relative thereto, and the security thereof shall be validated as prescribed by law.

(vii) In the event such Additional Bonds are revenue refunding bonds which will not provide any proceeds to be used for additions, extensions, and improvements to the System, the Authority is not required to obtain a written report from a firm of consulting engineers as described in (iv) above.

## **Remedies**

The Revenue Bond Law provides that the provisions of the Revenue Bond Law and the Indenture constitute a contract between the Authority and the owners of the Bonds. For a description of the remedies available to owners of the Bonds under the terms of the Indenture upon the occurrence of an Event of Default thereunder, see "Appendix B: FORM OF THE INDENTURE." In addition to the remedies set forth in the Indenture, the Revenue Bond Law provides that the duties of the Authority and the officers of the Authority under the Revenue Bond Law and the Indenture are enforceable by any owner of the Bonds by mandamus or other appropriate action or proceeding at law or in equity.

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

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

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

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

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

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

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## **THE SYSTEM**

### **General**

The System is composed of a water storage, treatment, and distribution system and a wastewater collection, treatment, and disposal system. The Authority has ultimate authority and control over the policy and rate setting of the System. The System is the exclusive provider of water and sewer service for residents and businesses within Macon-Bibb County with the exception of private water systems serving several small subdivisions and a wastewater treatment facility owned and operated by Armstrong Cork Company which is the exclusive user of that facility. In addition, the Authority provides both wholesale and direct water and sewer service to residents and businesses in the adjacent counties of Monroe and Jones as well as wholesale wastewater services to the City of Byron in Peach County, Georgia. The System provides service to approximately 51,799 water customers and approximately 42,610 sewer customers.

The Act does not prevent Macon-Bibb County or any adjoining municipality or county from owning, operating, or maintaining water and sanitary sewer facilities. However, the Act provides that while any bonds issued by the Authority remain outstanding no other entity, department, agency, or authority may be created which will compete with the Authority to such an extent as to affect adversely the interests and rights of the holders of such bonds.

### **Water System**

The Authority's water system consists of a water storage, treatment, and distribution system. The principal water supply source is the Ocmulgee River, which is the eastern boundary of Macon-Bibb County. The water is withdrawn from the Ocmulgee River and stored in the Javors J. Lucas Lake Reservoir, which has a maximum storage capacity of 5.9 billion gallons. The Authority presently has one water treatment plant, the Amerson Water Treatment Plant, which processes potable water provided to the Authority's customers. The water distribution system has approximately 1,676 miles of water mains serving approximately 51,799 customers.

As a result of the Macon-Bibb County flood of 1994, the Authority reconsidered its long-term plans for improvements at the Riverside Drive Water Treatment Plant and decided to build a completely new facility adjacent to the newly constructed Lucas Lake Reservoir on property owned by the Authority in Jones County, Georgia. The facility, consisting of the new Amerson Water Treatment Plant and the new Lucas Lake Reservoir, sits on approximately 3,000 acres. This plant was completed in 1999 and is capable of producing 60 MGD. The plant was brought online in July 2000 and has state-of-the-art water processing technology. In addition, the facility can be expanded to 90 MGD with some modifications. Water purification at the new plant is achieved through a process of advanced coagulation, flocculation, sedimentation, and filtration. The Riverside Drive Water Treatment Plant was closed in March 2001 and the land donated by the Authority to Macon-Bibb County as a community park.

The funding for the \$116 million Amerson Water Treatment Plant came from federal, State, and Authority sources. The Federal Emergency Management Agency provided \$75 million. The Georgia Emergency Management Agency provided \$4 million. The Economic Development Administration funded \$7.8 million. The Georgia Department of Transportation funded \$179,000 and the Authority provided the remaining \$28 million to complete the project.

The Javors J. Lucas Lake Reservoir is a pumped storage reservoir that is "off stream" from the Ocmulgee River. Under normal operation, raw water is pumped from the reservoir to the Amerson Water Treatment Plant for treatment. The reservoir holds approximately 5.9 billion gallons at full pool and has an annual safe yield of 72 MGD, based on the severest drought years on record. Planning for the reservoir began in the late 1980s and construction was completed in mid-1994. The original purpose was to allow the Authority to augment the flow in the Ocmulgee River so the Riverside Drive Water Treatment Plant

could operate during low flow conditions. The flooding in July 1994 due to Tropical Storm Alberto caused the Authority to re-dedicate the purpose of the reservoir to directly feed the Amerson Water Treatment Plant and thus bypass direct dependence on the Ocmulgee River. A pump station on the Ocmulgee River allows for water to be pumped either from the river to the reservoir for reservoir filling or from the river directly to the Water Treatment Plant.

For the 12-month period ending on December 31, 2025, average daily production of water at the Amerson Water Treatment Plant was 26.16 MGD. Peak daily production during this period was 34.72 MGD.

For more complete information about the water system, see “APPENDIX E: ENGINEERING REPORT.”

## **Wastewater System**

The wastewater system includes the wastewater collection system (gravity sewers, pumping stations, and force mains) and two water reclamation facilities, which have a combined capacity of approximately 48 MGD. The collection system consists of interceptors and collector sewers ranging in size from 6-inch diameter to 54-inch diameter. Eight major wastewater pumping stations and fifty smaller pumping stations supplement the gravity flow of the system. There are over 1,000 miles of sewers, including over 220 miles of major interceptor sewers up to 60 inches in diameter, serving approximately 42,610 customers.

The two wastewater treatment facilities are the Lower Poplar Street Wastewater Reclamation Facility and the Rocky Creek Wastewater Reclamation Facility.

The Lower Poplar Street Plant was Macon-Bibb County’s first wastewater treatment facility, and treats wastewater with primary clarifiers, trickling filters, aeration tanks, secondary clarifiers, chlorination, and anaerobic sludge digestion. The original 12 MGD facility was built for \$1.72 million and began operation in 1959. With further improvements and renovations totaling more than \$31 million, the current facility is capable of processing 20 MGD of wastewater on a maximum monthly average daily flow (MMADF) basis.

The Rocky Creek Water Pollution Control Facility is a secondary wastewater treatment facility utilizing the extended aeration sludge process. This 14 MGD facility was completed in 1974 at a cost of \$3.3 million. The original facility has undergone a series of expansions and upgrades since 1974 that have increased the facility’s treatment capacity to 24 MGD. During fiscal year 2014, the Authority was successful in having Rocky Creek expanded to 28 MGD without any additional capital expenditures. This increase was accomplished through permitting changes approved by the EPD.

Total permitted combined capacity of the Lower Poplar and Rocky Creek Wastewater Treatment Plants is 48 MGD. The average daily flow to the Lower Poplar and Rocky Creek Wastewater Treatment Plants for the twelve months ending on December 31, 2025 was 13.58 MGD and 18.72 MGD, respectively; the peak daily flow for the same period was 15.71 MGD and 19.80 MGD, respectively.

For more complete information about the wastewater system, see “APPENDIX E: ENGINEERING REPORT.”

## **Governmental Approvals and Environmental Regulation**

*State Requirements.* The Georgia Water Quality Control Act authorizes the State of Georgia Department of Natural Resources, Environmental Protection Division (“**EPD**”), to regulate the withdrawal of groundwater and water from rivers, lakes, and streams in Georgia. EPD has issued to the Authority permits for withdrawal of raw water from (i) the Ocmulgee River in the amount of 35 MGD in a 24-hour

period during certain low flow conditions and up to 110 MGD in a 24-hour period during high flows and a monthly average of 110 MGD and (ii) the Lucas Lake Reservoir in the amount of 63 MGD in a 24-hour period and on a monthly basis. The Authority is in compliance with all state regulations governing its water system and is continually upgrading and modifying the water system to maintain compliance.

EPD also regulates wastewater treatment systems in Georgia pursuant to the Georgia Water Quality Control Act. The EPD has issued to the Authority an operating permit for treatment of up to 20 MGD at the Poplar Street Water Pollution Control Facility, and an operating permit for treatment of up to 28 MGD at the Rocky Creek Water Pollution Control Facility. The Authority was under EPD Consent Order EPD-WQ-3854, dated April 18, 2001, in reference to the operation of its sewage conveyance system, and EPD Consent Order EPD-WQ-4159, dated August 8, 2003, which required the Authority to eliminate the disposal of sewage through pump and haul operations.

On December 18, 2007, the Authority entered a Capacity Management, Operation and Maintenance Program (CMOM) Consent Agreement, No. EPD-WQ-4819, with EPD. The agreement recognizes the Authority's CMOM program adheres to the strictest regulatory guidelines in the industry for the prevention of and response to sewer spills. Said agreement terminated Consent Agreement EPD-WQ-4819 and Consent Order EPD-WQ-3854 and greatly reduced the dollar amounts of fines paid by the Authority for sewer spills. Only five other public water utilities in Georgia have entered into such a consent agreement with EPD, and the Authority is the only utility outside of metro Atlanta's "zero tolerance" zone to do so. The greatest benefit of the Consent Agreement with EPD is the confidence the public now has in the Authority.

The Authority is under EPD Consent Order EPD-WP-9209, dated March 24, 2022, in reference to the operation of the Rocky Creek Waste Water Reclamation Facility which required the Authority to (i) pay a fine of \$59,807, (ii) submit to EPD a plan with schedules for approval addressing all permit effluent limit violations and spills of raw sewage into waters of the State, and (iii) submit to EPD an evaluation of the Authority's Enforcement Response Plan to review its effectiveness at preventing noncompliance from industrial users and bringing non-compliant industrial users into compliance. The Authority has satisfied all of the conditions of such consent order and is awaiting confirmation from EPD that the order has been satisfied and terminated.

*Federal Requirements.* The Authority's wastewater operations are subject to the regulatory requirements imposed by the Federal Water Pollution Control Act, as amended (the "**Clean Water Act**"). The regulatory requirements are administered by the Federal Environmental Protection Agency ("**EPA**") through the EPD. Regulations of these agencies deal primarily with the quality of effluent which may be discharged from the Authority's wastewater treatment facilities, the disposal of sludge generated by the wastewater treatment plants, the discharge of pollutants into the groundwater and surface water, and the nature of waste material (particularly industrial waste) discharged into the collection system. To comply with federally mandated effluent quality and disposal criteria, the Authority must operate its wastewater treatment facilities according to discharge limitations and reporting requirements set forth in National Pollutant Discharge Elimination System ("**NPDES**") discharge permits. As a condition of having received Federal EPA grant funds under the Clean Water Act for planning, design, and construction of various wastewater projects, the Authority is subject to additional regulatory requirements. Among the grant-related requirements are guidelines which must be followed concerning planning methodologies, design criteria, construction activities, and the operation, maintenance, and financing of facilities. The Authority is complying with all such grant-related regulations.

## Capital Improvements from Current Funds

The Authority has a long-term capital improvement plan consisting of numerous water and sewer line extensions, rehabilitation of existing lines, and upgrades to older sewers and lift stations. These projects will extend services into growth areas, improve the quality of service in currently served areas, and replace, repair, and upgrade older facilities. The capital improvement plan is financed with proceeds from the sale of the Authority's water and sewer revenue bonds and investment earnings thereon, internally generated funds, proceeds of loans obtained from the Georgia Environmental Finance Authority and other federal sources.

The following table shows the amounts spent on capital improvements to the System during the fiscal years 2021 through 2025.

| <u>Fiscal Year Ended</u><br><u>September 30</u> | <u>Capital</u><br><u>Improvements</u> |
|-------------------------------------------------|---------------------------------------|
| 2021                                            | \$29,028,447                          |
| 2022                                            | 26,809,046                            |
| 2023                                            | 29,879,190                            |
| 2024                                            | 15,760,136                            |
| 2025                                            | 26,097,656                            |
| Total                                           | <u>\$127,574,475</u>                  |

## Equity Management Plan

On August 6, 2026, the Authority adopted (i) its fiscal 2027 budget, (ii) a new schedule of water and sewer rates, and (iii) its five-year equity management plan (the "Equity Management Plan"). The Equity Management Plan is a five-year plan subject to annual review and adoption in conjunction with the Authority's budget. The Equity Management Plan encompasses the Authority's capital improvement plan, forecast of revenue requirements, forecast of rates and charges necessary to produce required revenues, and the resulting changes to the Authority's balance sheet, income statement, and net position. As part of the Equity Management Plan, the Authority establishes its schedule of water and sewer rates for the next three calendar years, with the third year subject to adjustment based on the rate study, which is updated every two years. Set forth below is table depicting how the Equity Management Plan cycle is designed.

### Sample Equity Management Plan Cycle

|              |                                                                                                                   |
|--------------|-------------------------------------------------------------------------------------------------------------------|
| August 2026  | Budget / 5yr. EMP and Rate Study / Rates for '27 and '28 approved / Rates for '29 approved subject to review      |
| January 2027 | 2027 Rates adopted in 2026 effective                                                                              |
| August 2027  | Budget / 5yr. EMP review                                                                                          |
| January 2028 | 2028 Rates adopted in 2026 effective                                                                              |
| August 2028  | Budget / 5yr. EMP review / rate study / Rates for '29 and '30 approved / rates for '31 approved subject to review |
| January 2029 | 2029 Rates adopted in 2026 and confirmed in 2028 effective                                                        |
| August 2029  | Budget / 5yr. EMP review                                                                                          |
| January 2030 | 2030 Rates adopted in 2028 effective                                                                              |

## Current Water and Sewer Rates

Fees charged for water and sewer service to residential and non-residential customers are based on metered water or computed wastewater usage, in addition to a fixed monthly charge per unit served. No users are provided with free service. The Authority establishes rates for water and wastewater services and adjusts the rates from time to time to assure that sufficient revenues are generated to cover costs of operation, maintenance, and debt service, in compliance with the rate covenant set forth in the Indenture. On August 6, 2026, the Authority adopted a new schedule of rates and charges which implemented a tiered rate structure for both water and sewer volumetric rates. The new rate structure is effective January 1, 2027. The Authority also approved its schedule of rates and charges effective January 1, 2028 and January 1,

2029. The January 1, 2029 schedule is subject to modification in accordance with the review of the Authority's Equity Management Plan. See "EQUITY MANAGEMENT PLAN, -Rate Covenant."

The Authority's current water and sewer rate structure is set forth in Section 5.3 Water and Sewer Rates of the Engineering Report included in Appendix E to this Official Statement. See "Appendix E: ENGINEERING REPORT -Water and Sewer Rates."

## Billing

The Authority bills all water and sewer customers on a monthly basis. Bills are due within 20 days after billing and become delinquent if not paid within 25 days after the billing date. The Authority may discontinue service to a customer whose bill is 30 days delinquent. Sums due and unpaid to the Authority for owner occupied properties constitute liens on the property of the customer when past due to the same extent as *ad valorem* taxes, except that such liens exist as to third parties only when execution therefor shall have been issued by the Authority and placed on the General Execution Docket of the Superior Court of Bibb County.

## Historical Numbers of Water and Sewer Customers

The following table shows historical data of water and sewer users for fiscal years 2021 through 2025.

| <u>Fiscal Year Ended</u><br><u>September 30</u> | <u>Number of</u><br><u>Water Customers</u> | <u>Number of</u><br><u>Sewer Customers</u> | <u>Water Produced</u><br><u>(Gallons)</u> | <u>Sewer Treated</u><br><u>(Gallons)</u> |
|-------------------------------------------------|--------------------------------------------|--------------------------------------------|-------------------------------------------|------------------------------------------|
| 2021                                            | 50,460                                     | 41,444                                     | 8,519,000,000                             | 12,677,000,000                           |
| 2022                                            | 50,847                                     | 41,851                                     | 9,851,000,000                             | 13,812,000,000                           |
| 2023                                            | 51,135                                     | 42,044                                     | 9,652,000,000                             | 12,535,000,000                           |
| 2024                                            | 51,762                                     | 42,559                                     | 9,779,000,000                             | 12,526,000,000                           |
| 2025                                            | 51,799                                     | 42,610                                     | 9,566,000,000                             | 12,388,000,000                           |

## Historical Water and Sewer Usage

| <u>Fiscal Year Ended</u><br><u>September 30</u> | <u>Daily Water Production</u> |                    | <u>Daily Sewer Treatment</u> |                    |
|-------------------------------------------------|-------------------------------|--------------------|------------------------------|--------------------|
|                                                 | <u>Peak MGD</u>               | <u>Average MGD</u> | <u>Peak MGD</u>              | <u>Average MGD</u> |
| 2021                                            | 37.3                          | 25.7               | 42.8                         | 36.1               |
| 2022                                            | 38.5                          | 26.6               | 45.2                         | 35.6               |
| 2023                                            | 37.6                          | 26.4               | 44.8                         | 33.9               |
| 2024                                            | 37.8                          | 26.9               | 48.8                         | 34.9               |
| 2025                                            | 35.1                          | 26.2               | 41.0                         | 33.2               |

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## Largest Water and Sewer Customers

The following table shows the largest customers of the water system and the sewer system, respectively, for the fiscal year ended September 30, 2025.

| <u>Customer</u>                              | <u>Business</u>         | <u>Water<br/>Revenue</u> | <u>Percent of<br/>Annual<br/>Revenue<sup>1</sup></u> | <u>Sewer<br/>Revenue</u> | <u>Percent of<br/>Annual<br/>Revenue<sup>1</sup></u> |
|----------------------------------------------|-------------------------|--------------------------|------------------------------------------------------|--------------------------|------------------------------------------------------|
| Irving Consumer Products, Inc.               | Household products mfg. | \$1,266,804              | 2.80%                                                | \$1,160,564              | 2.85%                                                |
| Graphic Packaging International <sup>2</sup> | Container Boards        | 828,784                  | 1.83                                                 | 4,941,931                | 12.15                                                |
| Macon-Bibb County                            | Government              | 772,658                  | 1.71                                                 | 488,015                  | 1.20                                                 |
| Navicent Health                              | Hospital                | 503,643                  | 1.11                                                 | 508,966                  | 1.25                                                 |
| Nichiha USA, Inc.                            | Building products mfg.  | 489,319                  | 1.08                                                 | 514,520                  | 1.27                                                 |
| Macon Housing Authority                      | Government              | 404,186                  | 0.89                                                 | 417,189                  | 1.03                                                 |
| Central Correctional Institute               | Prison                  | 262,323                  | 0.58                                                 | 275,695                  | 0.68                                                 |
| Kumho Tire                                   | Tire Manufacturer       | 246,690                  | 0.55                                                 | -                        | -                                                    |
| Carlyle Place                                | Senior Living Facility  | 201,234                  | 0.45                                                 | 210,907                  | 0.52                                                 |
| Piedmont Macon Medical Center                | Healthcare              | 192,372                  | 0.43                                                 | -                        | -                                                    |
| First Quality Baby Food                      | Manufacturer            | 190,727                  | 0.42                                                 | -                        | -                                                    |
| City of Bryon                                | Government              | -                        | -                                                    | 1,012,763                | 2.59                                                 |
| YKK                                          | Zipper Manufacturer     | -                        | -                                                    | 366,491                  | 0.90                                                 |
| Subtotal (10 Largest)                        |                         | \$5,358,740              | 11.86%                                               | \$9,897,041              | 24.34%                                               |
| Balance from other customers                 |                         | \$39,824,468             | 88.14%                                               | \$30,770,482             | 75.66%                                               |
| Total                                        |                         | \$45,183,208             | 100.00%                                              | \$40,667,523             | 100.00%                                              |

<sup>1</sup> Based on total Water Revenues of \$45,183,208 and total Sewer Revenues of \$40,667,523 for the fiscal year ended September 30, 2025. See "FINANCIAL INFORMATION CONCERNING THE SYSTEM, -The System's Six-Year Operating History."

<sup>2</sup> The Authority has a long-term agreement in place with Graphic Packaging International ("GPI") to process wastewater. The current agreement is under review, and it is anticipated that the agreement will terminate on June 30, 2028. While GPI is a significant customer, treatment of their wastewater consumes approximately 9 MGD at the Rocky Creek WRF at a below market rate. The Authority believes that losing GPI will be better for the System in the long term and will free up capacity that the Authority can re-sell at current market rates. Other factors for the Authority include (i) GPI wastewater is expensive to treat, including unplanned repair and maintenance, chemical cost, and EPD scrutiny and (ii) losing GPI provides an opportunity to repair and maintain basins at Rocky Creek WRF that is not possible while GPI is on the System. GPI is pursuing permitting to construct its own treatment facility at its own expense, but if the facility is not operational by June 30, 2028, GPI may remain on the System at the then prevailing market rates.

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## DEBT STRUCTURE OF THE SYSTEM

### Estimated Debt Service Schedule\*

The principal and interest payment requirements of the Authority with respect to the Prior Bonds, the Series 2026A Bonds, and outstanding GEFA Loans are as follows (assumes the interest rate on the Series 2026A Bonds equals 2.46%, which is the average rate on the Authority's existing tax-exempt adjustable mode revenue bonds for the twelve-month period ending August 31, 2026.):

| <u>Bond Year</u><br><u>Ending 10/1</u> | <u>Existing Revenue Bonds</u> |                      |                      | <u>Series 2026A Bonds*</u> |                      |                      | <u>Total Revenue Bonds*</u> |                      |                      | <u>GEFA</u>                       | <u>Aggregate</u>     |
|----------------------------------------|-------------------------------|----------------------|----------------------|----------------------------|----------------------|----------------------|-----------------------------|----------------------|----------------------|-----------------------------------|----------------------|
|                                        | <u>Principal</u>              | <u>Interest</u>      | <u>Debt Service</u>  | <u>Principal</u>           | <u>Interest</u>      | <u>Debt Service</u>  | <u>Principal</u>            | <u>Interest</u>      | <u>Debt Service</u>  | <u>Debt Service<sup>(1)</sup></u> | <u>Debt Service</u>  |
| 2027                                   | \$ 5,510,000                  | \$ 7,194,063         | \$ 12,704,063        | \$ -                       | \$ 1,564,769         | \$ 1,564,769         | \$ 5,510,000                | \$ 8,758,831         | \$ 14,268,831        | \$ 782,324                        | \$ 15,051,155        |
| 2028                                   | 5,690,000                     | 7,022,133            | 12,712,133           | -                          | 1,731,921            | 1,731,921            | 5,690,000                   | 8,754,054            | 14,444,054           | 782,324                           | 15,226,378           |
| 2029                                   | 5,885,000                     | 6,817,915            | 12,702,915           | -                          | 1,729,537            | 1,729,537            | 5,885,000                   | 8,547,452            | 14,432,452           | 782,324                           | 15,214,776           |
| 2030                                   | 6,100,000                     | 6,605,559            | 12,705,559           | -                          | 1,730,729            | 1,730,729            | 6,100,000                   | 8,336,288            | 14,436,288           | 782,324                           | 15,218,612           |
| 2031                                   | 6,475,000                     | 6,384,210            | 12,859,210           | -                          | 1,730,729            | 1,730,729            | 6,475,000                   | 8,114,939            | 14,589,939           | 782,324                           | 15,372,263           |
| 2032                                   | 4,330,000                     | 6,108,350            | 10,438,350           | -                          | 1,731,921            | 1,731,921            | 4,330,000                   | 7,840,271            | 12,170,271           | 782,324                           | 12,952,595           |
| 2033                                   | 3,655,000                     | 5,909,700            | 9,564,700            | -                          | 1,729,537            | 1,729,537            | 3,655,000                   | 7,639,237            | 11,294,237           | 782,324                           | 12,076,561           |
| 2034                                   | 3,805,000                     | 5,763,500            | 9,568,500            | -                          | 1,730,729            | 1,730,729            | 3,805,000                   | 7,494,229            | 11,299,229           | 782,324                           | 12,081,553           |
| 2035                                   | 3,960,000                     | 5,611,300            | 9,571,300            | -                          | 1,730,729            | 1,730,729            | 3,960,000                   | 7,342,029            | 11,302,029           | 782,324                           | 12,084,353           |
| 2036                                   | 1,195,000                     | 5,452,900            | 6,647,900            | -                          | 1,731,921            | 1,731,921            | 1,195,000                   | 7,184,821            | 8,379,821            | 782,324                           | 9,162,145            |
| 2037                                   | 1,245,000                     | 5,405,100            | 6,650,100            | -                          | 1,729,537            | 1,729,537            | 1,245,000                   | 7,134,637            | 8,379,637            | 756,035                           | 9,135,672            |
| 2038                                   | 1,295,000                     | 5,355,300            | 6,650,300            | -                          | 1,730,729            | 1,730,729            | 1,295,000                   | 7,086,029            | 8,381,029            | 466,870                           | 8,847,899            |
| 2039                                   | 4,555,000                     | 5,303,500            | 9,858,500            | -                          | 1,730,729            | 1,730,729            | 4,555,000                   | 7,034,229            | 11,589,229           | 466,870                           | 12,056,099           |
| 2040                                   | 4,770,000                     | 5,089,200            | 9,859,200            | -                          | 1,731,921            | 1,731,921            | 4,770,000                   | 6,821,121            | 11,591,121           | 466,870                           | 12,057,991           |
| 2041                                   | 4,990,000                     | 4,864,700            | 9,854,700            | -                          | 1,729,537            | 1,729,537            | 4,990,000                   | 6,594,237            | 11,584,237           | 466,870                           | 12,051,107           |
| 2042                                   | 5,225,000                     | 4,629,750            | 9,854,750            | -                          | 1,730,729            | 1,730,729            | 5,225,000                   | 6,360,479            | 11,585,479           | 466,870                           | 12,052,349           |
| 2043                                   | 5,490,000                     | 4,368,500            | 9,858,500            | -                          | 1,730,729            | 1,730,729            | 5,490,000                   | 6,099,229            | 11,589,229           | 466,870                           | 12,056,099           |
| 2044                                   | 5,765,000                     | 4,094,000            | 9,859,000            | -                          | 1,731,921            | 1,731,921            | 5,765,000                   | 5,825,921            | 11,590,921           | 311,247                           | 11,902,168           |
| 2045                                   | 6,050,000                     | 3,805,750            | 9,855,750            | -                          | 1,729,537            | 1,729,537            | 6,050,000                   | 5,535,287            | 11,585,287           | -                                 | 11,585,287           |
| 2046                                   | 6,355,000                     | 3,503,250            | 9,858,250            | -                          | 1,730,729            | 1,730,729            | 6,355,000                   | 5,233,979            | 11,588,979           | -                                 | 11,588,979           |
| 2047                                   | 6,670,000                     | 3,185,500            | 9,855,500            | 3,925,000                  | 1,730,729            | 5,655,729            | 11,150,000                  | 4,916,229            | 15,511,229           | -                                 | 15,511,229           |
| 2048                                   | 7,005,000                     | 2,852,000            | 9,857,000            | 4,125,000                  | 1,634,907            | 5,759,907            | 11,595,000                  | 4,486,907            | 15,616,907           | -                                 | 15,616,907           |
| 2049                                   | 7,355,000                     | 2,501,750            | 9,856,750            | 4,345,000                  | 1,530,839            | 5,875,839            | 12,060,000                  | 4,032,589            | 15,732,589           | -                                 | 15,732,589           |
| 2050                                   | 7,725,000                     | 2,134,000            | 9,859,000            | 4,565,000                  | 1,424,573            | 5,989,573            | 12,545,000                  | 3,558,573            | 15,848,573           | -                                 | 15,848,573           |
| 2051                                   | 8,110,000                     | 1,747,750            | 9,857,750            | 4,805,000                  | 1,311,817            | 6,116,817            | 13,050,000                  | 3,059,567            | 15,974,567           | -                                 | 15,974,567           |
| 2052                                   | 8,515,000                     | 1,342,250            | 9,857,250            | 5,055,000                  | 1,193,955            | 6,248,955            | 13,575,000                  | 2,536,205            | 16,106,205           | -                                 | 16,106,205           |
| 2053                                   | 8,940,000                     | 916,500              | 9,856,500            | 5,325,000                  | 1,067,539            | 6,392,539            | 14,125,000                  | 1,984,039            | 16,249,039           | -                                 | 16,249,039           |
| 2054                                   | 9,390,000                     | 469,500              | 9,859,500            | 5,600,000                  | 936,748              | 6,536,748            | 14,700,000                  | 1,406,248            | 16,396,248           | -                                 | 16,396,248           |
| 2055                                   | -                             | -                    | -                    | 15,750,000                 | 798,428              | 16,548,428           | 15,300,000                  | 798,428              | 16,548,428           | -                                 | 16,548,428           |
| 2056                                   | -                             | -                    | -                    | 16,575,000                 | 409,684              | 16,984,684           | 15,680,000                  | 409,684              | 16,984,684           | -                                 | 16,984,684           |
| <b>Total</b>                           | <b>\$156,055,000</b>          | <b>\$124,437,929</b> | <b>\$280,492,929</b> | <b>\$ 70,070,000</b>       | <b>\$ 46,487,838</b> | <b>\$116,557,838</b> | <b>\$226,125,000</b>        | <b>\$170,925,767</b> | <b>\$397,050,767</b> | <b>\$ 11,691,743</b>              | <b>\$408,742,509</b> |

## Historical Debt Service Coverage Ratios

*Outstanding Revenue Bonds.* The following tables show the Authority's water and sewer revenue bonds which were outstanding during the fiscal years indicated below including the Series 2015 Bonds, the MACON WATER AUTHORITY WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2016, issued in the original aggregate principal amount of \$9,475,000, which matured October 1, 2016, the Series 2018A Bonds, the Series 2018B Bonds, the Series 2020A Bonds, the Series 2020B Bonds and the Series 2024 Bonds.

Set forth below are the System's historical debt service coverage ratios of Net Revenues Available for Debt Service on the Authority's water and sewer revenue bonds which were outstanding during the past five fiscal years.

### Historical Revenue Bonds Debt Service Coverage

|                                                                                        | <u>2021</u>  | <u>2022</u>  | <u>2023</u>  | <u>2024</u>  | <u>2025</u>  |
|----------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating Income                                                                       | \$10,570,917 | \$21,755,503 | \$(734,004)  | \$8,843,053  | \$27,812,954 |
| Plus: Depreciation                                                                     | 15,641,226   | 16,263,717   | 17,645,799   | 17,921,573   | 17,697,859   |
| Plus: Interest Income                                                                  | 426,371      | (1,579,785)  | 3,600,896    | 4,923,250    | 8,630,604    |
| Plus: Non-cash change in pension liability included in operating expenses <sup>3</sup> | 2,165,468    | (6,200,555)  | 7,327,451    | (148,355)    | (688,822)    |
| Net Revenues Available for Debt Service <sup>1</sup>                                   | \$28,803,982 | \$30,238,880 | \$27,840,142 | \$31,539,521 | \$53,452,595 |
| Historical Debt Service <sup>2</sup>                                                   | \$9,396,787  | \$9,290,576  | \$8,031,243  | \$8,136,159  | \$12,829,211 |
| Historical Total Debt Service Coverage Ratio                                           | 3.07x        | 3.25x        | 3.47x        | 3.88x        | 4.17x        |

<sup>1</sup> Represents Net Operating Income plus Depreciation, interest earnings/investment income and non-cash change in pension liability included in the Authority's operating expenses. See "FINANCIAL INFORMATION CONCERNING THE SYSTEM, -The System's Six-Year Operating History."

<sup>2</sup> Debt Service on the outstanding bonds was calculated based upon the bond year of the outstanding obligations.

<sup>3</sup> GASB requires the change in the Authority's pension liabilities to be recorded in the fiscal year rather than allowing for recognition over a period of time. While this adjustment is required to be accounted for in the operating expenses on the income statement, the adjustment is non-cash and does not affect net cash provided by operating activities. For more information, please see Page 17 and 18 of the Authority's FY2025 Annual Comprehensive Financial Report.

*Historical Debt Service Coverage for Revenue Bonds and GEFA Loans.* During fiscal years 2021 through 2023, the Authority had three outstanding loans with the Georgia Environmental Finance Authority ("GEFA"), the proceeds of which were used to finance improvements to the System. Each of the Authority's GEFA loans (the "GEFA Loans") was secured by a promissory note payable to GEFA and was based upon a contract which requires that the Authority establish and collect rents, rates, fees, charges, or sources of revenue from taxes or other sources sufficient to pay the principal and interest on the loans as they became due and payable. Debt service on the GEFA Loans was not included in the first debt service coverage calculations above because such debt does not hold a lien on the revenues of the System but is paid from revenues of the System after payment of debt service for the Authority's water and sewer revenue bonds and any other senior lien obligations of the System.

As of September 1, 2025, two GEFA loans remain outstanding (i) GEFA Loan CWSRF #13-010, dated May 1, 2014, outstanding in the estimated amount of \$3,482,684, bearing interest at 1.40% and maturing on September 1, 2037, and (ii) GEFA Loan DW2020039-L, dated April 1, 2021, which began repayment on July 1, 2024 and is outstanding in the estimated amount of \$8,720,927, bearing interest at 0.04% and maturing on June 1, 2044.

Set forth below are the System's historical debt service coverage ratios of Net Revenues Available for Debt Service on the Authority's water and sewer revenue bonds and the GEFA Loans for the past five fiscal years.

**Revenue Bonds and GEFA Loans  
Historical Total Debt Service Coverage**

|                                                                                        | <u>2021</u>  | <u>2022</u>  | <u>2023</u>  | <u>2024</u>  | <u>2025</u>  |
|----------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating Income                                                                       | \$10,570,917 | \$21,755,503 | \$(734,004)  | \$8,843,053  | \$27,812,954 |
| Plus: Depreciation                                                                     | 15,641,226   | 16,263,717   | 17,645,799   | 17,921,573   | 17,697,859   |
| Plus: Interest Income                                                                  | 426,371      | (1,579,785)  | 3,600,896    | 4,923,250    | 8,630,604    |
| Plus: Non-cash change in pension liability included in operating expenses <sup>3</sup> | 2,165,468    | (6,200,555)  | 7,327,451    | (148,355)    | (688,822)    |
| Net Revenues Available for Debt Service <sup>1</sup>                                   | \$28,803,982 | \$30,238,880 | \$27,840,142 | \$31,539,521 | \$53,452,595 |
| Historical Debt Service on Revenue Bonds and GEFA Loans, as applicable <sup>2</sup>    | \$9,781,771  | \$9,580,142  | \$8,340,203  | 8,569,558    | 13,611,535   |
| Historical Total Debt Service Coverage Ratio                                           | 2.94x        | 3.15x        | 3.34x        | 3.68x        | 3.93x        |

<sup>1</sup> Represents Net Operating Income plus Depreciation, interest earnings/investment income and non-cash change in pension liability included in the Authority's operating expenses. See "FINANCIAL INFORMATION CONCERNING THE SYSTEM, -The System's Six-Year Operating History."

<sup>2</sup> Debt Service on the outstanding bonds was calculated based upon the bond year of the outstanding obligations.

<sup>3</sup> GASB requires the change in the Authority's pension liabilities to be recorded in the fiscal year rather than allowing for recognition over a period of time. While this adjustment is required to be accounted for in the operating expenses on the income statement, the adjustment is non-cash and does not affect net cash provided by operating activities. For more information, please see Page 17 and 18 of the Authority's FY2025 Annual Comprehensive Financial Report.

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*Proforma Debt Service Coverage for Revenue Bonds, the Series 2026A Bonds, and GEFA Loans.*  
Set forth below are the System's projected debt service coverage ratios of Net Revenues Available for Debt Service on the Authority's water and sewer revenue bonds, the Series 2026A Bonds and the GEFA Loans for fiscal years 2026 through 2031.

|                                                                                                           | (\$ millions) |             |             |             |             |             |
|-----------------------------------------------------------------------------------------------------------|---------------|-------------|-------------|-------------|-------------|-------------|
|                                                                                                           | <u>2026</u>   | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> | <u>2031</u> |
| Operating Income                                                                                          | \$9.4         | \$22.7      | \$31.3      | \$35.2      | \$34.6      | \$31.5      |
| Plus: Depreciation                                                                                        | 19.6          | 19.6        | 20.6        | 21.6        | 22.7        | 23.9        |
| Plus: Interest Income                                                                                     | 3.3           | 6.9         | 3.0         | 3.0         | 3.0         | 3.0         |
| Plus: Non-cash change in pension liability included in operating expenses <sup>3</sup>                    | -0.8          | -0.8        | -0.8        | -0.8        | -0.8        | -0.8        |
| Projected Net Revenues Available for Debt Service <sup>1</sup>                                            | \$31.4        | \$48.5      | \$54.1      | \$59.0      | \$59.5      | \$57.5      |
| <hr/>                                                                                                     |               |             |             |             |             |             |
| Proforma Debt Service on Revenue Bonds and the Series 2026A Bonds <sup>2</sup>                            | \$13.0        | \$14.3      | \$14.4      | \$14.4      | \$14.4      | \$14.6      |
| Proforma Total Debt Service Coverage Ratio                                                                | 2.42x         | 3.39x       | 3.75x       | 4.08x       | 4.12x       | 3.94x       |
| Proforma Debt Service on Revenue Bonds, the Series 2026A Bonds and GEFA Loans, as applicable <sup>2</sup> | \$13.8        | \$15.1      | \$15.2      | \$15.2      | \$15.2      | \$15.4      |
| Proforma Total Debt Service Coverage Ratio on Total Annual Debt Service                                   | 2.28x         | 3.21x       | 3.55x       | 3.87x       | 3.91x       | 3.73x       |

<sup>1</sup> Represents Net Operating Income plus Depreciation, interest earnings/investment income and non-cash change in pension liability included in the Authority's operating expenses. See "FINANCIAL INFORMATION CONCERNING THE SYSTEM, -The System's Six-Year Operating History."

<sup>2</sup> Debt Service on the outstanding bonds was calculated based upon the bond year of the outstanding obligations.

<sup>3</sup> GASB requires the change in the Authority's pension liabilities to be recorded in the fiscal year rather than allowing for recognition over a period of time. While this adjustment is required to be accounted for in the operating expenses on the income statement, the adjustment is non-cash and does not affect net cash provided by operating activities. For more information, please see "Section 5.7 Financial Proforma" of the Engineer's Report.

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## **FINANCIAL INFORMATION CONCERNING THE SYSTEM**

### **The System's Six-Year Operating History**

The table on the following page sets forth a historical, comparative summary of revenues and expenses of the System for the past five fiscal years and the ten (10) months ending July 31, 2026. Information in the table for fiscal years 2021 to 2025 has been extracted from audited financial statements of the Authority. 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 System for the fiscal years shown. Information for the ten (10) months ending July 31, 2026 has been extracted from unaudited financial statements of the Authority. For more complete information, reference is made to the audited financial statements of the Authority for fiscal year 2025 which are included in this Official Statement as Appendix A and to the audited financial statements of the Authority for fiscal years 2021 to 2024, copies of which are available from the Authority upon request.

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Macon Water Authority  
Statement of Revenues, Expenses, and Changes in Net Position

|                                     | <u>2021</u>       | <u>2022</u>        | <u>2023</u>       | <u>2024</u>       | <u>2025</u>       | 10 months<br>ending<br>7/31/26<br>(unaudited) |
|-------------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-----------------------------------------------|
| <b>Operating Revenues</b>           |                   |                    |                   |                   |                   |                                               |
| Water Revenues                      | \$31,276,390      | \$32,993,199       | \$34,720,263      | \$37,847,889      | \$45,183,208      | \$39,200,410                                  |
| Sewage Revenues                     | 27,288,448        | 29,669,510         | 31,713,153        | 34,796,078        | 40,667,523        | 35,348,982                                    |
| Other Operating Revenues            | <u>5,558,778</u>  | <u>6,011,350</u>   | <u>5,493,803</u>  | <u>6,911,315</u>  | <u>6,934,555</u>  | <u>2,869,826</u>                              |
| Total Operating Revenues            | <u>64,123,616</u> | <u>68,674,059</u>  | <u>71,927,219</u> | <u>79,555,282</u> | <u>92,785,286</u> | <u>77,419,218</u>                             |
| <b>Operating Expenses</b>           |                   |                    |                   |                   |                   |                                               |
| Water Plant                         | 3,806,961         | 4,694,773          | 5,720,896         | 5,771,277         | 4,849,142         | 4,310,736                                     |
| Water Distribution                  | 6,125,027         | 4,797,124          | 9,717,105         | 10,031,151        | 8,158,614         | 7,320,721                                     |
| Water Pollution Control Plant       | 6,319,629         | 5,865,377          | 11,140,090        | 11,011,060        | 10,865,521        | 5,693,677                                     |
| Sewage Conveyance                   | 5,761,889         | 5,565,500          | 7,236,375         | 7,450,502         | 6,415,407         | 4,764,913                                     |
| Maintenance                         | 2,625,230         | 1,131,645          | 3,874,689         | 4,382,070         | 2,755,282         | 5,421,866                                     |
| Engineering                         | 1,940,671         | 995,970            | 2,444,143         | 2,393,664         | 2,178,377         | 2,245,518                                     |
| Customer Care and Field Operations  | 5,058,422         | 2,831,187          | 6,753,901         | 5,490,021         | 4,455,048         | 3,917,677                                     |
| Administration and General          | 6,273,644         | 4,773,263          | 8,128,225         | 6,260,911         | 7,597,082         | 8,004,031                                     |
| Other Operating Expenses            | -                 | -                  | -                 | -                 | -                 | 1,768,544                                     |
| Depreciation                        | <u>15,641,226</u> | <u>16,263,717</u>  | <u>17,645,799</u> | <u>17,921,573</u> | <u>17,697,859</u> | <u>15,652,322</u>                             |
| Total Operating Expenses            | <u>53,552,699</u> | <u>46,918,556</u>  | <u>72,661,223</u> | <u>70,712,229</u> | <u>64,972,332</u> | <u>59,100,005</u>                             |
| Net Operating Income                | 10,570,917        | 21,755,503         | (734,004)         | 8,843,053         | 27,812,954        | 18,319,213                                    |
| <b>Non-Operating Income</b>         |                   |                    |                   |                   |                   |                                               |
| Investment Earnings/Interest Income | 426,371           | (1,579,785)        | 3,600,896         | 4,923,250         | 8,630,604         | 6,204,697                                     |
| Other Non-Operating Income          | 0                 | (52,277)           | (29,729)          | 73,596            | 182,638           | 150,879                                       |
| Total Non-Operating Income          | <u>426,371</u>    | <u>(1,632,062)</u> | <u>3,793,587</u>  | <u>4,996,846</u>  | <u>8,813,242</u>  | <u>6,355,576</u>                              |
| <b>Non-Operating Expenses</b>       |                   |                    |                   |                   |                   |                                               |
| Interest and Amortization Expense   | 4,877,418         | 4,170,053          | 4,334,834         | 4,808,650         | 10,214,513        | 5,799,829                                     |
| Industrial Authority Assistance     | 704,000           | 704,000            | 704,000           | 704,000           | 704,000           | -                                             |
| City of Macon Assistance            | 304,990           | 304,990            | 304,990           | 304,990           | 304,990           | -                                             |
| Other Non-Operating Expenses        | -                 | -                  | -                 | -                 | -                 | 1,388,305                                     |
| Total Non-Operating Expenses        | <u>5,886,408</u>  | <u>5,179,043</u>   | <u>5,343,824</u>  | <u>5,817,640</u>  | <u>11,223,503</u> | <u>7,188,134</u>                              |
| Gain/(Loss) Before Contributions    | 5,110,880         | 14,944,398         | (2,506,661)       | 8,022,259         | 25,402,693        | 17,486,656                                    |
| <b>Capital Contributions</b>        | 1,903,932         | 1,770,916          | 4,092,950         | 794,800           | 2,462,210         | 676,235                                       |

|                                             |               |               |               |               |                          |               |
|---------------------------------------------|---------------|---------------|---------------|---------------|--------------------------|---------------|
| Change in Net Position                      | 7,014,812     | 16,715,314    | 1,586,289     | 8,817,059     | 27,864,903               | 18,162,891    |
| <b>Net Position -<br/>Beginning of Year</b> | 234,645,893   | 241,660,705   | 258,376,019   | 259,962,308   | 266,709,924 <sup>1</sup> | 294,574,827   |
| <b>Net Position – End of<br/>Year</b>       | \$241,660,705 | \$258,376,019 | \$259,962,308 | \$268,779,367 | \$294,574,827            | \$311,497,918 |

<sup>1</sup> restated due to the Authority's implementation of GASB Statement No. 101, *Compensated Absences*

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

The total number of the Authority's metered water accounts increased from 49,098 in 2019 to 51,799 in 2025. The total number of the Authority's sewer customers increased from 40,125 in 2019 to 42,610 in 2025. The Authority's water revenues increased from \$29,278,477 in 2019 to \$45,183,208 in 2025, representing a 54.3% increase. During the same period, sewer revenues increased from \$25,869,847 in fiscal year 2019 to \$40,667,523 in 2025, an increase of approximately 57.2% since 2019. Water revenues and sewer revenues have both increased because of a focus on annual usage rate adjustments, combined with customer growth. Annual rate adjustments allow for modest and consistent rate increases that continue to provide the financial resources necessary to invest in the Authority while maintaining affordable rates for our customers. Beginning with fiscal year 2027, the Authority approves a five-year Equity Management Plan annually and adopts rates for three years, at the end of every second year. The last adoption of rates occurred on August 6, 2026 where rates were adopted for fiscal years 2027, 2028 and 2029. For additional information, please See "Equity Management Plan", herein.

Other operating revenues increased approximately 39.4%, from \$4,972,996 in fiscal year 2019 to \$6,934,555 in 2025. Other operating revenues include revenues from sewer tap fees, water tap fees, water and extension fees, basin specific fees, and late fees. Fees associated with economic expansion increased over the past five fiscal years. Late fee revenue increased over the past five years.

In 1999, the Authority formed a wholly owned subsidiary, Macon Soils, the purpose of which is to provide an environmentally safe and ecologically sound method of utilizing municipal and industrial residual products. Through the utilization of such residuals in a land application program, Macon Soils' objective is to assist those engaged in agricultural and silvicultural pursuits to improve the condition of their land, to improve the quality of their products, and to develop a higher degree of efficiency in their respective occupations. Net income from Macon Soils is consolidated with the Authority.

The Authority's operating expenses, including depreciation, for fiscal 2025 were \$64,972,332. A reduction of 8.1% from fiscal 2024. The Authority saw decreases in expenses across most operating departments, the most significant reductions coming from water plant operations (-16.0%), water distribution (-18.7%) and sewer conveyance (-13.9%). The significant fluctuation in operating expenses from fiscal years 2022 to 2023 were directly attributed to the Generally Accepted Government Auditing Standards (GAGAS) requirement to recognize fluctuations in pension liability in the year of change. During fiscal year 2022, the pension funding liability was overfunded due to market conditions. In fiscal year 2023, the change in the market and economic environment added pressure to actuarial discount rate factors used in pension liability calculations, as well as losses on investments. Adjusting the pension liability from overfunded status in 2022 to underfunded in 2023, and the increase in the overall pension liability from economic conditions resulted in reported operating expenses increasing by approximately \$18 million between fiscal year 2022 and 2023.

Expenses related to customer service, call center operations, field service, meter reading, engineering, maintenance, general and administrative and additional pension costs increased from \$14,284,034 in 2019 to \$ 16,985,789 in 2025.

Interest and amortization expense increased from \$4,663,251 in 2019 to \$10,214,513 in 2025. The increase was primarily related to the issuance of the Series 2024 Bonds.

### **Accounting Policies**

The accounting policies of the Authority conform to generally accepted accounting procedures applicable to governmental units. The Authority employs an enterprise fund concept to account for its operations which are financed and operated in a manner similar to private business enterprises. An enterprise fund is a proprietary fund. All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when the service is received, and the related liability is incurred. All utility service receivables are recorded at year end. Since the Authority operates solely on its generated revenues, there are no appropriations. Note 1 of the Authority's financial statements, included as Appendix A to this Official Statement, contains a detailed discussion of the Authority's significant accounting policies.

### **Independent Auditors' Reports**

The auditor reports on the financial statements of the Authority for the fiscal years ended September 30, 2021, through September 30, 2025, state that said financial statements present fairly, in all material respects, the financial position of the Authority as of each respective fiscal year, and the results of its operations and cash flows for each respective fiscal year in conformity with accounting principles generally accepted in the United States.

The Authority implemented Governmental Accounting Standards Board ("GASB") Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of October 1, 2012. These standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position. The Authority implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, as well as Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, as of October 1, 2014. These standards significantly changed the accounting for the Authority's net pension liability and the related disclosures. The Authority implemented GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, as of October 1, 2017. This adoption and implementation of GASB 75 required a prior period restatement to beginning net position. The Authority adopted GASB 84, Fiduciary Activities, as of October 1, 2020; the fiduciary financial reports provide additional disclosure and representation on the Authority sponsored employee defined benefit pension plan and employee contribution plan. On October 1, 2024, the Authority implemented the provisions of GASB Statement No. 101, Compensated Absences. This Statement establishes a unified model for the recognition and measurement of all types of compensated absences including vacation leave, sick leave, paid time off, holidays, parental leave and other similar benefits. Under GASB 101 a liability is recognized for leave that: (i) is attributable to services already rendered, (ii) accumulates, and (iii) is more likely than not to be used for time off or otherwise paid or settled. The liability for compensated absences is measured using the employee's pay rate in effect as of the financial statement date, including salary related payments directly and incrementally associated with payments for leave (e.g., Social Security and Medicare taxes). As of September 30, 2025, the Authority reported a liability for compensated absences of \$3,278,519, which includes the cumulative effect of implementing GASB 101. The net change in the compensated absences liability during the year was an increase of \$7,153 which includes both increases from leave earned and decreases from leave used or paid.

## Operating Budget of the System

The staff of the Authority prepares an annual operating budget for the System for management control purposes. The budget sets out the allocation of anticipated operating revenues and expenses. The proposed budget is reviewed, finalized, and approved by the members of the Authority. During the year, the Board reviews actual financial information relative to the budget on a monthly basis. Below is the adopted budget for fiscal year 2027, a comparison to fiscal year 2026, and unaudited actual financials for the ten months ending July 31, 2026.

|                                              | FYE 2026     | FYE 2027     | %<br>Change | Unaudited<br>10mo FYE<br>2026 | Unaudited<br>10mo as %<br>of FYE 2026<br>Budget |
|----------------------------------------------|--------------|--------------|-------------|-------------------------------|-------------------------------------------------|
| <b>Operating Revenues</b>                    |              |              |             |                               |                                                 |
| Water revenues                               | \$44,987,300 | \$45,668,000 | 1.5%        | \$39,200,410                  | 87.1%                                           |
| Sewage revenues                              | 41,611,000   | 41,440,000   | -0.4%       | 35,348,982                    | 85.0%                                           |
| Other operating revenues                     | 3,421,545    | 3,080,117    | -10.0%      | 2,869,826                     | 83.9%                                           |
| Total operating revenues                     | 90,019,845   | 90,188,117   | 0.2%        | 77,419,218                    | 86.0%                                           |
| <b>Non-operating Income</b>                  |              |              |             |                               |                                                 |
| Interest income                              | 3,273,000    | 6,936,321    | 111.9%      | 6,799,996                     | 207.8%                                          |
| Other                                        | -            | -            | -           | 231,815                       | -                                               |
| Total Revenues                               | 93,292,845   | 97,124,438   | 4.1%        | 84,451,029                    | 90.5%                                           |
| <b>Operating Expenses</b>                    |              |              |             |                               |                                                 |
| Water plant                                  | 6,324,661    | 7,090,278    | 12.1%       | 4,310,736                     | 68.2%                                           |
| Water distribution                           | 8,983,775    | 8,608,701    | -4.2%       | 7,320,721                     | 81.5%                                           |
| Water pollution control plants               | 9,006,751    | 9,758,475    | 8.3%        | 5,693,677                     | 63.2%                                           |
| Sewer conveyance                             | 7,225,438    | 7,121,820    | -1.4%       | 4,764,913                     | 65.9%                                           |
| Maintenance                                  | 7,695,928    | 6,859,325    | -10.9%      | 5,421,866                     | 70.5%                                           |
| Engineering                                  | 2,651,596    | 2,624,582    | -1.0%       | 2,245,518                     | 84.7%                                           |
| Customer Care                                | 5,681,728    | 5,991,481    | 5.5%        | 3,917,677                     | 69.0%                                           |
| Administrative and general                   | 6,392,819    | 5,622,127    | -12.1%      | 4,394,996                     | 68.7%                                           |
| Information Technology                       | 5,082,084    | 4,319,749    | -15.0%      | 2,794,110                     | 55.0%                                           |
| Lab and Compliance                           | 1,181,330    | 1,076,417    | -8.9%       | 814,925                       | 69.0%                                           |
| Other Operating Expenses                     | -            | -            | -           | 1,768,544                     | -                                               |
| Total Operating Expenses                     | 60,226,110   | 59,072,955   | -1.9%       | 43,447,683                    | 72.1%                                           |
| Operating Income<br>(excluding Depreciation) | \$33,066,735 | \$38,051,483 | 15.1%       | \$41,003,346                  | 124.0%                                          |

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## THE AUTHORITY

### Introduction

The Authority is a body corporate and politic which is deemed to be a political subdivision of the State and was enacted by the General Assembly of Georgia by the provisions of the Act. The general purpose of the Authority is to secure for Macon-Bibb County a satisfactory and reliable water and sanitary sewer system at the most reasonable cost possible and to make such system and the services thereof available to public and private consumers in Macon-Bibb County and its environs. By the provisions of Ga. L. 1975, p. 4841, the title to and possession of all property and assets under the control or jurisdiction of the City of Macon and utilized for water and sanitary sewer activities were transferred, assigned, and conveyed to the Authority. By an indenture made and entered into on December 20, 1974, Bibb County conveyed to the Authority all water and sanitary sewer lines, all treatment facilities, and all easements in connection with water lines, sanitary sewer lines, and sanitary treatment plants, together with any real property other than easements located within the limits of Bibb County owned by Bibb County and used for such purposes.

The Authority is empowered to enter into agreements with Macon-Bibb County with respect to acquiring a source of water supply, providing sewer service, maintaining a water and sewer system, providing for rates to be charged for water and sewer services furnished to the users of said system, providing for the ownership of the various facilities constructed or acquired, and providing for such other matters or contingencies as might be necessary or desirable in order to secure a satisfactory and reliable water and sewer system at the most reasonable cost possible. The Authority is further authorized to enter into contracts and leases with political subdivisions of the State relative to the furnishing of water and sewer service and facilities by the Authority for a term not to exceed 50 years, and the applicable statute provides that the obligation of such contracting political subdivision shall constitute a general obligation for which the full faith and credit of such political subdivision shall be pledged.

The Act authorizes the Authority to issue its revenue bonds to finance in whole or in part the acquisition, construction, reconstruction, improvement, betterment, or extension of the System, or to finance the refunding of any revenue bonds issued under the provisions of the Act and then outstanding, together with accrued interest thereon, and to pledge to the payment of the principal of and interest on its revenue bonds all or any part of the revenues of the System, including revenues received pursuant to any such contract with one or more political subdivisions.

### Governing Body

The Act provides that the affairs of the Authority are directed by a seven-member board of directors (the “**Board**”). Two members are appointed by the Macon-Bibb County Commission and serve at the pleasure of the Macon-Bibb County Commission. The Act establishes five electoral districts, and one member is elected from each electoral district for a term of four years. Each member must reside in the district he or she represents. The districts are located in Macon-Bibb County. The Chairman of the Authority is the member elected from District 5, which includes all of Macon-Bibb County.

Information about the current members of the Authority is set forth below:

| <u>Name</u>                           | <u>Where Elected</u> | <u>Expiration of Term</u> | <u>Principal Occupation</u> |
|---------------------------------------|----------------------|---------------------------|-----------------------------|
| Gary Bechtel, <i>Chairman</i>         | County-Wide          | December 31, 2030         | Real Estate                 |
| Frank Patterson, <i>Vice Chairman</i> | District 4           | December 31, 2030         | Retired                     |
| Elaine Lucas                          | District 1           | December 31, 2030         | Retired Educator            |
| Marshall Talley                       | District 2           | December 31, 2030         | Program Director            |
| Dwight Jones                          | District 3           | December 31, 2028         | Business owner              |
| Bill Howell                           | Macon-Bibb County    | December 31, 2028         | Business Owner              |
| Valerie Wynn                          | Macon-Bibb County    | December 31, 2028         | Retired                     |

## Management

The Authority is currently managed by an Executive Director & President, who serves under contract and reports to the Board. The Authority is divided into four divisions under the Executive Director & President: the Assistant Executive Director and Executive Vice-President Field and Plant Operations, the Chief Financial Officer, the Vice-President of Human Resources, and the Vice-President of Customer Care.

*Executive Director & President.* Michel Wanna was voted as President & Executive Director by the Macon Water Authority Board of Directors on September 3, 2026. Prior to this appointment, Mr. Wanna served as Engineering Manager from 2003 – 2010, Field Operations Director from 2010 – 2022, and Assistant Executive Director and Vice President of Field and Plant Operations from 2022 until his appointment to interim Executive Director and President on February 9, 2026. Mr. Wanna has been employed with the Authority for over twenty-three (23) years.

*Controller.* Amy Weber joined the Authority in June 2026. A Florida native, Ms. Weber, earned her bachelor's degree in business management and MBA from Wesleyan College in Macon. She also holds a master's degree in accounting from Mercer University. Ms. Weber began her career in public accounting before transitioning into industry. Prior to joining the Authority, she served as the controller for an electrical contractor, bringing valuable accounting, financial management, and operational experience to her role.

## Employees, Employee Relations, and Employee Benefits

As of September 1, 2026, the Authority had 291 active full-time employees. It employs no part-time employees. Management believes that it enjoys an excellent relationship with its employees. The Authority has never experienced a major disruption of services due to a strike or employee action. No employees belong to labor unions or other collective bargaining groups and the Authority has no knowledge of any union organizing efforts.

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

## Pension Plan

*Plan Description.* The Authority maintains and administers a single employer, defined benefit pension plan (the "Plan") covering substantially all of its employees hired before July 1, 2012. The Plan was closed to employees hired after July 1, 2012. The Plan provides retirement, death, and disability benefits to its members and beneficiaries. The Authority is solely responsible for establishing or initiating Plan provisions through the Macon Water Authority Pension Committee. The Plan does not issue stand-alone financial statements.

*Plan Membership.* As of the last actuarial valuation, membership in the Plan consisted of the following:

|                                                                       |            |
|-----------------------------------------------------------------------|------------|
| Inactive Plan members or beneficiaries currently receiving benefits . | 105        |
| Inactive Plan members entitled to but not receiving benefits .....    | 12         |
| Active Plan members .....                                             | <u>60</u>  |
| Total .....                                                           | <u>177</u> |

*Benefits Provided.* Authority-funded benefits vest after five years of service. Reduced benefits may be obtained at earlier retirement. Benefits are also available if participants become permanently disabled. A vested employee may elect to retire under one of the following options with no reduction in benefits: (a) normal retirement (age 63 with five to 30 years of service) or (b) early retirement (age 55 with 30 years of service). This benefit is equal to an average of the last three years' earnings ("Final Average Monthly

Earnings”) multiplied by a benefit factor of 2.00% times years of service. The benefit factor increases from 2.00% for 30 years of service by 0.025% for each additional year of service, not to exceed 2.25% at 40 or more years of service. The plan provides for disability retirement for any member who, after five years of service, becomes permanently and totally disabled. These benefits would equal the employee’s Final Average Monthly Earnings multiplied by a factor of 1.75% times such employee’s years of service.

*Contributions.* The Authority and the participants are required to make contributions to the Plan. The Authority’s funding policy is to contribute at least the employee contributions less refunds and not less than the O.C.G.A. § 47-20-10 minimum funding standards. For the year ended September 30, 2025, the active member required contribution rate was 6.2% and the Authority’s contribution rate was 6.2% of annual payroll. Authority contributions to the Plan were \$1,266,005 for the year ended September 30, 2025. The Authority receives a refund of contributions equal to employee contribution refunds upon a non-vested employee’s termination.

*Net Pension Liability.* The Authority’s net pension liability was measured as of September 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2024, with the actuary using standard techniques to roll forward the liability to the measurement date.

The Authority’s net pension liability for the year ended September 30, 2025, is as follows:

|                               |                           |
|-------------------------------|---------------------------|
| Total pension liability ..... | \$53,133,688              |
| Plan net position.....        | <u>(53,992,276)</u>       |
| Net pension liability .....   | <u><u>\$(859,188)</u></u> |

Plan net position as a percentage of the total pension liability ..... 101.6%

*Defined Contribution Plan.* The Authority maintains and administers a defined contribution pension plan, the Macon Water Authority Retirement Savings Plan (the “Savings Plan”), which was established on July 1, 2012. All employees hired on or after July 1, 2012, are required to participate in the Savings Plan. At September 30, 2025, there were 289 active participants. Participants hired between July 1, 2012 through December 31, 2018 contributed 6.20%. Participants hired after January 1, 2019 may elect to contribute 3.0% or 6.2%. The Authority matches the same percentage as elected by the participant. The Authority is solely responsible for establishing or amending Savings Plan provisions. For the year ended September 30, 2025, the Authority and the employees each contributed \$655,000.

Note 6 of the Authority’s financial statements, included as Appendix A to this Official Statement, contains a detailed discussion of the Authority’s pension plan.

## **Other Post-Employment Benefits**

*General.* The Macon Water Authority Retiree Medical Plan (the “OPEB Plan”) is a single-employer defined benefit post-retirement health care plan, or other post-employment benefit (OPEB) plan. The Authority offers medical coverage to eligible retirees. The benefits are the same as those offered to active employees. For retirees who are not Medicare eligible, the medical benefits are provided through a Preferred Provider Organization. The Authority pays a portion of the retiree premiums for medical coverage. Once retirees become Medicare eligible, the medical benefits are provided as a supplemental plan. The Authority pays the entire premium for some retirees, others pay half the current COBRA rate, and a third class pays COBRA. This is dependent on when the employee retired. The retiree is responsible for purchasing Medicare Part A and B coverage once eligible. The Authority pays dental and vision coverage for eligible retirees. Eligible participants for Other Post-Employment Benefits include retirees who retire from active service after age 55 and completion of 15 years of service. Benefit provisions and contribution requirements are established and may be amended by the Authority. No assets are accumulated

in a trust that meets the criteria in paragraph 4 of GASB 75 and a separate report was not issued for the OPEB Plan.

*Fund Membership.* The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan.

|                           |            |
|---------------------------|------------|
| Active participants ..... | 285        |
| Retirees .....            | 10         |
| Total .....               | <u>295</u> |

*Contributions.* The Authority has elected to fund the OPEB Plan on a “pay as you go” basis. For the year ended September 30, 2025, the Authority contributed \$118,991 for the pay as you go benefits for the OPEB Plan.

## **Governmental Immunity and Insurance Coverage**

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

*Insurance Coverage.* The Authority is exposed to various risks of loss related to torts; theft of assets; damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial property and casualty insurance. See “Appendix B: FORM OF THE INDENTURE, -Particular Covenants of the Authority, -Insurance Provisions” for a description of the Authority’s covenants regarding insurance for the System. The Authority is self-insured for workers’ compensation claims coverage up to \$750,000. The Authority buys reinsurance provided through private insurance policies for individual claims that exceed \$750,000. The coverage pays per Georgia State Workers’ Compensation law. This policy also has coverage of \$1,000,000 each accident, each employee, and aggregate for Excess Employers Liability Insurance. The Authority is a member of the subsequent injury trust fund (“SITF”) of the state of Georgia which reduces exposure based on reinjured employees, for injuries prior to 2008. The Authority is self-insured for its employee health benefit (major medical and dental) claims up to a fiscal year aggregate basis per individual of \$100,000 for major medical, and \$1,000 for dental. Excess major medical insurance coverage is provided through private insurance policies for the amounts in excess of \$60,000 per covered individual. The basis for estimating the liabilities for unpaid claims is an incurred, but not reported, calculation. The Authority has provided for amounts which are considered to be outstanding and unpaid as of September 30, 2025, and such amounts are included in the financial statements for the year ended September 30, 2025.

There have been no significant reductions of insurance coverage and settlement amounts have not exceeded insurance coverage for the current or the four prior years.

Note 7 of the Authority’s financial statements, included as Appendix A to this Official Statement, contains a detailed discussion of the Authority’s risk management.

## **Storm Water System Acquisition and Operations**

The public storm water utility system located in Macon-Bibb County, Georgia (the “**Storm Water System**”) is currently owned and operated by the County. On July 31, 2019, the County and Authority entered into an intergovernmental contract that allows for the Authority to assume management and control of the Storm Water System (the “**Storm Water Contract**”). On July 2, 2020, in accordance with the terms of the Storm Water Contract, the Authority elected to formally approve the acquisition of the Storm Water System assets and the assumption of operational responsibility of the Storm Water System commencing on January 1, 2021.

The Storm Water System is managed and accounted for by the Authority as a separate utility system utilizing “enterprise fund” accounting principles and accounting for Storm Water System revenues, expenses and capital costs separately from the traditional water and sewer operations of the Authority. No revenues of the Storm Water System operations are being pledged to the payment of the Series 2026A Bonds, and for the purposes of this Official Statement the term “System” shall be interpreted and construed to mean only the water and sewer system of the Authority and shall not include the Storm Water System discussed herein.

### **PFAS Information**

In April 2024, the U.S. Environmental Protection Agency finalized National Primary Drinking Water Regulations for six PFAS (PFOA, PFOS, PFBS, GenX, PFNA, and PFHxS) including enforceable maximum contaminant levels for PFOA and PFOS of 4.0 parts per trillion; for GenX, PFNA, and PFHxS of 10 parts per trillion; and a Hazard Index for PFBS, GenX, PFNA, and PFHxS. Public water systems must complete initial monitoring by 2027, report results in annual water quality reports, and, where standards are exceeded, achieve compliance by 2029.

The Authority is required to test for PFAS four times per year due to the size of the System. According to the recent test results from February 2026, April 2026, and July 2026, no results have exceeded the maximum contaminant level (MCL) as established by the EPA. PFAS effect to the Authority is negligible since the Authority uses granular activated carbon (GAC) filters that removes nearly all PFAS from the water that the Authority treats for consumption.

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## MACON-BIBB COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

### Introduction

Pursuant to Georgia Laws 2012, p. 5595, a special election held on July 31, 2012, whereby the majority of the voters of Bibb County and the City of Macon approved a new consolidated government, and Georgia Laws 2013, p. 3501 and 3942, the governmental and corporate powers, duties, and functions vested in the City of Macon and Bibb County were restructured under a new charter which became effective on January 1, 2014, establishing a single county-wide government with powers and jurisdiction throughout the territorial limits of Bibb County, superseding and replacing the governments of the City of Macon and Bibb County under the name “Macon-Bibb County.”

Macon-Bibb County is located in the central part of the State approximately 80 miles south of Atlanta and is currently served by Interstates I-75 and I-16. The population of Macon-Bibb County grew 1.2% during the 10-year period from 2010 to 2020, from 155,547 residents in 2010 to 157,346 residents in 2020. This compares with the State’s total population growth of 10.6% percent during the same 10-year period. The estimated population of Macon-Bibb County was 157,556 as of July 1, 2025, according to the U.S. Department of Commerce, Bureau of the Census. At approximately 255 square miles, Macon-Bibb County is the 121st largest of Georgia’s 159 counties.

Set forth below are the percentages of land use for various categories, excluding timber, within the territorial limits of Macon-Bibb County, computed based upon the acres of land for the various categories set forth in the tax digest for calendar years 2021 through 2025.

|                      | <u>2021</u>  | <u>2022</u>  | <u>2023</u>  | <u>2024</u>  | <u>2025</u>  |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Agricultural         | 21.57%       | 20.84%       | 20.07%       | 20.84%       | 20.41%       |
| Commercial           | 10.37        | 10.48        | 10.60        | 10.52        | 11.29        |
| Historical           | 0.05         | 0.04         | 0.05         | 0.04         | 0.04         |
| Industrial           | 4.83         | 4.77         | 4.76         | 4.97         | 4.98         |
| Forest Land Cons Use | 2.64         | 2.68         | 3.68         | 3.12         | 3.13         |
| Preferential         | 0.22         | 0.22         | 0.01         | 0.01         | 0.00         |
| Residential          | 40.52        | 40.01        | 40.50        | 40.12        | 39.90        |
| Conservation Use     | <u>19.80</u> | <u>20.94</u> | <u>20.33</u> | <u>19.90</u> | <u>20.15</u> |
| Totals               | 100.0%       | 100.0%       | 100.0%       | 100.0%       | 100.0%       |

Source: Georgia Department of Revenue, Tax Digest Consolidated Summary

### Population

The following table sets forth the population, including percentage of annual increase, in Macon-Bibb County, the State, and the United States for census years 1980 through 2020. The population of Macon-Bibb County was 157,556 as of July 1, 2025, according to U.S. Census Bureau estimates.

| <u>Year</u> | <u>Macon-Bibb County</u> | <u>Percentage Change</u> | <u>Georgia</u> | <u>Percentage Change</u> | <u>United States</u> | <u>Percentage Change</u> |
|-------------|--------------------------|--------------------------|----------------|--------------------------|----------------------|--------------------------|
| 1980        | 150,256                  | --                       | 5,463,105      | --                       | 226,545,805          | --                       |
| 1990        | 149,967                  | (0.2)%                   | 6,478,216      | 18.6%                    | 248,709,873          | 9.8%                     |
| 2000        | 153,887                  | 2.6                      | 8,186,781      | 26.4                     | 281,424,602          | 13.2                     |
| 2010        | 155,547                  | 1.1                      | 9,687,653      | 18.3                     | 308,745,538          | 9.7                      |
| 2020        | 157,346                  | 1.2                      | 10,711,908     | 10.6                     | 331,449,281          | 7.3                      |

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

## Per Capita Personal Income

The following table sets forth the per capita personal income in Macon-Bibb County, the State, and the United States for the years 2021 through 2025.

| <u>Year</u> | <u>Macon-Bibb County</u> | <u>Georgia</u> | <u>United States</u> |
|-------------|--------------------------|----------------|----------------------|
| 2021        | \$47,601                 | \$56,257       | \$64,692             |
| 2022        | 46,709                   | 57,405         | 66,303               |
| 2023        | 48,943                   | 60,010         | 70,013               |
| 2024        | 50,904                   | 62,875         | 73,227               |
| 2025        | [not available]          | 65,382         | 76,393               |

Source: U.S. Department of Commerce, Bureau of Economic Analysis (local area statistics last updated February 5, 2026).

## Bank Deposits

As of June 30, 2025, 14 financial institutions with a total of 36 branch offices provided banking services within Macon-Bibb County. The following are the total deposits (rounded in millions) in Macon-Bibb County's financial institutions as of June 30 in each of the years 2021 through 2025.

| <u>Year</u> | <u>Amount</u>   | <u>Percentage Change</u> |
|-------------|-----------------|--------------------------|
| 2021        | \$4,017,000,000 | -                        |
| 2022        | 4,670,000,000   | 16.3%                    |
| 2023        | 4,436,000,000   | (5.0)%                   |
| 2024        | 4,509,000,000   | 1.6%                     |
| 2025        | 4,345,000,000   | (3.6)%                   |

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

## Industry and Employment

*Private Employers.* Set forth below are the largest private employers located in Macon-Bibb County as of September 30, 2025, their type of business, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in Macon-Bibb County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed.

| <u>Employer</u>         | <u>Type of Business</u> | <u>Employees</u> |
|-------------------------|-------------------------|------------------|
| Atrium Health           | Hospital                | 5,000            |
| GEICO                   | Insurance               | 5,000            |
| Amazon                  | Retail                  | 1,200            |
| Piedmont Medical Center | Hospital                | 1,200            |
| YKK (USA), Inc.         | Zipper Manufacturer     | 1,100            |
| Mercer University       | Education               | 950              |
| Walmart Superstores     | Retail                  | 900              |
| Kumho Tire              | Tire Manufacturer       | 550              |

*Public Employers.* Set forth below are the largest public employers located in Macon-Bibb County as of September 30, 2025, their type of service, and their approximate number of employees. There can be no assurance that any employer listed below will continue employment at the level stated.

| <u>Employer</u>                      | <u>Type of Business</u> | <u>Employees</u> |
|--------------------------------------|-------------------------|------------------|
| Macon-Bibb County Board of Education | Government              | 3,428            |
| Macon-Bibb County, Georgia           | Government              | 2,000            |
| Middle Georgia State University      | Educational             | 651              |
| United States Postal Service         | Courier                 | 600              |

Source: Macon Water Authority

*Economic Sector Distribution.* The following table shows the annual average percentage of persons who worked in each major sector of the local economy in Bibb County in years 2021 through 2025. Figures are based on employees covered under the state unemployment insurance program.

| <u>Industry</u>                          | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Agriculture, Forestry, Fishing & Hunting | 0.1%        | 0.1%        | 0.1%        | 0.1%        | 0.2%        |
| Mining                                   | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         |
| Construction                             | 2.7         | 2.7         | 2.9         | 3.1         | 2.9         |
| Manufacturing                            | 7.2         | 7.6         | 8.2         | 8.5         | 8.7         |
| Utilities                                | *           | *           | *           | *           | *           |
| Wholesale Trade                          | 2.9         | 3.0         | 3.0         | 3.2         | 3.2         |
| Retail Trade                             | 12.8        | 13.1        | 13.1        | 13.2        | 12.7        |
| Transportation and Warehousing           | 3.5         | 3.6         | 3.4         | 3.1         | 4.8         |
| Information                              | *           | *           | *           | *           | *           |
| Finance and Insurance                    | 9.5         | 9.0         | 7.9         | 6.3         | 6.0         |
| Real Estate and Rental and Leasing       | 1.2         | 1.2         | 1.2         | 1.2         | 1.2         |
| Professional Scientific & Technical Svc  | 3.4         | 3.0         | 3.3         | 3.1         | 3.0         |
| Management of Companies and Enterprises  | 1.7         | 2.0         | 2.1         | 2.1         | 1.6         |
| Admin., Support, Waste Mgmt, Remediation | 6.3         | 6.0         | 5.4         | 5.0         | 4.6         |
| Education Services                       | 3.0         | 3.3         | 3.4         | 3.6         | 3.4         |
| Health Care and Social Assistance        | 19.7        | 19.2        | 19.7        | 20.6        | 21.1        |
| Arts, Entertainment, and Recreation      | 0.8         | 0.9         | 0.9         | 1.1         | 1.0         |
| Accommodation and Food Services          | 10.3        | 10.1        | 10.1        | 10.4        | 10.1        |
| Other Services (except Public Admin.)    | 2.5         | 2.3         | 2.2         | 2.2         | 2.1         |
| Unclassified - industry not assigned     | 0.2         | 0.3         | 0.3         | 0.1         | 0.2         |
| Federal, State, and Local Government     | <u>11.2</u> | <u>11.3</u> | <u>11.7</u> | <u>12.3</u> | <u>12.2</u> |
| Totals                                   | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |

\*Denotes confidential data relating to individual employers and cannot be released. These data use the North American Industrial Classification System (NAICS) categories. Average weekly wage is derived by dividing gross payroll dollars paid to all employees - both hourly and salaried - by the average number of employees who had earnings; average earnings are then divided by the number of weeks in a reporting period to obtain weekly figures. Figures in other columns may not sum accurately due to rounding.

Source: Georgia Department of Labor.

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

|                          | <u>2021</u>  | <u>2022</u>  | <u>2023</u>  | <u>2024</u>  | <u>2025</u>  |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Employed                 | 63,306       | 62,563       | 62,251       | 60,388       | 60,671       |
| Unemployed               | <u>3,389</u> | <u>2,523</u> | <u>2,566</u> | <u>2,787</u> | <u>2,716</u> |
| Total Labor Force        | 66,695       | 65,086       | 64,817       | 63,175       | 63,387       |
| County Unemployment Rate | 5.1%         | 3.9%         | 4.0%         | 4.4%         | 4.3%         |
| State Unemployment Rate  | 3.9%         | 3.1%         | 3.2%         | 3.4%         | 3.4%         |
| U.S. Unemployment Rate   | 5.3%         | 3.6%         | 3.6%         | 4.0%         | 4.3%         |

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

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## LEGAL MATTERS

### Litigation

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

There is no litigation now pending or, to the knowledge of the Authority, threatened against the Authority which restrains or enjoins the issuance or delivery of the Series 2026A Bonds, the provision for the security for the payment of the Series 2026A Bonds, the use of the proceeds of the Series 2026A Bonds, or which questions or contests the validity of the Series 2026A Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the Authority nor the title of the present members or other officials of the Authority to their respective offices is being contested or questioned.

### Legal Proceedings

*Validation of the Series 2026A Bonds.* In accordance with the laws of the State of Georgia, the Series 2026A Bonds and the security therefor were confirmed and validated by judgment of the Superior Court of Bibb County, Georgia, on October 7, 2026 (Civil Action No. 2026-CV-085792). Under State law, the judgment of validation will be forever conclusive against the Authority.

*Opinions of Counsel.* All legal matters incidental to authorization and issuance of the Series 2026A Bonds are subject to the approval of Gray Pannell LLC, Savannah, Georgia, Bond Counsel. It is anticipated that the approving opinion of Gray Pannell LLC will be in substantially the form included in Appendix C. Certain legal matters will be passed upon for the Authority by its counsel, Jones Cork LLP, Macon, Georgia, and for the Underwriters by their counsel, Arnall Golden Gregory LLP, Atlanta, Georgia. Gray Pannell LLC, Savannah, Georgia, is acting as Disclosure Counsel to the Authority. The payment of legal fees is contingent upon issuance of the Series 2026A Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Series 2026A Bonds express the professional judgment of the attorneys or law firms rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion the attorney or law firm does not become an insurer or guarantor of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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## **TAX STATUS**

### **Federal Tax Exemption**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2026A Bonds is excludable from gross income for federal income tax purposes under § 103 of the Code and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2026A Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2026A Bonds.

### **State Tax Exemption**

In the opinion of Bond Counsel, interest on the Series 2026A Bonds is exempt from present State of Georgia income taxation.

### **Maintenance of Tax Status**

The Code and the regulations promulgated thereunder contain a number of restrictions, conditions and requirements that must be satisfied subsequent to the issuance of the Series 2026A Bonds in order for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the Series 2026A Bonds in the gross income of the holders thereof for federal income tax purposes retroactively to the date of issuance of the Series 2026A Bonds. The Authority has covenanted to comply with each such requirement of the Code that must be satisfied subsequent to the issuance of the Series 2026A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel is subject to the condition that the Authority complies with all such requirements. Bond Counsel has not been retained to monitor compliance with the described post-issuance tax requirements subsequent to the issuance of the Series 2026A Bonds. Bond Counsel has not undertaken to determine or to inform any person whether any action taken or not taken or any event occurring or not occurring after the date of issuance of the Series 2026A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2026A Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code by the Treasury Department or the Internal Revenue Service, or future court decisions may cause interest on the Series 2026A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent owners of the Series 2026A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for or marketability of the Series 2026A Bonds. Prospective purchasers of the Series 2026A Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, regulatory initiatives or litigation.

The opinions expressed by Bond Counsel are based upon existing law, legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2026A Bonds, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the treatment of the Series 2026A Bonds for federal income tax purposes. Such opinions are not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or

the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2026A Bonds ends with the issuance of the Series 2026A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners of the Series 2026A Bonds regarding the tax-exempt status of the Series 2026A Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the beneficial owners) other than the Authority and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of the Series 2026A Bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2026A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2026A Bonds, and may cause the Authority or the beneficial owners of the Series 2026A Bonds to incur significant expense.

As to certain questions of fact material to the opinion of Bond Counsel, Bond Counsel has relied upon representations and covenants made on behalf of the Authority and certificates of appropriate officers and public officials (including certifications as to the use of proceeds of the Series 2026A Bonds and of the property financed or refinanced thereby).

Reference is made to the proposed form of opinion of Bond Counsel relating to the Series 2026A Bonds attached hereto in Appendix C for the complete text thereof. See also "LEGAL MATTERS" herein.

### **Premium Bonds**

Certain of the Series 2026A Bonds have been sold to the public at an original issue premium. The Series 2026A Bonds which have been purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the "**Premium Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. However, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium properly allocable to such purchaser during each year. Proceeds received from the sale, exchange, redemption, or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to § 1016(a)(5) of the Code) will be treated as a gain from the sale or exchange of such Premium Bond and not as interest.

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

### **Other Tax Consequences**

Prospective purchasers of the Series 2026A Bonds should be aware that ownership of the Series 2026A Bonds may result in collateral federal income tax consequences to certain taxpayers depending on their status and income. Prospective purchasers of the Series 2026A Bonds should consult independent advisors as to the consequences of owning the Series 2026A Bonds, including the effect of such ownership under applicable state and local laws and any collateral federal income tax and state tax consequences.

## **Information Reporting and Backup Withholding**

Interest paid on the Series 2026A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2026A Bonds from gross income for federal income tax purposes, however, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to “backup withholding” at the fourth lowest rate applicable to unmarried individuals with respect to payments on the Series 2026A Bonds and proceeds from the sale of the Series 2026A Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This backup withholding generally applies if the owner of Bonds (i) fails to furnish the paying agent (or other person who otherwise would be required to withhold tax from such interest payments) such owner’s social security number or other taxpayer identification number (“**TIN**”), (ii) furnishes the paying agent an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances fails to provide the paying agent or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2026A Bonds also may wish to consult with independent tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions from backup withholding.

## **Disposition of the Series 2026A Bonds**

Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement, reissuance or other disposition of a Series 2026A Bond may result in a taxable event for federal income tax purposes.

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## **RISK FACTORS**

The following section is intended only as a summary of certain pertinent risk factors relating to an investment in the Series 2026A Bonds. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an investment in the Series 2026A Bonds. *In order for potential investors to identify risk factors and make an informed investment decision, they should thoroughly review this entire Official Statement and the appendices hereto and confer with their own tax and financial advisors when considering a purchase of the Series 2026A Bonds.*

### **Force Majeure Events**

Natural disasters, public health emergencies, acts of terrorism, civil disturbances, severe weather events, and other extraordinary events beyond the control of the Authority may adversely affect the operations or financial condition of the Authority and the System.

### **Economic Matters**

The Series 2026A Bonds are special limited obligations of the Authority payable solely from the revenues, funds, or other security specifically pledged for the payment thereof, as described in this Official Statement. The ability of the Authority's System to generate or receive revenues available for payment of the Series 2026A Bonds may be affected by general economic conditions, including inflation, changes in interest rates, unemployment levels, population trends, business activity, and other factors beyond the control of the Authority. Adverse economic developments could negatively affect revenues pledged to the payment of the Series 2026A Bonds.

### **Environmental Matters**

Utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures that regulate the environmental impact of water and wastewater utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures, and in particular from expanded oversight by the EPA. Consequently, there is no assurance that any Authority facility or project will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in additional capital expenditures, reduced operating levels or the shutdown of facilities not in compliance. In addition, increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

Planning for climate change in the State and its impact on the Authority's operations, including the System, is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts, floods, and storms. The financial impact of climate change is not yet known and therefore its future impact on the Authority and the System cannot be quantified reliably at this time.

### **Cyber-Security**

Computer networks and data transmission and collection are vital to the efficient operations of the Authority. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the Authority, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, and cause a loss of confidence in the commercial operations, which could materially adversely affect the operations of the Authority and the System.

## MISCELLANEOUS

### Ratings

Moody's Investor Service ("**Moody's**") has assigned a long-term rating of "Aa2" to the Series 2026A Bonds and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("**Standard & Poor's**"), has assigned a long-term rating of "AA" and a short-term rating of "A-1+" to the Series 2026A Bonds. The ratings reflect only the view of the rating agencies, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing such rating. There is no assurance that the ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the liquidity and market price of the Series 2026A Bonds.

The rating agencies may be contacted as follows: (i) S&P Global Ratings, Municipal Finance Department, 55 Water Street, 38th Floor, New York, New York 10041, telephone (212) 438-2074; and (ii) Moody's Investors Service, Public Finance Department, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, telephone (212) 553-1362.

### Underwriting

Pursuant to a Bond Purchase Agreement executed by and between the Authority and Stifel, Nicolaus & Company, Incorporated ("**Stifel**"), on behalf of itself and as representative of Security Capital Brokerage, Inc. (collectively, with Stifel, the "**Underwriters**"), on November \_\_, 2026, have agreed to purchase the Series 2026A Bonds at a price of \$\_\_\_\_\_, which represents the par amount of the Series 2026A Bonds, \$\_\_\_\_\_, less underwriters' discount of \$\_\_\_\_\_. The obligation of the Underwriters to accept delivery of the Series 2026A Bonds is subject to numerous conditions set forth in the Bond Purchase Agreement. The Authority has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the federal securities laws relating to portions of this Official Statement.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

## Continuing Disclosure

Securities and Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”) under the Securities Exchange Act of 1934 imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer’s securities. In order to assist the Underwriters of the Series 2026A Bonds in complying with the Rule, the Authority will sign a Continuing Disclosure Certificate on the date of issuance and delivery of the Series 2026A Bonds, under the provisions of which it shall covenant for the benefit of the beneficial owners of the Series 2026A Bonds to provide (i) certain financial information and/or operating data relating to the Authority (the “**Annual Report**”) and (ii) notices of the occurrence of certain enumerated events. The Annual Report and the notices of events will be filed electronically with the Electronic Municipal Market Access website (“**EMMA**”), an Internet-based electronic filing system supported by the Municipal Securities Rulemaking Board (“**MSRB**”).

The Annual Report shall contain or incorporate by reference, among other items, the general purpose financial statements of the Authority for the prior Fiscal Year. The Authority’s current fiscal year began on October 1, 2025, and will end on September 30, 2026. The specific nature of the information to be contained in the Annual Report or in the notices of enumerated events is in “Appendix D: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE.”

The Chief Financial Officer of the Authority is the post-issuance compliance officer for the Authority and is responsible for filings with EMMA. In January of each year, the post issuance compliance officer reviews the continuing disclosure requirements with the members of the Board in accordance with the Authority’s written policies and procedures.

With the exception of the following the Authority believes it has been in compliance with its continuing disclosure obligations for its prior undertakings under the Rule for the past five years. The Authority entered into GEFA Loan DW2020039-L, dated April 1, 2021, which is considered a “Financial Obligation” in accordance with the Rule. There was not an event filing made on EMMA at the time the loan was entered into, however the loan has been disclosed in the Authority’s financial statements since Fiscal Year 2022. Additionally, the Authority failed (i) to timely file its debt service coverage including GEFA Loans for Fiscal Years 2019 – 2022, (ii) to file its top ten customers for Fiscal Year 2022, and (iii) to file certain peak and average usage data in a manner consistent with its prior official statements for the past five years. A remedial filing was made with EMMA on September 23, 2024 to correct the Authority’s disclosure record. Lastly, the Authority failed (i) to link the CUSIP numbers for the Series 2024 Bonds to its disclosure record on EMMA and (ii) to file a significant events notice related to a ratings change in connection with the issuance of the Series 2024 Bonds.

## Financial Statements

The financial statements of the Authority for the fiscal year ended September 30, 2025 attached hereto as Appendix A, have been audited by McNair McLemore Middlebrooks & Co., Macon, Georgia, to the extent and for the periods indicated in their report thereon which appears in such appendix. Such financial statements have been included herein in reliance upon the report of McNair McLemore Middlebrooks & Co.

## Consulting Engineer

The references herein to Jacobs Engineering Group Inc., Atlanta, Georgia, as Consulting Engineer have been approved by said firm. The Engineering Report has been included as “Appendix E: ENGINEERING REPORT” attached to this Official Statement with the consent of the Consulting Engineer. References to and excerpts herein from such reports do not purport to be an adequate summary of the Engineering Report or complete in all respects. The Engineering Report is an integral part of this Official

Statement and should be read in its entirety for complete information with respect to the subjects discussed therein.

## **Miscellaneous**

The references, excerpts, and summaries of all documents, statutes, and information concerning the Authority and certain reports and statistical data referred to herein do not purport to be complete, comprehensive, and definitive, and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2026A Bonds, the security for the payment of the Series 2026A Bonds, and the rights and obligations of the owners thereof and to each such statute, report, or instrument.

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

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

This Official Statement contains certain “forward looking statements” concerning the Authority’s operations, performance, and financial condition, including its future economic performance, plans, and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the Authority. The words “may,” “would,” “could,” “will,” “expect,” “anticipate,” “believe,” “intend,” “plan,” “estimate,” and similar expressions are meant to identify these forward looking statements. Actual results may differ materially from those expressed or implied by these forward looking statements.

## **Forward-Looking Statements**

Any statements made in this Official Statement, including in the Appendices, involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized.

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

**Certification**

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

MACON WATER AUTHORITY

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

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## Appendix A

### MACON WATER AUTHORITY ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2025

The financial statements as of and for the year ended September 30, 2025, included as part of this Appendix A, have been audited by McNair McLemore Middlebrooks & Co., Macon, Georgia, independent Certified Public Accountants, to the extent and for the period indicated in their report thereon which also appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of McNair McLemore Middlebrooks & Co.

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**MACON WATER AUTHORITY**

**MACON, GEORGIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2025**

# **Annual Comprehensive Financial Report**

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## **INTRODUCTORY SECTION**

**Macon Water Authority – Macon, Georgia**

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# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**YEAR ENDED SEPTEMBER 30, 2025**

**MACON WATER AUTHORITY – MACON, GEORGIA**

**Prepared by:  
Business Operations Department  
Michel Wanna, Interim President/Executive Director**

# **Macon Water Authority**

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## **Page**

### **INTRODUCTORY SECTION**

|                                                      |            |
|------------------------------------------------------|------------|
| Title Page.....                                      | i          |
| Table of Contents .....                              | ii and iii |
| Letter of Transmittal .....                          | iv – xviii |
| Listing of Principal Officials and Consultants ..... | ix         |
| Organizational Chart .....                           | xx         |

### **FINANCIAL SECTION**

|                                                                                               |           |
|-----------------------------------------------------------------------------------------------|-----------|
| Independent Auditor’s Report .....                                                            | 1 – 4     |
| Management’s Discussion and Analysis .....                                                    | 5 – 13    |
| Basic Financial Statements:                                                                   |           |
| Statement of Net Position .....                                                               | 14 and 15 |
| Statement of Revenues, Expenses and Change in Net Position .....                              | 16        |
| Statement of Cash Flows.....                                                                  | 17 and 18 |
| Statement of Fiduciary Net Position .....                                                     | 19        |
| Statement of Changes in Fiduciary Net Position .....                                          | 20        |
| Notes to Financial Statements.....                                                            | 21 – 47   |
| Required Supplementary Information:                                                           |           |
| Schedule of Changes in the Authority’s Total OPEB Liability and Related Ratios .....          | 48        |
| Schedule of Changes in the Authority’s Net Pension Liability (Asset) and Related Ratios ..... | 49        |
| Schedule of Authority Contributions .....                                                     | 50        |
| Schedule of Pension Investment Returns .....                                                  | 51        |
| Combining Statement of Fiduciary Net Position.....                                            | 52        |
| Combining Statement of Changes in Fiduciary Net Pension.....                                  | 53        |

### **STATISTICAL SECTION**

|                                                       |        |
|-------------------------------------------------------|--------|
| Statistical Section (Unaudited) Comments.....         | 54     |
| Net Position by Component.....                        | 55     |
| Changes in Net Position .....                         | 56     |
| Operating Revenues by Source.....                     | 57     |
| Operating Expenses by Source .....                    | 58     |
| Non-operating Revenues and Expenses .....             | 59     |
| Annual Capital Contributions from Developers .....    | 60     |
| Water Produced, Consumed, and Wastewater Treated..... | 61     |
| Tap Sales .....                                       | 62     |
| Number of Water and Sewer Customers by Type .....     | 63     |
| Water and Sewer Rates .....                           | 64– 68 |

## **Macon Water Authority**

---

**Page**

**STATISTICAL SECTION (CONTINUED)**

|                                                    |    |
|----------------------------------------------------|----|
| Ten Largest Customers .....                        | 68 |
| Outstanding Debt by Type .....                     | 67 |
| Pledged Revenue Coverage .....                     | 68 |
| Demographic and Economic Statistics.....           | 70 |
| Principal Employers .....                          | 71 |
| Number of Employees by Identifiable Activity ..... | 72 |
| Operating and Capital Indicators .....             | 73 |

**COMPLIANCE SECTION**

|                                                                                                                                                                                                                                   |           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Independent Auditor's Report on Internal Control over Financial<br>Reporting and on Compliance and Other Matters Based on<br>An Audit of Financial Statements Performed in Accordance with<br>Government Auditing Standards ..... | 74 and 75 |
| Summary Schedule of Prior Findings .....                                                                                                                                                                                          | 76        |



Michel Wanna  
Interim Executive Director &  
President

790 Second Street\* P.O. Box 108  
Macon, GA 31202-0108  
(478) 464-5600\* FAX (478) 750-2007

**Board Members:**

Gary Bechtel, Chairman  
Frank Patterson, Vice-Chairman  
Elaine H. Lucas  
Desmond Brown  
Dwight Jones  
Bill Howell  
Valerie Wynn

March 6, 2025

Authority Members  
The Macon Water Authority  
Bibb County, Georgia  
Macon, Georgia

The Macon Water Authority (the "Authority") is required to publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards ("GAAS") by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Authority for the year ended September 30, 2025.

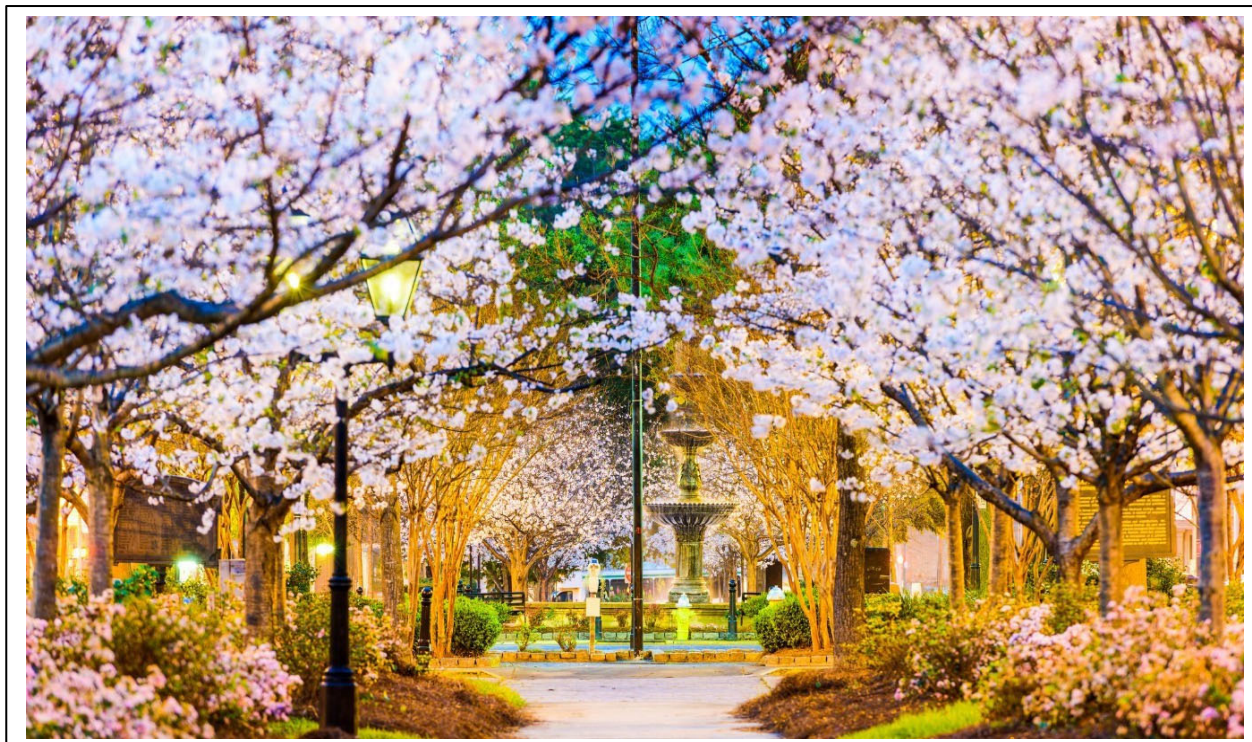
This report consists of management's representations concerning the finances of the Authority. Consequently, management assumes responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with GAAP. The cost of internal controls should not outweigh the benefits of those controls; therefore, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority's financial statements have been audited by McNair, McLemore, Middlebrooks & Co., LLC, a firm of licensed certified public accountants. The goal of the independent audit was 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 their opinion. The auditor's opinion concluded the financial statements present fairly, in all material respects, the financial position, aggregate fund information, and respective changes in financial position, and cash flows for the year ending September 30, 2025 were in accordance with generally accepted accounting principles of the United States of America. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the year ended September 30, 2025, are presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF THE GOVERNMENT

The Macon Water Authority (the "Authority") was created by an act of the General Assembly of the State of Georgia. The Authority is a body corporate and politic, which is deemed to be a political subdivision of the State of Georgia and a public corporation, and was enacted by the General Assembly of Georgia by the provisions of Ga. L.



Macon Georgia Tattnell Square Park and Blooming Cherry Blossoms

1992, p. 4991, as amended (the "Act"), which amended an act known as the "Macon-Bibb County Water and Sewerage Authority Act," approved March 2, 1966, Ga. L. 1966, p. 2737, as amended. The Act was enacted to provide a consolidated charter for the authority to change the name of the Authority to the Macon Water Authority, and to reapportion and revise the boundaries of the five electoral districts provided for the Authority, and for other purposes. The general purpose of the Authority is to secure for Macon-Bibb County, Georgia, a satisfactory and reliable water and sanitary sewer system at the most reasonable cost possible and to make such system, and the services thereof, available to public and private consumers in Macon-Bibb County and its environs, including municipalities outside Macon-Bibb County and to adjoining counties.



Macon Water Authority Corporate Office

The “Macon Water Authority Act” was also amended in 1999 to provide for additional purposes, powers, and definitions. This amendment provides for matters having to do with industrial development and authorizes the Authority to contract with the Macon-Bibb County Consolidated Government and the Macon- Bibb County Industrial Authority with respect to the acquisition, construction, or development of industrial sites or facilities.



The “Macon Water Authority Act” was further amended in this area in 2017 through SB 281 that permits the Authority to contract with Macon-Bibb County and the Macon-Bibb County Industrial Authority for an additional 25 years.

In 2019, the Act was further amended to provide for the ability to operate a stormwater utility as authorized by and pursuant to an intergovernmental agreement with the governing body responsible for stormwater control in the areas served by the Authority, to provide stormwater management services and to operate, maintain, develop, repair, and construct a stormwater management system and utility in areas served by the Authority.

The Authority began providing regulatory services on October 1, 2019, for the MS4 Permit which authorizes Macon-Bibb County Georgia to discharge stormwater collected by the stormwater system into area waters of the United States.

On January 1, 2021, the Macon Water Authority began providing stormwater maintenance and services to residents and businesses within Macon-Bibb County Georgia. This first full calendar year of stormwater service was funded by the Macon Water Authority. Beginning January 1, 2022, a separate stormwater fee is now charged to residential homes and businesses within Macon-Bibb County. The service fee for residential customers is \$4.99 a month. The stormwater service fee for non-residential customers is \$4.99 per month for each 2,200 square feet of impervious service area on the property.

## The Macon Water Authority Board

The Authority has a seven-member Board. Four members are elected from each of four electoral districts for a term of four years. The Chairman of the Authority Board is elected from a County-wide district and two members are appointed from the governing authority of Macon-Bibb County Georgia. These two appointed members serve at the pleasure of their appointing authority. Day-to-day operations of the Authority are managed by an Executive Director/President appointed by the Authority Board.

The Authority operates under an annual Board approved budget. The budget, however, is not legally adopted and thus budgetary comparisons are not presented in the accompanying financial statements. The Authority utilizes a purchase order encumbrance system. All items are approved against the budget before being purchased. Encumbrances lapse at the end of the fiscal year.

The Authority employs an enterprise fund concept to account for its operations which are financed and operated in a manner like a private business enterprise. An enterprise fund is a proprietary fund, and all proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when the service is received, and the related liability is incurred. All utility service receivables are recorded at year-end. Since the Authority operates solely on its generated revenues, there are no appropriations.



## The Board of the Macon Water Authority



Gary Bechtel  
Chairman



Elaine Lucas  
District 1 Member



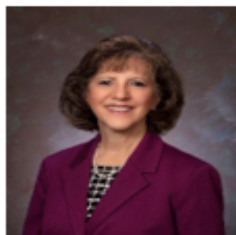
Desmond Brown  
District 2 Member



Dwight Jones  
District 3 Member



Frank Patterson  
Vice Chairman  
District 4 Member



Valerie Wynn  
Macon-Bibb  
Representative



Bill Howell  
Macon-Bibb  
Representative

## OVERVIEW OF THE SYSTEM

### *Water Distribution*

The Authority provides both water distribution and sewer conveyance services to residential and non-residential customers. The water distribution system has approximately 1,676 miles of water mains and water distribution lines serving approximately 51,799 metered customers. The Authority has one water treatment plant, the Frank C. Amerson, Jr. Water Treatment Plant, located on the east bank of the Ocmulgee River in Jones County, Georgia. This state-of-the-art water treatment facility came on-line in early 2000.

The Frank C. Amerson, Jr. Water Treatment Plant intake draws water from the Ocmulgee River. The Authority has a withdrawal permit that allows up to 110 million gallons a day to be withdrawn from the Ocmulgee River. During peak customer demand periods during the summer months, the Frank C. Amerson, Jr. Plant often reaches and occasionally exceeds a 35 million gallon per day (“MGD”) demand level.



During the 1990's, the Authority constructed and currently maintains Javors Lucas Lake Reservoir. This reservoir is located on approximately 2,800 protected acres in Jones County, Georgia. Lucas Lake is on the same grounds as the Frank C. Amerson, Jr. Water Treatment Plant. Lucas Lake is an off-stream pump storage reservoir with a total capacity of 5.9 billion gallons. It has been determined the reservoir can provide a safe yield of 72 million gallons per day during extended drought conditions. The Frank C. Amerson, Jr. Water Treatment Plant, without any additional modifications, can produce up to 60 million gallons per day. In addition, the facility can be expanded to 90 million gallons per day with

some modifications. Equipment and system redundancies allow the Frank C. Amerson, Jr. Water Treatment Plant to continually operate without interruption. The State of Georgia's Middle Ocmulgee Regional Water Plan (adopted in 2011) made projections of drinking water capacity needs through the year 2050 and found that the Authority has more than enough capacity to meet demand projections.



Javors Lucas Lake Reservoir

The Authority is permitted to pump 110 MGD from the Ocmulgee River to the reservoir from December through May, when the river flow is 900 cubic feet per second; and in June through November, when the river flow is 440 cubic feet per second. The Authority is permitted to pump a minimum of 35 MGD throughout the year.



Ocmulgee River at the Amerson River Park Macon-Bibb County Georgia

In addition to the Frank C. Amerson, Jr. Water Treatment Plant and Javors Lucas Lake, the Authority maintains 24 large volume ground and elevated water storage tanks, which includes four clear-wells and eight major pump stations throughout the system.



Clear Wells at Frank C. Amerson, Jr., Water Treatment Plant. Each Tank holds 5 million gallons of finished water.

## ***Sewer Conveyance***



Lower Poplar Wastewater Reclamation Plant

The Authority operates a sewer conveyance system, which includes approximately 220 miles of interceptor sewer lines and approximately 789 miles of sanitary sewer lines serving approximately 42,610 sewer customers. The collection system is supported by eight major pumping stations and 50 smaller pumping stations located throughout the service network. Collected wastewater is treated at one of two wastewater reclamation facilities that have a combined capacity of 48 MGD. Wastewater reclamation is processed at either the Rocky Creek Water Reclamation Facility with a capacity of 28 MGD or the Lower Poplar Water Reclamation Facility with a capacity of 20 MGD. The combined treatment capacity utilized during the year was 70.71% of available capacity.

## Stormwater



The Authority began providing regulatory services on October 1, 2019, for the MS4 Permit which authorizes Macon - Bibb County Georgia to discharge stormwater collected by the stormwater system into area waters of the United States. During fiscal year 2020, the Authority Board approved not exercising the opt-out provision of the intergovernmental agreement signed July 31, 1999, between Macon-Bibb County Georgia and the Authority, thereby approving that the Authority would begin operating a stormwater utility on January 1, 2021, in Macon-Bibb County Georgia.



19<sup>th</sup> Century Stormwater Tunnel - Macon GA

## ***Stormwater***

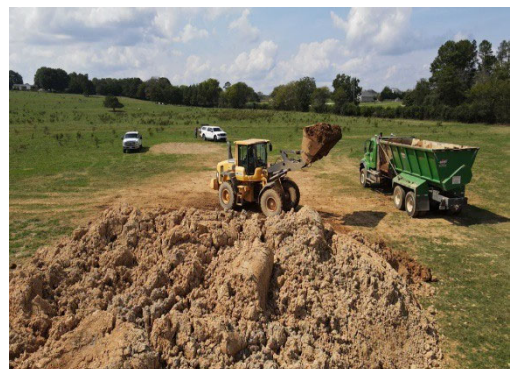
The Authority began providing stormwater services on January 1, 2021. Operations were financed by the Authority for the first twelve months of operation. Beginning January 1, 2022, a separate stormwater utility fee is now charged to residential homes and businesses within Macon-Bibb County. The service fee for residential customers is \$4.99 a month. The stormwater service fee for non-residential customers is \$4.99 per month for each 2,200 square feet of impervious area on the property. Stormwater credits are applied to some non-residential customers to reduce their monthly rate if they qualify.



## ***Macon Soils***

The Authority operates Macon Soils, an Authority subsidiary that handles the recycling of bio solids. Bio solids are a byproduct of the wastewater treatment process performed at the Authority's

wastewater  
reclamation facilities.  
These bio solids are  
land applied to area  
farms for agricultural  
benefit. Macon Soils  
also contracts with



other water utilities to provide lime by-product pick up and transport.



## ***Macon Water Environmental Education, Inc. (dba “Macon Water Alliance”)***



The Authority founded Macon Water Environmental Education Incorporated (dba “Macon Water Alliance”) as a Federally recognized 501c3, Georgia Non-Profit Corporation in 2015. The mission of the Macon Water Alliance from its’ inception has been to fund, maintain, operate, and provide an environmental enhancement, education, and water resource focused assistance organization for the residents of Middle Georgia. The Macon Water Alliance was established as a 501c3

corporation in order to solicit, receive and maintain funds for the support and enhancement of community education on environmental issues; to solicit and receive donation of funds to be used for community enhancement, educational activities, and water resource focused assistance programs.

### ***Reinvesting in Our Infrastructure***



Lower Poplar Digester Lid Replacement

The Authority continues to plan and successfully execute capital reinvestment strategies that have upgraded and rehabilitated the infrastructure of our system to ensure that future generations of Macon-Bibb County residents are provided with a clean, safe and affordable source of water delivery and sewer reclamation services. This vision has consistently taken a pro-active approach to identifying aging parts of the systems, planning for appropriate financing sources, and repairing and replacing the system infrastructure in a timely and cost-efficient manner. The Authority continues to budget and plan using full cost accounting practices for capital asset replacement which includes covering depreciation expense and planning for future replacement costs.

Between 2015 and 2020 the Board passed resolutions to issue \$106,630,000 to finance upgrades to wastewater reclamation plants, install new water main lines, construct a new three (3) million-gallon elevated water tank and a new booster pump to finance expansions and improvements at two wastewater reclamation plants. In October 2024, the Board authorized and issued a resolution for \$102,710,000 revenue bonds. These bonds were issued to finance replacement, influent pump station improvements, and upgrades to the Rocky Creek and Lower Poplar wastewater reclamation plants; install sewer main lines, and structural rehabilitation projects at Amerson Water Treatment plant.



*Lower Poplar Influent Pump Station rehabilitation*



*18" Sewer Main rehab*

The Board and the Authority management team continue to focus on conservative operational and financial planning for the Authority that provides robust infrastructure at affordable water and sewer rates. This planning will ensure that future generations of customers will continue to have uninterrupted delivery of clean water and wastewater reclamation services.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Authority operates.

### ***Local Economy***

Macon-Bibb County Georgia is in the approximate geographic center of the State of Georgia. Two major interstate highway systems, I-75 and I-16 pass through Macon-Bibb County. Interstate 75 connects Macon-Bibb to Atlanta to the north and to Valdosta, Georgia, and points in Florida to the south. Interstate 16 connects Macon-Bibb to the Georgia coastal communities including the Port of Savannah to the East as well as the Florida coastal communities. Macon-Bibb occupies a strategic position on the

bank of the Ocmulgee River, and is located approximately 80 miles south of Atlanta, Georgia. The proximity of Macon-Bibb to Atlanta, Warner Robins, Georgia, and the Savannah Port Authority has helped to contribute to the strong economic position that this community has enjoyed over the years.

The Middle Georgia area has a long history of commitment to higher education and is home to several universities and colleges, including Mercer University, Middle Georgia State University, Wesleyan College and Central Georgia Technical College.



One of the strengths of the local economy is diversification of the types of industries located in Macon-Bibb County. The many health professions, insurance, education, trade, manufacturing, lodging and food service firms provide large numbers of well-paying jobs for the community. Large multi-national aerospace and

government contracting firms also provide large numbers of well-paying jobs for area residents. The State of Georgia's largest employer and the State's largest industrial complex is Robins Air Force Base, located in adjoining Houston County, Georgia. Robins is home to the Air Force Material Command's Warner Robins Air Logistics Center. This command is the worldwide manager for a wide range of military aircraft, engines,

missiles, software, and avionics. The most recent 2025 economic impact report indicated that the Robins industrial complex employs more than 22,000 civilians, military members and contractors in Middle Georgia. The base had an estimated \$4.2 billion-dollar economic impact for the State of Georgia and the surrounding communities in Middle Georgia, an increase of 11% over the previous fiscal year. *[Georgia Trend Magazine 12/31/2025]*



## ***Industrial Partnership***



Existing industry retention and expansion, along with new industry recruitment are integral to sustaining the County's economic vitality over the long term. The Authority's leadership, Macon-Bibb County leadership, and the Macon-Bibb County Industrial Authority leadership have continued to work together to both attract new industrial customers and retain existing industries. Throughout 2025, Macon-Bibb

County saw significant investment, further strengthening economic growth, job creation, and retention, ultimately fortifying Macon Water Authority's industrial customer base.

### **Noteworthy developments included:**

❖ **Industrial Site Acquisition:** Acquisition of approximately 780 acres within Ocmulgee East Industrial Park for future industrial development, marking the largest single industrial land acquisition in over 25 years. Environmental review and initial site readiness work are underway, with plans to pursue Georgia Ready for Accelerated Development (GRAD) certification in partnership with the Georgia Department of Economic Development.

❖ **PILOT Program Oversight and Industry Conditions:** Administration of Payment in Lieu of Taxes (PILOT) agreements supporting industrial investment while maintaining long-term tax base growth. A fall 2025 survey of 11 PILOT companies representing 3,700+ jobs, \$3.3 billion in capital investment, and approximately \$319 million in annual payroll found that 91% of respondents are actively hiring, with workforce availability identified as the primary constraint on growth. Infrastructure reliability was also cited as a key operational consideration.

❖ **Workforce Development:** Participation in the development of the Advanced Manufacturing Pathway Program in coordination with local education, workforce, and industry partners, with an anticipated first student cohort in 2026–2027.

❖ **International Industry Engagement:** Participation in Southeast U.S.-Canadian Provinces (SEUSCP) and Southeast U.S.-Japan (SEUS-Japan) conferences to support relationship management with internationally owned industrial employers and inform long-term workforce and infrastructure planning.

❖ **Professional Accreditation:** Reaccredited by the International Economic Development Council (IEDC) as an Accredited Economic Development Organization (AEDO) in 2025, one of fewer than 100 organizations in the United States. “

## ***Long-term Financial and Operational Planning***

The Authority has developed a capital improvement plan that identifies water distribution and wastewater reclamation line extensions, upgrades and replacements to older sewers and lift stations throughout the system. To ensure that there is adequate funding available to finance the capital improvement initiatives, the Executive Director/President and the various department managers have developed a rolling five-year capital plan. Consideration has been given to expected increases/decreases in revenues as well as projecting costs for the future projects. This capital planning, which is reviewed each year prior to the start of the operating budget process, provides guidance through the fiscal year 2030.

In addition, the Authority completed a Water Distribution Master Plan that considered Macon-Bibb County's needs for a 20-year planning period. Growth was based on Georgia Department of Transportation population projections coupled with input from the Macon-Bibb Planning and Zoning Department. Of interest were impacts on the water

distribution system from the private manufacturing and distribution sectors due to their large daily demands and/or fire protection requirements. Recommendations include capital improvement projects and energy conserving operational changes. A sophisticated operational level computer model was a part of the Master Plan work, a tool to serve the Authority staff for many years to come.

## AWARDS

The Authority was the recipient of several prestigious awards during the year, and we would like to highlight a few of those awards.

- The Authority received the Platinum Award for **Water Distribution System Excellence** in 2025, as judged by the Georgia Association of Water Professionals (“GAWP”), for achieving a score of 95% or higher for five consecutive years, because of the annual review and audit of its water system.
- The Authority received the Platinum Award for **Wastewater Collection System Excellence** in 2025, as judged by the Georgia Association of Water Professionals (“GAWP”), for achieving a grade of 95% or higher for at least five consecutive years, because of the annual review of the Authority's sewer system.
- Amerson Water Treatment Facility earned the Best Operated Water Plant of the Year Award, Surface Water 75 to 99.99 MGD, Certificate of Achievement award from the Georgia Association of Water Professionals (“GAWP”) in 2025.
- The Authority won the Gold Award for the Lower Poplar Reclamation Facility in 2024 for no permit violation, NPDES permits or pretreatment violations, as judged by the Georgia Association of Water Professionals (“GAWP”)

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire finance and administrative staff of the Authority. We would like to express our appreciation to all the employees of the Macon Water Authority who contributed to this report's preparation. We would also like to thank the Authority Members for their interest and support in planning and conducting the financial operations of the Authority in a responsible and progressive manner.

Respectfully submitted,

Michel Wanna  
Interim President and Executive Director

## Listing of Principal Officials and Consultants

As of September 30, 2025

### **Macon Water Authority**

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#### **Board Members**

Gary Bechtel, Chairman  
Frank Patterson, Vice Chair  
Desmond Brown  
Dwight Jones  
Elaine Lucas  
Bill Howell  
Valerie Wynn

#### **Interim Executive Director & President**

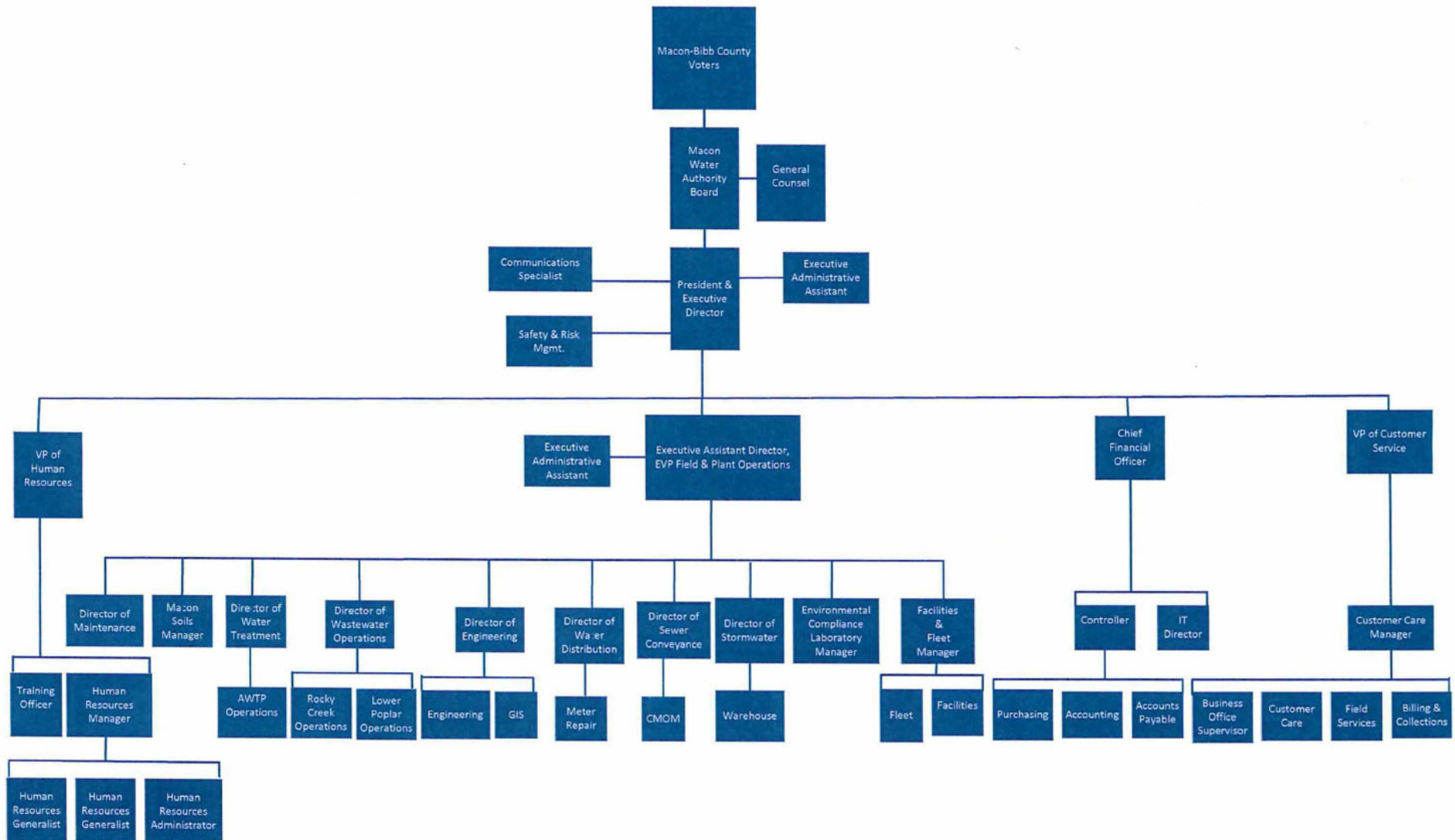
Michel Wanna

#### **Auditors**

McNair, McLemore, Middlebrooks & Co., LLC  
*Certified Public Accountants*



# Macon Water Authority



# **Annual Comprehensive Financial Report**

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## **FINANCIAL SECTION**

**Macon Water Authority – Macon Georgia**

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March 13, 2026

## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Macon Water Authority

### Report on the Audit of Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the **Macon Water Authority** (the "Authority") as of and for the year ended September 30, 2025, and the related notes to financial statements, which collectively comprise the Authority'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 business-type activities, each major fund and the aggregate remaining fund information of the Authority, as of September 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 Authority 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.

#### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, as of October 1, 2024, the Authority adopted new accounting guidance for Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

## ***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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Authority'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 Authority'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 Management's Discussion and Analysis, the Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios, the Schedule of Changes in the Authority's Net Pension Liability (Asset) and Related Ratios, the Schedule of Authority Contributions, and the Schedule of Pension Investment Returns 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 Authority's basic financial statements. The combining statements of fiduciary net position and changes in fiduciary net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 statements of fiduciary net position and changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information Included in the Annual Comprehensive Financial Report***

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 basic 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 basic 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 GAS, we have also issued our report dated March 13, 2026, on our consideration of the Authority'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 solely 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 Authority's internal control over financial reporting and compliance.

*McNair, McLeMore, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**Macon Water Authority**

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As management of the Macon Water Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements and Notes to Financial Statements.

**Operating Highlights**

The Authority treats and distributes potable water and collects and treats wastewater in Macon-Bibb County ("Macon-Bibb") and its environs. To accomplish these functions the Authority:

- Operates the Frank C. Amerson, Jr. Water Treatment Plant which can treat up to 60 million gallons per day ("MGD") to meet peak day demands. The principal source of water is the Ocmulgee River and is augmented by the Authority's Javors Lucas Lake Reservoir which holds approximately 5.9 billion gallons of water.
- Serves approximately 51,799 metered water accounts through a water distribution system which contains over 1,676 miles of water mains and lines.
- Serves approximately 42,610 wastewater customers through a wastewater collection system that includes 220 miles of major interceptor sewers up to 60 inches in diameter and 789 miles of sanitary sewer lines.
- Treats the collected wastewater at one of two wastewater reclamation control plants ("WWRCP") locations. The largest is the Rocky Creek WWRCP which is rated at a capacity of 28 MGD. Total daily combined capacity of both of our wastewater reclamation plants is 48 MGD.

**Financial Highlights**

- The Authority's net position (amount assets exceeded liabilities) at the close of the fiscal year amounted to \$311,739,027 (net position). Of this amount, \$28,214,298 was restricted in its use in future periods.
- The Authority's total net position increased by \$33,287,954 during the fiscal year ended September 30, 2025. This net change is further reflected in the Authority's statement of revenues, expenses, and changes in net position.
- The Authority's total long-term debt (including current maturities for bonds, capital leases, notes, and unamortized premiums) increased by \$107,534,773 (or approximately 99%) during the current fiscal year. The increase was the result of bonds issued in October 2024 for \$102,710,000 at a premium of approximately \$12M. More information on long-term debt can be found in Note 5 in the notes to financial statements.

### Financial Highlights (Continued)

- Actuarially determined long-term liabilities for the Employee Defined Benefits Pension plan and Other Post- Employment Employee Benefits ("OPEB") decreased \$4,079,692 during the year. This change was driven by a decrease in the pension liability from updated assumptions.
- As of September 30, 2024, the actuarial measurement date, the Authority reported a net pension asset in the financial reports of \$851,998 representing a decrease in liabilities of \$4,351,821 from FY24. As of the actuarial valuation date of October 1, 2024, the employee defined benefit pension was 101.6% funded.
- The Authority had water and sewer operating revenues of \$92,785,286 and \$12,363,772 in stormwater operating revenues during the current year. Total consolidated revenues for fiscal year 2025 were \$105,149,008.
- Operating revenues increased \$13.26 million over the previous year, with water & sewer revenue accounting for 99.67% of the year-over-year improvement. Stormwater revenues accounted for .24% of the year-over-year improvement while the other operating revenues increase of \$23K contributed to the improvement by .18%. The operating revenues increase in the year-over-year comparison was driven by an increase in both water and sewer rates.

### Overview of the Financial Statements

This Management's Discussion and Analysis ("MD&A") is intended to serve as an introduction of the Authority's basic financial statements. The *statement of net position* presents information on all the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information reflecting how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported on an accrual basis.

#### Fiduciary Fund & GASB 84

The Authority implemented GASB 84, Fiduciary Activities, and required reporting with the September 30, 2021, reporting year. Included in this Annual Comprehensive Financial Report is a statement of Fiduciary Net Position and a statement of Changes in Fiduciary Net Position. The Fiduciary financial reports provide additional disclosure and representation on the Authority sponsored employee defined benefit pension plan and the employee contribution plan as of September 30, 2025.

Macon Water Authority

Financial Statements

**Net Position:** The following table reflects the overall financial condition of the Authority as of the last two fiscal years ended September 30, 2025, and 2024, respectively.

| Net Position                    |                |                |
|---------------------------------|----------------|----------------|
|                                 | 2025           | 2024           |
| Other assets                    | \$ 267,802,489 | \$ 128,254,182 |
| Capital assets                  | 295,837,401    | 285,578,963    |
| Total assets                    | \$ 563,639,890 | \$ 413,833,145 |
| OPEB                            | 789,020        | 944,246        |
| Pension                         | -              | 1,035,695      |
| Total deferred outflows         | \$ 789,020     | \$ 1,979,941   |
| Current Liabilities             | \$ 33,555,609  | \$ 20,630,900  |
| Noncurrent liabilities          | 213,398,504    | 108,536,375    |
| Total liabilities               | \$ 246,954,113 | \$ 129,167,275 |
| Deferred charges on refundings  | \$ 307,381     | \$ 368,858     |
| OPEB                            | 1,130,835      | 1,567,728      |
| Pension                         | 4,297,554      | 4,117,194      |
| Total deferred inflows          | \$ 5,735,770   | \$ 6,053,780   |
| Net investent in capital assets | \$ 195,263,937 | \$ 176,310,369 |
| Restricted for debt service     | 28,214,298     | 20,781,264     |
| Unrestricted                    | 88,260,792     | 83,500,398     |
| Total net position              | \$ 311,739,027 | \$ 280,592,031 |

The Authority's Other Assets increased from \$128,254,182 at the beginning of the fiscal year to \$267,802,489 at the end of the year. Elements to consider related to this change include:

- ✓ Cash, cash equivalents and investments increased by \$125.82M from \$93,552,868 to \$219,374,049, with most of the increase vastly contributed to the most recent 2024 Bond issue completed in October 2024. The Authority has maintained adequate cash balances as we continue major work on our infrastructure while financing as much as possible with internally generated cash flow. As part of Authority treasury planning, we maintain adequate cash reserves on-hand to allow flexibility for the issuance of variable rate water and sewer revenue bonds in lieu of fixed rate debt at any time. Adequate cash reserves also allow the Authority to provide self-funded liquidity levels for outstanding variable rate water and sewer revenue bonds.

**Macon Water Authority**

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- ✓ Within this overall category, investments increased from \$13,374,760 in 2024 to \$14,356,336 in 2025. We maintained a focus on short-term liquidity instruments as the market can still be unpredictable.
- ✓ Restricted cash and investments increased from \$20,918,740 in 2024 to \$28,214,298 during fiscal year 2025. These restricted funds increased due to additional funding in reserves for debt service, as well as additional dollars held for future improvements in a shared commitment with the Macon-Bibb County intergovernmental agreement to maintain the levee. Additional information on this agreement can be found in Note 1 of the audited financial statements.
- ✓ Along with the legally restricted cash and investments, Authority management does not have discretion to use Board restricted reserves for anything other than the intent for which the Board restricts the funds. Based on this governance, \$192,758,788 of the Authority's cash and investments are not available for daily operations which results in approximately \$54,835,559 of available unrestricted reserves that are available for daily operational expenses should monthly cash flow fall short.
- ✓ Accounts Receivable net of allowance for doubtful accounts from customers increased from \$6,048,022 in 2024 to \$7,637,910 by fiscal year-end September 30, 2025. This is a result of increased water & sewer receivables increasing from higher rates. Accounts receivable aging also increased because of higher revenues.
- ✓ Other receivables increased from \$117,061 in 2024 to \$383,690 in 2025. The increase was primarily the result of low-income housing assistance dollars received and ultimately applied to customers' accounts.
- ✓ Inventory of materials and supplies increased from \$5,998,639 in 2024 to \$10,425,640 in 2025. The increase was the result of continued advancement of the automated meter reading (AMR) project deploying AMR meters into the field.
- ✓ Prepaid expenses increased from \$1,618,652 in 2024 to \$1,766,902 in 2025. This change was not the result of any one significant event; rather, changes in the normal course of business during the year.
- ✓ Capital assets increased from \$285,578,963 in 2024 to \$294,679,809 (needs to exclude net pension asset) at the end of 2025. This caption includes the aggregation of net property and equipment and construction work in progress. Several construction projects were started and completed in the same fiscal year. Gross construction work in progress during the most recent fiscal year-end decreased \$7.03M and on September 30, 2025, there was \$26.8 million in construction work in progress versus \$33.8 million the previous year-end.

**Macon Water Authority**

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- ✓ Depreciation expense increased from \$18,470,786 in 2024 to \$18,679,238 in 2025. The increase in depreciation was attributed to the normal course of business operations, considering new additions in capitalized assets.
- ✓ The Authority's total current liabilities increased from \$20,630,900 in 2024 to \$33,555,609 in 2025, an increase of \$12,924,709. This increase was the direct result of the increase in trade payables, implementation of GASB 101 retroactively to 2024, and an increase in accrued interest payable.
- ✓ Current portion of long-term debts and the respective accrued interest (notes and revenue bonds) increased from \$7,210,163 in 2024 to \$9,805,216 in 2025. This is related to the debt service payment schedule and payments accrued in fiscal year 2025 and payable on October 1, 2025, for principal and interest on outstanding bond issues and notes.
- ✓ Trade payables increased from \$5,714,941 in 2024 to \$13,400,987 in 2025. This increase was attributed to increased construction related to 2024 bond projects.
- ✓ Finance purchases payable decreased due to the scheduled lease payments for financed equipment for the stormwater utility. □ Finance purchases payable due within one year decreased by \$398,300 in 2025.
- ✓ Intergovernmental payables increased from \$3,892,069 during 2024 to \$4,197,886 in 2025. Intergovernmental payables are comprised of two agreements. The first is between the Authority and the Macon-Bibb County Georgia Consolidated Government. Annual funding provided by the Authority totals \$304,990 for the Macon-Bibb County landfill as well as continued maintenance, if needed, of the flood control levee near the Ocmulgee River and its tributaries. The second agreement is between the Authority and the Macon-Bibb County Industrial Authority. The Authority provides funding in the amount of \$704,000 a year for industrial development that is deposited into a revolving fund for industrial land acquisition and development. The increase of \$305,817 between 2024 and 2025 was the result of reduced reimbursements to intergovernmental authorities for appropriate expenses from the revolving funds, as well as interest earnings for fiscal year 2025. This payable has an offsetting asset on the books that is restricted by the intergovernmental agreement.
- ✓ Customer deposits had an increase of \$113,959 during 2025. Customer deposit liabilities were \$1,482,829 and grew to \$1,596,788 by the end of 2025. The Authority continues to follow a timely refunding of deposits to customers that meet the criteria for refunding.
- ✓ Accrued workers' compensation and health benefits decreased from \$514,873 at the end of 2024 to \$406,638 at the end of 2025. Health benefits expense claims increasing during 2025 directly attributed to this difference.

**Macon Water Authority**

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- ✓ A contra asset account was set up to track advanced funding by the water and sewer utility fund to the stormwater fund in 2024. The water & sewer utility and stormwater operate on a due to/due from basis. As of September 2025, water & sewer utility owed stormwater \$341K. The stormwater utility began generating revenues from stormwater fees beginning in January 2022.
- ✓ Total non-current liabilities decreased from \$108,536,375 in 2024 to \$213,398,504 in 2025, an increase of \$104,862,129. This caption reflects liabilities of the Authority not projected to be due and payable during the next fiscal year. This includes certain notes payable and water and sewer revenue bonds as well as actuarially determined long-term liabilities of the Authority employee defined benefits pension plan and the OPEB plan. This net increase was primarily driven by the issuance of revenue and sewer bonds in the amount of \$102.71M in October 2024.

The Authority's net position increased by \$33,287,954, or 12%, between fiscal years 2024 and 2025 with the ending balances for fiscal year 2025 at \$311,739,027 versus prior year of \$278,451,073.

**Revenues, Expenses and Changes in Net Position:** The Authority's water and sewer operating revenues increased 18.18% during fiscal year 2025. Water revenues were up 19.38% while sewer revenues were up 16.87% over the prior fiscal year. This increase was represented by the following year-over-year increases.

- Water Sales increased \$7,335,319
- Sewer Sales increased \$5,871,445

Other operating revenues (including stormwater revenues) in fiscal year 2025 were \$19,298,277 versus \$19,243,665 in 2024, an increase of .28%. There were no significant drivers to this minimal increase.

Operating expenses, excluding depreciation and amortization, decreased 12.2% year-over-year. This decrease in operating expenses was primarily driven by the adjustment in pensions costs from the actuarial liability changes. Operational expenses, excluding depreciation and amortizations, for stormwater operations funded by the water and sewer utility during the year totaled \$6,206,625, a decrease of 23.8%.

Total operating expenses for water and sewer operations, including depreciation, decreased from \$70,712,229 in 2024 to \$64,972,332 during 2025. If stormwater is included, operating expenses decreased from \$79,405,405 in 2024 to \$72,160,336 during 2025. Depreciation expenses increased from \$18,470,786 in 2024 to \$18,679,238 in 2025. The result of these changes in revenues and expenses produced an overall net operating income (Total Operating Revenues – Total Operating Expenses) of \$32,988,672 in fiscal year 2025.

The Authority continued to fund the employee defined pension plan over and above legal requirements. At the end of the fiscal year, the defined benefit pension plan had a net pension asset of \$859,188. In 2024, this defined pension plan liability was \$3,492,633, an increase in the plan's net position of \$4,351,821.

Non-operating income (expense) includes interest income and expense on the Authority's debt as well as revenue (expense) associated with contractual agreements with other local governments.

- Non-operating Income, excluding capital gains, increased from \$5,350,686 in 2024 to \$9,134,361 in 2025.
- Non-operating Expenses increased from \$5,901,584 to \$11,297,289 in 2025. The main driver of this increase was related to interest expense added for 2024 bond issue and associated issuance cost.

Capital contributions include capital contributions by developers, or other state and federal agencies amounted to \$2,462,210 in 2025, an increase of \$1,667,410 from 2024. Much of this increase is related to additional construction in FY25.

## Management's Discussion and Analysis

As of September 30, 2025

### Macon Water Authority

The following table illustrates the history of revenues, expenses and changes in net position for the past two years ended September 30, 2025 and 2024, respectively.

|                                                            | 2025                  | 2024                  |
|------------------------------------------------------------|-----------------------|-----------------------|
| <b>Operating revenues:</b>                                 |                       |                       |
| Water revenues                                             | \$ 45,183,208         | \$ 37,847,889         |
| Sewage revenues                                            | 40,667,523            | 34,796,078            |
| Other Operating revenues                                   | 19,298,277            | 19,243,665            |
| Operating revenues                                         | <u>105,149,008</u>    | <u>91,887,632</u>     |
| <b>Non-operating income (loss):</b>                        |                       |                       |
| Interest income (loss)                                     | 8,888,452             | 5,265,010             |
| Other non-operating income (loss)                          | 245,909               | 85,676                |
| Non-operating revenues (losses)                            | <u>9,134,361</u>      | <u>5,350,686</u>      |
| <b>Total revenues</b>                                      | <u>114,283,369</u>    | <u>97,238,318</u>     |
| <b>Operating expenses</b>                                  |                       |                       |
| Water plant                                                | 4,849,142             | 5,771,277             |
| Water distribution                                         | 8,158,614             | 10,031,151            |
| Water reclamation                                          | 10,865,521            | 11,011,060            |
| Sewer conveyance                                           | 6,415,407             | 7,450,502             |
| Stormwater                                                 | 6,206,625             | 8,143,963             |
| Maintenance                                                | 2,755,282             | 4,382,070             |
| Engineering                                                | 2,178,377             | 2,393,664             |
| Customer care and field operations                         | 4,455,048             | 5,490,021             |
| General and administrative                                 | 7,597,082             | 6,260,911             |
| Depreciation                                               | 18,679,238            | 18,470,786            |
| Operating expenses                                         | <u>72,160,336</u>     | <u>79,405,405</u>     |
| <b>Non-operating expenses:</b>                             |                       |                       |
| Interest and amortization expenses                         | 10,288,299            | 4,892,594             |
| Macon-Bibb County industrial assistance                    | 704,000               | 704,000               |
| Macon-Bibb county assistance                               | 304,990               | 304,990               |
| Non-operating expenses                                     | <u>11,297,289</u>     | <u>5,901,584</u>      |
| <b>Total expenses</b>                                      | <u>83,457,625</u>     | <u>85,306,989</u>     |
| <b>Capital contributions</b>                               | <u>2,462,210</u>      | <u>794,800</u>        |
| <b>Change in net position</b>                              | <u>33,287,954</u>     | <u>12,726,129</u>     |
| <b>Total net position, beginning of year</b>               | <u>278,451,073</u>    | <u>267,865,902</u>    |
| <b>Implementation of GASB 101 for Compensated Absences</b> |                       | <u>(2,140,958)</u>    |
| <b>Total net position, ending of year</b>                  | <u>\$ 311,739,027</u> | <u>\$ 278,451,073</u> |

## Capital Asset and Debt Administration

**Capital Assets:** The Authority's investment in depreciable capital assets as of September 30, 2025, was \$255,937,942 (net of accumulated depreciation) and \$38,741,867 in non-depreciable capital assets. This investment in capital assets includes the reservoir, buildings, systems, improvements, vehicles and equipment, and non-depreciable assets includes land and construction in process.

Additional information on the Authority's capital assets can be found in Note 4 of the financial statements.

**Debt Administration:** As an Authority created by an act of the General Assembly of the State of Georgia, long- term borrowing by the Authority is provided through water and sewer revenue bonds issued by the Authority and debt incurred to the Georgia Environmental Finance Authority ("GEFA") for construction of various water and sewer system projects. At the end of the current fiscal year, the Authority had total long-term debt outstanding, excluding Pension and OPEB related obligations, of \$216,174,002, an increase of \$107,534,773 from the 2024 amount of \$108,639,339. This is before unamortized premiums of \$17,160,499 are taken into consideration. This long-term debt was comprised of \$186,675,000 in water and sewer revenue bonds payable, \$12,203,611 payable to GEFA on long-term fixed rate notes and \$134,892 in capital financed borrowing. In addition, the net pension asset and other post- employment retirement benefits ("OPEB") liability as of September 30, 2025 and 2024, were \$859,188 and \$2,921,100, respectively.

Additional information on the Authority's long-term debt can be found in Note 5 to the financial statements and pension information is available in Note 6.

## Currently Known Conditions Affecting Future Operations

The Management of the Authority knows of no current conditions which would affect future operations. The Authority has placed into effect a schedule of rates, fees and charges for the services, facilities and commodities furnished by the Authority to produce sufficient revenues for both the water and sewer systems to cover operating expenses for each system, their share of the administrative and general expenses, and to meet the debt service requirements of the outstanding bond issues.

## Further Information

This financial overview is designed to provide readers with a general overview of the Authority's finances, and to show accountability. If you have questions or would like further information about this financial report, you may contact officials at P.O. Box 108, Macon, Georgia 31202-0108. The Authority's street address is 790 Second Street, Macon, Georgia 31202.

# Statement of Net Position

## Proprietary Funds

As of September 30, 2025

### Macon Water Authority

|                                                                            | <u>Water and<br/>Sewer</u> | <u>Stormwater</u>     | <u>Total</u>           |
|----------------------------------------------------------------------------|----------------------------|-----------------------|------------------------|
| <b>Assets</b>                                                              |                            |                       |                        |
| <b>Current Assets</b>                                                      |                            |                       |                        |
| Cash and Cash Equivalents                                                  | \$ 195,766,745             | \$ 9,250,968          | \$205,017,713          |
| Investments                                                                | 14,356,336                 | -                     | 14,356,336             |
| Receivables                                                                |                            |                       |                        |
| Customers, Less Allowance for Doubtful Amounts<br>and Rebates, \$2,136,280 | 6,950,993                  | 686,917               | 7,637,910              |
| Other Receivables                                                          | 353,159                    | 30,531                | 383,690                |
| Inventory of Materials and Supplies                                        | 10,087,465                 | 338,175               | 10,425,640             |
| Prepaid Expenses                                                           | 1,766,902                  | -                     | 1,766,902              |
| Restricted Assets                                                          |                            |                       |                        |
| Cash                                                                       | 28,214,298                 | -                     | 28,214,298             |
| <br>Total Current Assets                                                   | <br><u>257,495,898</u>     | <br><u>10,306,591</u> | <br><u>267,802,489</u> |
| <br><b>Non-Current Assets</b>                                              |                            |                       |                        |
| Internal Balances (Advances to and from Funds)                             | 1,285,372                  | (1,285,372)           | -                      |
| Capital Assets:                                                            |                            |                       |                        |
| Non-depreciable Assets                                                     | 37,291,202                 | 1,450,665             | 38,741,867             |
| Depreciable Assets, Net of Accumulated Depreciation                        | 246,253,349                | 9,684,593             | 255,937,942            |
| Net Pension Asset                                                          | 1,157,592                  | -                     | 1,157,592              |
| <br>Total Non-Current Assets                                               | <br><u>285,987,515</u>     | <br><u>9,849,886</u>  | <br><u>295,837,401</u> |
| <br>Total Assets                                                           | <br><u>543,483,413</u>     | <br><u>20,156,477</u> | <br><u>563,639,890</u> |
| <br><b>Deferred Outflows of Resources</b>                                  |                            |                       |                        |
| OPEB                                                                       | 789,020                    | -                     | 789,020                |
| <br>Total Deferred Outflows of Resources                                   | <br><u>\$ 789,020</u>      | <br><u>\$ -</u>       | <br><u>\$ 789,020</u>  |

(Continued)

See accompanying notes which are an integral part of these financial statements.

# Statement of Net Position

## Proprietary Funds

As of September 30, 2025

### Macon Water Authority

|                                                                 | Water and<br>Sewer    | Stormwater           | Total                |
|-----------------------------------------------------------------|-----------------------|----------------------|----------------------|
| <b>Liabilities</b>                                              |                       |                      |                      |
| <b>Current Liabilities (Payable From Current Assets):</b>       |                       |                      |                      |
| Notes Payable, Due Within One Year                              | \$ 731,695            | \$ -                 | \$ 731,695           |
| Financed Purchase Payable, Due Within One Year                  | 68,307                | -                    | 68,307               |
| Trade Payables                                                  | 12,650,711            | 750,276              | 13,400,987           |
| Other Payables, Construction                                    | 407,619               | 393,418              | 801,037              |
| Intergovernmental Payables                                      | 3,642,886             | 555,000              | 4,197,886            |
| Payroll Taxes and Deductions Payable                            | 194                   | 37                   | 231                  |
| Customer Deposits                                               | 1,596,788             | -                    | 1,596,788            |
| Accrued Workers Compensation and Health Benefits                | 406,638               | -                    | 406,638              |
| Accrued Compensated Absences                                    | 3,131,724             | 146,795              | 3,278,519            |
| Revenue Bonds Payable, Due Within One Year                      | 5,195,000             | -                    | 5,195,000            |
| Accrued Interest Payable on Revenue Bonds                       | 3,878,521             | -                    | 3,878,521            |
| Total Current Liabilities                                       | 31,710,083            | 1,845,526            | 33,555,609           |
| <b>Non-Current Liabilities</b>                                  |                       |                      |                      |
| Notes Payable                                                   | 11,471,916            | -                    | 11,471,916           |
| Revenue Bonds Payable, Less Portion Due Within One Year         | 198,640,499           | -                    | 198,640,499          |
| Financed Purchased Payable, Less Portion<br>Due Within One Year | 66,585                | -                    | 66,585               |
| Total OPEB Liability                                            | 2,921,100             | -                    | 2,921,100            |
| Net Pension Liability                                           | -                     | 298,404              | 298,404              |
| Total Non-Current Liabilities                                   | 213,100,100           | 298,404              | 213,398,504          |
| Total Liabilities                                               | 244,810,183           | 2,143,930            | 246,954,113          |
| <b>Deferred Inflows of Resources</b>                            |                       |                      |                      |
| Deferred Charges on Refunding                                   | 307,381               | -                    | 307,381              |
| OPEB                                                            | 1,130,835             | -                    | 1,130,835            |
| Pension                                                         | 3,449,207             | 848,347              | 4,297,554            |
| Total Deferred Inflows of Resources                             | 4,887,423             | 848,347              | 5,735,770            |
| <b>Net Position</b>                                             |                       |                      |                      |
| Net Investment in Capital Assets                                | 184,154,097           | 11,109,840           | 195,263,937          |
| Restricted for Debt Service                                     | 28,214,298            | -                    | 28,214,298           |
| Unrestricted                                                    | 82,206,432            | 6,054,360            | 88,260,792           |
| <b>Total Net Position</b>                                       | <u>\$ 294,574,827</u> | <u>\$ 17,164,200</u> | <u>\$311,739,027</u> |

See accompanying notes which are an integral part of these financial statements.

# Statement of Revenues, Expenses and Change in Net Position

## Proprietary Funds

For the year ended September 30, 2025

### Macon Water Authority

|                                                         | Water and Sewer | Stormwater    | Total          |
|---------------------------------------------------------|-----------------|---------------|----------------|
| <b>Operating Revenues</b>                               |                 |               |                |
| Water Revenues                                          | \$ 45,183,208   | \$ -          | \$ 45,183,208  |
| Sewage Revenues                                         | 40,667,523      | -             | 40,667,523     |
| Other Operating Revenues                                | 6,934,555       | -             | 6,934,555      |
| Stormwater Revenues                                     | -               | 12,363,722    | 12,363,722     |
| Total Operating Revenues                                | 92,785,286      | 12,363,722    | 105,149,008    |
| <b>Operating Expenses</b>                               |                 |               |                |
| Water Plant                                             | 4,849,142       | -             | 4,849,142      |
| Water Distribution                                      | 8,158,614       | -             | 8,158,614      |
| Water Reclamation                                       | 10,865,521      | -             | 10,865,521     |
| Sewer Conveyance                                        | 6,415,407       | -             | 6,415,407      |
| Stormwater                                              | -               | 6,206,625     | 6,206,625      |
| Maintenance                                             | 2,755,282       | -             | 2,755,282      |
| Engineering                                             | 2,178,377       | -             | 2,178,377      |
| Customer Care and Field Operations                      | 4,455,048       | -             | 4,455,048      |
| General and Administrative                              | 7,597,082       | -             | 7,597,082      |
| Depreciation and Amortization                           | 17,697,859      | 981,379       | 18,679,238     |
| Total Operating Expenses                                | 64,972,332      | 7,188,004     | 72,160,336     |
| <b>Operating Income (Loss)</b>                          | 27,812,954      | 5,175,718     | 32,988,672     |
| <b>Non-Operating Income (Loss)</b>                      |                 |               |                |
| Investment Earnings (Loss)                              | 8,630,604       | 257,848       | 8,888,452      |
| Other Non-Operating Income (Loss)                       | 182,638         | 63,271        | 245,909        |
| Total Non-Operating Income (Loss)                       | 8,813,242       | 321,119       | 9,134,361      |
| <b>Non-Operating Expenses</b>                           |                 |               |                |
| Interest and Amortization Expense                       | 10,214,513      | 73,786        | 10,288,299     |
| Macon-Bibb County Industrial Authority Assistance       | 704,000         | -             | 704,000        |
| Macon-Bibb Assistance                                   | 304,990         | -             | 304,990        |
| Total Non-Operating Expenses                            | 11,223,503      | 73,786        | 11,297,289     |
| Gain (Loss) Before Contributions                        | 25,402,693      | 5,423,051     | 30,825,744     |
| <b>Capital Contributions</b>                            | 2,462,210       | -             | 2,462,210      |
| <b>Change in Net Position</b>                           | 27,864,903      | 5,423,051     | 33,287,954     |
| <b>Net Position - September 30, 2024 as</b>             |                 |               |                |
| Previously Presented                                    | 268,779,367     | 11,812,664    | 280,592,031    |
| Implementation of GASB 101, <i>Compensated Absences</i> | (2,069,443)     | (71,515)      | (2,140,958)    |
| <b>Net Position, End of Year</b>                        | \$ 294,574,827  | \$ 17,164,200 | \$ 311,739,027 |

See accompanying notes which are an integral part of these financial statements.

# Statement of Cash Flows

## Proprietary Funds

For the year ended September 30, 2025

### Macon Water Authority

|                                                                              | <u>Water and Sewer</u> | <u>Stormwater</u>   | <u>Total</u>          |
|------------------------------------------------------------------------------|------------------------|---------------------|-----------------------|
| <b>Cash Flows from Operating Activities</b>                                  |                        |                     |                       |
| Cash Received from Customers and Users                                       | \$ 91,138,157          | \$ 12,379,769       | \$ 103,517,926        |
| Cash Paid to Suppliers for Goods and Services                                | (26,261,720)           | (3,914,395)         | (30,176,115)          |
| Cash Paid to Employees for Services                                          | (20,588,183)           | (2,025,526)         | (22,613,709)          |
|                                                                              | <u>44,288,254</u>      | <u>6,439,848</u>    | <u>50,728,102</u>     |
| Net Cash Flows Provided by (Used for) Operating Activities                   |                        |                     |                       |
| <b>Cash Flows from Non-Capital Financing Activities</b>                      |                        |                     |                       |
| Advances to Other Funds                                                      | 8,871,635              | -                   | 8,871,635             |
| Advances from Other Funds                                                    | -                      | (8,871,635)         | (8,871,635)           |
|                                                                              | <u>8,871,635</u>       | <u>(8,871,635)</u>  | <u>-</u>              |
| Net Cash Flows Provided by (Used) in Non-Capital Financing Activities        |                        |                     |                       |
| <b>Cash Flows from Capital and Related Financing Activities</b>              |                        |                     |                       |
| Purchases and Construction of Property and Equipment                         | (23,397,706)           | (1,793,902)         | (25,191,608)          |
| Payments on Financed Purchase Payable                                        | (159,894)              | (428,750)           | (588,644)             |
| Payments on Notes Payable                                                    | (727,967)              | -                   | (727,967)             |
| Payments on Revenue Bonds Payable                                            | (5,050,000)            | -                   | (5,050,000)           |
| Revenue Bond Issuance                                                        | 114,615,135            | -                   | 114,615,135           |
| Interest Paid                                                                | (8,719,864)            | (73,786)            | (8,793,650)           |
|                                                                              | <u>76,559,704</u>      | <u>(2,296,438)</u>  | <u>74,263,266</u>     |
| Net Cash Provided (Used) in Capital and Related Financing Activities         |                        |                     |                       |
| <b>Cash Flows from Financing Activities</b>                                  |                        |                     |                       |
| Investments Sold                                                             | (1,990,558)            | -                   | (1,990,558)           |
| Investment Earnings and Other Non-Operating Income                           | 8,813,242              | 321,119             | 9,134,361             |
|                                                                              | <u>6,822,684</u>       | <u>321,119</u>      | <u>7,143,803</u>      |
| Net Cash Provided (Used) in Capital and Related Financing Activities         |                        |                     |                       |
| <b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b> | 136,542,277            | (4,407,106)         | 132,135,171           |
| <b>Cash, Cash Equivalents and Restricted Cash - Beginning of Year</b>        | 87,438,766             | 13,658,074          | 101,096,840           |
| <b>Cash, Cash Equivalents and Restricted Cash - End of Year</b>              | <u>\$ 223,981,043</u>  | <u>\$ 9,250,968</u> | <u>\$ 233,232,011</u> |

(Continued)

See accompanying notes which are an integral part of these financial statements.

# Statement of Cash Flows

## Proprietary Funds

For the year ended September 30, 2025

### Macon Water Authority

|                                                                                                   | <u>Water and Sewer</u> | <u>Stormwater</u>   | <u>Total</u>         |
|---------------------------------------------------------------------------------------------------|------------------------|---------------------|----------------------|
| <b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities</b> |                        |                     |                      |
| Operating Income (Loss)                                                                           | \$ 27,812,954          | \$ 5,175,718        | \$ 32,988,672        |
| Non-Cash Expenses Included in Operating Activities                                                |                        |                     |                      |
| Depreciation                                                                                      | 17,697,859             | 981,379             | 18,679,238           |
| Provision for Doubtful Accounts                                                                   | 916,862                | 225,438             | 1,142,300            |
| Loss on Disposal of Capital Assets                                                                | 111,476                | -                   | 111,476              |
| Changes in Assets and Liabilities                                                                 |                        |                     |                      |
| Decrease (Increase) in Receivables                                                                | (2,523,935)            | (208,253)           | (2,732,188)          |
| Decrease (Increase) in Other Receivables                                                          | (265,491)              | (1,138)             | (266,629)            |
| Decrease (Increase) in Inventory of Materials and Supplies                                        | (4,383,684)            | (43,317)            | (4,427,001)          |
| Decrease (Increase) in Prepaid Expenses                                                           | (148,291)              | 241                 | (148,050)            |
| Decrease (Increase) in Deferred Outflows of Resources                                             | 1,449,663              | (258,742)           | 1,190,921            |
| Increase (Decrease) in Trade Payables                                                             | 7,453,442              | 232,672             | 7,686,114            |
| Increase (Decrease) in Other Payables, Construction                                               | 215,432                | 357,187             | 572,619              |
| Increase (Decrease) in Intergovernmental Payables                                                 | 305,817                | -                   | 305,817              |
| Increase (Decrease) in Accrued Payroll Taxes and Deductions Payable                               | 7,882                  | 8,909               | 16,791               |
| Increase (Decrease) in Customer Deposits                                                          | 113,959                | -                   | 113,959              |
| Increase (Decrease) in Accrued Workers' Compensation and Health Benefits                          | (108,235)              | -                   | (108,235)            |
| Increase (Decrease) in Net Pension Liability/Asset                                                | (3,950,763)            | (401,058)           | (4,351,821)          |
| Increase (Decrease) in Deferred Inflows of Resources                                              | (688,822)              | 370,812             | (318,010)            |
| Increase (Decrease) in Total OPEB Liability                                                       | 272,129                | -                   | 272,129              |
| <b>Net Cash Provided by (Used for) Operating Activities</b>                                       | <u>\$ 44,288,254</u>   | <u>\$ 6,439,848</u> | <u>\$ 50,728,102</u> |
| <b>Non-Cash Investing, Capital and Financing Activities</b>                                       |                        |                     |                      |
| Contribution of Capital Assets from Developers                                                    | <u>\$ 2,462,210</u>    | <u>\$ -</u>         | <u>\$ 2,462,210</u>  |
| <b>Total Non-Cash Investing, Capital and Financing Activities</b>                                 | <u>\$ 2,462,210</u>    | <u>\$ -</u>         | <u>\$ 2,462,210</u>  |

See accompanying notes which are an integral part of these financial statements.

## Statement of Fiduciary Net Position

### Fiduciary Funds

For the year ended September 30, 2025

#### Macon Water Authority

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|                                           | <b>Pension Trust<br/>Funds</b> |
|-------------------------------------------|--------------------------------|
| <b>Assets</b>                             |                                |
| Cash and Cash Equivalents                 | \$ 3,102,356                   |
| Investments, at Fair Value                |                                |
| Equities                                  | 40,999,345                     |
| Fixed Income                              | 14,966,282                     |
| Mutual Funds                              | 5,870,527                      |
| Private Equity Fund Shares                | 936,913                        |
|                                           | <hr/>                          |
| Total Assets                              | 65,875,423                     |
|                                           | <hr/>                          |
| <b>Net Position</b>                       |                                |
| Net Position Restricted for Pension Funds | \$ 65,875,423                  |
|                                           | <hr/> <hr/>                    |

See accompanying notes which are an integral part of these financial statements.

# Statement of Change in Fiduciary Net Position

## Fiduciary Funds

For the year ended September 30, 2025

### Macon Water Authority

|                                                     | <b>Pension Trust<br/>Funds</b> |
|-----------------------------------------------------|--------------------------------|
| <b>Change in Net Position Attributed to</b>         |                                |
| Contributions                                       |                                |
| Employer                                            | \$ 1,562,301                   |
| Employee                                            | 1,013,704                      |
| Total Contributions                                 | <u>2,576,005</u>               |
| Investment Income (Loss)                            |                                |
| Net Change in the Fair Value of Investments         | 3,718,749                      |
| Realized Gains (Losses)                             | 209,366                        |
| Dividends and Interest                              | 1,711,923                      |
| Total Investment Income (Loss)                      | <u>5,640,038</u>               |
| Deductions                                          |                                |
| Benefits                                            | 3,105,067                      |
| Administrative Expenses                             | 227,711                        |
| Total Deductions                                    | <u>3,332,778</u>               |
| <b>Net Increase (Decrease)</b>                      | <u>4,883,265</u>               |
| <b>Net Position Restricted for Pension Benefits</b> |                                |
| Beginning of the Year                               | <u>60,992,158</u>              |
| Ending of the Year                                  | <u>\$ 65,875,423</u>           |

See accompanying notes which are an integral part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**Macon Water Authority**

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**(1) Nature of Business and Significant Accounting Policies*****Nature of Business***

The Macon Water Authority (the Authority) is a governmental proprietary body which provides water and related services to approximately 52,000 water and 43,000 sewer customers primarily in Macon-Bibb County, Georgia. Related services include: water treatment; wastewater treatment; maintenance of water and sewer lines; and installation of new water and sewer lines. Additionally, the Authority provides stormwater collection and distribution services in Macon-Bibb County, Georgia.

In 2015, the Macon Water Authority Act was amended by the Georgia Legislature to provide for the ability of the Authority to operate a stormwater utility as authorized by and pursuant to an intergovernmental agreement with the governing body responsible for stormwater control in the areas served by the Authority, to provide stormwater management services and to operate, maintain, develop, repair, and construct a stormwater management system and utility in areas served by the Authority. The Authority began providing regulatory services for the MS4 Permit as of October 1, 2019. During fiscal year 2020, the Board of the Authority further approved not exercising the opt-out provision of the intergovernmental agreement signed July 31, 1999, between Macon-Bibb County Georgia and the Authority, thereby approving that the Authority would begin operating a stormwater utility on January 1, 2021 in Macon-Bibb County, Georgia.

The following is a summary of the more significant accounting policies of the Authority:

***Reporting Entity***

The Authority has implemented the provisions of Statement No. 14 of the Governmental Accounting Standards Board (GASB), The Financial Reporting Entity, as amended. As defined by the GASB, the financial reporting entity is comprised of the primary government, and its component units. The primary government includes all departments and operations of the Authority which are not legally separate organizations. Component units are legally separate organizations which are fiscally dependent on the Authority or for which the Authority is financially accountable. An organization is fiscally dependent if it must receive the Authority's approval for its budget, levying of taxes or issuance of debt. The Authority is financially accountable for an organization if it appoints a majority of the organization's board, and either: a) has the ability to impose its will on the organization, or b) there is the potential for the organization to provide a financial benefit to or impose a financial burden on the Authority.

**Governance.** The Authority has seven members. One member, who serves as Chairman of the Authority, is elected from district five which is made up of all the other districts for a term of four years. One member is elected from each of four electoral districts for a term of four years. Two members are appointed by the Macon-Bibb County Government. These members serve at the pleasure of the appointing authority. None of the participating governments appoints a majority of the Authority's board and none has an ongoing financial interest or responsibility.

## **(1) Nature of Business and Significant Accounting Policies (Continued)**

### ***Fiduciary Component Units***

The Employee Defined Pension Benefit Plan (Pension Plan) and the Employee Contribution Plan (Savings Plan) are both held in a Trust that is administered by a five-member Board of Pension Trustees with Fiduciary oversight. The five-member Trustee Board is comprised of the Authority's Executive Director/President, the Authority's Chief Financial Officer, the Authority's Director of Human Resources, the Chairperson of the Authority's Finance Committee and the Chairperson of the Authority's Personnel Committee. The Chairpersons of both the Finance and Personnel Committees are elected and/or appointed members of the Authority Governance Body. The Board of Trustees serve at the pleasure of the Authority's Governance Body. The Trustees have the power and duty to do all things necessary or convenient to affect the intent and purposes of the Pension Trust Funds. However, the authority's governance body retains the power to amend or terminate the Pension Trust Funds as well as the authority to direct the trustee in the investment of the trust funds.

The Authority also has a Pension Committee that provides oversight of the Employee Defined Pension Benefit and Employee Contribution Plans and may make recommendations to both the Board of Trustees as well as the Macon Water Authority Governance Board regarding pension plan issues. The Pension Committee also reviews pension plan performance on a quarterly basis. The Pension Committee's oversight of the Employee Defined Pension Plan and the Employee Contribution Plan is advisory in nature. The Committee consists of three elected members from the ranks of Macon Water Authority employees who are vested in the Employee Defined Benefit Plan and three appointed Macon Water Authority Governance Board members. Employees who are members of the Employee Contribution Plan are represented by elected employee committee members but are not eligible to hold a committee seat. The Governance Board members of the Committee serve at the pleasure of the Authority and the elected employee committee members are elected for staggered four-year terms.

The Pension and Savings Plans are reported as fiduciary component units in accordance with Governmental Accounting Standards Board Statement Number 84.

### ***Other Relationships***

**Macon-Bibb County Industrial Authority (MBCIA).** During the year ended September 30, 1999, the State of Georgia General Assembly passed legislation permitting the Authority to participate with Macon-Bibb County, with respect to industrial development involving the acquisition, construction or development of industrial sites or facilities. This includes entering into contracts with Macon-Bibb County, the MBCIA, or both, with respect to acquiring and developing industrial sites and facilities, including, without limitation, the construction or renovation of buildings and facilities for lease or sale to industrial or other companies providing employment within Macon-Bibb County. The Authority may utilize its revenues for the performance of such contracts. Current contract payments may not be in excess of \$704,000 per annum. The contract was amended for a period of an additional twenty-five years, through 2049. The balance due to the MBCIA as of September 30, 2025, is \$916,379.

## **(1) Nature of Business and Significant Accounting Policies (Continued)**

### ***Other Relationships (Continued)***

**Macon-Bibb County.** During the year ended September 30, 2011 (but effective as of July 1, 2010), the Authority entered into an intergovernmental agreement to provide assistance to the City of Macon (now “Macon-Bibb County”) relative to the City landfill (or landfills) closure and post-closure costs as well as continued construction and maintenance of the flood control levies near the Ocmulgee River and its tributaries. The ultimate goals of such fundings are: 1) to preserve the viability and availability of clean and safe drinking water to the citizens of Macon-Bibb County consistent with purposes of the Authority; and 2) to protect the water and sewer facilities and to prevent potential disruption or failure to such facilities during flood events. The Authority may utilize its revenues for the funding of this intergovernmental agreement; however, such funding may not be in excess of \$304,990 on an annual basis through the year ending September 30, 2035. In recognition of the responsibility of the Authority relative to this agreement, a balance is due to Macon-Bibb County as of September 30, 2025 of \$2,726,507.

**Macon-Bibb County Industrial Authority (MBCIA).** During the year ended September 30, 2017, the Authority entered into an intergovernmental services agreement to provide assistance to the MBCIA with respect to: 1) marketing of the Authority and MBCIA properties, 2) marketing and promotion of water and sewer capacity, in order to enhance water and sewer sales growth in transactions involving the MBCIA, the Authority, and/or both, 3) promotion, strategic planning and related activities, 4) marketing, managing, and facilitating development of the I-75 Business Park Project and the I-75 NB @ Sardis Church Project, and 5) facilitation of transactions involving local or state government incentives (collectively the “Services”). The agreement was further amended in 2022 that will provide monthly payments through the year ending September 30, 2027 as applicable in an amount of \$400,000 on an annual basis.

**Macon Water Environmental Education, Inc. (Macon Water Alliance).** The Authority founded Macon Water Alliance as a legally independent federally recognized 501c3, Georgia Non-Profit Corporation in 2015. Under the provisions of GASB Statement No. 14, The Financial Reporting Entity, as amended, the Authority is required to disclose certain organizations for which it is accountable because it appoints a voting majority of the organization’s board and for which the organization is not considered a component unit. Although the Authority appoints the voting majority of the organization’s board, the Authority is not financially accountable for the Macon Water Alliance as it does not have a financial benefit or burden relationship nor is it financially accountable for the Macon Water Alliance. The Macon Water Alliance financial statements are not included in the reporting entity.

### ***Basis of Accounting and Measurement Focus***

The accompanying financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and measurable and expenses are recognized when they are incurred, if measurable.

The basic financial statements present separate statements for the Authority’s two proprietary funds, Water and Sewer Fund (major fund) and Stormwater Fund (major fund). The financial statements for the business-type activities of the proprietary funds are also often referred to as enterprise fund financial statements.

The Water and Sewer Fund is the larger of the two proprietary funds, and in general terms, it is used to account for water treatment and distribution services, wastewater treatment services, and the related administrative functions of the Authority. The Stormwater Fund accounts for activity related to the delivery of stormwater services.

## **(1) Nature of Business and Significant Accounting Policies (Continued)**

### ***Basis of Accounting and Measurement Focus (Continued)***

Proprietary funds employ the economic resources measurement focus. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

The Authority uses two fiduciary funds to maintain its financial records for the Pension Plan and Savings Plan. The fiduciary funds are accounted for on a flow of economic resources measurement focus. Revenues are recognized when earned and expenses are recognized at the time they are incurred.

### ***Management Estimates***

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

### ***Budgets and Budgetary Accounting***

The Authority is required to adopt an annual budget for its operations and establishes billing rates accordingly. The budget is approved but not formally adopted. Rates are adopted through passage of a resolution by the Authority. The Executive Director/President has the responsibility for administering these programs in accordance with the policies and the annual budget as approved by the Authority.

Budgets are prepared on a cash basis. The Authority utilizes a purchase order encumbrance system. These encumbered appropriations lapse at year-end. Neither the budget nor any bond covenants, however, require that the Authority report budgetary information in its financial statements.

### ***Revenue Recognition***

The Authority recognizes revenue upon it becoming earned and measurable. The Authority has sole jurisdiction to set rates for water, sewer, and stormwater services to customers. These are not currently subject to regulation by any Federal, State of Georgia or similar agency. The Authority sets a rate schedule for water, sewer, and stormwater customers. Rates are adopted through a rate resolution in three-year increments and a five-year rate plan is approved annually. All customers of the system pay minimum monthly charges for water and sewer services. All water and sewer customers are billed on a monthly basis. All accounts receivable not paid within 20 days after the billing date are considered to be delinquent.

The Authority did not exercise the opt-out provision of the intergovernmental agreement between Macon-Bibb County Georgia and the Authority and, therefore, established stormwater utility operations on January 1, 2021. The Authority began to implement a stormwater service fee of \$4.99 per month per equivalent residential unit (ERU) for each residential and commercial parcel of property beginning in January 2022.

## **(1) Nature of Business and Significant Accounting Policies (Continued)**

### ***Revenue Recognition (Continued)***

The Authority's policy is to discontinue service to customers whose account receivable is over 45 days delinquent. Bad debt expense resulting from uncollectible accounts was \$1,142,300, which represents 1.09 percent of gross operating revenues for the year ended September 30, 2025. Amounts due and unpaid to the Authority constitute liens on the property of the customer when past due. Customer accounts receivable include billed but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Reserves for doubtful accounts, allowances and rebates are maintained based on historical results adjusted to reflect current conditions.

### ***Deposits and Investments***

The Authority'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.

The policy of the Authority requires that all funds that are idle for any period of time be invested. These investments are to be made in federal or state government instruments or repurchase agreements which are insured or collateralized according to state statutes. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The collateral pledged by the banks' trust departments in the Authority's name is composed of various obligations of the U.S. Government.

The local government investment pool, Georgia Fund 1, created by the Official Code of Georgia Annotated (O.C.G.A.) §36-83-8, is a stable asset value investment pool, which follows Standard & Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. The pool's primary objectives are safety of capital, liquidity, yield and diversification while maintaining principal (\$1 per share value). Yield is calculated on an actual/365 day basis net of five basis points (administrative fees). The pool distributes earnings (net of the five basis points administrative fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share.

The pool also adjusts the value of its investments to fair value as of year-end and the Authority's investment in the Georgia Fund 1 is reported at fair value. The Authority considers amounts held in Georgia Fund 1 as cash for financial statement presentation.

The Authority's policy is to hold investments until maturity or until fair values equal or exceed amortized cost. Statutes require that securities underlying repurchase agreements must have a fair value of at least 104 percent of the cost of the repurchase agreement.

### ***Inventories***

Inventories of materials and supplies are stated at cost, based on the first-in/first-out method. The cost of such inventories is relieved when consumed rather than when purchased.

### ***Bond Premiums***

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which is not materially different from the effective interest method. Bond premiums are presented as an addition of the face amount of bonds payable.

## **(1) Nature of Business and Significant Accounting Policies (Continued)**

### ***Capital Assets***

The water and sewerage system plants and properties are carried at cost. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are reported at acquisition value. These are depreciated over their estimated useful lives using the straight-line method.

The major classes of depreciable capital assets and their respective useful lives are analyzed as follows:

|                                |               |
|--------------------------------|---------------|
| Administrative office building | 40 years      |
| Broadway Street service center | 25 years      |
| Water system                   | 10 - 40 years |
| Sewerage system                | 10 - 50 years |
| Stormwater system              | 10 - 10 years |
| Equipment and vehicles         | 3 - 20 years  |

Fully depreciated assets still in service are carried in the capital asset accounts. Maintenance and repairs of capital assets are charged to operations and major improvements in excess of \$10,000 are capitalized. Upon disposition of property and equipment, the cost and accumulated depreciation is eliminated from the accounts, and gain or loss is recognized.

### ***Capital Contributions***

Capital contributions represent funds received from federal, state, and other government grants for aid in construction and development of plants and facilities which do not require repayment. In accordance with current financial reporting standards, the Authority is required to include all capital contributions in the Statement of Revenues, Expenses and Change in Net Position.

### ***Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts***

The liability for compensated absences reported in the proprietary funds statements consists of unpaid, accumulated annual vacation, sick, and compensatory time balances. Compensated absences are recorded (1) when the leave is attributed to services already rendered, (2) when the leave accumulates, and (3) when it is more likely than not to be used or paid.

### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority reported one item that qualified for reporting in this category for the year ended September 30, 2025. That item is related to the changes in the total OPEB liability which are discussed below.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reported three items that qualified for reporting in this category for the year ended September 30, 2025. Those items are deferred bond refunding charges, items related to the changes in the total OPEB liability, and the items related to the changes in the net pension liability discussed below.

## **(1) Nature of Business and Significant Accounting Policies (Continued)**

### ***Deferred Outflows/Inflows of Resources (Continued)***

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

### ***Impact of New Accounting Standard Adoption***

On October 1, 2024, the Authority implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This Statement establishes a unified model for the recognition and measurement of all types of compensated absences including vacation leave, sick leave, paid time off, holidays, parental leave and other similar benefits.

Under GASB 101 a liability is recognized for leave that:

- Is attributable to services already rendered,
- Accumulates, and
- Is more likely than not to be used for time off or otherwise paid or settled.

The liability for compensated absences is measured using the employee's pay rate in effect as of the financial statement date, including salary related payments directly and incrementally associated with payments for leave (e.g., Social Security and Medicare taxes).

As of September 30, 2025, the Authority reported a liability for compensated absences of \$3,278,519, which includes the cumulative effect of implementing GASB 101. The net change in the compensated absences liability during the year was an increase of \$7,153 which includes both increases from leave earned and decreases from leave used or paid.

## (2) Deposits and Investments

Total deposits and investments as of September 30, 2025, are summarized as follows:

|                           |                       |
|---------------------------|-----------------------|
| Cash and Cash Equivalents | \$ 205,017,713        |
| Investments               | 14,356,336            |
| Restricted                |                       |
| Cash                      | 28,214,298            |
|                           | <u>\$ 247,588,347</u> |

|                                            |                       |
|--------------------------------------------|-----------------------|
| Cash Deposited with Financial Institutions | \$ 47,368,701         |
| Cash Deposited with Georgia Fund 1         | 185,863,310           |
| Investment in Government Securities        | 14,356,336            |
|                                            | <u>\$ 247,588,347</u> |

**Credit Risk.** State statutes authorize the Authority to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The Authority has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of September 30, 2025, the Authority's investment in Georgia Fund 1 was rated AAA by Standard & Poor's.

At September 30, 2025, the Authority had the following investments:

| <u>Investments</u>          | <u>Maturities</u> | <u>Fair Value</u>    |
|-----------------------------|-------------------|----------------------|
| Federal Home Loan Banks     | October 24, 2025  | \$ 3,493,665         |
| Federal Home Loan Banks     | December 12, 2025 | 2,492,875            |
| US Treasury Fund Investment |                   | 2,630,684            |
| US Treasury Fund Investment |                   | <u>5,739,112</u>     |
|                             |                   | <u>\$ 14,356,336</u> |

**Interest Rate Risk.** The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## (2) Deposits and Investments (Continued)

**Fair Value Measurements.** The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

| Investments            | Level 1 | Level 2       | Level 3 | Fair Value    |
|------------------------|---------|---------------|---------|---------------|
| Government Agencies    | \$ -    | \$ 14,356,336 | \$ -    | \$ 14,356,336 |
| Total Investments      |         |               |         |               |
| Measured at Fair Value | \$ -    | \$ 14,356,336 | \$ -    | \$ 14,356,336 |

The investments in government agencies classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**Custodial Credit Risk - Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that all deposits and investments (other than federal or state government instruments) be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2025, the Authority's deposits were covered by either federal depository insurance or by collateral held by the Authority's agent in the Authority's name.

**Custodial Credit Risk - Investments.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2025, the Authority was not exposed to custodial credit risk for its investments.

### *Pension and Savings Plan*

The Authority's Pension and Savings Plan investment policy stipulates that equity investments should be managed to produce balanced income. Based on this objective, at least 95 percent of the assets are invested in domestic equities and fixed income. The policy allows for up to 5 percent in alternative investments.

**Credit Risk.** The Pension and Savings Plan's investment policy establishes a long-term strategic asset allocation that mitigates overall expected portfolio risk (volatility) and maximizes expected return. The Pension and Savings Plan seeks to achieve a long-term rate of return (net of investment related fees) which meets or exceeds the assumed actuarial rate of the Pension and Savings Plan as stated in the most recent actuarial report (currently, 6.75 percent). As such, the current target allocation percentages by asset class are as follows: Equities – 62.0 percent; Fixed Income – 23.0 percent, Mutual Funds – 9 percent, Private Equity/Real Estate – 1 percent, Cash – 5 percent.

To achieve these objectives, the trustee for the Pension and Savings Plan has invested its funds in exchange-traded funds ("ETFs") and mutual funds dedicated specifically to either investments in equity securities or investments in fixed income securities. These investments are not rated by any of the major credit rating agencies. The Pension and Savings Plan's holdings in ETFs are mutual funds invested in fixed income securities carried for the year ended September 30, 2025.

## (2) Deposits and Investments (Continued)

**Rate of Return.** For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on Pension and Savings Plan investments, net of pension plan investment expense, was 9.93 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Long-term Expected Rate of Return.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return 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.

**Fair Value Measurements.** The Pension and Savings Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of September 30, 2025, the Pension and Savings Plan has the following recurring fair value investments:

| Investments                | Level 1              | Level 2              | Level 3           | Fair Value           |
|----------------------------|----------------------|----------------------|-------------------|----------------------|
| Corporate Stocks           | \$ 40,999,345        | \$ -                 | \$ -              | \$ 40,999,345        |
| Corporate Bonds            | -                    | 5,224,811            | -                 | 5,224,811            |
| Government Bonds           | -                    | 6,722,165            | -                 | 6,722,165            |
| Municipal Bonds            | -                    | 3,019,306            | -                 | 3,019,306            |
| Mutual Funds               | 5,870,527            | -                    | -                 | 5,870,527            |
| Private Equity Fund Shares | -                    | -                    | 936,913           | 936,913              |
| Total Investments          |                      |                      |                   |                      |
| Measured at Fair Value     | <u>\$ 46,869,872</u> | <u>\$ 14,966,282</u> | <u>\$ 936,913</u> | <u>\$ 62,773,067</u> |

The following table sets forth a summary of changes in the fair value of the fund's level 3 assets for the year ended September 30, 2025:

|                           |                   |
|---------------------------|-------------------|
| Beginning, Balance        | \$ 877,099        |
| Invested Capital          | 42,360            |
| Return of Capital         | (157,640)         |
| Unrealized Gains (Losses) | <u>175,094</u>    |
| Ending, Balance           | <u>\$ 936,913</u> |

## **(2) Deposits and Investments (Continued)**

**Custodial Credit Risk - Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. Amounts that exceed standard depository insurance limits are required to be collateralized either: 1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or 2) participation in the State of Georgia Secure Deposit Program. As of September 30, 2025, the Authority's Pension and Savings Plan had deposits with one (1) financial institution collateralized by the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. All deposits are properly collateralized or insured.

## **(3) Commitments and Contingencies**

**Construction Contractual Commitments.** In addition to the liabilities enumerated in the Statement of Net Position, at September 30, 2025, the Authority has contractual commitments on uncompleted engineering and construction contracts of approximately \$2,751,925.

**Other Contractual Commitments:** As noted previously, the Authority has entered into various agreements to assist other local governmental entities.

The Authority has entered into an agreement with the Macon-Bibb County Industrial Authority and Macon-Bibb County to provide an annual amount not to exceed \$704,000 from the Authority's annual operations to an industrial development revolving fund for a 50-year period ending September 30, 2048. This agreement requires the revolving fund to be utilized to induce industry to the area by providing and developing appropriate sites and facilities as approved by the Authority over a 50-year period. Amounts deposited by the Authority are to be used solely for the payment of costs for obtaining, developing and maintaining industrial sites and facilities, including any infrastructure desirable and optional money for proposed sites.

The Authority has entered into an agreement with Macon-Bibb County to provide an annual amount not to exceed \$304,990 from the Authority's annual operations to provide assistance to Macon-Bibb County relative to the Macon-Bibb County landfill (or landfills) closure and post-closure costs as well as continued construction and maintenance of the flood control levies near the Ocmulgee River and its tributaries. The term of the agreement is for a 25-year period ending September 30, 2035. This agreement requires funds to be utilized to address the landfill and levee system as approved by the Authority. Amounts deposited by the Authority are to be used solely for payment of such costs.

The Authority has entered into an agreement with the Macon-Bibb County Industrial Authority to provide monthly payments of \$33,333 from the Authority's annual operations for a five-year period ending March 31, 2027. These payments are to be utilized to provide the services previously noted.

#### (4) Capital Assets

Water and sewer capital asset activity for the year ended September 30, 2025, is as follows:

|                                                 | <b>Beginning<br/>Balance</b> | <b>Increases</b>    | <b>Decreases</b>    | <b>Transfers</b>    | <b>Ending<br/>Balance</b> |
|-------------------------------------------------|------------------------------|---------------------|---------------------|---------------------|---------------------------|
| Capital Assets, Not Being Depreciated:          |                              |                     |                     |                     |                           |
| Land                                            | \$ 12,293,650                | \$ -                | \$ -                | \$ (359,372)        | \$ 11,934,278             |
| Construction in Progress                        | 28,842,253                   | 16,654,806          | -                   | (20,140,135)        | 25,356,924                |
| Total                                           | <u>41,135,903</u>            | <u>16,654,806</u>   | <u>-</u>            | <u>(20,499,507)</u> | <u>37,291,202</u>         |
| Capital Assets, Being Depreciated:              |                              |                     |                     |                     |                           |
| Lucas Lake Reservoir                            | 10,247,739                   | -                   | -                   | -                   | 10,247,739                |
| Buildings                                       | 13,560,137                   | 546,107             | -                   | 14,394,878          | 28,501,122                |
| Water System                                    | 300,751,877                  | 2,240,380           | -                   | 2,562,659           | 305,554,916               |
| Sewerage System                                 | 323,917,807                  | 3,275,672           | -                   | 1,148,289           | 328,341,768               |
| Equipment and Vehicles                          | 41,998,480                   | 3,380,691           | (2,322,784)         | 2,393,681           | 45,450,068                |
| Total                                           | <u>690,476,040</u>           | <u>9,442,850</u>    | <u>(2,322,784)</u>  | <u>20,499,507</u>   | <u>718,095,613</u>        |
| Less Accumulated Depreciation For:              |                              |                     |                     |                     |                           |
| Lucas Lake Reservoir                            | (4,413,548)                  | -                   | -                   | -                   | (4,413,548)               |
| Buildings                                       | (8,895,982)                  | (454,007)           | -                   | (270,952)           | (9,620,941)               |
| Water System                                    | (182,802,056)                | (7,674,036)         | -                   | -                   | (190,476,092)             |
| Sewerage System                                 | (231,772,211)                | (6,598,745)         | -                   | -                   | (238,370,956)             |
| Equipment and Vehicles                          | (28,471,917)                 | (2,971,070)         | 2,211,308           | 270,952             | (28,960,727)              |
| Total                                           | <u>(456,355,714)</u>         | <u>(17,697,858)</u> | <u>2,211,308</u>    | <u>-</u>            | <u>(471,842,264)</u>      |
| Total Capital Assets, Being<br>Depreciated, Net | <u>234,120,326</u>           | <u>(8,255,008)</u>  | <u>(111,476)</u>    | <u>20,499,507</u>   | <u>246,253,349</u>        |
| Water and Sewer<br>Capital Assets, Net          | <u>\$ 275,256,229</u>        | <u>\$ 8,399,798</u> | <u>\$ (111,476)</u> | <u>\$ -</u>         | <u>\$ 283,544,551</u>     |

**(4) Capital Assets (Continued)**

Stormwater capital asset activity for the year ended September 30, 2025, is as follows:

|                                                 | <b>Beginning<br/>Balance</b> | <b>Increases</b>  | <b>Decreases</b> | <b>Transfers</b>   | <b>Ending<br/>Balance</b> |
|-------------------------------------------------|------------------------------|-------------------|------------------|--------------------|---------------------------|
| Capital Assets, Not Being Depreciated:          |                              |                   |                  |                    |                           |
| Land                                            | \$ -                         | \$ -              | \$ -             | \$ -               | \$ -                      |
| Construction in Progress                        | 4,997,061                    | 493,194           | -                | (4,039,590)        | 1,450,665                 |
| Total                                           | <u>4,997,061</u>             | <u>493,194</u>    | <u>-</u>         | <u>(4,039,590)</u> | <u>1,450,665</u>          |
| Capital Assets, Being Depreciated:              |                              |                   |                  |                    |                           |
| Stormwater System                               | 2,995,776                    | -                 | -                | 4,039,590          | 7,035,366                 |
| Equipment and Vehicles                          | 3,825,391                    | 1,300,708         | -                | -                  | 5,126,099                 |
| Total                                           | <u>6,821,167</u>             | <u>1,300,708</u>  | <u>-</u>         | <u>4,039,590</u>   | <u>12,161,465</u>         |
| Less Accumulated Depreciation For:              |                              |                   |                  |                    |                           |
| Stormwater System                               | (194,311)                    | (395,011)         | -                | -                  | (589,322)                 |
| Equipment and Vehicles                          | <u>(1,301,183)</u>           | <u>(586,367)</u>  | <u>-</u>         | <u>-</u>           | <u>(1,887,550)</u>        |
| Total                                           | <u>(1,495,494)</u>           | <u>(981,378)</u>  | <u>-</u>         | <u>-</u>           | <u>(2,476,872)</u>        |
| Total Capital Assets, Being<br>Depreciated, Net | <u>5,325,673</u>             | <u>319,330</u>    | <u>-</u>         | <u>4,039,590</u>   | <u>9,684,593</u>          |
| Stormwater<br>Capital Assets, Net               | <u>\$ 10,322,734</u>         | <u>\$ 812,524</u> | <u>\$ -</u>      | <u>\$ -</u>        | <u>\$ 11,135,258</u>      |

## (5) Long-Term Debt

The following is a summary of long-term debt activity for the year ended September 30, 2025:

|                               | <b>Beginning<br/>Balance</b> | <b>Additions</b>      | <b>Reductions</b>      | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|-------------------------------|------------------------------|-----------------------|------------------------|---------------------------|--------------------------------|
| Revenue Bonds                 | \$ 89,015,000                | \$ 102,710,000        | \$ (5,050,000)         | \$ 186,675,000            | \$ 5,195,000                   |
| Plus Unamortized Premiums     | 6,206,863                    | 11,905,135            | (951,499)              | 17,160,499                | -                              |
| Revenue Bonds, Net            | 95,221,863                   | 114,615,135           | (6,001,499)            | 203,835,499               | 5,195,000                      |
| Notes from Direct Borrowings  | 12,931,578                   | -                     | (727,967)              | 12,203,611                | 731,695                        |
| Financed Purchases            | 485,787                      | 237,749               | (588,644)              | 134,892                   | 68,307                         |
| Total OPEB Liability          | 2,648,971                    | 444,918               | (172,789)              | 2,921,100                 | -                              |
| Net Pension Liability (Asset) | 3,492,633                    | 5,981,574             | (10,333,395)           | (859,188)                 | -                              |
| Accrued Compensated Absences  | 3,261,959                    | 2,643,644             | (2,627,084)            | 3,278,519                 | 3,278,519                      |
| Total Long-Term Debt          | <u>\$ 118,042,791</u>        | <u>\$ 123,923,020</u> | <u>\$ (20,451,378)</u> | <u>\$ 221,514,433</u>     | <u>\$ 9,273,521</u>            |

### *Revenue Bonds Payable*

The Authority issues bonds which pledge revenues derived from the operation of capital assets to pay debt service.

Revenue bonds outstanding at September 30, 2025, are as follows:

| <b>Series</b> | <b>Interest<br/>Rate</b> | <b>Final Year<br/>Maturity Date</b> | <b>Original<br/>Amount</b> | <b>Outstanding<br/>Amount</b> |
|---------------|--------------------------|-------------------------------------|----------------------------|-------------------------------|
| 2015 Series   | 4.00%                    | 2036                                | \$ 8,870,000               | \$ 8,870,000                  |
| 2016 Series   | 2.00% - 4.00%            | 2027                                | 9,475,000                  | 2,945,000                     |
| 2018A Series  | 5.00%                    | 2033                                | 17,340,000                 | 16,195,000                    |
| 2018B Series  | 3.00%                    | 2039                                | 20,070,000                 | 20,070,000                    |
| 2020A Series  | 2.07%                    | 2032                                | 30,495,000                 | 17,580,000                    |
| 2020B Series  | 2.00% - 5.00%            | 2042                                | 20,380,000                 | 18,305,000                    |
| 2024 Series   | 3.03% - 3.80%            | 2054                                | 102,710,000                | 102,710,000                   |
|               |                          |                                     |                            | 186,675,000                   |
|               |                          |                                     | Plus Unamortized Premium   | 17,160,499                    |
|               |                          |                                     |                            | <u>\$ 203,835,499</u>         |

**(5) Long-Term Debt (Continued)**

***Revenue Bonds Payable (Continued)***

Revenue bond debt service requirements to maturity are as follows:

| <b>Year Ending<br/>September 30</b> | <b>Revenue Bonds</b>  |                       | <b>Aggregate<br/>Debt Service</b> |
|-------------------------------------|-----------------------|-----------------------|-----------------------------------|
|                                     | <b>Principal</b>      | <b>Interest</b>       |                                   |
| 2026                                | \$ 5,195,000          | \$ 7,913,035          | \$ 13,108,035                     |
| 2027                                | 5,355,000             | 8,057,304             | 13,412,304                        |
| 2028                                | 5,510,000             | 7,896,513             | 13,406,513                        |
| 2029                                | 5,690,000             | 7,724,583             | 13,414,583                        |
| 2030                                | 5,885,000             | 7,520,365             | 13,405,365                        |
| 2031-2035                           | 28,315,000            | 34,178,219            | 62,493,219                        |
| 2036-2040                           | 28,370,000            | 28,712,025            | 57,082,025                        |
| 2041-2045                           | 26,240,000            | 23,046,150            | 49,286,150                        |
| 2046-2050                           | 33,435,000            | 15,848,250            | 49,283,250                        |
| 2051-2054                           | 42,680,000            | 6,610,000             | 49,290,000                        |
|                                     | <u>\$ 186,675,000</u> | <u>\$ 147,506,444</u> | <u>\$ 334,181,444</u>             |

Under the terms of all revenue bond agreements, the Authority must satisfy certain covenants. It is the opinion of management that the Authority has complied with all other requirements and restrictions of these agreements for the year ended September 30, 2025.

An analysis of interest cost associated with the revenue bonds of the Authority as of September 30, 2025, is as follows:

Revenue Bonds Interest and Related Charges

|                                            |                     |
|--------------------------------------------|---------------------|
|                                            | \$ 7,424,591        |
| Add:                                       |                     |
| Amortization of Bond Premium               | (951,499)           |
| Amortization of Charges on Refunding       | 7,200               |
| Amortization of Gain on Refunding          | (61,477)            |
| Other Fiduciary Charges                    | <u>26,925</u>       |
| Total Interest Expense and Related Charges |                     |
| Recognized on Revenue Bonds                | <u>\$ 6,445,740</u> |

**(5) Long-Term Debt (Continued)**

***Other Long-Term Debt***

*Financed Purchases from Direct Borrowings*

The Authority has entered into multiple financed purchases from direct borrowings for the acquisition of various equipment. In the event of default, the financial institutions could take possession of the assets, terminate the borrowing agreement, or obtain court action to enforce the agreement. The annual interest rate is 3.03 percent.

The Authority's total finance purchase debt service requirements to maturity are as follows:

| <b>Year Ending<br/>September 30</b> | <b>Finance Purchase</b> |                 | <b>Aggregate<br/>Debt Service</b> |
|-------------------------------------|-------------------------|-----------------|-----------------------------------|
|                                     | <b>Principal</b>        | <b>Interest</b> |                                   |
| 2026                                | \$ 68,307               | \$ 5,350        | \$ 73,657                         |
| 2027                                | 66,585                  | 529             | 67,114                            |
|                                     | <u>\$ 134,892</u>       | <u>\$ 5,879</u> | <u>\$ 140,771</u>                 |

***Georgia Environmental Facilities Authority (GEFA)***

**GEFA Note:** The Authority has incurred debt to GEFA for construction of various water and sewer system projects utilizing certain capitalization grant funds made available to GEFA from the United States Environmental Protection Agency (EPA). These notes from direct borrowings are as follows at September 30, 2025.

| <b>Loan</b> | <b>Interest<br/>Rate</b> | <b>Final Year<br/>Maturity Date</b> | <b>Original<br/>Amount</b> | <b>Outstanding<br/>Amount</b> |
|-------------|--------------------------|-------------------------------------|----------------------------|-------------------------------|
| GEFA 13-010 | 1.40%                    | 2037                                | \$ 5,500,000               | \$ 3,482,684                  |
| GEFA 2021   | 0.40%                    | 2044                                | 9,300,000                  | 8,720,927                     |
|             |                          |                                     | <u>\$ 14,800,000</u>       | <u>\$ 12,203,611</u>          |

## (5) Long-Term Debt (Continued)

### *Georgia Environmental Facilities Authority (GEFA) (Continued)*

The Authority's total debt service requirement for the GEFA notes to maturity is as follows:

| Year Ending<br>September 30 | Direct Borrowings    |                   |
|-----------------------------|----------------------|-------------------|
|                             | Principal            | Interest          |
| 2026                        | \$ 731,695           | \$ 54,034         |
| 2027                        | 732,210              | 50,114            |
| 2028                        | 736,181              | 46,143            |
| 2029                        | 740,207              | 42,117            |
| 2030                        | 744,286              | 38,038            |
| 2031-2035                   | 3,784,572            | 127,047           |
| 2036-2044                   | 4,734,460            | 27,836            |
|                             | <u>\$ 12,203,611</u> | <u>\$ 385,329</u> |

## (6) Pension Plan

**Plan Description.** The Authority maintains and administers a single employer, defined benefit pension plan (the "Plan") covering substantially all of its employees hired before July 1, 2012. The Plan was closed to employees hired after July 1, 2012. The Plan provides retirement, death and disability benefits to its members and beneficiaries. The Authority is solely responsible for establishing or initiating Plan provisions through the Macon Water Authority Pension Committee. This seven-member Committee consists of: 1) the chairman of each of the three standing committees - finance, engineering and personnel, 2) three members elected by employees, and 3) the Chairman of the Authority Board in the absence of one of the other members. The Plan does not issue stand-alone financial statements.

**Plan Membership.** As of the latest actuarial valuation, pension plan membership consisted of the following:

|                                                                     |            |
|---------------------------------------------------------------------|------------|
| Inactive plan members or beneficiaries currently receiving benefits | 105        |
| Inactive plan members entitled to but not receiving benefits        | 12         |
| Active plan members                                                 | <u>60</u>  |
|                                                                     | <u>177</u> |

**Benefits Provided.** Authority funded benefits vest after five years of service. Reduced benefits may be obtained at earlier retirement. Benefits are also available if participants become permanently disabled.

A vested employee may elect to retire under one of the following options with no reduction in benefits: a) normal retirement (age 63 with 5 to 30 years of service), or b) early retirement (age 55 with 30 years of service).

This benefit is equal to the Final Average Monthly Earnings (an average of the last three years' earnings), multiplied by a benefit factor of 2.00 percent times years of service. The benefit factor increases from 2.00 percent for 30 years of service by 0.025 percent for each additional year of service, not to exceed 2.25 percent at 40 or more years of service.

## (6) Pension Plan (Continued)

The Plan provides for Disability Retirement for any member who, after five years of service, becomes permanently and totally disabled. These benefits would equal his/her Final Average Monthly Earnings, multiplied by a factor of 1.75 percent, times his/her years of service.

**Contributions.** The Authority and participants are required to make contributions to the Plan. The Authority funding policy is to contribute at least the employee contributions less refunds and not less than the O.C.G.A. §47-20-10 minimum funding standards. For the year ended September 30, 2025, the active member required contribution rate was 6.2 percent and the Authority's contribution rate was 6.2 percent of annual payroll. Authority contributions to the Plan were \$1,266,005 for the year ended September 30, 2025. The Authority receives a refund of contributions equal to employee contribution refunds upon a non-vested employee's termination.

The Authority's net pension liability was measured as of September 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2024 with the actuary using standard techniques to roll forward the liability to the measurement date.

The Authority's net pension liability for the year ended September 30, 2025, is as follows:

|                                                                     |                            |
|---------------------------------------------------------------------|----------------------------|
| Pension Liability                                                   | \$ 53,133,088              |
| Plan Net Position                                                   | <u>53,992,276</u>          |
| Net Pension Liability (Asset)                                       | <u><u>\$ (859,188)</u></u> |
| Plan Net Position as a Percentage<br>of the Total Pension Liability | 101.6%                     |

The Authority's changes in the net pension liability by source and the derivation of the Authority's pension expense for the fiscal year ended September 30, 2025, are reflected below:

|                                                                              | Water and<br>Sewer | Stormwater | Total        |
|------------------------------------------------------------------------------|--------------------|------------|--------------|
| Net Pension (Asset) Liability Recognized<br>in the Statement of Net Position | \$ (1,157,592)     | \$ 298,404 | \$ (859,188) |

- 39 -

**(6) Pension Plan (Continued)**

**Deferred Outflows and Inflows of Resources.** The Authority reported deferred outflows and inflows of resources related to pensions from the following sources as of September 30, 2025:

|                                                         | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Pension Experience Differences                          | \$ -                                      | \$ 209,365                               |
| Pension Assumption Changes                              | -                                         | -                                        |
| Pension Investment Return                               | -                                         | 4,088,189                                |
| Pension Contributions Subsequent to<br>Measurement Date | -                                         | -                                        |
|                                                         | <u>\$ -</u>                               | <u>\$ 4,297,554</u>                      |

Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending September 30</u> |                       |
|---------------------------------|-----------------------|
| 2026                            | \$ (403,301)          |
| 2027                            | (2,025,997)           |
| 2028                            | (1,541,714)           |
| 2029                            | (326,542)             |
|                                 | <u>\$ (4,297,554)</u> |

The following actuarial assumptions apply to all periods included in the measurement:

|                   |                |
|-------------------|----------------|
| Inflation         | 2.50%          |
| Salary Increases  | 5.00% - 10.00% |
| Investment Return | 7.00%          |

Mortality rates were based on the amount-weighted Pub-2010 table for general employees, with generational projection using Scale MP-2021. No specific experience study has been performed on which to base the actuarial assumptions. Cost of living adjustments were assumed to be 2.00 percent.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2025: Common Stock - 64 percent, Fixed Income - 31 percent, Private Equity/Real Estate - 2.0 percent, and Cash - 3.0 percent.

**(6) Pension Plan (Continued)**

**Discount Rate.** The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions and also on considering the Plan’s net position as of September 30, 2025, the Plan’s net position was projected to be available to make projected future benefit payments of current plan members for all future plan years. Therefore, the long-term expected rate of return on pension plan investments (6.75 percent) becomes the discount rate and thus was applied to all projected future benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the net pension liability of the Authority, calculated using the discount rate of 6.75 percent, as well as what the Authority’s net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent), or 1-percentage-point higher (7.75 percent) than the current rate.

The following table represents the sensitivity analysis discussed above as of September 30, 2025:

|                                           | <b>1.00% Decrease</b> | <b>Current</b>       | <b>1.00% Increase</b> |
|-------------------------------------------|-----------------------|----------------------|-----------------------|
|                                           | <b>5.75%</b>          | <b>Discount Rate</b> | <b>7.75%</b>          |
|                                           |                       | <b>6.75%</b>         |                       |
| Authority's Net Pension Liability (Asset) | \$ 5,228,773          | \$ (859,188)         | \$ (6,012,983)        |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2025, and the current sharing pattern of costs between employer and employee.

***Defined Contribution Plan***

The Authority maintains and administers a defined contribution pension plan, the Macon Water Authority Retirement Savings Plan (the Savings Plan), which was established on July 1, 2012. All employees hired on or after July 1, 2012 are required to participate in the Savings Plan. At September 30, 2025, there were 289 total participants. Participants may elect to contribute 3.0 percent or 6.2 percent depending on hire date. The Authority matches the same percentage as elected by participant. The Authority is solely responsible for establishing or amending Savings Plan provisions. For the year ended September 30, 2025, the Authority and the employees each contributed approximately \$655,000.

## **(7) Risk Management (Insurance, Workers' Compensation, and Health Insurance)**

The Authority is exposed to various risks of loss related to torts; theft of assets; damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial property and casualty insurance.

The Authority is self-insured for workers' compensation claims coverage up to \$750,000. The Authority buys reinsurance provided through private insurance policies for individual claims that exceed \$750,000. The coverage pays per Georgia State Workers' Compensation law. This policy also has coverage of \$1,000,000 each accident, each employee, and aggregate for Excess Employers Liability Insurance. The Authority is a member of the subsequent injury trust fund of the state of Georgia which reduces exposure based on reinjured employees, for injuries prior to 2008.

The Authority is self-insured for its employee health benefit (major medical and dental) claims up to a fiscal year aggregate basis per individual of \$75,000 for major medical, and \$1,000 for dental. Excess major medical insurance coverage is provided through private insurance policies for the amounts in excess of \$60,000 per covered individual.

The basis for estimating the liabilities for unpaid claims is an incurred, but not reported, calculation. The Authority has provided for amounts which are considered to be outstanding and unpaid as of September 30, 2025, and such amounts are included in the financial statements for the year ended September 30, 2025.

There have been no significant reductions of insurance coverage and settlement amounts have not exceeded insurance coverage for the current or the three prior years.

All unpaid claims are expected to be paid within one year. Required disclosures representing the changes in the balances of claims liabilities during the year ended September 30, 2025, are as follows:

|                                         |                          |
|-----------------------------------------|--------------------------|
| Unpaid Claims, Beginning of Fiscal Year | \$ 514,873               |
| Claims Paid                             | 2,591,107                |
| Incurred Claims                         | (2,699,342)              |
| Unpaid Claims, End of Fiscal Year       | <u><u>\$ 406,638</u></u> |

## **(8) Other Post-Employment Benefits**

### ***Plan Administration and Benefits***

The Macon Water Authority Retiree Medical Plan (the OPEB Plan) is a single-employer defined benefit post-retirement healthcare plan, or other post-employment benefit (OPEB) plan. The Authority offers medical coverage to eligible retirees. The benefits are the same as those offered to active employees. For retirees who are not Medicare eligible, the medical benefits are provided through a Preferred Provider Organization (PPO). The Authority pays a portion of the retiree premiums for medical coverage. Once retirees become Medicare eligible, the medical benefits are provided as a supplemental plan. The Authority pays the entire premium for some retirees, others pay half the current Consolidated Omnibus Budget Reconciliation Act (COBRA) rate, and a third class pays COBRA. This is dependent on when the employee retired. The retiree is responsible for purchasing Medicare Part A & B coverage once eligible. The Authority pays dental and vision coverage for eligible retirees. Eligible participants for OPEB's include retirees who retire from active service after age 55 and completion of 15 years of service. Benefit provisions and contribution requirements are established and may be amended by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the OPEB Plan.

## **(8) Other Post-Employment Benefits (Continued)**

### ***Fund Membership***

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan.

|                     |            |
|---------------------|------------|
| Active Participants | 285        |
| Retirees            | 10         |
|                     | <u>295</u> |

### ***Contributions***

The Authority has elected to fund the OPEB Plan on a “pay as you go” basis. For the year ended September 30, 2025, the Authority contributed \$118,991 for the pay as you go benefits for the OPEB Plan.

### ***Total OPEB Liability of the Authority***

The Authority’s total OPEB liability was measured as of September 30, 2025, and was determined by an actuarial valuation as of September 30, 2024.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                             |                                                                                  |
|-----------------------------|----------------------------------------------------------------------------------|
| Discount Rate:              | 4.90 percent                                                                     |
| Healthcare Cost Trend Rate: | 8.00 percent graded by 0.25 percent per year to an ultimate rate of 4.50 percent |
| Inflation Rate:             | 3.00%                                                                            |
| Participation Rate:         | 40.00%                                                                           |

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 for employees, SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020 for surviving spouses, and SOA Pub-2010 Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2021 for disabled retirees.

### ***Discount Rate***

The discount rate used to measure the total OPEB liability was 4.90 percent. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher - which was 4.90 percent as determined by the Bond Buyer GO 20 – Bond Municipal Bond Index as of September 30, 2025.

## **(8) Other Post-Employment Benefits (Continued)**

### ***Changes in the Total OPEB Liability of the Authority***

The changes in the total OPEB liability of the Authority for the year ended September 30, 2025, were as follows:

|                                                       | <b>Total OPEB<br/>Liability<br/>(a)</b> | <b>OPEB<br/>Expense</b> |
|-------------------------------------------------------|-----------------------------------------|-------------------------|
| <b>Beginning Balance</b>                              | <u>\$ 2,648,971</u>                     |                         |
| Changes for the Year:                                 |                                         |                         |
| Service Cost                                          | 173,514                                 | \$ 173,514              |
| Interest                                              | 112,201                                 | 112,201                 |
| Differences Between Expected and<br>Actual Experience | 159,203                                 | -                       |
| Amortization of Experience Differences                | -                                       | (123,204)               |
| Assumption Changes                                    | (53,798)                                | (53,057)                |
| Amortization of Assumption Changes                    | -                                       | -                       |
| Benefit Payments                                      | <u>(118,991)</u>                        | <u>-</u>                |
| Net Changes                                           | <u>272,129</u>                          | <u>\$ 109,454</u>       |
| <b>Ending Balance</b>                                 | <u><u>\$ 2,921,100</u></u>              |                         |

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

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current discount rate:

|                      | <b>1.00% Decrease<br/>3.90%</b> | <b>Current<br/>Discount Rate<br/>4.90%</b> | <b>1.00% Increase<br/>5.90%</b> |
|----------------------|---------------------------------|--------------------------------------------|---------------------------------|
| Total OPEB Liability | \$ 3,220,296                    | \$ 2,921,100                               | \$ 2,662,481                    |

## **(8) Other Post-Employment Benefits (Continued)**

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

The following presents the total OPEB liability of the Authority, as well as what the Authority'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:

|                      | <b>1.00% Decrease<br/>7.00%</b> | <b>Current<br/>Discount Rate<br/>8.00%</b> | <b>1.00% Increase<br/>9.00%</b> |
|----------------------|---------------------------------|--------------------------------------------|---------------------------------|
| Total OPEB Liability | \$ 2,612,191                    | \$ 2,921,100                               | \$ 3,285,495                    |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2025, and the current sharing pattern of costs between employer and inactive employees.

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

For the year ended September 30, 2025, the Authority recognized OPEB expense of \$109,454. At September 30, 2025, the Authority reported deferred inflows and outflows of resources related to OPEB from the following source:

|                              | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|------------------------------|-------------------------------------------|------------------------------------------|
| OPEB Experience Differences  | \$ 554,557                                | \$ 811,101                               |
| Other Changes in Assumptions | 234,463                                   | 319,734                                  |
|                              | <u>\$ 789,020</u>                         | <u>\$ 1,130,835</u>                      |

**(8) Other Post-Employment Benefits (Continued)*****OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)***

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

| <u>Year Ending September 30</u> |                            |
|---------------------------------|----------------------------|
| 2026                            | \$ (60,355)                |
| 2027                            | (36,122)                   |
| 2028                            | (114,609)                  |
| 2029                            | (114,605)                  |
| 2030                            | (42,480)                   |
| Thereafter                      | <u>26,356</u>              |
|                                 | <u><u>\$ (341,815)</u></u> |

**(9) Net Investments in Capital Assets**

As required by the Government Finance Officers Association (GFOA), the following schedule provides the details in the net investment in capital assets classification of net position:

|                                            | <u>Water and<br/>Sewer</u>   | <u>Stormwater</u>           | <u>Total</u>                 |
|--------------------------------------------|------------------------------|-----------------------------|------------------------------|
| Capital Assets, Non-Depreciable Assets     | \$ 37,291,202                | \$ 1,450,665                | \$ 38,741,867                |
| Capital Assets, Depreciable Assets         | 718,095,615                  | 12,161,466                  | 730,257,081                  |
| Accumulated Depreciation                   | (471,842,266)                | (2,476,873)                 | (474,319,139)                |
| Notes Payable                              | (12,203,611)                 | -                           | (12,203,611)                 |
| Revenue Bonds Payable                      | (186,675,000)                | -                           | (186,675,000)                |
| Financed Purchase Payable                  | (134,892)                    | -                           | (134,892)                    |
| Unspent Bond Proceeds                      | 117,498,548                  | -                           | 117,498,548                  |
| Unamortized Premiums on Bonds Payable      | (17,160,499)                 | -                           | (17,160,499)                 |
| Other Payables, Construction               | (407,619)                    | (25,418)                    | (433,037)                    |
| Unamortized Deferred Charges on Refundings | <u>(307,381)</u>             | <u>-</u>                    | <u>(307,381)</u>             |
|                                            | <u><u>\$ 184,154,097</u></u> | <u><u>\$ 11,109,840</u></u> | <u><u>\$ 195,263,937</u></u> |

# **(10) Restatements of Beginning Balances**

During the current year, the Authority implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Authority now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below.

|                                                             | <b><u>Water and<br/>Sewer</u></b> | <b><u>Stormwater</u></b>    | <b><u>Total</u></b>          |
|-------------------------------------------------------------|-----------------------------------|-----------------------------|------------------------------|
| Net Position, September 30, 2024,<br>as Previously Reported | \$ 268,779,367                    | \$ 11,812,664               | \$ 280,592,031               |
| Implementation of GASB 101<br>for Compensated Absences      | <u>(2,069,443)</u>                | <u>(71,515)</u>             | <u>(2,140,958)</u>           |
| Net Position, September 30, 2024,<br>Restated               | <u><u>\$ 266,709,924</u></u>      | <u><u>\$ 11,741,149</u></u> | <u><u>\$ 278,451,073</u></u> |

# **Annual Comprehensive Financial Report**

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**Macon Water Authority – Macon Georgia**

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**Required Supplementary Information**  
**Schedule of Changes in the Authority's Total OPEB Liability and**  
**Related Ratios**

**September 30, 2025**

**Macon Water Authority**

|                                                                            | <b>2025</b>                | <b>2024</b>                | <b>2023</b>                | <b>2022</b>                | <b>2021</b>                | <b>2020</b>                |
|----------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Total OPEB Liability</b>                                                |                            |                            |                            |                            |                            |                            |
| Service Cost                                                               | \$ 173,514                 | \$ 135,973                 | \$ 162,559                 | \$ 148,436                 | \$ 153,852                 | \$ 157,392                 |
| Interest on Total OPEB Liability                                           | 112,201                    | 145,960                    | 161,342                    | 68,931                     | 69,948                     | 124,276                    |
| Differences Between Expected and Actual Experience                         | 159,203                    | (717,810)                  | (480,926)                  | 1,245,758                  | (141,385)                  | (935,508)                  |
| Changes of Assumptions                                                     | (53,798)                   | 328,249                    | (24,001)                   | (774,856)                  | (3,979)                    | 240,055                    |
| Benefit Payments, Including Refunds of Employee Contributions              | <u>(118,991)</u>           | <u>(206,638)</u>           | <u>(149,483)</u>           | <u>(164,523)</u>           | <u>(113,343)</u>           | <u>(188,982)</u>           |
| <b>Net Change in Total OPEB Liability</b>                                  | <b>272,129</b>             | <b>(314,266)</b>           | <b>(330,509)</b>           | <b>523,746</b>             | <b>(34,907)</b>            | <b>(602,767)</b>           |
| <b>Total OPEB Liability - Beginning</b>                                    | <b>2,648,971</b>           | <b>2,963,237</b>           | <b>3,293,746</b>           | <b>2,770,000</b>           | <b>2,804,907</b>           | <b>3,407,674</b>           |
| <b>Total OPEB Liability - Ending</b>                                       | <b><u>\$ 2,921,100</u></b> | <b><u>\$ 2,648,971</u></b> | <b><u>\$ 2,963,237</u></b> | <b><u>\$ 3,293,746</u></b> | <b><u>\$ 2,770,000</u></b> | <b><u>\$ 2,804,907</u></b> |
| <b>Covered Payroll</b>                                                     | <b>\$ 20,370,756</b>       | <b>\$ 17,215,705</b>       | <b>\$ 11,890,289</b>       | <b>\$ 11,543,970</b>       | <b>\$ 12,458,231</b>       | <b>\$ 11,021,214</b>       |
| <b>Authority's Total OPEB Liability as a Percentage of Covered Payroll</b> | <b>14.3%</b>               | <b>15.4%</b>               | <b>24.9%</b>               | <b>28.5%</b>               | <b>22.2%</b>               | <b>25.5%</b>               |

**Notes to the Schedule:**

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

**Required Supplementary Information**  
**Schedule of Changes in the Authority's Net Pension Liability (Asset) and**  
**Related Ratios**

**September 30, 2025**

**Macon Water Authority**

|                                                                                   | 2025                 | 2024                 | 2023                 | 2022                  | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 |
|-----------------------------------------------------------------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total Pension Liability</b>                                                    |                      |                      |                      |                       |                      |                      |                      |                      |                      |                      |
| Service Cost                                                                      | \$ 466,141           | \$ 471,135           | \$ 498,606           | \$ 579,119            | \$ 584,262           | \$ 562,477           | \$ 562,477           | \$ 626,428           | \$ 626,428           | \$ 541,846           |
| Interest on Total Pension Liability                                               | 3,443,428            | 3,198,247            | 3,137,815            | 3,082,937             | 2,792,551            | 2,827,252            | 2,766,288            | 2,718,396            | 2,640,579            | 2,243,899            |
| Differences Between Expected and Actual Experience                                | (433,137)            | 2,267,242            | (265,225)            | (544,854)             | (325,345)            | (1,376,187)          | -                    | (445,250)            | -                    | 1,659,266            |
| Changes of Assumptions                                                            | 2,071,391            | -                    | -                    | 71,785                | 3,387,553            | -                    | -                    | -                    | -                    | 3,192,182            |
| Benefit Payments, Including Refunds of Employee Contributions                     | (2,280,840)          | (2,577,235)          | (2,383,617)          | (2,265,385)           | (2,305,624)          | (2,756,496)          | (2,159,259)          | (2,143,574)          | (2,167,088)          | (1,877,026)          |
| <b>Net Change in Total Pension Liability</b>                                      | <b>3,266,983</b>     | <b>3,359,389</b>     | <b>987,579</b>       | <b>923,602</b>        | <b>4,133,397</b>     | <b>(742,954)</b>     | <b>1,169,506</b>     | <b>756,000</b>       | <b>1,099,919</b>     | <b>5,760,167</b>     |
| <b>Total Pension Liability - Beginning</b>                                        | <b>49,866,105</b>    | <b>46,506,716</b>    | <b>45,519,137</b>    | <b>44,595,535</b>     | <b>40,462,138</b>    | <b>41,205,092</b>    | <b>40,035,586</b>    | <b>39,279,586</b>    | <b>38,179,667</b>    | <b>32,419,500</b>    |
| <b>Total Pension Liability - Ending (a)</b>                                       | <b>\$ 53,133,088</b> | <b>\$ 49,866,105</b> | <b>\$ 46,506,716</b> | <b>\$ 45,519,137</b>  | <b>\$ 44,595,535</b> | <b>\$ 40,462,138</b> | <b>\$ 41,205,092</b> | <b>\$ 40,035,586</b> | <b>\$ 39,279,586</b> | <b>\$ 38,179,667</b> |
| <b>Plan Fiduciary Net Position</b>                                                |                      |                      |                      |                       |                      |                      |                      |                      |                      |                      |
| Contributions - Employer                                                          | \$ 317,932           | \$ 389,758           | \$ 337,898           | \$ 355,118            | \$ 1,973,907         | \$ 3,504,274         | \$ 4,244,702         | \$ 2,720,012         | \$ 2,111,565         | \$ 1,633,319         |
| Contributions - Employee                                                          | 317,932              | 358,812              | 337,898              | 355,118               | 373,907              | 404,274              | 410,703              | 433,645              | 468,936              | -                    |
| Differences Between Expected and Actual Experience                                | -                    | -                    | -                    | -                     | -                    | -                    | -                    | -                    | -                    | (2,373,010)          |
| Net Investment Income                                                             | 9,264,394            | 5,356,630            | (5,702,101)          | 9,185,802             | 1,891,226            | 2,256,456            | 2,420,220            | 2,795,736            | 2,485,537            | 1,840,679            |
| Benefit Payments, Including Refunds of Member Contributions                       | (2,280,840)          | (2,577,235)          | (2,383,617)          | (2,265,385)           | (2,305,624)          | (2,756,496)          | (2,159,259)          | (2,143,574)          | (2,167,088)          | (1,877,026)          |
| Other                                                                             | (614)                | (756)                | (908)                | (8,956)               | (112,450)            | 128,673              | (144,068)            | (118,943)            | 64,253               | -                    |
| <b>Net Change in Plan Fiduciary Net Position</b>                                  | <b>7,618,804</b>     | <b>3,527,209</b>     | <b>(7,410,830)</b>   | <b>7,621,697</b>      | <b>1,820,966</b>     | <b>3,537,181</b>     | <b>4,772,298</b>     | <b>3,686,876</b>     | <b>2,963,203</b>     | <b>(776,038)</b>     |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <b>46,373,472</b>    | <b>42,846,263</b>    | <b>50,257,093</b>    | <b>42,635,396</b>     | <b>40,814,430</b>    | <b>37,277,249</b>    | <b>32,504,951</b>    | <b>28,818,075</b>    | <b>25,854,872</b>    | <b>26,630,910</b>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <b>\$ 53,992,276</b> | <b>\$ 46,373,472</b> | <b>\$ 42,846,263</b> | <b>\$ 50,257,093</b>  | <b>\$ 42,635,396</b> | <b>\$ 40,814,430</b> | <b>\$ 37,277,249</b> | <b>\$ 32,504,951</b> | <b>\$ 28,818,075</b> | <b>\$ 25,854,872</b> |
| <b>Authority's Net Pension Liability (Asset)</b>                                  |                      |                      |                      |                       |                      |                      |                      |                      |                      |                      |
| <b>- Ending (a) - (b)</b>                                                         | <b>\$ (859,188)</b>  | <b>\$ 3,492,633</b>  | <b>\$ 3,660,453</b>  | <b>\$ (4,737,816)</b> | <b>\$ 1,960,279</b>  | <b>\$ (352,292)</b>  | <b>\$ 3,927,843</b>  | <b>\$ 7,530,635</b>  | <b>\$ 10,461,511</b> | <b>\$ 12,324,795</b> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | <b>101.6%</b>        | <b>93.0%</b>         | <b>92.1%</b>         | <b>110.4%</b>         | <b>95.6%</b>         | <b>100.9%</b>        | <b>90.5%</b>         | <b>81.2%</b>         | <b>73.4%</b>         | <b>67.7%</b>         |
| <b>Covered Payroll</b>                                                            | <b>\$ 5,032,130</b>  | <b>\$ 5,311,590</b>  | <b>\$ 4,971,202</b>  | <b>\$ 5,150,291</b>   | <b>\$ 5,713,011</b>  | <b>\$ 6,094,950</b>  | <b>\$ 6,865,104</b>  | <b>\$ 6,529,936</b>  | <b>\$ 7,563,480</b>  | <b>\$ 7,971,507</b>  |
| <b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>           | <b>-17.1%</b>        | <b>65.8%</b>         | <b>73.6%</b>         | <b>-92.0%</b>         | <b>34.3%</b>         | <b>-5.8%</b>         | <b>57.2%</b>         | <b>115.3%</b>        | <b>138.3%</b>        | <b>154.6%</b>        |

Required Supplementary Information  
Schedule of Authority Contributions

September 30, 2025

Macon Water Authority

|                                                                         | 2025         | 2024         | 2023         | 2022         | 2021         | 2020         | 2019           | 2018           | 2017           | 2016           |
|-------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|
| Actuarially Determined Contributions                                    | \$ 329,852   | \$ 136,416   | \$ 110,371   | \$ 342,463   | \$ 171,277   | \$ 1,354,922 | \$ 937,744     | \$ 1,655,046   | \$ 1,655,046   | \$ 1,140,305   |
| Contributions in Relation to the Actuarially<br>Determined Contribution | 317,932      | 389,758      | 337,898      | 355,188      | 702,851      | 2,347,813    | 3,902,551      | 3,841,407      | 3,136,722      | 2,458,733      |
| Contribution Excess                                                     | \$ 11,920    | \$ (253,342) | \$ (227,527) | \$ (12,725)  | \$ (531,574) | \$ (992,891) | \$ (2,964,807) | \$ (2,186,361) | \$ (1,481,676) | \$ (1,318,428) |
| Covered Payroll                                                         | \$ 5,032,130 | \$ 5,311,590 | \$ 4,971,202 | \$ 5,150,291 | \$ 5,713,011 | \$ 6,158,610 | \$ 5,824,314   | \$ 6,865,104   | \$ 6,529,936   | \$ 7,563,480   |
| Contributions as a Percentage of<br>Covered Payroll                     | 6.32%        | 7.34%        | 6.80%        | 6.90%        | 12.30%       | 38.12%       | 67.00%         | 55.96%         | 48.04%         | 32.51%         |

Notes to Schedule:

(1) Actuarial Assumptions

|                                       |                                                                                       |
|---------------------------------------|---------------------------------------------------------------------------------------|
| Valuation Date                        | October 1, 2024                                                                       |
| Cost Method                           | Entry Age                                                                             |
| Actuarial Asset Valuation Method      | Difference in actual and expected return on assets is<br>recognized over three years. |
| Assumed Rate of Return on Investments | 6.75%                                                                                 |
| Projected Salary Increases            | 5.00% - 10.00%                                                                        |
| Cost of Living Adjustments            | 2.00% every five years                                                                |
| Amortization Method                   | Level Dollar                                                                          |
| Remaining Amortization Period         | 20 years open                                                                         |

Required Supplementary Information  
Schedule of Pension Investment Returns

September 30, 2025

Macon Water Authority

|                                                                                                   | 2025  | 2024   | 2023    | 2022   | 2021  | 2020  | 2019  | 2018   | 2017  | 2016   |
|---------------------------------------------------------------------------------------------------|-------|--------|---------|--------|-------|-------|-------|--------|-------|--------|
| Annual Money-weighted Rate of Return, Net of Investment Expenses for the Authority’s Pension Plan | 9.93% | 20.65% | -12.25% | 19.76% | 5.98% | 5.31% | 9.86% | 11.10% | 9.36% | -2.01% |

**Supplementary Information**  
**Combining Statement of Fiduciary Net Position**

**Fiduciary Funds**

**September 30, 2025**

**Macon Water Authority**

|                                                      | <u>Pension Plan</u>      | <u>Savings Plan</u>     | <u>Total</u>             |
|------------------------------------------------------|--------------------------|-------------------------|--------------------------|
| <b>Assets</b>                                        |                          |                         |                          |
| <b>Current Assets</b>                                |                          |                         |                          |
| Cash and Cash Equivalents                            | \$ 2,256,286             | \$ 846,070              | \$ 3,102,356             |
| Investments, at Fair Value                           |                          |                         |                          |
| Equities                                             | 39,018,171               | 1,981,175               | 40,999,346               |
| Fixed Income                                         | 14,966,282               | -                       | 14,966,282               |
| Mutual Funds                                         | -                        | 5,870,527               | 5,870,527                |
| Private Equity Fund Shares                           | 936,913                  | -                       | 936,913                  |
|                                                      | <u>57,177,652</u>        | <u>8,697,772</u>        | <u>65,875,424</u>        |
| Total Assets                                         |                          |                         |                          |
|                                                      | <u>57,177,652</u>        | <u>8,697,772</u>        | <u>65,875,424</u>        |
| <br><b>Net Position Restricted for Pension Funds</b> | <br><u>\$ 57,177,651</u> | <br><u>\$ 8,697,772</u> | <br><u>\$ 65,875,423</u> |

**Supplementary Information**  
**Combining Statement of Change in Fiduciary Net Position**

**Fiduciary Funds**

**September 30, 2025**

**Macon Water Authority**

|                                                     | <b>Pension Plan</b> | <b>Savings Plan</b> | <b>Total</b>  |
|-----------------------------------------------------|---------------------|---------------------|---------------|
| <b>Change in Net Position Attributed to</b>         |                     |                     |               |
| Contributions                                       |                     |                     |               |
| Employer                                            | \$ 907,301          | \$ 655,000          | \$ 1,562,301  |
| Employee                                            | 358,704             | 655,000             | 1,013,704     |
| Total Contributions                                 | 1,266,005           | 1,310,000           | 2,576,005     |
| Investment Income (Loss)                            |                     |                     |               |
| Net Change in the Fair Value of Investments         | 3,202,444           | 516,305             | 3,718,749     |
| Realized Gains (Losses)                             | 209,366             | -                   | 209,366       |
| Dividends and Interest                              | 1,477,105           | 234,818             | 1,711,923     |
| Total Investment Income                             | 4,888,915           | 751,123             | 5,640,038     |
| Deductions                                          |                     |                     |               |
| Benefits                                            | 2,631,067           | 474,000             | 3,105,067     |
| Administrative Expenses                             | 227,711             | -                   | 227,711       |
| Total Deductions                                    | 2,858,778           | 474,000             | 3,332,778     |
| <b>Net Increase (Decrease)</b>                      | 3,296,142           | 1,587,123           | 4,883,265     |
| <b>Net Position Restricted for Pension Benefits</b> |                     |                     |               |
| Beginning of Year                                   | 53,881,509          | 7,110,649           | 60,992,158    |
| Ending of the Year                                  | \$ 57,177,651       | \$ 8,697,772        | \$ 65,875,423 |

# **Annual Comprehensive Financial Report**

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## **STATISTICAL SECTION**

**Macon Water Authority – Macon Georgia**

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## Statistical Section (Unaudited) Comments

### Macon Water Authority

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Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These schedules reflect social and economic data and financial trends of the Authority taken directly from its records unless otherwise indicated.

#### STATISTICAL SECTION

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This part of the Macon Water Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the Authority's overall financial health.

#### Contents

#### Page

#### **Financial Trends..... 55 – 56**

*These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.*

#### **Revenue Capacity ..... 57 – 66**

*These schedules contain information to help the reader assess the Authority's most significant local revenue sources.*

#### **Debt Capacity ..... 67**

*These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.*

#### **Demographic and Economic Information ..... 68 – 72**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.*

#### **Operating Information ..... 73**

*These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.*

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Authority's financial reports for the relevant year.

Net Position by Component

As of September 30, 2025

Macon Water Authority

|                                                     | Fiscal Year    |                |                |                |                |                | Fiscal Year    |                |                |                |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                                     | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           |
| Primary government                                  |                |                |                |                |                |                |                |                |                |                |
| Net Investment in capital                           |                |                |                |                |                |                |                |                |                |                |
| assets                                              | \$ 126,912,867 | \$ 131,336,350 | \$ 130,330,340 | \$ 122,729,294 | \$ 138,331,063 | \$ 145,673,600 | \$ 152,476,561 | \$ 171,724,875 | \$ 176,310,369 | \$ 195,263,937 |
| Restricted for:                                     |                |                |                |                |                |                |                |                |                |                |
| Capital projects                                    | 9,541,071      | 9,347,862      | 5,466,040      | 21,432,331     | 6,160,783      | -              | -              | -              | -              | -              |
| Debt service                                        | 34,071,995     | 12,132,439     | 16,175,295     | 14,825,845     | 13,580,719     | 18,257,123     | 11,162,600     | 11,714,580     | 20,781,264     | 28,214,298     |
| Unrestricted                                        | 42,641,785     | 64,254,452     | 66,318,762     | 68,725,239     | 75,301,861     | 75,945,929     | 97,586,343     | 84,426,447     | 83,500,398     | 88,260,792     |
| Implementation of GASB 101 for compensated absences | -              | -              | -              | -              | -              | -              | -              | -              | (2,140,958)    | -              |
| Total primary government net position               | \$ 213,167,718 | \$ 217,071,103 | \$ 218,290,437 | \$ 227,712,709 | \$ 233,374,426 | \$ 239,876,652 | \$ 261,225,504 | \$ 267,865,902 | \$ 278,451,073 | \$ 311,739,027 |

## Changes in Net Position

As of September 30, 2025

### Macon Water Authority

| Fiscal Year | Operating Revenues | Operating Expenses | Operating Income  | Total Non-operating Revenues/ (Expenses) | Income/(Loss) before Capital Contributions | Capital Contributions <sup>a</sup> | Change in Net Position |
|-------------|--------------------|--------------------|-------------------|------------------------------------------|--------------------------------------------|------------------------------------|------------------------|
| 2016        | 52,123,494         | 47,494,153         | 4,629,341         | (3,310,495)                              | 1,318,846                                  | 179,060                            | 1,497,906              |
| 2017        | 54,190,163         | 49,634,872         | 4,555,291         | (770,732)                                | 3,784,559                                  | 118,826                            | 3,903,385              |
| 2018        | 54,016,375         | 51,582,527         | 2,433,848         | (2,460,487)                              | (26,639)                                   | 2,359,231                          | 2,332,592              |
| 2019        | 60,121,320         | 48,900,969         | 11,220,351        | (2,739,703)                              | 8,480,648                                  | 941,624                            | 9,422,272              |
| 2020        | 61,524,937         | 52,403,512         | 9,121,425         | (3,594,858)                              | 5,526,567                                  | 135,150                            | 5,661,717              |
| 2021        | 67,197,797         | 57,121,433         | 10,076,364        | (5,478,070)                              | 4,598,294                                  | 1,903,932                          | 6,502,226              |
| 2022        | 78,051,538         | 51,602,802         | 26,448,736        | (6,870,800)                              | 19,577,936                                 | 1,770,916                          | 21,348,852             |
| 2023        | 84,095,206         | 79,910,651         | 4,184,555         | (1,637,107)                              | 2,547,448                                  | 4,092,950                          | 6,640,398              |
| <b>2024</b> | <b>91,887,632</b>  | <b>79,405,405</b>  | <b>12,482,227</b> | <b>(550,898)</b>                         | <b>11,931,329</b>                          | <b>794,800</b>                     | <b>12,726,129</b>      |
| <b>2025</b> | <b>105,149,008</b> | <b>72,160,336</b>  | <b>32,988,672</b> | <b>(2,162,928)</b>                       | <b>30,825,744</b>                          | <b>2,462,210</b>                   | <b>33,287,954</b>      |

**Notes:** <sup>a</sup> Capital contributions are composed of contributions of water and sewer infrastructure as well as cash contributions from federal and State of Georgia agencies.  
FY 2017 non-operating revenues/(expenses) decreased due to the gain on the sale of the Crawford County land.  
FY 2018 reflected a significant reimbursement from Georgia Department of Transportation related to I-75/I-16 infrastructure work.  
FY 2022 operating income increased due to decreased pension cost from actuarial assumptions  
FY 2023 operating income decreased due to increased pension cost from actuarial assumptions  
FY 2025 operating income increased due to decreased pension cost from actuarial assumptions

## Operating Revenues by Source

As of September 30, 2025

### Macon Water Authority

| Fiscal<br>Year | Water<br>Revenue <sup>a</sup> | Sewer<br>Revenue <sup>b</sup> | Other Operating<br>Revenue | Stormwater<br>Revenue | Total              |
|----------------|-------------------------------|-------------------------------|----------------------------|-----------------------|--------------------|
| 2016           | 25,685,274                    | 23,134,227                    | 3,303,993                  | -                     | 52,123,494         |
| 2017           | 26,514,959                    | 24,085,807                    | 3,589,397                  | -                     | 54,190,163         |
| 2018           | 25,652,115                    | 24,130,345                    | 4,233,915                  | -                     | 54,016,375         |
| 2019           | 29,278,477 <sup>a</sup>       | 25,869,847 <sup>a</sup>       | 4,972,996                  | -                     | 60,121,320         |
| 2020           | 30,980,349                    | 27,195,015                    | 3,349,573                  | -                     | 61,524,937         |
| 2021           | 31,276,390                    | 27,288,448                    | 5,558,778 <sup>b</sup>     | 3,074,181             | 67,197,797         |
| 2022           | 32,993,199                    | 29,669,510                    | 6,011,350 <sup>b</sup>     | 9,377,479             | 78,051,538         |
| 2023           | 34,720,263                    | 31,713,153                    | 5,493,803 <sup>b</sup>     | 12,167,987            | 84,095,206         |
| 2024           | 37,847,889                    | 34,796,078                    | 6,911,315                  | 12,332,350            | 91,887,632         |
| <b>2025</b>    | <b>45,183,208</b>             | <b>40,667,523</b>             | <b>6,934,555</b>           | <b>12,363,722</b>     | <b>105,149,008</b> |

**Notes:** <sup>a</sup> FY 2019 service area experienced unseasonable dry weather. Demand was 10% higher than usual.

<sup>b</sup> Restated to segregate enterprise fund

## Operating Expenses by Source

As of September 30, 2025

### Macon Water Authority

| Fiscal Year | Water Plant      | Water Distribution | Water Reclamation | Stormwater       | Maintenance      | Sewer Conveyance | Engineering      | Customer Care and Field Operations | General and Administrative | Subtotal Expenses before Depreciation | Depreciation and Amortization | Total Operating Expenses |
|-------------|------------------|--------------------|-------------------|------------------|------------------|------------------|------------------|------------------------------------|----------------------------|---------------------------------------|-------------------------------|--------------------------|
| 2016        | 3,438,531        | 5,749,573          | 5,652,059         | -                | 1,915,170        | 3,883,826        | 1,622,576        | 4,617,805                          | 6,059,065 <sup>a</sup>     | 32,938,605                            | 14,555,548                    | 47,494,153               |
| 2017        | 3,696,241        | 6,010,513          | 5,963,550         | -                | 2,596,498        | 4,659,047        | 1,734,852        | 5,684,180                          | 4,691,547 <sup>b</sup>     | 35,036,428                            | 14,598,444                    | 49,634,872               |
| 2018        | 3,813,190        | 5,943,276          | 6,355,138         | -                | 2,324,921        | 4,702,735        | 1,662,365        | 5,516,247                          | 6,171,075 <sup>c</sup>     | 36,488,947                            | 15,093,580                    | 51,582,527               |
| 2019        | 3,443,031        | 5,678,980          | 6,343,393         | -                | 2,193,965        | 4,460,412        | 1,642,118        | 4,888,614                          | 5,559,337 <sup>d</sup>     | 34,209,850                            | 14,691,119                    | 48,900,969 <sup>e</sup>  |
| 2020        | 3,379,684        | 5,981,766          | 6,194,420         | 1,271,467        | 2,394,201        | 4,693,702        | 1,962,096        | 5,149,141                          | 5,891,483                  | 36,917,960                            | 15,485,552                    | 52,403,512               |
| 2021        | 3,806,961        | 6,125,027          | 6,319,629         | 3,568,734        | 2,625,230        | 5,761,889        | 1,940,671        | 5,058,422                          | 6,273,644                  | 41,480,207                            | 15,641,226                    | 57,121,433               |
| 2022        | 4,694,773        | 4,797,124          | 5,865,377         | 4,684,246        | 1,131,645        | 5,565,500        | 995,970          | 2,831,187                          | 4,773,263                  | 35,339,085                            | 16,263,717                    | 51,602,802 <sup>f</sup>  |
| 2023        | 5,720,896        | 9,717,105          | 11,140,090        | 7,249,428        | 3,874,689        | 7,236,375        | 2,444,143        | 6,753,901                          | 8,128,225                  | 62,264,852                            | 17,645,699                    | 79,910,551 <sup>g</sup>  |
| 2024        | 5,771,277        | 10,031,151         | 11,011,060        | 8,693,176        | 4,382,070        | 7,450,502        | 2,393,664        | 5,490,021                          | 6,260,911                  | 61,483,832                            | 17,921,573                    | 79,405,405               |
| <b>2025</b> | <b>4,849,142</b> | <b>8,158,614</b>   | <b>10,865,521</b> | <b>7,188,004</b> | <b>2,755,282</b> | <b>6,415,407</b> | <b>2,178,377</b> | <b>4,455,048</b>                   | <b>7,597,082</b>           | <b>54,462,477</b>                     | <b>17,697,859</b>             | <b>72,160,336</b>        |

**Notes:**

<sup>a</sup> Includes additional annual pension plan funding of \$1,520,000.

<sup>b</sup> Includes additional annual pension plan funding of \$2,270,000.

<sup>c</sup> Includes additional annual pension plan funding of \$3,020,000.

<sup>d</sup> Includes additional annual pension plan funding of \$3,100,000.

<sup>e</sup> Reduction in overall operating expenses also impacted positively by improvement in pension overfunded liability.

<sup>f</sup> Reduction in overall operating expenses impacted positively (\$8M) by improvement in pension overfunded liability

<sup>g</sup> Increase in overall operating expenses impacted negatively (\$10M) by change in pension unfunded liability

## Non-Operating Revenues and Expenses

As of September 30, 2025

### Macon Water Authority

| Fiscal Year | Interest and Amortization Expense <sup>a</sup> | Investment Earnings (Loss) | Gain (Loss) on Disposal of Capital Assets | Loss on Abandoned Projects | Macon-Bibb County Industrial Assistance | Macon-Bibb County Assistance | Stormwater Net Nonoperating | Total Non-operating Net |
|-------------|------------------------------------------------|----------------------------|-------------------------------------------|----------------------------|-----------------------------------------|------------------------------|-----------------------------|-------------------------|
| 2016        | (2,939,130)                                    | 637,625                    | -                                         | -                          | (704,000)                               | (304,990)                    | -                           | (3,310,495)             |
| 2017        | (2,892,029)                                    | 718,486                    | 2,411,801                                 | -                          | (704,000)                               | (304,990)                    | -                           | (770,732)               |
| 2018        | (2,609,596)                                    | 1,158,099                  | -                                         | -                          | (704,000)                               | (304,990)                    | -                           | (2,460,487)             |
| 2019        | (4,663,251)                                    | 2,932,538                  | -                                         | -                          | (704,000)                               | (304,990)                    | -                           | (2,739,703)             |
| 2020        | (3,937,881)                                    | 1,297,597                  | 54,416                                    | -                          | (704,000)                               | (304,990)                    | -                           | (3,594,858)             |
| 2021        | (4,877,418)                                    | 426,371                    | -                                         | -                          | (704,000)                               | (304,990)                    | (18,033)                    | (5,478,070)             |
| 2022        | (4,170,053)                                    | (1,579,785)                | (52,277)                                  | -                          | (704,000)                               | (304,990)                    | (59,695)                    | (6,870,800)             |
| 2023        | (4,334,834)                                    | 3,600,896                  | (29,729)                                  | -                          | (704,000)                               | (304,990)                    | 135,550                     | (1,637,107)             |
| 2024        | (4,808,650)                                    | 4,923,250                  | 73,596                                    | -                          | (704,000)                               | (304,990)                    | 269,896                     | (550,898)               |
| <b>2025</b> | <b>(10,213,181)</b>                            | <b>8,630,604</b>           | <b>182,306</b>                            | -                          | <b>(704,000)</b>                        | <b>(304,990)</b>             | <b>247,333</b>              | <b>(2,161,928)</b>      |

**Notes:** No items of significance to note.

## Annual Capital Contributions From Developers

As of September 30, 2025

### Macon Water Authority

| <b>Fiscal<br/>Year</b> | <b>Contributed<br/>Water Lines<br/>and Other</b> | <b>Contributed<br/>Sewer Lines<br/>and Other</b> | <b>Total</b>     |
|------------------------|--------------------------------------------------|--------------------------------------------------|------------------|
| 2016                   | 179,060                                          | -                                                | 179,060          |
| 2017                   | 118,826                                          | -                                                | 118,826          |
| 2018                   | 252,665                                          | 277,805                                          | 530,470          |
| 2019                   | 453,504                                          | 488,120                                          | 941,624          |
| 2020                   | 47,810                                           | 87,340                                           | 135,150          |
| 2021                   | 558,842                                          | 1,345,090                                        | 1,903,932        |
| 2022                   | 974,160                                          | 796,756                                          | 1,770,916        |
| 2023                   | 2,703,450                                        | 1,389,500                                        | 4,092,950        |
| 2024 <sup>a</sup>      | 324,000                                          | 470,800                                          | 794,800          |
| <b>2025</b>            | <b>1,044,395</b>                                 | <b>1,417,815</b>                                 | <b>2,462,210</b> |

**Notes:** <sup>a</sup> Reduced reimbursements required from revolving fund.

## Water Produced, Consumed and Wastewater Treated

As of September 30, 2025

### Macon Water Authority

| Fiscal Year             | (Millions)<br>Gallons of<br>Water<br>Produced | (Millions)<br>Gallons of<br>Water<br>Consumed | (Millions)<br>Gallons of<br>Water<br>Unbilled | Average<br>Percent<br>Unbilled | (Millions)<br>Gallons of<br>Wastewater<br>Treated | Total Direct Rate     |                       |
|-------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|---------------------------------------------------|-----------------------|-----------------------|
|                         |                                               |                                               |                                               |                                |                                                   | Water<br>Base<br>Rate | Sewer<br>Base<br>Rate |
| 2016 <sup>a</sup>       | 8,164                                         | 6,782                                         | 1,382                                         | 16.93%                         | 12,332                                            | 9.00                  | 9.00                  |
| 2017 <sup>b</sup>       | 7,826                                         | 6,775                                         | 1,051                                         | 13.43%                         | 11,150                                            | 9.00                  | 9.00                  |
| 2018 <sup>c</sup>       | 8,167                                         | 6,852                                         | 1,315                                         | 16.10%                         | 11,569                                            | 9.00                  | 9.00                  |
| 2019 <sup>d</sup>       | 9,267                                         | 7,946                                         | 1,320                                         | 14.24%                         | 12,858                                            | 9.00                  | 9.00                  |
| 2020 <sup>e</sup>       | 9,307                                         | 7,483                                         | 1,824                                         | 19.60%                         | 14,286                                            | 9.00                  | 9.00                  |
| 2021 <sup>f</sup>       | 8,519                                         | 7,655                                         | 903                                           | 10.60%                         | 12,677                                            | 9.00                  | 9.00                  |
| 2022 <sup>g</sup>       | 9,851                                         | 7,965                                         | 988                                           | 10.03%                         | 13,812                                            | 9.25                  | 9.25                  |
| 2023 <sup>h</sup>       | 9,652                                         | 7,827                                         | 1825                                          | 18.91%                         | 12,535                                            | 9.50                  | 9.50                  |
| 2024 <sup>i</sup>       | 9,779                                         | 8,638                                         | 1141                                          | 11.67%                         | 12,526                                            | 9.75                  | 9.75                  |
| <b>2025<sup>j</sup></b> | <b>9,566</b>                                  | <b>7,696</b>                                  | <b>1870</b>                                   | <b>19.55%</b>                  | <b>12,388</b>                                     | <b>10.73</b>          | <b>10.73</b>          |

Notes: Gallons are presented in millions.

Rates per CCF:

- a \$2.10 per CCF for water for the first 3 CCF and \$2.20 per CCF consumption above 3 CCF  
\$2.36 per CCF for sewer for the first 3 CCF and \$2.46 per CCF consumption above 3 CCF
- b \$2.20 per CCF for water for the first 3 CCF and \$2.30 per CCF consumption above 3 CCF  
\$2.46 per CCF for sewer for the first 3 CCF and \$2.56 per CCF consumption above 3 CCF
- c \$2.30 per CCF for water for the first 3 CCF and \$2.40 per CCF consumption above 3 CCF  
\$2.56 per CCF for sewer for the first 3 CCF and \$2.66 per CCF consumption above 3 CCF
- d \$2.40 per CCF for water for the first 3 CCF and \$2.50 per CCF consumption above 3 CCF  
\$2.66 per CCF for sewer for the first 3 CCF and \$2.76 per CCF consumption above 3 CCF
- e \$2.58 per CCF for water  
\$2.81 per CCF for sewer
- f \$2.63 per CCF for water  
\$2.86 per CCF for sewer
- g \$2.68 per CCF for water  
\$2.91 per CCF for sewer
- h \$2.95 per CCF for water  
\$3.18 per CCF for sewer
- i \$3.20 per CCF for water  
\$3.43 per CCF for sewer
- j \$4.20 per CCF for water  
\$4.43 per CCF for sewer

Since 2010, residential sewer rates are based on 80% of water consumption without an irrigation meter.  
Since 2010, residential sewer rates are based on 95% of water consumption with an irrigation meter.  
In 2020, rates per CCF were billed based on a uniform rate for all usage.

## Top Sales

As of September 30, 2025

### Macon Water Authority

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| <b>Water<br/>Fiscal<br/>Year</b> | <b>Meter Taps<br/>Sold</b> | <b>Sewer Taps<br/>Sold</b> | <b>Total Taps</b> |
|----------------------------------|----------------------------|----------------------------|-------------------|
| 2016                             | 163                        | 76                         | 239               |
| 2017                             | 190                        | 86                         | 276               |
| 2018                             | 151                        | 87                         | 238               |
| 2019                             | 197                        | 177                        | 374 <sup>a</sup>  |
| 2020                             | 313                        | 204                        | 517               |
| 2021                             | 704                        | 542                        | 1246              |
| 2022                             | 545                        | 373                        | 918               |
| 2023                             | 448                        | 313                        | 761               |
| 2024                             | 565                        | 368                        | 933               |
| <b>2025</b>                      | <b>394</b>                 | <b>246</b>                 | <b>640</b>        |

**Notes:**     <sup>a</sup> 2019 water and sewer tap restated due to error in previous year reprinting summary.

## Number of Water and Sewer Customers by Type

As of September 30, 2025

### Macon Water Authority

| Fiscal<br>Year      | Water         |              |            |          | Sewer         |              |            |          | Total         |               |
|---------------------|---------------|--------------|------------|----------|---------------|--------------|------------|----------|---------------|---------------|
|                     | Residential   | Commercial   | Industrial | Other    | Residential   | Commercial   | Industrial | Other    | Water         | Sewer         |
| 2016 <sup>a</sup>   | 44,806        | 5,323        | 30         | 9        | 36,536        | 3,717        | 15         | 6        | 50,168        | 40,274        |
| 2017 <sup>a</sup>   | 44,867        | 5,313        | 29         | 7        | 36,521        | 3,697        | 18         | 4        | 50,216        | 40,240        |
| 2018 <sup>a,b</sup> | 44,273        | 6,404        | 35         | 11       | 35,791        | 4,486        | 21         | 5        | 50,723        | 40,303        |
| 2019 <sup>a,b</sup> | 44,059        | 5,013        | 26         | -        | 35,648        | 4,466        | 11         | -        | 49,098        | 40,125        |
| 2020 <sup>a</sup>   | 44,790        | 4,958        | 24         | 12       | 36,337        | 4,402        | 6          | -        | 49,784        | 40,745        |
| 2021 <sup>a</sup>   | 45,729        | 4,703        | 26         | 2        | 37,221        | 4,216        | 7          | -        | 50,460        | 41,444        |
| 2022 <sup>a</sup>   | 46,094        | 4,725        | 26         | 2        | 37,577        | 4,254        | 20         | -        | 50,847        | 41,851        |
| 2023 <sup>a</sup>   | 46,395        | 4,712        | 26         | 2        | 37,786        | 4,240        | 18         | -        | 51,135        | 42,044        |
| 2024 <sup>a</sup>   | 46,915        | 4,819        | 26         | 2        | 38,236        | 4,305        | 18         | -        | 51,762        | 42,559        |
| 2025 <sup>a</sup>   | <b>46,992</b> | <b>4,777</b> | <b>28</b>  | <b>2</b> | <b>38,311</b> | <b>4,279</b> | <b>20</b>  | <b>-</b> | <b>51,799</b> | <b>42,610</b> |

**Note:** Information is from customer billing records from September 30 of each year. "Commercial" includes apartments and multiple malls.

<sup>a</sup> Water and Sewer customer counts by type include only revenue generating/billed customer accounts.

<sup>b</sup> Change in customer counts was due to data clean-up and conversion to a new CIS and ERP system. The new system was placed in service in April 2018.

## Water and Sewer Rates

As of September 30, 2025

### Macon Water Authority

|                                  | Fiscal Year |        |        |        |        | Fiscal Year |        |        |        |                |
|----------------------------------|-------------|--------|--------|--------|--------|-------------|--------|--------|--------|----------------|
|                                  | 2016        | 2017   | 2018   | 2019   | 2020   | 2021        | 2022   | 2023   | 2024   | 2025           |
| <b>Water Rates</b>               |             |        |        |        |        |             |        |        |        |                |
| <b>Single Family Residential</b> |             |        |        |        |        |             |        |        |        |                |
| Base rate (meter size )          |             |        |        |        |        |             |        |        |        |                |
| 5/8"                             | \$9.00      | \$9.00 | \$9.00 | \$9.00 | \$9.00 | \$9.00      | \$9.25 | \$9.50 | \$9.75 | <b>\$10.73</b> |
| 1"                               | 11.50       | 11.50  | 11.50  | 11.50  | 11.50  | 11.50       | 11.75  | 12.00  | 12.25  | <b>13.48</b>   |
| 1.5"                             | 24.81       | 26.05  | 26.05  | 26.05  | 27.35  | 27.35       | 27.35  | 27.60  | 27.85  | <b>30.64</b>   |
| 2"                               | 49.61       | 52.09  | 52.09  | 52.09  | 54.69  | 54.69       | 54.69  | 54.94  | 55.19  | <b>60.71</b>   |
| 3"                               | 74.42       | 78.14  | 78.14  | 78.14  | 82.05  | 82.05       | 82.05  | 82.30  | 82.55  | <b>90.81</b>   |
| Usage rate (per 100 cubic feet)  |             |        |        |        |        |             |        |        |        |                |
| 0-3 CCF                          | 2.10        | 2.20   | 2.30   | 2.40   | 2.58*  | 2.63        | 2.68   | 2.95   | 3.2    | <b>4.2</b>     |
| >3 CCF                           | 2.20        | 2.30   | 2.40   | 2.50   | 2.58*  | 2.63        | 2.68   | 2.95   | 3.2    | <b>4.2</b>     |
| <b>Sewer Rates</b>               |             |        |        |        |        |             |        |        |        |                |
| Base rate                        |             |        |        |        |        |             |        |        |        |                |
| 5/8"                             | 9.00        | 9.00   | 9.00   | 9.00   | 9.00   | 9.00        | 9.25   | 9.50   | 9.75   | <b>10.73</b>   |
| 1"                               | 10.67       | 10.67  | 10.67  | 10.67  | 10.67  | 10.67       | 10.92  | 11.17  | 11.42  | <b>12.56</b>   |
| 1.5"                             | 16.54       | 17.36  | 17.36  | 17.36  | 18.23  | 18.23       | 18.23  | 18.48  | 18.73  | <b>20.60</b>   |
| 2"                               | 33.08       | 34.73  | 34.73  | 34.73  | 36.47  | 36.47       | 36.47  | 36.72  | 36.97  | <b>40.67</b>   |
| 3"                               | 49.61       | 52.09  | 52.09  | 52.09  | 54.69  | 54.69       | 54.69  | 54.94  | 55.19  | <b>60.71</b>   |
| Usage rate (per 100 cubic feet)  |             |        |        |        |        |             |        |        |        |                |
| 0-3 CCF                          | 2.36        | 2.46   | 2.56   | 2.66   | 2.81*  | 2.86        | 2.91   | 3.18   | 3.43   | <b>4.43</b>    |
| >3 CCF                           | 2.46        | 2.56   | 2.66   | 2.76   | 2.81*  | 2.86        | 2.86   | 3.18   | 3.43   | <b>4.43</b>    |

**Notes:** Well Water Users (All Customers) have 25% Sewer Surcharge Added to cost

\*In 2020, the Authority went to a single uniform rate structure.

## Water and Sewer Rates

As of September 30, 2025

### Macon Water Authority

|                                          | Fiscal Year |        |        |        |        |        | Fiscal Year |        |        |                |
|------------------------------------------|-------------|--------|--------|--------|--------|--------|-------------|--------|--------|----------------|
|                                          | 2016        | 2017   | 2018   | 2019   | 2020   | 2021   | 2022        | 2023   | 2024   | 2025           |
| <b>Water Rates</b>                       |             |        |        |        |        |        |             |        |        |                |
| <b>Non-Residential</b>                   |             |        |        |        |        |        |             |        |        |                |
| Base rate ( <i>meter size</i> )          |             |        |        |        |        |        |             |        |        |                |
| 5/8"                                     | \$9.00      | \$9.00 | \$9.00 | \$9.00 | \$9.00 | \$9.00 | \$9.25      | \$9.50 | \$9.75 | <b>\$10.73</b> |
| 1"                                       | 11.50       | 11.50  | 11.50  | 11.50  | 11.50  | 11.50  | 11.75       | 12.00  | 12.25  | <b>13.48</b>   |
| 1.5"                                     | 24.81       | 26.05  | 26.05  | 26.05  | 27.35  | 27.35  | 27.35       | 27.60  | 27.85  | <b>30.64</b>   |
| 2"                                       | 49.61       | 52.09  | 52.09  | 52.09  | 54.69  | 54.69  | 54.69       | 54.94  | 55.19  | <b>60.71</b>   |
| 3"                                       | 74.42       | 78.14  | 78.14  | 78.14  | 82.05  | 82.05  | 82.05       | 82.30  | 82.55  | <b>90.81</b>   |
| 4"                                       | 124.03      | 130.25 | 130.25 | 130.25 | 136.76 | 136.76 | 136.74      | 136.99 | 137.24 | <b>150.96</b>  |
| 6"                                       | 206.72      | 217.05 | 217.05 | 217.05 | 227.90 | 227.90 | 227.90      | 228.15 | 228.40 | <b>251.24</b>  |
| 8"                                       | 330.75      | 347.29 | 347.29 | 347.29 | 364.65 | 364.65 | 364.65      | 364.90 | 365.15 | <b>401.67</b>  |
| 10"                                      | 413.44      | 434.11 | 434.11 | 434.11 | 455.82 | 455.82 | 455.82      | 456.07 | 456.32 | <b>501.95</b>  |
| Usage rate ( <i>per 100 cubic feet</i> ) |             |        |        |        |        |        |             |        |        |                |
| 0-3 CCF                                  |             |        |        |        |        |        |             |        |        |                |
| >3 CCF                                   |             |        |        |        |        |        |             |        |        |                |
| >0 CCF                                   | 2.20        | 2.3    | 2.4    | 2.5    | 2.58   | 2.63   | 2.68        | 2.95   | 3.20   | <b>4.20</b>    |
| <b>Sewer Rates</b>                       |             |        |        |        |        |        |             |        |        |                |
| Base rate                                |             |        |        |        |        |        |             |        |        |                |
| 5/8"                                     | 9.00        | 9.00   | 9.00   | 9.00   | 9.00   | 9.00   | 9.25        | 9.50   | 9.75   | <b>10.73</b>   |
| 1"                                       | 10.67       | 10.67  | 10.67  | 10.67  | 10.67  | 10.67  | 10.92       | 11.17  | 11.42  | <b>12.56</b>   |
| 1.5"                                     | 16.54       | 17.36  | 17.36  | 17.36  | 18.23  | 18.23  | 18.23       | 18.48  | 18.73  | <b>20.60</b>   |
| 2"                                       | 33.08       | 34.73  | 34.73  | 34.73  | 36.47  | 36.47  | 36.47       | 36.72  | 36.97  | <b>40.67</b>   |
| 3"                                       | 49.61       | 52.09  | 52.09  | 52.09  | 54.69  | 54.69  | 54.69       | 54.94  | 55.19  | <b>60.71</b>   |
| 4"                                       | 82.69       | 86.82  | 86.82  | 86.82  | 91.16  | 91.16  | 91.16       | 91.41  | 91.66  | <b>100.83</b>  |
| 6"                                       | 137.81      | 144.70 | 144.70 | 144.70 | 151.94 | 151.94 | 151.94      | 152.19 | 152.44 | <b>167.68</b>  |
| 8"                                       | 220.50      | 231.53 | 231.53 | 231.53 | 243.11 | 243.11 | 243.11      | 243.36 | 243.61 | <b>267.97</b>  |
| 10"                                      | 275.63      | 289.71 | 289.71 | 289.71 | 303.88 | 303.88 | 303.88      | 304.13 | 304.38 | <b>334.82</b>  |
| Usage rate ( <i>per 100 cubic feet</i> ) |             |        |        |        |        |        |             |        |        |                |
| 0-3 CCF                                  |             |        |        |        |        |        |             |        |        |                |
| >3 CCF                                   |             |        |        |        |        |        |             |        |        |                |
| >0 CCF                                   | 2.46        | 2.66   | 2.76   | 2.81   | 2.86   | 2.86   | 2.86        | 3.18   | 3.43   | <b>4.43</b>    |

## Ten Largest Customers

As of September 30, 2025

### Macon Water Authority

| Customer                        | Fiscal Year 2025 |          |               |          |
|---------------------------------|------------------|----------|---------------|----------|
|                                 | Water Revenue    |          | Sewer Revenue |          |
|                                 | Amount           | %        | Amount        | %        |
| Irving Consumer Products, Inc.  | \$ 1,266,804     | 2.80     | \$ 1,160,564  | 2.57     |
| Graphic Packaging International | 828,784          | 1.83     | 4,941,931     | 10.95    |
| Macon-Bibb County               | 772,658          | 1.71     | 488,015       | 1.08     |
| Navicent Health                 | 503,643          | 1.11     | 508,966       | 1.13     |
| Nichiha USA, Inc.               | 489,319          | 1.08     | 514,520       | 1.14     |
| Macon Housing Authority         | 404,186          | 0.89     | 417,189       | 0.92     |
| Central Correctional Institute  | 262,323          | 0.58     | 275,695       | 0.61     |
| Kumho Tire Georgia              | 246,690          | 0.55     | -             | -        |
| Carlyle Place                   | 201,234          | 0.45     | 210,907.00    | 0.47     |
| Piedmont Macon Medical Center   | 192,372          | 0.43     | -             | -        |
| First Quality Baby Food         | 190,727          | 0.42     | -             | -        |
| City of Byron                   | -                | -        | 1,012,763     | 2.24     |
| YKK                             | -                | -        | 366,491       | 0.81     |
|                                 | -                | - %      | -             | - %      |
| Subtotal (Ten largest)          | 5,358,740        | 11.86    | 9,897,041     | 21.92    |
| Balance from other customers    | 39,824,468       | 88.14    | 35,254,889    | 78.08    |
| Total                           | \$ 45,183,208    | 100.00 % | \$ 45,151,930 | 100.00 % |

| Customer                        | Fiscal Year 2016 |          |               |          |
|---------------------------------|------------------|----------|---------------|----------|
|                                 | Water Revenue    |          | Sewer Revenue |          |
|                                 | Amount           | %        | Amount        | %        |
| Monroe County, Georgia          | \$ 612,086       | 2.38 %   | \$ -          | - %      |
| Graphic Packaging International | 444,292          | 1.73     | 3,206,282     | 13.86    |
| YKK AP America, Inc.            | 322,102          | 1.25     | 349,370       | 1.51     |
| Macon Housing Authority         | 329,741          | 1.28     | 358,926       | 1.55     |
| Navicent Health                 | 300,526          | 1.17     | 315,102       | 1.36     |
| Central Correction Institute    | 165,425          | 0.64     | 183,434       | 0.79     |
| Coliseum Health System          | 156,836          | 0.61     | 174,195       | 0.75     |
| Nichiha USA, Inc.               | 151,475          | 0.59     | 167,559       | 0.72     |
| Armstrong World Industries      | 119,869          | 0.47     | -             | -        |
| Macon Mall                      | 95,749           | 0.37     | 77,211        | 0.33     |
| City of Byron, Georgia          | -                | -        | 337,575       | 1.46     |
| Jones County Water System       | -                | -        | 150,328       | 0.65     |
| Subtotal (Ten largest)          | 2,698,101        | 10.50    | 5,319,982     | 23.00    |
| Balance from other customers    | 22,987,173       | 89.50    | 17,814,245    | 77.00    |
| Total                           | \$ 25,685,274    | 100.00 % | \$ 23,134,227 | 100.00 % |

Notes: Dollar values reflected include base rate charges, as well as multiple meters on various accounts.

## Outstanding Debt by Type

As of September 30, 2025

### Macon Water Authority

| <b>Fiscal Year</b> | <b>Revenue Bonds</b> | <b>GEFA Notes</b> | <b>Notes Payable/<br/>Capital Lease</b> | <b>Total Amount</b>             | <b>Percentage of<br/>Personal Income</b> | <b>Debt<br/>Per Capita</b> |
|--------------------|----------------------|-------------------|-----------------------------------------|---------------------------------|------------------------------------------|----------------------------|
| 2016               | 91,634,315           | 2,993,578         | 273,686                                 | 94,901,579                      | 1.61%                                    | 617                        |
| 2017               | 82,503,004           | 3,783,049         | 193,260                                 | 86,479,313                      | 1.44%                                    | 566                        |
| 2018               | 76,806,481           | 6,164,669         | 130,781                                 | 83,101,931                      | 1.38%                                    | 566                        |
| 2019               | 101,056,450          | 5,528,408         | 66,381                                  | 106,651,239                     | 1.74%                                    | 697                        |
| 2020               | 114,258,933          | 4,873,728         | -                                       | 119,132,661                     | 1.82%                                    | 778                        |
| 2021               | 112,881,325          | 6,457,661         | 1,941,753                               | 121,280,739                     | 1.82%                                    | 792                        |
| 2022               | 105,905,314          | 8,472,116         | 1,489,603                               | 115,867,033                     | 1.58%                                    | 742                        |
| 2023               | 100,521,305          | 13,032,108        | 977,820                                 | 114,531,233                     | 1.59%                                    | 733                        |
| 2024               | 95,221,864           | 12,931,578        | 466,607                                 | 108,620,049                     | 1.74%                                    | 694                        |
| <b>2025</b>        | <b>203,835,499</b>   | <b>12,203,611</b> | <b>134,892</b>                          | <b>216,174,002 <sup>a</sup></b> | <b>2.84%</b>                             | <b>1376</b>                |

**Notes:** The Authority's bond covenants stipulate that it may issue debt as long as certain conditions are met. The major criterion is that the net revenue of the system must be at least 1.2 times the amount required to be paid into the Sinking Fund in the then current Sinking Fund Year.

<sup>a</sup> The Authority issued \$102,710,000 of revenue bonds in FY25

## Pledged Revenue Coverage (excluding GEFA)

Last Ten Fiscal Years

### Macon Water Authority

| Fiscal Year | Operating Revenues (Excluding Enterprise Fund) <sup>g</sup> | Investment Earnings | Gross Revenues | Less: Operating Expenses (Excluding Depreciation, Amortization & Enterprise Fund) <sup>h</sup> | Net Available Revenues | Debt Service Revenue bonds only |           |            | Coverage Ratio |
|-------------|-------------------------------------------------------------|---------------------|----------------|------------------------------------------------------------------------------------------------|------------------------|---------------------------------|-----------|------------|----------------|
|             |                                                             |                     |                |                                                                                                |                        | Principal                       | Interest  | Total      |                |
| 2016        | 52,123,494                                                  | 637,625             | 52,761,119     | 32,938,605                                                                                     | 19,822,514             | 4,830,000                       | 2,649,946 | 7,479,946  | 2.65           |
| 2017        | 54,190,163                                                  | 718,486             | 54,908,649     | 35,036,428                                                                                     | 19,872,221             | 5,045,000 <sup>a</sup>          | 2,811,614 | 7,856,614  | 2.53           |
| 2018        | 54,016,375                                                  | 1,158,099           | 55,174,474     | 36,488,947                                                                                     | 18,685,527             | 5,230,000                       | 2,669,132 | 7,899,132  | 2.37           |
| 2019        | 60,121,320                                                  | 2,932,538           | 63,053,858     | 34,209,850                                                                                     | 28,844,008             | 5,465,000 <sup>b</sup>          | 3,300,851 | 8,765,851  | 3.29           |
| 2020        | 61,524,937                                                  | 1,297,597           | 62,822,534     | 35,646,493                                                                                     | 27,176,041             | 5,710,000 <sup>c</sup>          | 3,083,894 | 8,793,894  | 2.95           |
| 2021        | 64,123,616                                                  | 426,371             | 64,549,987     | 37,911,473 <sup>d</sup>                                                                        | 26,638,514             | 825,000                         | 3,002,227 | 3,827,227  | 6.88           |
| 2022        | 68,674,059 <sup>g</sup>                                     | (1,579,785)         | 67,094,274     | 30,654,839 <sup>e</sup>                                                                        | 36,439,435             | 6,340,000                       | 2,950,576 | 9,290,576  | 3.92           |
| 2023        | 71,927,219 <sup>g</sup>                                     | 3,600,896           | 75,528,115     | 55,015,424 <sup>f</sup>                                                                        | 20,512,691             | 4,750,000                       | 3,281,243 | 8,031,243  | 2.55           |
| 2024        | 79,555,282 <sup>g</sup>                                     | 4,932,250           | 84,487,532     | 52,790,656                                                                                     | 31,696,876             | 4,895,000                       | 3,241,159 | 8,136,159  | 3.90           |
| 2025        | 92,785,286                                                  | 8,630,604           | 101,415,890    | 47,274,473                                                                                     | 54,141,417             | 5,050,000                       | 7,779,211 | 12,829,211 | 4.22           |

**Notes:** The only pledged revenue debt is Revenue Bond debt.

<sup>a</sup> During 2017, \$9,475,000 of bonds were issued and the funds were used to retire other bond issuances. This amount is not reflected in the debt service for the year.

<sup>b</sup> During 2019, \$17,340,000 of bonds were issued and the funds were used to retire other bond issuances. This amount is not reflected in the debt service for the year.

<sup>c</sup> During 2020, \$50,875,000 of bonds were issued and the funds were used to retire other bond issuances. This amount is not reflected in the debt service for the year.

<sup>d</sup> Reduction in overall operating expenses also impacted positively by improvement in pension overfunded liability.

<sup>e</sup> Reduction in overall operating expenses also impacted positively (\$8M) by improvement in pension overfunded liability

<sup>f</sup> Increase in overall operating expenses impacted negatively by (\$10M) by change in pension unfunded liability

## Pledged Revenue Coverage (including GEFA)

Last Ten Fiscal Years

### Macon Water Authority

| Fiscal Year | Operating Revenues (Excluding Enterprise Fund) <sup>g</sup> | Investment Earnings | Gross Revenues     | Less: Operating Expenses (Excluding Depreciation, Amortization & Enterprise Fund) <sup>h</sup> | Net Available Revenues | Total debt service     |                  |                   | Coverage Ratio |
|-------------|-------------------------------------------------------------|---------------------|--------------------|------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------|-------------------|----------------|
|             |                                                             |                     |                    |                                                                                                |                        | Principal              | Interest         | Total             |                |
|             |                                                             |                     |                    |                                                                                                |                        |                        |                  |                   |                |
| 2016        | 52,123,494                                                  | 637,625             | 52,761,119         | 32,938,605                                                                                     | 19,822,514             | 5,181,147              | 2,718,925        | 7,900,072         | 2.65           |
| 2017        | 54,190,163                                                  | 718,486             | 54,908,649         | 35,036,428                                                                                     | 19,872,221             | 5,409,544 <sup>a</sup> | 2,867,196        | 8,276,740         | 2.53           |
| 2018        | 54,016,375                                                  | 1,158,099           | 55,174,474         | 36,488,947                                                                                     | 18,685,527             | 5,608,452              | 2,710,806        | 8,319,258         | 2.37           |
| 2019        | 60,121,320                                                  | 2,932,538           | 63,053,858         | 34,209,850                                                                                     | 28,844,008             | 5,857,890 <sup>b</sup> | 3,328,087        | 9,185,977         | 3.29           |
| 2020        | 61,524,937                                                  | 1,297,597           | 62,822,534         | 35,646,493                                                                                     | 27,176,041             | 6,117,880 <sup>c</sup> | 3,096,141        | 9,214,021         | 2.95           |
| 2021        | 64,123,616                                                  | 426,371             | 64,549,987         | 37,911,473 <sup>d</sup>                                                                        | 26,638,514             | 928,889                | 3,002,880        | 3,931,769         | 6.88           |
| 2022        | 68,674,059                                                  | (1,579,785)         | 67,094,274         | 30,654,839 <sup>e</sup>                                                                        | 36,439,435             | 6,572,789              | 3,007,353        | 9,580,142         | 3.80           |
| 2023        | 71,927,219                                                  | 3,600,896           | 75,528,115         | 55,015,424 <sup>f</sup>                                                                        | 20,512,691             | 5,007,381              | 3,332,822        | 8,340,203         | 2.46           |
| 2024        | 79,555,282                                                  | 4,932,250           | 84,487,532         | 52,790,656 <sup>f</sup>                                                                        | 31,696,876             | 5,270,318              | 3,299,240        | 8,569,558         | 3.70           |
| <b>2025</b> | <b>92,785,286</b>                                           | <b>8,630,604</b>    | <b>101,415,890</b> | <b>47,274,473</b>                                                                              | <b>54,141,417</b>      | <b>5,777,966</b>       | <b>7,833,569</b> | <b>13,611,535</b> | <b>3.98</b>    |

**Notes:** Debt service includes pledged revenue bonds and GEFA

<sup>a</sup> During 2017, \$9,475,000 of bonds were issued and the funds were used to retire other bond issuances. This amount is not reflected in the debt service for the year.

<sup>b</sup> During 2019, \$17,340,000 of bonds were issued and the funds were used to retire other bond issuances. This amount is not reflected in the debt service for the year.

<sup>c</sup> During 2020, \$50,875,000 of bonds were issued and the funds were used to retire other bond issuances. This amount is not reflected in the debt service for the year.

<sup>d</sup> Reduction in overall operating expenses also impacted positively by improvement in pension overfunded liability.

<sup>e</sup> Reduction in overall operating expenses also impacted positively (\$8M) by improvement in pension overfunded liability

<sup>f</sup> Increase in overall operating expenses impacted negatively by (\$10M) by change in pension unfunded liability

<sup>g & h</sup> Restated Operating revenues and expenses from 2021 - 2024 to reduce enterprise fund revenues

## Demographic and Economic Statistics

Last Ten Fiscal Years

### Macon Water Authority

| Fiscal Year | Population <sup>a</sup> | Personal Income<br>(Thousands) <sup>b</sup> | Per Capita Income <sup>b</sup> | Unemployment Rate <sup>c</sup> |
|-------------|-------------------------|---------------------------------------------|--------------------------------|--------------------------------|
| 2016        | 153,721                 | 5,899,611                                   | 37,379                         | 5.6%                           |
| 2017        | 152,760                 | 6,008,761                                   | 39,335                         | 4.9%                           |
| 2018        | 152,663                 | 6,024,082                                   | 40,031                         | 4.1%                           |
| 2019        | 153,095                 | 6,113,236                                   | 41,709                         | 3.3%                           |
| 2020        | 153,159                 | 6,539,276                                   | 42,696                         | 5.8%                           |
| 2021        | 153,200                 | 6,664,200                                   | 44,830                         | 2.8%                           |
| 2022        | 156,197                 | 7,333,502                                   | 46,781                         | 3.7%                           |
| 2023        | 156,197                 | 7,215,677                                   | 47,437                         | 3.2%                           |
| 2024        | 156,512                 | 6,234,656                                   | 46,655                         | 3.9%                           |
| <b>2025</b> | <b>157,056</b>          | <b>7,610,148</b>                            | <b>48,455</b>                  | <b>4.7%</b>                    |

**Source:** <sup>a</sup> U.S. Census Bureau, Bureau of Economic Analysis - Bibb County (Georgia)  
Figures are for the prior calendar year.

**Source:** <sup>b</sup> Bureau of Economic Analysis, and Bibb County (Georgia) School District. Figures are for the prior calendar year.

**Source:** <sup>c</sup> Georgia Department of Labor, U.S. Bureau of Labor Statistics, and Bibb County (Georgia) School District.

## Principal Employers

## Current Year and Nine Years Ago

### Macon Water Authority

| Employer                             | 2025                   |                   |                                             | 2016                   |                   |                                             |
|--------------------------------------|------------------------|-------------------|---------------------------------------------|------------------------|-------------------|---------------------------------------------|
|                                      | Employees <sup>a</sup> | Rank <sup>a</sup> | Percentage of Total Employment <sup>a</sup> | Employees <sup>b</sup> | Rank <sup>b</sup> | Percentage of Total Employment <sup>b</sup> |
| Atrium Health Navicent               | 5,000                  | 1                 | 7.91%                                       | 4,600                  | 2                 | 4.57%                                       |
| GEICO                                | 5,000                  | 1                 | 7.91%                                       | 5,690                  | 1                 | 5.66%                                       |
| Macon-Bibb County Board of Education | 3,347                  | 2                 | 5.29%                                       | 3,700                  | 3                 | 3.68%                                       |
| Macon-Bibb County Georgia            | 2,000                  | 3                 | 3.16%                                       | 2,103                  | 4                 | 2.09%                                       |
| Amazon                               | 1,200                  | 4                 | 1.90%                                       | -                      | -                 | -                                           |
| Piedmont Medical Center              | 1,200                  | 4                 | 1.90%                                       | -                      | -                 | -                                           |
| YKK (USA), Inc.                      | 1,100                  | 5                 | 1.74%                                       | 790                    | 7                 | 0.79%                                       |
| Mercer University                    | 950                    | 6                 | 1.50%                                       | 1,000                  | 6                 | 0.99%                                       |
| Wal-Mart Superstores                 | 900                    | 7                 | 1.42%                                       | 740                    | 8                 | 0.74%                                       |
| Middle Georgia State University      | 651                    | 8                 | 1.03%                                       | 680                    | 9                 | 0.68%                                       |
| United States Postal Service         | 600                    | 9                 | 0.95%                                       | -                      | -                 | -                                           |
| Kumho Tire                           | 550                    | 10                | 0.87%                                       | -                      | -                 | -                                           |
| Coliseum Health Systems              | N/A                    |                   | N/A                                         | 1,400                  | 5                 | 1.39%                                       |
| Georgia Farm Bureau                  | N/A                    |                   | N/A                                         | 638                    | 10                | 0.63%                                       |
|                                      | <b>22,498</b>          |                   | <b>35.58%</b>                               | <b>21,341</b>          |                   | <b>21.22%</b>                               |

Source: <sup>a</sup> Macon-Bibb County, Georgia School District ACFR for FY2024

Source: <sup>b</sup> Macon Water Authority ACFR for FY2016

## Number of Employees by Identifiable Activity

Last Ten Fiscal Years

### Macon Water Authority

|                                        | Full-Time-Equivalent Employees as of September 30, |      |      |      |      |      |      |      |      |      |
|----------------------------------------|----------------------------------------------------|------|------|------|------|------|------|------|------|------|
|                                        | 2016                                               | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Water Plant:                           |                                                    |      |      |      |      |      |      |      |      |      |
| Water Plant Operations                 | 12                                                 | 12   | 13   | 13   | 12   | 12   | 11   | 12   | 12   | 12   |
| Buildings & Grounds                    | 6                                                  | 6    | 5    | 7    | 9    | 7    | 10   | 10   | 14   | 15   |
| Water Distribution                     | 36                                                 | 36   | 35   | 36   | 36   | 25   | 38   | 39   | 37   | 39   |
| Maintenance                            | 21                                                 | 23   | 22   | 23   | 23   | 21   | 22   | 23   | 24   | 21   |
| Water Reclamation:                     |                                                    |      |      |      |      |      |      |      |      |      |
| Lower Poplar WPCP                      | 11                                                 | 9    | 10   | 9    | 7    | 6    | 9    | 11   | 11   | 12   |
| Rocky Creek WPCP                       | 11                                                 | 10   | 8    | 10   | 11   | 7    | 9    | 8    | 12   | 12   |
| Laboratory                             | 6                                                  | 6    | 6    | 6    | 7    | 7    | 7    | 9    | 7    | 7    |
| Sewer Conveyance                       | 25                                                 | 27   | 27   | 24   | 24   | 20   | 22   | 24   | 27   | 27   |
| Billing/Customer Service/Meter Reading | 49                                                 | 51   | 51   | 49   | 54   | 43   | 45   | 49   | 52   | 50   |
| Engineering                            | 16                                                 | 16   | 16   | 17   | 17   | 16   | 18   | 17   | 18   | 21   |
| Administration:                        |                                                    |      |      |      |      |      |      |      |      |      |
| Human Resources                        | 4                                                  | 4    | 4    | 4    | 4    | 4    | 4    | 7    | 7    | 8    |
| Finance/ Accounting/ Warehouse         | 9                                                  | 9    | 9    | 9    | 9    | 11   | 11   | 8    | 9    | 10   |
| IT                                     | 4                                                  | 4    | 5    | 5    | 4    | 7    | 6    | 5    | 7    | 8    |
| Macon Soils Inc.                       | 5                                                  | 4    | 5    | 4    | 5    | 4    | 4    | 5    | 4    | 4    |
| Executive Administrator                | 2                                                  | 3    | 3    | 3    | 3    | 2    | 3    | 2    | 1    | 2    |
| Stormwater                             | -                                                  | -    | -    | -    | 3    | 21   | 31   | 33   | 30   | 31   |
| Total Employees:                       | 217                                                | 220  | 219  | 219  | 228  | 213  | 250  | 262  | 272  | 279  |

**Notes:** All managers or directors are included with their divisions.

## Operating and Capital Indicators

Last Ten Fiscal Years

### Macon Water Authority

|                                                                                                        | Fiscal Year         |        |        |        |        | Fiscal Year |        |        |        |        |
|--------------------------------------------------------------------------------------------------------|---------------------|--------|--------|--------|--------|-------------|--------|--------|--------|--------|
|                                                                                                        | 2016                | 2017   | 2018   | 2019   | 2020   | 2021        | 2022   | 2023   | 2024   | 2025   |
| Water System:                                                                                          |                     |        |        |        |        |             |        |        |        |        |
| Number of Treatment facilities                                                                         | 1                   | 1      | 1      | 1      | 1      | 1           | 1      | 1      | 1      | 1      |
| Maximum MGD facility is capable of treating                                                            | 60                  | 60     | 60     | 60     | 60     | 60          | 60     | 60     | 60     | 60     |
| Maximum Water storage capacity<br>(millions of gallons)                                                | 36.90               | 36.90  | 36.90  | 36.90  | 36.90  | 36.90       | 36.90  | 36.90  | 36.90  | 36.90  |
| Volume of water in Lucas Lake Reservoir<br>(millions of gallons)                                       | 5,900               | 5,900  | 5,900  | 5,900  | 5,900  | 5,900       | 5,900  | 5,900  | 5,900  | 5,900  |
| Miles of water mains and lines                                                                         | 1,664               | 1,665  | 1,667  | 1,667  | 1,668  | 1,670       | 1,673  | 1,676  | 1,676  | 1,676  |
| Maximum gallons of water permitted to<br>withdraw from Ocmulgee River per day<br>(millions of gallons) | 110                 | 110    | 110    | 110    | 110    | 110         | 110    | 110    | 110    | 110    |
| Maximum gallons of water permitted to<br>withdraw from Ocmulgee River per day<br>(millions of gallons) | 35                  | 35     | 35     | 35     | 35     | 35          | 35     | 35     | 35     | 35     |
| Water Reclamation                                                                                      |                     |        |        |        |        |             |        |        |        |        |
| Miles of sanitary sewer lines                                                                          | 744                 | 744    | 745    | 782    | 784    | 784         | 786    | 789    | 789    | 789    |
| Miles of interceptor lines                                                                             | 220                 | 220    | 220    | 220    | 220    | 220         | 220    | 220    | 220    | 220    |
| Number of treatment plants                                                                             | 2                   | 2      | 2      | 2      | 2      | 2           | 2      | 2      | 2      | 2      |
| Treatment capacity (MGD)                                                                               | 48                  | 48     | 48     | 48     | 48     | 48          | 48     | 48     | 48     | 48     |
| Amount treated annually<br>(millions of gallons)                                                       | <sup>a</sup> 12,332 | 11,150 | 11,569 | 12,858 | 14,286 | 12,677      | 13,812 | 12,535 | 12,526 | 12,388 |
| Number of major pumping stations                                                                       | <sup>a</sup> 7      | 7      | 7      | 8      | 8      | 8           | 8      | 8      | 8      | 8      |
| Unused capacity (millions of gallons)                                                                  | <sup>a</sup> 5,188  | 6,370  | 5,951  | 4,662  | 3,234  | 4,843       | 3,708  | 4,715  | 4,994  | 5,132  |
| Percentage of capacity utilized                                                                        | <sup>a</sup> 70.39% | 63.64% | 66.03% | 73.39% | 81.54% | 72.35%      | 78.84% | 71.55% | 71.50% | 70.71% |

**Notes:** MGD = millions of gallons per day. Additional operating indicators can be found on other statistical pages.

<sup>a</sup> Restated previous years due to error in calculations

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# **Annual Comprehensive Financial Report**

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## **COMPLIANCE SECTION**

March 13, 2026

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

The Board of Trustees  
Macon Water Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the **Macon Water Authority** (the Authority) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 13, 2026.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

### ***Report on Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*McNair, McLeMORE, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

### **FINANCIAL STATEMENT FINDINGS**

Findings noted on the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

#### **2024-001 Bank Reconciliations**

##### **CRITERIA**

Accounting and operational procedures should be designed to ensure that bank reconciliations are performed in a timely and accurate manner.

##### **CONDITION**

The Authority had not reconciled its Operating Account bank statement in a timely and accurate manner subsequent to the balance sheet date.

##### **CONTEXT**

In performing year-end audit procedures for the fiscal year ended September 30, 2024, we identified the following audit activity related to the Authority's Operating Account bank reconciliation:

- The Operating Account bank reconciliation had not been completed when requested
- The Operating Account bank reconciliation remained unreconciled once it had been received

##### **EFFECT**

The Authority's accounting records contained errors which were identified and adjusted during the annual audit process.

##### **CAUSE**

The Authority sustained significant turnover within the finance office during fiscal year 2023 and into 2024.

##### **STATUS**

The issue was resolved in the current fiscal year.

Appendix B

FORM OF THE INDENTURE

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# INDENTURE OF TRUST

by and between

MACON WATER AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee,

Dated as of November \_\_, 2026

Relating to the Issuance of

§

MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE RATE  
WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A

|              |                                                                 |    |
|--------------|-----------------------------------------------------------------|----|
| Section 3.8  | Credit Facility .....                                           | 59 |
| Section 3.9  | Liquidity Facility .....                                        | 61 |
| Section 3.10 | Fiscal Year; Annual Budget .....                                | 64 |
| Section 3.11 | Maintenance of Rates .....                                      | 64 |
| Section 3.12 | Failure to Adopt Rates and Charges .....                        | 65 |
| Section 3.13 | Uniform Rates .....                                             | 65 |
| Section 3.14 | Checks, How Signed .....                                        | 65 |
| Section 3.15 | Payment of Bonds .....                                          | 65 |
| Section 3.16 | Operation of System .....                                       | 66 |
| Section 3.17 | Fidelity Bonds .....                                            | 66 |
| Section 3.18 | System Free From Liens .....                                    | 66 |
| Section 3.19 | Payments to Construction Contractors .....                      | 66 |
| Section 3.20 | Insurance Provisions .....                                      | 66 |
| Section 3.21 | Condemnation of Substantially All of the System .....           | 67 |
| Section 3.22 | Condemnation of Less Than Substantially All of the System ..... | 68 |
| Section 3.23 | Repair and Renewal Fund After Loss .....                        | 68 |
| Section 3.24 | Funds and Accounts to be Maintained Separately .....            | 68 |
| Section 3.25 | Inspection of Records of System .....                           | 68 |
| Section 3.26 | Audit of System .....                                           | 69 |
| Section 3.27 | No Disposition of System .....                                  | 69 |
| Section 3.28 | Non-Arbitrage Covenant .....                                    | 70 |
| Section 3.29 | Construction of the Project .....                               | 70 |
| Section 3.30 | Authority's Duties .....                                        | 70 |

## ARTICLE IV FUNDS; APPLICATION OF PROCEEDS

|             |                                                                                             |    |
|-------------|---------------------------------------------------------------------------------------------|----|
| Section 4.1 | Establishment and Use of Bond Fund and Current Account .....                                | 72 |
| Section 4.2 | Establishment and Use of the Projects Fund .....                                            | 73 |
| Section 4.3 | Establishment and Use of the Surplus Fund .....                                             | 75 |
| Section 4.4 | Establishment and Use of Bond Purchase Fund .....                                           | 76 |
| Section 4.5 | Deposit of Series 2026A Bond Proceeds .....                                                 | 77 |
| Section 4.6 | Records .....                                                                               | 77 |
| Section 4.7 | Investment of Projects Fund, Surplus Fund, Bond Fund, and Bond Purchase<br>Fund Money ..... | 78 |
| Section 4.8 | Arbitrage; Arbitrage Rebate Fund .....                                                      | 78 |
| Section 4.9 | Non-Presentation of Series 2026A Bonds .....                                                | 79 |

## ARTICLE V DISCHARGE OF LIEN

|             |                                                   |    |
|-------------|---------------------------------------------------|----|
| Section 5.1 | Discharge of Lien and Security Interest .....     | 80 |
| Section 5.2 | Provision for Payment of Series 2026A Bonds ..... | 80 |
| Section 5.3 | Discharge of this Indenture .....                 | 83 |

## TABLE OF CONTENTS

|                                                                                                     | Page |
|-----------------------------------------------------------------------------------------------------|------|
| Preamble .....                                                                                      | I    |
| ARTICLE I                                                                                           |      |
| DEFINITIONS                                                                                         |      |
| Section 1.1 Defined Terms .....                                                                     | 7    |
| Section 1.2 Rules of Construction .....                                                             | 24   |
| ARTICLE II                                                                                          |      |
| THE SERIES 2026A BONDS                                                                              |      |
| Section 2.1 Authorized Amount of Series 2026A Bonds .....                                           | 25   |
| Section 2.2 Issuance of Series 2026A Bonds.....                                                     | 25   |
| Section 2.3 Interest Rates on the Series 2026A Bonds .....                                          | 26   |
| Section 2.4 Conversion of Interest Rate Determination Method.....                                   | 30   |
| Section 2.5 Issuance of a Credit Facility .....                                                     | 33   |
| Section 2.6 Tender of Series 2026A Bonds for Purchase .....                                         | 34   |
| Section 2.7 Remarketing of Series 2026A Bonds.....                                                  | 38   |
| Section 2.8 Delivery of Purchased Series 2026A Bonds .....                                          | 40   |
| Section 2.9 Execution; Limited Obligation .....                                                     | 41   |
| Section 2.10 Certificate of Authentication.....                                                     | 41   |
| Section 2.11 Form of Series 2026A Bonds.....                                                        | 41   |
| Section 2.12 Delivery of Series 2026A Bonds .....                                                   | 42   |
| Section 2.13 Mutilated, Lost, Stolen or Destroyed Bonds.....                                        | 43   |
| Section 2.14 Exchangeability and Transfer of Series 2026A Bonds; Persons Treated as<br>Owners ..... | 43   |
| Section 2.15 Replacement Bonds .....                                                                | 44   |
| Section 2.16 Cancellation .....                                                                     | 44   |
| Section 2.17 Ratably Secured .....                                                                  | 44   |
| Section 2.18 Redemption of Series 2026A Bonds; Partial Redemption of Series 2026A<br>Bonds .....    | 45   |
| Section 2.19 Notice of Redemption.....                                                              | 49   |
| Section 2.20 Book-Entry System .....                                                                | 49   |
| ARTICLE III                                                                                         |      |
| FLOW OF FUNDS; SECURITY; COVENANTS                                                                  |      |
| Section 3.1 Revenue Fund .....                                                                      | 51   |
| Section 3.2 Flow of Funds .....                                                                     | 51   |
| Section 3.3 Extent of Payments to Sinking Fund .....                                                | 55   |
| Section 3.4 Net Revenue Pledge; Security .....                                                      | 55   |
| Section 3.5 Sinking Fund .....                                                                      | 56   |
| Section 3.6 Investment of Funds.....                                                                | 57   |
| Section 3.7 Additional Bonds .....                                                                  | 57   |

Indenture of Trust  
i

## ARTICLE VI DEFAULT PROVISIONS AND REMEDIES

|             |                                                                |    |
|-------------|----------------------------------------------------------------|----|
| Section 6.1 | Events of Default .....                                        | 84 |
| Section 6.2 | Acceleration .....                                             | 84 |
| Section 6.3 | Other Remedies; Rights of Holders .....                        | 85 |
| Section 6.4 | Right of Holders and Credit Issuer to Direct Proceedings ..... | 86 |
| Section 6.5 | Discontinuance of Default Proceedings .....                    | 86 |
| Section 6.6 | Waiver .....                                                   | 86 |
| Section 6.7 | Application of Money .....                                     | 87 |
| Section 6.8 | Rights of a Liquidity Provider and Credit Issuer .....         | 88 |
| Section 6.9 | Subrogation Rights of the Credit Issuer .....                  | 88 |

## ARTICLE VII THE TRUSTEE; THE PAYING AGENT; THE REGISTRAR; THE REMARKETING AGENT

|              |                                                                                                                                |     |
|--------------|--------------------------------------------------------------------------------------------------------------------------------|-----|
| Section 7.1  | Appointment of Trustee .....                                                                                                   | 90  |
| Section 7.2  | Compensation and Indemnification of Trustee, Paying Agent, Registrar,<br>Underwriters and Remarketing Agent; Prior Claim ..... | 95  |
| Section 7.3  | Intervention in Litigation .....                                                                                               | 97  |
| Section 7.4  | Resignation; Successor Trustees .....                                                                                          | 97  |
| Section 7.5  | Removal of Trustee .....                                                                                                       | 97  |
| Section 7.6  | Paying Agent .....                                                                                                             | 98  |
| Section 7.7  | Qualifications of Paying Agent .....                                                                                           | 98  |
| Section 7.8  | Resignation of Paying Agent; Removal; Successors .....                                                                         | 99  |
| Section 7.9  | Instruments of Holders .....                                                                                                   | 99  |
| Section 7.10 | Power to Appoint Co-Trustees .....                                                                                             | 99  |
| Section 7.11 | Filing of Financing Statements .....                                                                                           | 101 |
| Section 7.12 | Remarketing Agent .....                                                                                                        | 101 |
| Section 7.13 | Qualifications of Remarketing Agent; Resignation; Removal .....                                                                | 102 |
| Section 7.14 | Several Capacities .....                                                                                                       | 102 |
| Section 7.15 | Trustee Not Responsible for Duties of Remarketing Agent, Registrar, and<br>Paying Agent .....                                  | 103 |
| Section 7.16 | Cooperation of the Authority .....                                                                                             | 103 |
| Section 7.17 | Cooperation of the Trustee, the Remarketing Agent, the Registrar, and the<br>Paying Agent .....                                | 103 |

## ARTICLE VIII AMENDMENTS; SUPPLEMENTAL INDENTURES

|             |                                                                                                     |     |
|-------------|-----------------------------------------------------------------------------------------------------|-----|
| Section 8.1 | Supplemental Indentures .....                                                                       | 104 |
| Section 8.2 | Amendments to Indenture; Consent of Holders, the Credit Issuer, and the<br>Liquidity Provider ..... | 105 |
| Section 8.3 | Amendments, Changes and Modifications to the Credit Facility or the<br>Liquidity Facility .....     | 106 |

|             |                                       |     |
|-------------|---------------------------------------|-----|
| Section 8.4 | Notice to and Consent of Holders..... | 106 |
| Section 8.5 | Opinion of Bond Counsel .....         | 107 |

## ARTICLE IX MISCELLANEOUS

|              |                                         |     |
|--------------|-----------------------------------------|-----|
| Section 9.1  | Effect of Payment by Credit Issuer..... | 108 |
| Section 9.2  | Limitation of Rights.....               | 108 |
| Section 9.3  | Severability .....                      | 108 |
| Section 9.4  | Notices .....                           | 108 |
| Section 9.5  | Payments Due on Non-Business Days.....  | 109 |
| Section 9.6  | Binding Effect.....                     | 109 |
| Section 9.7  | Captions .....                          | 110 |
| Section 9.8  | Governing Law .....                     | 110 |
| Section 9.9  | Limited Liability of Authority .....    | 110 |
| Section 9.10 | Notices to Rating Agency .....          | 110 |
| Section 9.11 | Execution in Counterparts.....          | 110 |

|           |                                                                         |
|-----------|-------------------------------------------------------------------------|
| Exhibit A | - Form of Series 2026A Bonds                                            |
| Exhibit B | - Form of Conversion Notice                                             |
| Exhibit C | - Form of Notice of [Credit] [Liquidity] Facility                       |
| Exhibit D | - Form of Notice of Credit Modification Date                            |
| Exhibit E | - Form of Notice of Mandatory Purchase Date                             |
| Exhibit F | - Form of Notice of Alternate [Credit] [Liquidity] Facility             |
| Exhibit G | - Liquidation Letter                                                    |
| Exhibit H | - Description of Projects                                               |
| Exhibit I | - Form of Projects Fund Draw Request; Consulting Engineer's Certificate |

Indenture of Trust  
iv

WHEREAS, in accordance with the Act, the Authority has issued the following series of revenue bonds which are currently outstanding:

(a) **MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2015**, dated December 10, 2015, issued in the original aggregate principal amount of \$8,870,000, (the **"Series 2015 Bonds"**), which bonds were issued pursuant to a master bond resolution adopted by the Authority on October 1, 2015, as supplemented and amended by a first supplemental bond resolution adopted by the Authority on December 3, 2015 (together, the **"2015 Resolution"**). Proceeds of the Series 2015 Bonds were used to provide funds to make substantial additions, extensions and improvements to, and equipment for certain capital facilities of the Authority. The Series 2015 Bonds are outstanding and unpaid in the full original aggregate principal amount of \$8,870,000, and mature on October 1 in the years, amounts, and bear interest at the rates set forth below:

| Year | Principal Amount | Interest Rate |
|------|------------------|---------------|
| 2032 | \$ 765,000       | 2.48%         |
| 2033 | 2,595,000        | 2.55          |
| 2034 | 2,700,000        | 2.65          |
| 2035 | 2,810,000        | 2.75          |

(b) **MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2018A**, dated December 4, 2018, issued in the original aggregate principal amount of \$17,340,000 (the **"Series 2018A Bonds"**), which bonds were issued pursuant to the 2015 Resolution, as supplemented and amended by a second supplemental bond resolution adopted by the Authority on November 15, 2018 (together with the 2015 Resolution, the **"2018A Resolution"**). Proceeds of the Series 2018A Bonds were used to provide funds to make substantial additions, extensions and improvements to, and equipment for certain capital facilities of the Authority. The Series 2018A Bonds are outstanding and unpaid in the aggregate principal amount of \$16,195,000, and mature on October 1 in the years, amounts, and bear interest at the rates set forth below:

| Year | Principal Amount | Interest Rate |
|------|------------------|---------------|
| 2026 | \$ 435,000       | 5.00%         |
| 2027 | 1,995,000        | 5.00          |
| 2028 | 2,100,000        | 5.00          |
| 2029 | 2,200,000        | 5.00          |
| 2030 | 2,310,000        | 5.00          |
| 2031 | 4,195,000        | 5.00          |
| 2032 | 2,545,000        | 5.00          |

(c) **MACON WATER AUTHORITY WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2020**, dated September 29, 2020, issued in the original principal amount of \$30,495,000 (the **"Series 2020 Bond"**), which bond was issued in accordance with a resolution adopted by the Authority on October 3, 2019 (the **"2019 Resolution"**). Proceeds of the Series 2020 Bond were used to currently refund and redeem the Authority's (i) WATER AND SEWER REVENUE BONDS, SERIES 2010B, (ii) WATER AND SEWER REVENUE BONDS, SERIES 2011A, and (iii) WATER AND SEWER REVENUE BONDS, SERIES 2011B, and to pay expenses incurred in connection with the

Indenture of Trust  
2

## INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of \_\_\_\_\_, 2026 (this **"Indenture"**), is made and entered into by and between the **MACON WATER AUTHORITY**, a public body corporate and politic organized and existing under the laws of the State of Georgia (the **"Authority"**), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, as trustee, and its successors and assignees in trust (the **"Trustee"**).

### WITNESSETH:

WHEREAS, the Authority is a body corporate and politic, which is deemed to be a public corporation of the State of Georgia created pursuant to Ga. L. 1992, p. 4991, as amended (the **"Act"**); and

WHEREAS, in accordance with the provisions of the Act, the general purpose of the Authority has been declared to be that of acquiring, constructing, equipping, maintaining, and operating adequate water supply, treatment, and distribution facilities and sewerage collection, treatment, and distribution facilities (and the Authority does now own and operate such facilities (collectively, the **"System"**)), making such facilities and the services thereof available to public and private consumers and users located in Macon-Bibb County, Georgia (the **"County"**) and its environs, including municipalities inside and outside the County and to adjoining counties, and in furtherance of such purposes, the Authority is authorized to prescribe, fix, and collect rates, fees, tolls, or charges and to revise from time to time and collect such rates, fees, tolls or charges for the services, facilities, or commodities furnished, to issue revenue bonds as provided in the Act to finance in whole or in part the acquisition, construction, reconstruction, improvement, betterment, or extension of the System, or to finance the refunding of any revenue bonds issued under the provisions of the Act and then outstanding, together with accrued interest thereon, and to pledge to the payment of the principal of and interest on its revenue bonds all or any part of the revenues of the System; and

WHEREAS, Ga Laws 2015, p. 4080, amended the Act to add a paragraph as follows: An Act known as the "Macon Water Authority Act," approved March 23, 1992 (Ga. L. 1992, p. 4991), as amended, is amended by revising Section 5 by deleting "and" at the end of paragraph (19.1) and by adding a new paragraph to read as follows: "(19.2) As authorized by and pursuant to an intergovernmental agreement with the governing authority responsible for the storm water control in the areas served by the authority to provide storm water management services and operate, maintain, develop, repair, and construct a storm water management system and utility in areas served by the authority; to issue bonds therefor, set rates, establish fees, and enter into agreements regarding the same; and to perform any and all actions related to the operation and maintenance of such storm water management system and utility including the right to exercise all powers as are now or may hereafter be vested in the authority in connection with its operation and provision of water and sewerage services in the areas which it services; and"; and

WHEREAS, the System defined in this Indenture does not currently include a storm water management system; however, the Authority has implemented a storm water management system and utility operated separately from the System; and

Indenture of Trust  
1

issuance of the Series 2020 Bond. The Series 2020 Bond is outstanding and unpaid in the principal amount of \$17,580,000, bears interest at the rate of 2.07% per annum, and matures on October 1, 2031.

(d) **MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2020B**, dated September 24, 2020, issued in the original aggregate principal amount of \$20,380,000 (the **"Series 2020B Bonds"**), which bonds were issued in accordance with a resolution adopted by the Authority on August 26, 2020 (the **"2020B Resolution"**). Proceeds of the Series 2020B Bonds were used to provide funds to make substantial additions, extensions and improvements to, and equipment for certain capital facilities of the Authority. The Series 2020B Bonds are outstanding and unpaid in the aggregate principal amount of \$18,305,000, and mature on October 1 in the years, amounts, and bear interest at the rates set forth below:

| Year | Principal Amount | Interest Rate |
|------|------------------|---------------|
| 2026 | \$ 795,000       | 5.00%         |
| 2027 | 830,000          | 2.00          |
| 2028 | 850,000          | 5.00          |
| 2029 | 890,000          | 5.00          |
| 2030 | 935,000          | 5.00          |
| 2031 | 980,000          | 4.00          |
| 2032 | 1,020,000        | 4.00          |
| 2033 | 1,060,000        | 4.00          |
| 2034 | 1,105,000        | 4.00          |
| 2035 | 1,150,000        | 4.00          |
| 2036 | 1,195,000        | 4.00          |
| 2037 | 1,245,000        | 4.00          |
| 2038 | 1,295,000        | 4.00          |
| 2039 | 1,345,000        | 4.00          |
| 2040 | 1,400,000        | 4.00          |
| 2041 | 1,455,000        | 4.00          |

(e) **MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2024**, dated October 22, 2024, issued in the original aggregate principal amount of \$102,710,000 (the **"Series 2024 Bonds"**), which bonds were issued pursuant to a bond resolution adopted by the Authority on September 5, 2024, as supplemented and amended by a first supplemental bond resolution adopted by the Authority on October 3, 2024 (together, the **"2024 Resolution"**). Proceeds of the Series 2024 Bonds were used to provide funds to make substantial additions, extensions and improvements to, and equipment for certain capital facilities of the Authority. The Series 2024 Bonds are outstanding and unpaid in the full original aggregate principal amount of \$102,710,000, and mature on October 1 in the years, amounts, and bear interest at the rates set forth below:

Indenture of Trust  
3

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|
| 2039        | \$ 3,210,000            | 5.00%                |
| 2040        | 3,370,000               | 5.00                 |
| 2041        | 3,535,000               | 5.00                 |
| 2042        | 5,225,000               | 5.00                 |
| 2043        | 5,490,000               | 5.00                 |
| 2044        | 5,765,000               | 5.00                 |
| 2046        | 12,405,000              | 5.00                 |
| 2049        | 21,030,000              | 5.00                 |
| 2054        | 42,680,000              | 5.00                 |

WHEREAS, in accordance with the 2015 Resolution, the 2018A Resolution, the 2019 Resolution, the 2020B Resolution, and the 2024 Resolution (collectively, the “**Prior Resolutions**”), the Authority has pledged to the payment of the principal of and interest on the Series 2015 Bonds, the Series 2018A Bonds, the Series 2020 Bond, the Series 2020B Bonds, and the Series 2024 Bonds (collectively, the “**Prior Bonds**”) and any bonds issued on a parity therewith (“**Additional Bonds**”) all revenues derived by the Authority from the ownership and operation of the System (except amounts received as federal or state grants) remaining after the payment of the reasonable and necessary expenses of operating, maintaining, and repairing the System, but before making provision for depreciation charges (the “**Net Revenues**”); and

WHEREAS, the Authority is in compliance with all covenants and undertakings in connection with its Prior Bonds now outstanding and payable from the Net Revenues of the System, and the payments made under the Prior Resolutions are in full force and effect and have not been repealed, altered, or amended in any respect which will adversely affect the rights or interests of the owners of any of said bonds; and

WHEREAS, the Authority has determined, following extensive study and investigation, that it is now necessary and essential to make substantial additions, extensions and improvements to, and equipment for certain capital facilities of the Authority (collectively, the “**Projects**”), in accordance with, or substantially in accordance with, the Engineering Report of Jacobs Engineering Group Inc., Consulting Engineers (the “**Engineering Report**”), to be dated the date of the Official Statement (as defined herein) for the issuance of the bonds to be issued in accordance with the provisions of this Indenture, copies of which will be on file in the offices of the Authority, which copies by this reference thereto are incorporated herein as a part hereof; and

WHEREAS, the Series 2018B Bonds are currently the Authority’s only outstanding variable rate revenue bonds and the Authority wishes to restructure the maturities coming due on its Series 2018B Bonds so that the estimated debt service on all of its revenue bonds will more evenly match its Net Revenues available to pay debt service; and

WHEREAS, the Authority has decided to currently refund and redeem all of its outstanding Series 2018B Bonds (the “**Refunded Bonds**”) with variable rate revenue bonds, named MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE RATE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A, in the aggregate principal amount not to exceed

Indenture of Trust  
4

and issuance of the Series 2026A Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings herein expressed, the parties hereto agree as follows:

\$72,500,000 (the “**Series 2026A Bonds**”), the proceeds of which will be used to currently refund and redeem the Refunded Bonds and to provide approximately \$52,500,000 of bond proceeds to finance the completion of the Projects in accordance with the Engineering Report, all in accordance with this indenture of trust (this “**Indenture**”) and a resolution of the Authority adopted on September 3, 2026 ( the “**2026A Resolution**”); and

WHEREAS, the Refunded Bonds are being redeemed concurrently with the issuance and delivery of the Series 2026A Bonds and in accordance with the defeasance and redemption provisions of the 2018B Resolution and the 2018B Indenture; and

WHEREAS, the Prior Resolutions each provide for the issuance under certain conditions of Additional Bonds from time to time payable from the Sinking Fund (as defined herein) and ranking as to the lien on the revenues of the Authority *pari passu* with the Prior Bonds provided that all of the conditions described in the Prior Resolutions are met; and

WHEREAS, in order to meet the requirements described in the Prior Resolutions relating to the issuance of Additional Bonds, McNair McEmore Middlebrooks & Co., LLC, an independent and recognized firm of certified public accountants, has certified to the Authority that certain payment tests are being met and that certain earnings tests have been complied with by the Authority, and an independent and recognized firm of consulting engineers has issued a report to the Authority with regard to the Projects and the capability of the System to produce revenues sufficient to pay the costs of operating, maintaining and repairing the System and of paying the debt service requirements of the Prior Bonds (after payment of the Refunding Bonds) and the Additional Bonds, together with a projection of net earnings to be derived from the System for each Sinking Fund Year after the Projects are completed; and

WHEREAS, the issuance of the Series 2026A Bonds has been authorized by the 2026A Resolution and this Indenture and the proceedings relative thereto have been validated as prescribed by law; and

WHEREAS, the Authority has met all requirements for the issuance of the Series 2026A Bonds as Additional Bonds under the Prior Resolutions and the payment of the principal of and interest on the Series 2026A Bonds is secured on a parity with the Prior Bonds as to the first and prior pledge of and lien of such Prior Bonds on the Net Revenues of the System; and

WHEREAS, in order to save the Authority expenses and fees, no Liquidity Facility or Credit Facility (as such terms are defined herein) will be in effect initially to secure the Series 2026A Bonds; however, this Indenture provides that the Authority, subject to the terms and conditions set forth herein, may arrange for issuance of a Credit Facility or Liquidity Facility in the future; and

WHEREAS, all things necessary to make the Series 2026A Bonds, when authenticated and issued as in this Indenture provided, the valid, binding, and legal obligations of the Authority according to the import thereof, and to constitute this Indenture as a valid assignment and pledge of the revenues of the Authority as described herein to the payment of the principal of, premium (if any), interest on, and Purchase Price of the Series 2026A Bonds and the creation, execution,

Indenture of Trust  
5

## ARTICLE I

### DEFINITIONS

**Section 1.1 Defined Terms.** In addition to terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

“**2015 Resolution**” means the master bond resolution adopted by the Authority on October 1, 2015, as supplemented and amended by a first supplemental bond resolution adopted by the Authority on December 3, 2015, authorizing the issuance of the Series 2015 Bonds.

“**2018A Resolution**” means, collectively, the resolution adopted by the Authority on October 1, 2015, as supplemented and amended by a first supplemental bond resolution adopted on December 3, 2015, as further supplemented and amended by a second supplemental bond resolution adopted on November 15, 2018, authorizing the issuance of the Series 2018A Bonds.

“**2018B Resolution**” means the resolution adopted by the Authority on October 18, 2018, authorizing the issuance of the Series 2018B Bonds.

“**2019 Resolution**” means the resolution adopted by the Authority on October 3, 2019, authorizing the issuance of the Series 2020 Bond.

“**2020B Resolution**” means the resolution adopted by the Authority on August 26, 2020, authorizing the issuance of the Series 2020B Bonds.

“**2024 Resolution**” means the master bond resolution adopted by the Authority on September 5, 2024, as supplemented and amended by a first supplemental bond resolution adopted by the Authority on October 3, 2024, authorizing the issuance of the Series 2024 Bonds.

“**Act of Bankruptcy**” means any of the following events:

(i) The Authority (or any other Person obligated, as guarantor or otherwise, to make payments on the Bonds or under a Credit Agreement or an “affiliate” of the Authority as defined in Bankruptcy Code § 101(2)) shall (1) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee, liquidator, or the like of the Authority (or such other Person) or of all or any substantial part of their respective property; (2) commence a voluntary case under the Bankruptcy Code; or (3) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; or

(ii) A proceeding or case shall be commenced, without the application or consent of the Authority (or any other Person obligated as guarantor or otherwise to make payments on the Bonds or under a Credit Agreement or an “affiliate” of the Authority as defined in Bankruptcy Code § 101(2)) in any court of competent jurisdiction, seeking (1) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Authority (or any such other Person); (2) the appointment of a trustee,

Indenture of Trust  
6

## Appendix B-3

Indenture of Trust  
7

receiver, custodian, liquidator, or the like of the Authority (or any such other Person) or of all or any substantial part of their respective property; or (3) similar relief in respect of the Authority (or any such other Person) under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts.

“**Additional Bonds**” means any bonds which may be issued on a parity with the Bonds in accordance with the terms of Section 3.7 of this Indenture subsequent to the issuance of the Series 2026A Bonds.

“**Additional Security**” means Additional Security as defined in Section 3.4(b).

“**Agent**” shall have the meaning set forth in Section 7.2.

“**Alternate Credit Facility**” means an irrevocable, direct-pay letter of credit delivered to and accepted by the Trustee pursuant to Section 3.8(e), in substitution for the Credit Facility then in effect.

“**Alternate Credit Facility Effective Date**” has the meaning specified in Section 3.8(e).

“**Alternate Liquidity Facility**” means a liquidity facility delivered to and accepted by the Trustee pursuant to Section 3.9(i), in substitution for the Liquidity Facility then in effect.

“**Alternate Liquidity Facility Effective Date**” has the meaning specified in Section 3.9(i).

“**Alternate Weekly Index**” means 85% of the higher of the yield-equivalent Federal Reserve AA composite 30-day or 90-day Commercial Paper rate, both currently published daily on TELERATE page 133 (or such other page as may replace page 133 on TELERATE) and weekly in Federal Reserve Bulletin H-15.

“**Authority**” means the Macon Water Authority, a public body corporate and politic which is deemed to be a public corporation organized and existing under the Constitution and laws of the State of Georgia, and any other public corporation, entity, body, or authority to which is hereafter transferred or delegated by law the duties, powers, authorities, obligations, or liabilities of the present Authority, either in whole or in relation to the System.

“**Authority Representative**” means the person or persons at the time designated to act on behalf of the Authority by written certificate, containing the specimen signature of each such person, signed on behalf of the Authority by its Chairman.

“**Authorized Denomination**” means (i) during any Short-Term Rate Period or any Medium-Term Rate Period, \$100,000 and integral multiples of \$5,000 in excess thereof and (ii) during the Fixed Rate Period, \$5,000 and integral multiples thereof.

“**Authorized Liquidity Termination**” means a termination of a Liquidity Facility before its expiration date pursuant to provisions in such Liquidity Facility that allow the Liquidity Provider to terminate its obligation to purchase Bonds immediately upon the occurrence of certain events set forth therein without giving any advance notice to the Authority or the Trustee.

Indenture of Trust  
8

“**Consulting Engineer(s)**” means Jacobs Engineering Group Inc., Consulting Engineers, or such other engineer(s) or engineering firm(s) employed by the Authority pursuant to the terms of this Indenture to perform certain duties in relation to supervision of the acquisition and construction of the Projects.

“**Conversion Date**” means (i) each date on which the Interest Rate Determination Method then in effect is changed to another Interest Rate Determination Method, including a Fixed Rate Conversion Date, (ii) each date on which the interest rate borne by the Series 2026A Bonds is changed from the interest rate applicable during a Medium-Term Rate Period to the interest rate applicable during another Medium-Term Rate Period, and (iii) each date on which the interest rate borne by the Series 2026A Bonds is changed from a Money Market Rate to another Money Market Rate (or with respect to notices, time periods, and requirements in connection with the proceedings for such change, the day on which it is proposed that such change occur); provided, however, that Conversion Date shall not include deemed conversions under Sections 2.3(c), (d), (e), or (f).

“**Conversion Notice**” shall have the meaning set forth in Section 2.4(a).

“**Costs of the Projects**” shall have the meaning specified in Section 4.2.

“**Counsel**” means an attorney or firm of attorneys admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

“**County**” means Macon-Bibb County, Georgia, a single county-wide government, with powers and jurisdiction throughout the territorial limits of Bibb County, superseding and replacing the governments of the City of Macon and Bibb County under a new charter effective on January 1, 2014, as provided for in Ga. L. 2012, p. 5595, as amended by Ga. L. 2013, p. 3501 (together, the “**Consolidation Act**”).

“**Credit Agreement**” means any agreement between the Authority and a Credit Issuer relating to a Credit Facility, as such agreement may be amended or supplemented from time to time pursuant to its terms.

“**Credit Facility**” means an irrevocable, direct-pay letter of credit, issued by a Credit Issuer on the Issue Date or pursuant to Section 2.5 in favor of the Trustee, for the account of the Authority, and any amendments or supplements thereto or extensions thereof, that provides security for the payment of certain payments on or with respect to the Series 2026A Bonds as contemplated pursuant to Section 3.8 and, upon acceptance by the Trustee of any Alternate Credit Facility, such Alternate Credit Facility.

“**Credit Issuance Date**” means any date on which a Credit Facility is issued pursuant to Section 2.5.

“**Credit Issuance Notice**” shall have the meaning set forth in Section 2.5(a)(i)(1).

“**Credit Issuer**” means the issuer of any Credit Facility, its successors and assigns; provided, however, that in connection with the acceptance of an Alternate Credit Facility that

Indenture of Trust  
10

“**Bankruptcy Code**” means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

“**Beneficial Owner**” means the Person in whose name a Bond is recorded as Beneficial Owner of such Bond by the Securities Depository or a Participant or an Indirect Participant on the records of such Securities Depository, Participant or Indirect Participant, as the case may be, or such Person’s subrogee.

“**Bond Counsel**” means an attorney or firm of attorneys nationally-recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds.

“**Bond Documents**” means, collectively, the Series 2026A Bonds, this Indenture, the Purchase Agreement, the Remarketing Agreement, and the Official Statement.

“**Bond Fund**” means the fund created by Section 4.1.

“**Bond Purchase Fund**” means the fund created by Section 4.4.

“**Book-Entry System**” means a book-entry system established and operated for the recordation of Beneficial Owners of the Series 2026A Bonds pursuant to Section 2.20.

“**Bonds**” means, collectively, the Prior Bonds, the Series 2026A Bonds, and any Additional Bonds.

“**Business Day**” means any day on which the offices of the Credit Issuer at which drawings on the Credit Facility are made (if a Credit Facility is in effect), the Liquidity Provider (if a Liquidity Facility is in effect), the Trustee, the Paying Agent, the Registrar and the Remarketing Agent are each open for business and on which The New York Stock Exchange is not closed.

“**Ceiling Rate**” means 12% per annum.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

“**Completion Date**” shall have the meaning specified in Section 4.2(d).

“**Computation Date**” means (i) the Business Day next preceding the first day of each Interest Period during which the Series 2026A Bonds bear interest at a Weekly Rate, (ii) the last Business Day of the calendar month next preceding each Interest Period during which the Series 2026A Bonds bear interest at a Monthly Rate, (iii) the Business Day next preceding the first day of each Interest Period during which the Series 2026A Bonds will bear interest at a Semiannual Rate and (iv) a date that is not more than 20 nor less than two days prior to any Conversion Date relating to conversion to a Long-Term Rate.

Indenture of Trust  
9

results in the occurrence of a Mandatory Purchase Date, until the occurrence of such Mandatory Purchase Date, “Credit Issuer” shall mean the issuer of the Credit Facility in effect immediately prior to acceptance of such Alternate Credit Facility.

“**Credit Modification Date**” means either (a) the second Business Day next preceding the date on which a Credit Facility or Liquidity Facility then in effect is stated to expire or terminate (unless extended), other than a termination of a Liquidity Facility on account of an Authorized Liquidity Termination, or (b) if the Credit Facility or Liquidity Facility then in effect will terminate prior to its stated expiration date on account of the delivery of an Alternate Credit Facility or Alternate Liquidity Facility, the proposed Alternate Credit Facility Effective Date or Alternate Liquidity Facility Effective Date with respect to such Alternate Credit Facility or Alternate Liquidity Facility, if:

(i) the Series 2026A Bonds are then rated by a Rating Agency and (1) the Authority fails to deliver to the Trustee no more than 60 nor less than 40 days prior to such stated expiration date or proposed Alternate Credit Facility Effective Date or Alternate Liquidity Facility Effective Date, (a) notice that an Alternate Credit Facility or Alternate Liquidity Facility, as the case may be, will be delivered to the Trustee on or prior to the second Business Day preceding such stated expiration date or on or prior to such proposed Alternate Credit Facility Effective Date or Alternate Liquidity Facility Effective Date and (b) a letter from any Rating Agency then rating the Series 2026A Bonds stating that such Rating Agency has reviewed the terms of such Alternate Credit Facility or Alternate Liquidity Facility and the issuer thereof and that acceptance of the Alternate Credit Facility or Alternate Liquidity Facility for the benefit of the Holders will not result in a lowering or elimination of the rating then assigned by such Rating Agency to the Series 2026A Bonds; (2) the Authority delivers such notice and letter but prior to the date such Alternate Credit Facility or Alternate Liquidity Facility is to be delivered such Rating Agency revokes such letter; or (3) the Authority delivers such notice and letter but such Alternate Credit Facility or Alternate Liquidity Facility is not delivered to and accepted by the Trustee on or prior to the second Business Day preceding such stated expiration date or on or prior to such proposed Alternate Credit Facility Effective Date or Alternate Liquidity Facility Effective Date; or

(ii) the Series 2026A Bonds are not then rated and (1) the Authority fails to deliver to the Trustee not more than 60 nor less than 40 days prior to such stated expiration date or proposed Alternate Credit Facility Effective Date or Alternate Liquidity Facility Effective Date, (a) notice that an Alternate Credit Facility or Alternate Liquidity Facility will be delivered to the Trustee on or prior to the second Business Day preceding such stated expiration date or on or prior to such proposed Alternate Credit Facility Effective Date or Alternate Liquidity Facility Effective Date and (b) written evidence that the issuer of such Alternate Credit Facility or Alternate Liquidity Facility is a commercial bank organized and doing business in the United States of America or a branch or agency of a foreign commercial bank located and doing business in the United States of America and subject to regulation by state or federal banking regulatory authorities and that has, as of the date 60 days prior to such stated expiration date or proposed Alternate Credit Facility Effective Date or Alternate Liquidity Facility Effective Date (i) senior debt or long-term bank deposits rated by one of the entities that may be

Indenture of Trust  
11

designated as a Rating Agency with a rating at least equivalent to the senior debt or long-term bank deposits of the issuer of the Credit Facility or Liquidity Facility then in effect or (ii) outstanding letters of credit, liquidity facilities, or other similar instruments that when supporting debt obligations result in such debt obligations being rated by one of the entities that may be designated as a Rating Agency with a rating at least the equivalent of the ratings assigned to debt obligations supported with letters of credit, liquidity facilities or other similar instruments or devices issued by the issuer of the Credit Facility or the Liquidity Facility then in effect on the date 60 days prior to such stated expiration date or such proposed Alternate Credit Facility Effective Date or Alternate Liquidity Facility Effective Date or (2) the Authority delivers such notice but such Alternate Credit Facility or Alternate Liquidity Facility is not delivered to and accepted by the Trustee on or prior to the second Business Day preceding such stated expiration date or on or prior to such proposed Alternate Credit Facility Effective Date or Alternate Liquidity Facility Effective Date.

“**Current Account**” means the account of that name within the Bond Fund established pursuant to Section 4.1.

“**Debt Service Offset**” means the receipts of the Authority that are not included in Net Revenues and are legally available to pay interest on Bonds, including without limitation subsidy payments on Build America Bonds and/or any other federal interest subsidy payments. Any Debt Service Offset shall be deposited directly to the Debt Service Account upon receipt by the Authority.

“**Debt Service Reserve Requirement**” means an amount equal to the highest combined principal and interest requirements in any succeeding Sinking Fund Year on all of the then outstanding Bonds, less the amount of such payments in each Sinking Fund year contracted to be paid directly to the Sinking Fund or the Revenue Fund by the County; provided, however, that such amount shall not exceed the amount permitted as a reasonably required reserve under the Code and the regulations thereunder. In order to determine the amount by which the Debt Service Reserve Requirement will increase upon the issuance of any Bonds bearing interest at a variable rate, the interest requirements for such Bonds shall be determined by using the fixed interest rate at which such Bonds would have been issued if such Bonds had been issued at a fixed interest rate, as certified by the underwriter for such Bonds.

“**Electronic Means**” shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“**Eligible Funds**” means, when a Credit Facility is in effect, money held by the Trustee, the Paying Agent, or the Remarketing Agent under this Indenture which consist of any of the following:

- (i) any money if, in the written opinion of Counsel experienced in bankruptcy law matters (which opinion shall be delivered to the Trustee and the Rating Agency (if any) rating the Series 2026A Bonds at or prior to the time of the deposit of such money

Indenture of Trust  
12

“**Indenture**” means this Indenture of Trust, as the same may be amended or supplemented from time to time as permitted hereby.

“**Indirect Participant**” means a broker-dealer, bank, or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

“**Interest Payment Date**” means (i) during any Weekly Rate Period, Monthly Rate Period, or Money Market Rate Period, each Quarterly Interest Payment Date; (ii) during any Semiannual Rate Period, Medium-Term Rate Period, or Fixed Rate Period, each Semiannual Interest Payment Date; and (iii) each Conversion Date.

“**Interest Period**” means (i) with respect to the Series 2026A Bonds bearing interest at a Weekly Rate, the period from and including the Issue Date to and including the next Wednesday, the period from and including the Conversion Date on which the Interest Rate Determination Method is changed to the Weekly Rate to and including the next Wednesday and, in each case, each succeeding period from and including each Thursday to and including the following Wednesday; (ii) with respect to the Series 2026A Bonds bearing interest at a Monthly Rate, the period from and including the Conversion Date on which the Interest Rate Determination Method is changed to the Monthly Rate to and including the last day of the calendar month in which such Conversion Date occurred and each succeeding period from and including the first day of each calendar month to and including the last day of such calendar month; and (iii) with respect to any Series 2026A Bond bearing interest at a Semiannual Rate, the period from and including the Conversion Date on which the Interest Rate Determination Method is changed to the Semiannual Rate to and including the day immediately preceding the next Interest Payment Date and each succeeding period from and including each Interest Payment Date to and including the day immediately preceding the next Interest Payment Date.

“**Interest Rate Determination Method**” means any of the methods of determining the interest rate on the Series 2026A Bonds described in Section 2.3.

“**Issue Date**” means the date on which the Series 2026A Bonds are delivered to the purchaser or purchasers thereof upon original issuance.

“**Liquidation Letter**” means the letter from the Authority to S&P dated November 5, 2026, a copy of which is attached hereto as Exhibit G, as the same may be hereafter amended with the written consent of S&P.

“**Liquidity Facility**” means any agreement accepted pursuant to Section 3.9 pursuant to which a Liquidity Provider will purchase Series 2026A Bonds tendered or deemed tendered pursuant to this Indenture if money from certain other sources described in this Indenture are insufficient to pay the purchase price of such Series 2026A Bonds when due and, upon acceptance by the Trustee of an Alternate Liquidity Facility pursuant to Section 3.9, such Alternate Liquidity Facility.

“**Liquidity Issuance Date**” means any date on which a Liquidity Facility is issued pursuant to Section 3.9.

“**Liquidity Issuance Notice**” shall have the meaning set forth in Section 3.9(a).

Indenture of Trust  
14

with the Trustee and shall be in form and substance satisfactory to each Rating Agency (if any) rating the Series 2026A Bonds), the deposit and use of such money will not constitute an avoidable preferential payment pursuant to § 547 of the Bankruptcy Code, or an avoidable post-petition transfer pursuant to § 549 of the Bankruptcy Code, recoverable from Holders of the Series 2026A Bonds pursuant to § 550 of the Bankruptcy Code in the event of an Act of Bankruptcy, and if a Rating Agency is rating the Series 2026A Bonds, such Rating Agency has confirmed to the Trustee in writing that its rating will not be withdrawn or reduced as a result of using such money; or

- (ii) money paid by the Credit Issuer to the Trustee under the Credit Facility which are not commingled with any other money.

If no Credit Facility is in effect, any money held by the Trustee, the Paying Agent, or the Remarketing Agent under this Indenture shall constitute “Eligible Funds.”

“**Event of Default**” means any of the events specified in Section 6.1.

“**Financing Statements**” means any and all financing statements (including continuation statements) or other instruments filed or recorded to perfect the Security Interest created in this Indenture.

“**Fitch**” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally-recognized securities rating agency designated by the Authority with the approval of the Remarketing Agent, by notice to the Trustee.

“**Fixed Rate**” means the Fixed Rate established in accordance with Section 2.3(g).

“**Fixed Rate Conversion Date**” means the day on which the Interest Rate Determination Method shall be converted to the Fixed Rate.

“**Fixed Rate Period**” means the period from and including the Fixed Rate Conversion Date to and including the date of payment in full of the Series 2026A Bonds.

“**Government Obligations**” means (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

“**Holder**” means the Person who shall be the registered owner of any Bond.

Indenture of Trust  
13

“**Liquidity Provider**” means the provider of any Liquidity Facility, its successors and assigns; provided, however, that in connection with the acceptance of an Alternate Liquidity Facility that results in the occurrence of a Mandatory Purchase Date, until the occurrence of such Mandatory Purchase Date, “Liquidity Provider” shall mean the provider of the Liquidity Facility in effect immediately prior to acceptance of such Alternate Liquidity Facility.

“**Local Time**” means Eastern Time (daylight or standard, as applicable).

“**Long-Term Rate**” means either a Medium-Term Rate or the Fixed Rate.

“**Long-Term Rate Period**” means either a Medium-Term Rate Period or the Fixed Rate Period.

“**Mandatory Purchase Date**” means (i) a Conversion Date, (ii) a Credit Modification Date, (iii) a Credit Issuance Date, (iv) a Liquidity Issuance Date, (v) the fourth Business Day after receipt by the Trustee of a written notice from the Credit Issuer that an event of default under the Credit Agreement has occurred and is continuing and a written request from the Credit Issuer that all the Series 2026A Bonds be required to be tendered for purchase, or (vi) while the Series 2026A Bonds bear interest at the Weekly Rate, the Monthly Rate, or the Semiannual Rate, any Business Day designated by the Authority, with the consent of the Remarketing Agent, the Credit Issuer (if any), and the Liquidity Provider (if any), that could be an Optional Tender Date, provided that such designation is made in writing and delivered to the Trustee at least 40 days (or such shorter period of time acceptable to the Trustee) prior to such proposed Mandatory Purchase Date.

“**Medium-Term Rate**” means the interest rate on the Series 2026A Bonds established from time to time pursuant to Section 2.3(f).

“**Medium-Term Rate Period**” means any period of not less than 271 days during which the Series 2026A Bonds bear interest at a Medium-Term Rate.

“**Money Market Percentage**” means any percentage selected as such by the Remarketing Agent in accordance with Section 2.3(e).

“**Money Market Rate**” means the product of (i) the Money Market Rate Index and (ii) the Money Market Percentage.

“**Money Market Rate Index**” means (i) the rate of interest publicly announced by the Credit Issuer at its principal office from time to time as its “Prime Rate” or (ii) any other index of money market instruments, including but not limited to the federal funds rate, certificate of deposit rates, the prime rate announced by any other commercial bank, and the London Interbank Offered Rate, selected by the Remarketing Agent pursuant to Section 2.3(e) as specified in a written notice to the Trustee and the Authority.

“**Money Market Rate Period**” means any period of not less than 40 days and not more than 270 days during which the Series 2026A Bonds bear interest at a Money Market Rate.

Indenture of Trust  
15

“**Monthly Rate**” means the interest rate on the Series 2026A Bonds established from time to time pursuant to Section 2.3(c).

“**Monthly Rate Period**” means any period during which the Series 2026A Bonds bear interest at a Monthly Rate.

“**Moody’s**” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally-recognized securities rating agency designated by the Authority with the approval of the Remarketing Agent, by notice to the Trustee.

“**Net Revenue**” means Net Revenue as defined in Section 3.4(a).

“**Operating Expense**” means the reasonable and necessary costs of operating, maintaining, and repairing the System, including salaries, wages, payment of any contractual obligations pertaining to the operation of the System, the cost of materials and supplies, rentals of leased property and facilities, insurance, and such other charges as may properly be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practice, but before making provisions for depreciation.

“**Opinion of Bond Counsel**” means any opinion of Bond Counsel delivered pursuant to this Indenture with respect to the excludability of interest on the Series 2026A Bonds from gross income of the Holders thereof for federal income tax purposes. Each such opinion shall be addressed to the Trustee, the Remarketing Agent, the Authority, and the Paying Agent. No such opinion delivered pursuant hereto shall be deemed unsatisfactory when required as a condition to any provision hereunder because such opinion states that interest on the Series 2026A Bonds is an item of tax preference or is includable in determining alternative minimum taxable income under the Code.

“**Optional Tender Date**” means (i) during any Weekly Rate Period, any Business Day; (ii) during any Monthly Rate Period, the first Business Day of each Interest Period; and (iii) during any Semiannual Rate Period, each Interest Payment Date (or if such Interest Payment Date is not a Business Day, the next succeeding Business Day).

“**Outstanding**” means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Trustee hereunder, except:

- (i) Bonds cancelled or delivered for cancellation at or prior to such date;
- (ii) Bonds deemed to be paid in accordance with Section 5.2;
- (iii) Bonds in lieu of which others have been authenticated under Sections 2.13, 2.14, and 2.15;

Indenture of Trust  
16

(D) Bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan or payment agreement with the United States government;

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

(F) Securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

- (i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in subparagraph (B) and (C) above and repurchase agreements fully collateralized by any such obligations;
- (ii) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

Indenture of Trust  
18

(iv) Untendered Bonds to the extent that there shall be on deposit with the Remarketing Agent on the date purchase thereof is required as provided herein an amount to pay the Purchase Price thereof; and

(v) For purposes of any consent, request, demand, authorization, direction, notice, waiver, or other action to be taken by the Holders of a specified percentage of Outstanding Bonds hereunder, all Bonds held by or for the account of the Authority or any affiliate of the Authority; provided, however, that for purposes of any such consent, request, demand, authorization, direction, notice, waiver, or action, the Trustee shall be obligated to consider as not being outstanding only Bonds known by a responsible officer of the Trustee by actual notice thereof to be so held; provided, further, that if all of the Series 2026A Bonds are at any time held by or for the account of the Authority or any affiliate of the Authority, then such Series 2026A Bonds shall be deemed to be Outstanding at such time for the purposes of this subparagraph (v).

“**Participant**” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

“**Paying Agent**” means The Bank of New York Mellon Trust Company, N.A., and its successors appointed and serving under this Indenture.

“**Permitted Investments**” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Authority’s funds:

(a) *Construction Fund and Debt Service Reserve Account Money.* The Authority may invest and reinvest money in the Construction Fund and the Debt Service Reserve Account which consist of bond proceeds in any of the following investments (presently authorized by O.C.G.A. § 36-82-7), if and to the extent the same are at the time legal for investment of bond proceeds:

- (1) The local government investment pool created in O.C.G.A. § 36-83-8; or
- (2) The following securities and no others:
  - (A) Bonds or other obligations of the Authority, or bonds or obligations of the State or other states or of counties, municipal corporations, and political subdivisions of the State;
  - (B) Bonds or other obligations of the United States or of subsidiary corporations of the United States government, which are fully guaranteed by such government;
  - (C) Obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

Indenture of Trust  
17

(iii) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value;

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

(G) Interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the money so placed to be available for use at the time provided with respect to the investment or reinvestment of such money.

(b) *Revenue Fund, Debt Service Account and Renewal and Replacement Fund Money.* The Authority may invest and reinvest money in the Revenue Fund, Debt Service Account and Renewal and Replacement Fund in:

- (1) Any of the following investments (presently authorized by O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4), if and to the extent the same are at the time legal for investment of such money:
  - (A) Obligations of the United States and of its agencies and instrumentalities, or obligations fully insured or guaranteed by the United States government or by one of its agencies;
  - (B) Obligations of any corporation of the United States government;
  - (C) Bonds or certificates of indebtedness of the State and of its agencies and instrumentalities, or of other states;
  - (D) Obligations of other political subdivisions of the State;
  - (E) Certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured;
  - (F) Prime bankers’ acceptances;

Indenture of Trust  
19

(G) Repurchase agreements; and

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

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

“**Person**” means any natural person, firm, partnership, association, corporation, limited liability company, or public body.

“**Prior Bonds**” means, collectively, the Series 2015 Bonds, the Series 2018A Bonds, the Series 2020 Bond, the Series 2020B Bonds, and the Series 2024 Bonds.

“**Prior Resolutions**” means, collectively, the 2015 Resolution, the 2018A Resolution, the 2019 Resolution, the 2020B Resolution, and the 2024 Resolution.

“**Projects**” means the addition, extensions, betterments, and improvements to the System as more specifically described in Exhibit H hereto.

“**Projects Fund**” means the fund created pursuant to Section 4.2

“**Proposed Rate**” means, with respect to any Semiannual Rate, the rate of interest determined on the applicable Proposed Rate Computation Date that the Remarketing Agent, having due regard for prevailing market conditions for revenue bonds or other securities of the same general nature as the Series 2026A Bonds or securities that are comparable as to credit and maturity (or comparable with respect to optional tender provisions) with the credit and maturity and optional tender provisions of the Series 2026A Bonds and taking into account interest rate trends, market trends, general economic conditions, and such other factors as the Remarketing Agent deems appropriate (including the excludability of interest on such revenue bonds and other securities from gross income of the holders thereof for federal income tax purposes), anticipates to be the interest rate necessary to place the Series 2026A Bonds on the effective date of such Semiannual Rate at a price of par (plus accrued interest, if any).

“**Proposed Rate Computation Date**” means each date that is 14 days prior to each Computation Date with respect to any Semiannual Rate Period (or if such day is not a Business Day, the next preceding Business Day).

“**Purchase Agreement**” means the Bond Purchase Agreement, dated November 3, 2026, between the Authority and the Underwriters, relating to the initial sale of the Series 2026A Bonds.

“**Purchase Price**” means an amount equal to 100% of the principal amount of any Series 2026A Bond tendered or deemed tendered for purchase pursuant to Section 2.6, plus accrued and unpaid interest thereon to the date of purchase.

“**Quarterly Interest Payment Date**” means each January 1, April 1, July 1, and October 1, beginning January 1, 2027.

Indenture of Trust  
20

“**S&P**” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally-recognized securities rating agency designated by the Authority with the approval of the Remarketing Agent, by notice to the Trustee.

“**Securities Depository**” means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book-Entry System with respect to the Bonds.

“**Securities Depository Nominee**” means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Register the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System.

“**Security**” means the Net Revenues and the Additional Security specified in Section 3.4.

“**Security Interest**” or “**Security Interests**” means the security interests created herein and shall have the meanings set forth in the UCC.

“**Semiannual Interest Payment Date**” means each April 1 and October 1.

“**Semiannual Rate**” means the interest rate on the Series 2026A Bonds established from time to time pursuant to Section 2.3(d).

“**Semiannual Rate Period**” means any period during which the Series 2026A Bonds bear interest at a Semiannual Rate.

“**Series 2015 Bonds**” means the MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2015, authorized to be issued pursuant to the 2015 Resolution.

“**Series 2018A Bonds**” means the MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2018A, authorized to be issued pursuant to the 2018A Resolution.

“**Series 2018B Bonds**” means the MACON WATER AUTHORITY (GEORGIA) TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2018B, authorized to be issued pursuant to the 2018B Resolution.

“**Series 2020 Bond**” means the MACON WATER AUTHORITY WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2020, authorized to be issue pursuant to the 2019 Resolution.

“**Series 2020B Bonds**” means the MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2020B, authorized to be issued pursuant to the 2020B Resolution.

“**Series 2024 Bonds**” means the MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2024, authorized to be issued pursuant to the 2024 Resolution.

Indenture of Trust  
22

“**Rate**” means any Short-Term Rate or any Long-Term Rate.

“**Rate Period**” means any Weekly Rate Period, Monthly Rate Period, Semiannual Rate Period, Money Market Rate Period, Medium-Term Rate Period, or Fixed Rate Period.

“**Rating Agency**” means Fitch when the Series 2026A Bonds are rated by Fitch, Moody’s when the Series 2026A Bonds are rated by Moody’s, and S&P when the Series 2026A Bonds are rated by S&P.

“**Record Date**” means, with respect to each Interest Payment Date, (i) during any Short-Term Rate Period, the Trustee’s close of business on the Business Day next preceding such Interest Payment Date and (ii) during any Long-Term Rate Period, the Trustee’s close of business on the 15th day of the calendar month next preceding the calendar month during which such Interest Payment Date occurs, regardless of whether such day is a Business Day.

“**Register**” means the register of the record owners of Series 2026A Bonds maintained by the Registrar.

“**Registrar**” means the Trustee.

“**Remarketing Agent**” means Stifel, Nicolaus & Company, Incorporated, and its successors appointed and serving in such capacity under this Indenture.

“**Remarketing Agreement**” means any agreement between the Authority and a Remarketing Agent relating to the Series 2026A Bonds, as such agreement may be amended or supplemented from time to time pursuant to its terms.

“**Renewal and Replacement Fund**” means the fund described in Section 3.2(c).

“**Replacement Bonds**” means Series 2026A Bonds issued pursuant to Section 2.15, which Bonds shall contain the terms and provisions specified herein as being applicable to the Series 2026A Bonds following a Mandatory Purchase Date and have excised therefrom the terms and provisions that are not so applicable and added thereto terms that have become applicable.

“**Responsible Officer**” means, when used with respect to the Trustee, any managing director, president, vice president, senior associate, associate, or other officer of the Trustee within the corporate trust office specified in Section 9.4 (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

“**Revenue**” means Revenue as defined in Section 3.1.

“**Revenue Fund**” means any fund created for the deposit of Revenues in accordance with Section 3.1.

Indenture of Trust  
21

“**Series 2026A Bonds**” means the MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE MODE REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A, authorized to be issued pursuant to the 2026A Resolution and under this Indenture and, unless the context indicates otherwise, any Additional Bonds issued under this Indenture.

“**Short-Term Rate**” means any of the Weekly Rate, the Monthly Rate, the Semiannual Rate or the Money Market Rate.

“**Short-Term Rate Period**” means any period during which the Series 2026A Bonds bear interest at a Short-Term Rate.

“**Sinking Fund**” means the fund described in Section 3.2(b).

“**Sinking Fund Requirements**” means the sinking fund requirements for the Bonds, as provided by Section 2.18(d), pursuant to which the Bonds will be redeemed pursuant to mandatory redemption prior to the stated maturity thereof.

“**Sinking Fund Year**” means the period commencing October 2 of each year and ending on October 1 of the following calendar year.

“**State**” means the State of Georgia.

“**Surplus Bond Proceeds**” means all money and any unliquidated investments remaining in the Projects Fund on the Completion Date and after payment in full of the Costs of the Projects (except for costs not then due and payable for which the Trustee shall have retained amounts pursuant to Section 4.2).

“**Surplus Fund**” means the fund created pursuant to Section 4.3.

“**System**” means the facilities now or hereafter owned by the Authority and used by it in furnishing water and sewer services and facilities.

“**Trustee**” means The Bank of New York Mellon Trust Company, N.A., as trustee hereunder, and any successor trustee appointed under this Indenture.

“**UCC**” means the Uniform Commercial Code of the State as now in effect or hereafter amended.

“**Underwriters**” means Stifel, Nicolaus & Company, Incorporated, on behalf of itself and as representative of Security Capital Brokerage, Inc.

“**Untendered Bond**” means any Untendered Bond as defined in Section 2.6(f).

“**Unremarketed Bond**” means any Unremarketed Bond as defined in Section 2.7(a).

“**Weekly Rate**” means the interest rate on the Series 2026A Bonds established pursuant to Section 2.3(b).

Indenture of Trust  
23

“**Weekly Rate Period**” means any period during which the Series 2026A Bonds bear interest at a Weekly Rate.

**Section 1.2 Rules of Construction.** Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Indenture nor shall they affect its meaning, construction, or effect.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

(d) All references in this Indenture to particular Articles or Sections are references to Articles or Sections of this Indenture, unless otherwise indicated.

[END OF ARTICLE I]

Indenture of Trust  
24

the Series 2026A Bonds are registered on the Register at the close of business on the Record Date next preceding each Interest Payment Date; provided that, prior to the Fixed Rate Conversion Date, any Holder of a Bond or Bonds in an aggregate principal amount of not less than \$250,000 may, by prior written instructions filed with the Paying Agent (which instructions shall remain in effect until revoked by subsequent written instructions), instruct that interest payments for any period prior to the Fixed Rate Conversion Date be made by wire transfer to an account in the continental United States or other means acceptable to the Paying Agent.

### **Section 2.3 Interest Rates on the Series 2026A Bonds.**

(a) **Initial Rate - General.** The Series 2026A Bonds shall bear interest as provided herein from the Issue Date to the date of payment in full of the Series 2026A Bonds. Interest accrued on the Series 2026A Bonds shall be paid on each Interest Payment Date commencing on the earlier of January 1, 2027, or the first Conversion Date. The interest rate on the Series 2026A Bonds will be determined as provided in this Section except that no rate shall exceed the lesser of (i) the Ceiling Rate or (ii) the maximum rate permitted by applicable law. The Series 2026A Bonds initially shall bear interest at a Weekly Rate from the Issue Date until the date on which the Interest Rate Determination Method is changed as described in Section 2.4. Such Weekly Rate for the initial Interest Period shall be determined by the Underwriters on the Issue Date in the manner set forth in Section 2.3(b) with respect to subsequent Interest Periods. Thereafter, during any Weekly Rate Period, the Remarketing Agent will determine a Weekly Rate in accordance with Section 2.3(b). Notwithstanding anything herein to the contrary, each Interest Rate Determination Method in effect from time to time shall continue in effect until the date on which such Interest Rate Determination Method is changed as described in Section 2.3(c), (d), (e), or (f) or Section 2.4.

(b) **Weekly Rate.** During any Weekly Rate Period, the Series 2026A Bonds will bear interest at the Weekly Rate. During any Weekly Rate Period, the Remarketing Agent will determine the Weekly Rate for the applicable Interest Period by 4:00 p.m., Local Time, on the applicable Computation Date. Each Weekly Rate shall be the rate of interest that, if borne by the Series 2026A Bonds, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes of the same general nature as the Series 2026A Bonds or securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes that are comparable as to credit and maturity (or comparable with respect to optional tender provisions) with the credit and maturity or the optional tender provisions of the Series 2026A Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the first Business Day of such Interest Period; provided, that, if for any reason the Weekly Rate for any Interest Period is not established as aforesaid by the Remarketing Agent, no Remarketing Agent shall be serving as such hereunder or the rate so established is held to be invalid or unenforceable with respect to any Interest Period, then the Weekly Rate for such Interest Period shall be 100% of the Alternate Weekly Index on the date such interest rate was (or would have been) determined as provided above. The Remarketing Agent (or if no Remarketing Agent is serving as such hereunder, the Trustee) shall notify the Authority immediately by telephone if the Alternate Weekly Index is applicable, with written notice to

Indenture of Trust  
26

## ARTICLE II

### THE SERIES 2026A BONDS

**Section 2.1 Authorized Amount of Series 2026A Bonds.** No Series 2026A Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Series 2026A Bonds that may be issued and outstanding hereunder is expressly limited to \$72,500,000, subject to the provisions of Sections 2.13, 2.14, and 2.15. The Series 2026A Bonds shall be designated MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A. The form of Series 2026A Bond attached as Exhibit A to this Indenture shall be the form of Series 2026A Bonds referred to herein.

**Section 2.2 Issuance of Series 2026A Bonds.** The Series 2026A Bonds shall bear interest from the Issue Date, until paid in full, at the rates set forth in Section 2.3 (computed on the basis of a 365-day year (366 days in a leap year) for the actual days elapsed during any Short-Term Rate Period other than a Money Market Rate Period or a Semiannual Rate Period, a 360-day year of twelve 30-day months during any Long-Term Rate Period or Semiannual Rate Period, and a 360-day year for actual days elapsed during any Money Market Rate Period (calculated by multiplying the principal amount of Series 2026A Bonds by the interest rate, dividing that sum by 360, and multiplying that amount by the actual days elapsed)), and shall mature, unless sooner paid, on October 1, 2056, on which date all unpaid principal, redemption premium (if any), and interest on the Series 2026A Bonds shall be due and payable. Reference is made to Section 9.5 hereof with respect to payments due on non-Business Days.

The Series 2026A Bonds shall be issued as fully-registered bonds without coupons in Authorized Denominations. The Series 2026A Bonds shall be numbered from R-1 upwards bearing numbers not then contemporaneously outstanding (in order of issuance) according to the records of the Registrar.

The Series 2026A Bonds shall be dated the Issue Date. Interest on the Series 2026A Bonds shall be computed from the Interest Payment Date to which interest has been paid or duly provided for next preceding the date of authentication thereof, unless (a) such date of authentication shall be prior to the first Interest Payment Date, in which case interest shall be computed from the Issue Date, or (b) such date of authentication shall be an Interest Payment Date to which interest on the Series 2026A Bonds has been paid in full or duly provided for, in which case interest shall be computed from such date of authentication; provided, however, that if interest on the Series 2026A Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall bear interest from the last date to which interest has been paid or duly provided for on the Series 2026A Bonds or, if no interest has been paid or duly provided for on the Series 2026A Bonds, from the Issue Date.

The principal of, redemption premium (if any), and the interest on the Series 2026A Bonds shall be payable in lawful currency of the United States. The principal of and redemption premium (if any) on the Series 2026A Bonds shall be payable at the designated corporate trust office of the Paying Agent upon presentation and surrender of the Series 2026A Bonds. Payments of interest on the Series 2026A Bonds will be mailed to the persons in whose names

Indenture of Trust  
25

follow promptly. In connection with any change in the Interest Rate Determination Method to a Weekly Rate pursuant to Section 2.3(c), (d), (e) or (f) or Section 2.4(a), the initial Weekly Rate shall be determined as provided above on the applicable Computation Date.

(c) **Monthly Rate.** During any Monthly Rate Period, the Series 2026A Bonds will bear interest at the Monthly Rate. During any Monthly Rate Period, the Remarketing Agent will determine a Monthly Rate by 4:00 p.m., Local Time, on the applicable Computation Date. Each Monthly Rate shall be the rate of interest which, if borne by the Series 2026A Bonds, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes of the same general nature as the Series 2026A Bonds or securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes that are comparable as to credit and maturity (or comparable with respect to optional tender provisions) with the credit and maturity or the optional tender provisions of the Series 2026A Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the first Business Day of such Interest Period; provided that, if for any reason the Monthly Rate for any Interest Period is not established as aforesaid by the Remarketing Agent, no Remarketing Agent shall be serving as such hereunder or the rate so established is held to be invalid or unenforceable with respect to any Interest Period, then the Interest Rate Determination Method shall be deemed to have converted to the Weekly Rate on the date such interest rate was (or would have been) determined as provided above. The Remarketing Agent (or if no Remarketing Agent is serving as such hereunder, the Trustee) shall notify the Authority, the Trustee and the Paying Agent immediately by telephone if such a conversion is deemed to have occurred, with written notice to follow promptly. In connection with any change in the Interest Rate Determination Method to a Monthly Rate pursuant to Section 2.4(a), the initial Monthly Rate shall be determined as provided above on the applicable Computation Date.

(d) **Semiannual Rate.** During any Semiannual Rate Period, the Series 2026A Bonds will bear interest at the Semiannual Rate. During any Semiannual Rate Period, the Remarketing Agent will determine the Proposed Rate for the next Interest Period by 2:00 p.m., Local Time on the Proposed Rate Computation Date. Thereafter, the Remarketing Agent will determine a Semiannual Rate for the next Interest Period by 4:00 p.m., Local Time, on the applicable Computation Date; provided, however, that such Semiannual Rate shall not be less than the Proposed Rate determined by the Remarketing Agent on the preceding Proposed Rate Computation Date. Each Semiannual Rate shall be the rate of interest which, if borne by the Series 2026A Bonds, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes of the same general nature as the Series 2026A Bonds or securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes that are comparable as to credit and maturity (or comparable with respect to optional tender provisions) with the credit and maturity or the optional tender provisions of the Series 2026A Bonds, be the interest rate necessary, but (subject to the foregoing proviso concerning the Proposed Rate) would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the first Business Day of such

Indenture of Trust  
27

Interest Period. If for any reason the Semiannual Rate or the Proposed Rate for any Interest Period is not established as aforesaid by the Remarketing Agent, no Remarketing Agent shall be serving as such hereunder or the rate so established is held to be invalid or unenforceable with respect to any Interest Period, then the Interest Rate Determination Method shall be deemed to have converted to the Weekly Rate on the date such interest rate was (or would have been) determined as provided above. The Remarketing Agent (or if no Remarketing Agent is serving as such hereunder, the Trustee) shall notify the Authority, the Trustee and the Paying Agent immediately by telephone if such a conversion is deemed to have occurred, with written notice to follow promptly. In connection with any change in the Interest Rate Determination Method to a Semiannual Rate pursuant to Section 2.4(a), the Proposed Rate shall be determined as provided above on the applicable Proposed Rate Computation Date and the initial Semiannual Rate shall be determined as provided above on the applicable Computation Date.

(c) Money Market Rate. During any Money Market Rate Period, the Series 2026A Bonds shall bear interest at the Money Market Rate. During any Money Market Rate Period, the Remarketing Agent will, in the exercise of its reasonable judgment, select the Money Market Rate Period, the Money Market Rate Index and the Money Market Percentage not later than 12:30 p.m., Local Time, on the first day of such Money Market Rate Period. The Money Market Rate Index and the Money Market Percentage applicable to the Series 2026A Bonds shall be selected by the Remarketing Agent with the intention of yielding the lowest Money Market Rate that would be necessary for the Remarketing Agent to place all the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the first day of any Money Market Rate Period. On the first day of each Money Market Rate Period, the Remarketing Agent shall give written notice to the Trustee and the Authority specifying (i) the Money Market Rate Index selected, (ii) the Money Market Percentage selected, and (iii) the frequency of change or adjustment in rates established pursuant to such Money Market Rate Index. If for any reason the Remarketing Agent fails to determine the Money Market Rate, no Remarketing Agent shall be serving as such hereunder or the rate so established is held to be invalid or unenforceable, then the Interest Rate Determination Method shall be deemed to have converted to the Weekly Rate on the date such interest rate was (or would have been) determined as provided above. The Remarketing Agent (or if no Remarketing Agent is serving as such hereunder, the Trustee) shall notify the Authority, the Trustee and the Paying Agent immediately by telephone if such a conversion is deemed to have occurred, with written notice to follow promptly.

(f) Medium-Term Rate. During any Medium-Term Rate Period, the Series 2026A Bonds shall bear interest at the Medium-Term Rate. The interest rate to be borne by the Series 2026A Bonds from the applicable Conversion Date to the last day of the applicable Medium-Term Rate Period shall be the rate determined by the Remarketing Agent on the applicable Computation Date to be the rate which, if borne by the Series 2026A Bonds would, in the judgment of the Remarketing Agent having due regard for prevailing market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes and that are comparable to the Series 2026A Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the applicable Conversion Date. If for any reason the applicable rate is not established as aforesaid by the Remarketing Agent, no Remarketing Agent shall be serving as such hereunder or the rate so established is held to be invalid or unenforceable, then the Interest Rate

Indenture of Trust  
28

determined by the Remarketing Agent based on the criteria in the preceding sentence and avoiding the cause of invalidity or unenforceability.

If requested in the Conversion Notice by the Authority, the Remarketing Agent may also determine on the Computation Date redemption premiums, different from those set forth in Section 2.18, for optional redemption of the Series 2026A Bonds during the Fixed Rate Period. These redemption premiums shall be consistent with the prevailing market conditions, in the reasonable judgment of the Remarketing Agent. The Remarketing Agent shall not, however, establish redemption premiums different from those set forth in Section 2.18 unless an Opinion of Bond Counsel shall be furnished to the effect that such action will not adversely affect the exclusion of interest on the Series 2026A Bonds from gross income of the Holders thereof for federal income tax purposes.

(h) Notice of Rates and Deemed Conversions. Promptly following the determination of any Rate or any Proposed Rate, the Remarketing Agent shall give notice thereof to the Trustee and the Paying Agent. Promptly upon receipt from the Remarketing Agent of any Semiannual Rate, Medium-Term Rate or Fixed Rate, the Paying Agent shall give each Holder notice of the new Rate. The Authority and any Holder or Beneficial Owner may obtain any Proposed Rate on or after the applicable Proposed Rate Computation Date and may obtain any Rate on or after the applicable Computation Date upon request to the Remarketing Agent. Promptly upon receipt from the Remarketing Agent or the Trustee of notice of any deemed conversion to the Weekly Rate under this Section, the Paying Agent shall give each Holder, the Credit Issuer, if any, the Liquidity Provider, if any, and each Rating Agency, if any, then rating the Series 2026A Bonds notice of the deemed conversion.

(i) Determination of Rate Conclusive. The determination of any Rate and Proposed Rate by the Remarketing Agent shall be conclusive and binding upon the Authority, the Trustee, the Paying Agent, the Remarketing Agent, the Liquidity Provider, if any, the Credit Issuer, if any, and the Holders or Beneficial Owners.

(j) No Liability. In determining the interest rate that the Series 2026A Bonds shall bear as provided in this Section, the Remarketing Agent shall have no liability to the Authority, the Trustee, the Paying Agent, the Registrar, the Credit Issuer, if any, the Liquidity Provider, if any, or any Holder or Beneficial Owners except for its gross negligence or willful misconduct.

#### Section 2.4 Conversion of Interest Rate Determination Method.

(a) Conversion Notice. The Interest Rate Determination Method may be changed under this Section from any Short-Term Rate or a Medium-Term Rate to any other Interest Rate Determination Method or from a Medium-Term Rate to a new Medium-Term Rate or from a Money Market Rate to a new Money Market Rate on any Conversion Date by the Authority giving written notice of such change (a "Conversion Notice") to the Remarketing Agent and the Trustee with a copy to the Paying Agent, each Rating Agency, if any, rating the Series 2026A Bonds, the Credit Issuer, if any, and the Liquidity Provider, if any. The Conversion Notice must be received by the Remarketing Agent and the Trustee at least 40 days prior to the proposed Conversion Date.

Indenture of Trust  
30

Determination Method shall be deemed to have converted to the Weekly Rate on the date such interest rate was (or would have been) determined as provided above. The Remarketing Agent (or if no Remarketing Agent is serving as such hereunder, the Trustee) shall notify the Authority, the Trustee and the Paying Agent immediately by telephone if such a conversion is deemed to have occurred, with written notice to follow promptly.

On the Computation Date with respect to a Medium-Term Rate, the Remarketing Agent shall determine the Medium-Term Rate Period. Each Medium-Term Rate Period shall be at least 271 days and shall end no later than the date of maturity of the Series 2026A Bonds or, if earlier, on a day immediately preceding a Business Day. If the Remarketing Agent fails to determine the Medium-Term Rate Period or the Medium-Term Rate Period so established is held to be invalid or unenforceable, the Medium-Term Rate Period shall be (i) if the Interest Rate Determination Method in effect immediately prior to such Conversion Date was a Medium-Term Rate, the shorter of (a) the period equal to the Medium-Term Rate Period for such Medium-Term Rate (provided, however, that if the last day of such period would not be a day immediately preceding a Business Day, such period shall be extended to the next succeeding day that is a day immediately preceding a Business Day) and (b) the remaining maturity of the Series 2026A Bonds or (ii) if the Interest Rate Determination Method in effect immediately prior to such Conversion Date was not a Medium-Term Rate, the shorter of (a) the period ending on the first date that is a day immediately preceding a Business Day and is at least 271 days after the Conversion Date and (b) the remaining maturity of the Series 2026A Bonds.

If requested in the Conversion Notice by the Authority, the Remarketing Agent may also determine on the Computation Date redemption premiums, different from those set forth in Section 2.18, for optional redemption of the Series 2026A Bonds during the Medium-Term Rate Period. These redemption premiums shall be consistent with the prevailing market conditions, in the reasonable judgment of the Remarketing Agent. The Remarketing Agent shall not, however, establish redemption premiums different from those set forth in Section 2.18 unless an Opinion of Bond Counsel shall be furnished to the effect that such action will not adversely affect the exclusion of interest on the Series 2026A Bonds from gross income of the Holders thereof for federal income tax purposes.

(g) Fixed Rate. The Series 2026A Bonds shall bear interest at the Fixed Rate during the Fixed Rate Period. The interest rate to be borne by the Series 2026A Bonds from the Fixed Rate Conversion Date to the date of payment in full of the Series 2026A Bonds shall be the rate determined by the Remarketing Agent on the applicable Computation Date to be the rate which, if borne by the Series 2026A Bonds would, in the judgment of the Remarketing Agent having due regard for the prevailing market conditions for revenue bonds or other securities the interest on which is excludable from gross income of the holders thereof for federal income tax purposes and that are comparable to the Series 2026A Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Series 2026A Bonds at a price of par (plus accrued interest, if any) on the Fixed Rate Conversion Date. If for any reason the Fixed Rate is not established as aforesaid by the Remarketing Agent or no Remarketing Agent shall be serving as such hereunder, then the provisions of the last paragraph of Section 2.4(e) shall apply; if the Fixed Rate established by the Remarketing Agent is held to be invalid or unenforceable, the interest rate to be borne by the Series 2026A Bonds from the Fixed Rate Conversion Date to the date of payment in full of the Series 2026A Bonds shall be

Indenture of Trust  
29

Each Conversion Notice shall state (i) that the Authority elects to change the Interest Rate Determination Method to a new Interest Rate Determination Method, or from the interest rate applicable during a Medium-Term Rate Period to a new interest rate during a new Medium-Term Rate Period, or from a Money Market Rate to a new Money Market Rate; (ii) the proposed Conversion Date; (iii) the Interest Rate Determination Method to be in effect from and after such Conversion Date; (iv) whether a Credit Facility or Liquidity Facility is to be in effect from and after such Conversion Date and if so, the terms of such Credit Facility or Liquidity Facility; and (v) if a Long-Term Rate is to be in effect from and after such Conversion Date and if redemption premiums different from those set forth in Section 2.18 are to be applicable as described in Section 2.3(f) and (g), the redemption premiums to be applicable during such Long-Term Rate Period.

(b) Opinions With Respect to Conversions. Each Conversion Notice given to the Remarketing Agent and the Trustee shall be accompanied by an Opinion of Bond Counsel to the effect that the change in the Interest Rate Determination Method or the change from a Medium-Term Rate to a new Medium-Term Rate or from a Money Market Rate to a new Money Market Rate will not cause the interest on the Series 2026A Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that such change is permitted under this Indenture.

The Authority shall deliver to the Remarketing Agent and the Trustee, by 10:00 a.m., Local Time, on each Conversion Date under this Section a supplemental Opinion of Bond Counsel to the effect that the change in the Interest Rate Determination Method or from a Medium-Term Rate to a new Medium-Term Rate or from a Money Market Rate to a new Money Market Rate is permitted under this Indenture and, under the laws existing on such Conversion Date, the change will not cause the interest on the Series 2026A Bonds to be included in the gross income of the Holders thereof for federal income tax purposes.

(c) Conversion Date. If the Interest Rate Determination Method in effect prior to the Conversion Date under this Section is:

(i) a Weekly Rate or a Monthly Rate, the Conversion Date must be the first Business Day of an Interest Period;

(ii) a Semiannual Rate, the Conversion Date must be a Semiannual Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day);

(iii) a Money Market Rate with respect to which the applicable Money Market Rate Index is based on money market instruments not having a fixed maturity and the interest rate on which may be changed at any time, the Conversion Date must be a Business Day;

(iv) a Money Market Rate with respect to which the applicable Money Market Rate Index is based on money market instruments with a fixed maturity or the interest rate on which may be changed only on a fixed reset date, the Conversion Date must be such maturity or reset date; or

Indenture of Trust  
31

(v) a Medium-Term Rate, the Conversion Date must be the day next succeeding the last day of the Medium-Term Rate Period.

(d) Notice of Conversions to Holders. The Trustee shall give written notice to the Holders of a Conversion Date, which notice shall be in substantially the form attached to this Indenture as Exhibit B, appropriately completed, and shall be sent by first-class mail, postage prepaid, at least 30 days prior to the Conversion Date.

(e) Failure or Revocation of Conversion. If (i) the Authority fails to deliver to the Trustee and the Remarketing Agent by 10:00 a.m., Local Time, on the Conversion Date any supplemental Opinion of Bond Counsel required by subsection (b) of this Section or (ii) an Event of Default shall have occurred and be continuing hereunder, the Interest Rate Determination Method for the Series 2026A Bonds shall not be changed on the Conversion Date and the Trustee shall immediately notify by telephone the Credit Issuer, if any, the Liquidity Provider, if any, the Remarketing Agent and the Paying Agent that the Interest Rate Determination Method for the Series 2026A Bonds shall not be changed on the Conversion Date.

Notwithstanding any other provision in this Indenture to the contrary, no conversion of the Interest Rate Determination Method to the Fixed Rate shall occur if the Authority, not later than 10:00 a.m., Local Time, on the Business Day immediately preceding the applicable Computation Date, directs the Remarketing Agent not to change the Interest Rate Determination Method to the Fixed Rate by written notice, with a copy to the Trustee, the Paying Agent, the Remarketing Agent, the Liquidity Provider (if any), and the Credit Issuer, if any.

If a proposed conversion of the Interest Rate Determination Method is cancelled pursuant to the provisions of the two preceding paragraphs, all Bonds shall nevertheless be deemed to have been tendered for purchase on the Conversion Date and shall be purchased on the Conversion Date. The Series 2026A Bonds shall continue to bear interest in accordance with the Interest Rate Determination Method in effect prior to the Conversion Date, and in the case of a proposed change from a Medium-Term Rate or a Money Market Rate, for a Medium-Term Rate Period or Money Market Rate Period ending on the first day that is a day immediately preceding a Business Day and that occurs on or after the day that is the same number of days after the proposed Conversion Date as the number of days in the immediately preceding Medium-Term Rate Period or Money Market Rate Period, as the case may be (but in no event later than the maturity of the Series 2026A Bonds); provided, however, that (i) the rate of interest that the Series 2026A Bonds will bear shall be determined on the Conversion Date and (ii) if the Interest Rate Determination Method in effect prior to the Conversion Date is the Semiannual Rate, for purposes of this Section, the provisions of this Indenture requiring the setting of a Proposed Rate shall not be applicable.

(f) Failure to Mail Certain Notices. Failure to mail the notice described in subsection (d), or any defect therein, shall not affect the validity of any interest rate or change in the Interest Rate Determination Method on any of the Series 2026A Bonds or the requirement that the Series 2026A Bonds shall be tendered pursuant to Section 2.6(e) or extend the period for tendering any of the Series 2026A Bonds for purchase, and the Trustee shall not be liable to any Holder by reason of its failure to mail such notice or any defect therein.

Indenture of Trust  
32

satisfactory to the Rating Agency to the effect that payments of principal, premium, if any, or Purchase Price or interest on the Series 2026A Bonds from the proceeds of a drawing on such Credit Facility will not constitute avoidable preferential payments pursuant to the provisions of § 547 of the Bankruptcy Code recoverable from Holders of the Series 2026A Bonds pursuant to § 550 of the Bankruptcy Code; and (4) evidence of the consent of the Remarketing Agent. In addition, if the Credit Facility is issued by a branch or agency of a foreign commercial bank, there shall also be delivered an opinion of Counsel licensed to practice law in the jurisdiction in which the main office of such bank is located, satisfactory to the Trustee, each Rating Agency, if any, rating the Series 2026A Bonds, the Authority and the Remarketing Agent, to the effect that such Credit Facility has been duly executed, issued and delivered and is the legal, valid and binding obligation of such Credit Issuer enforceable in accordance with its terms.

(b) Credit Issuance Date. The Credit Issuance Date must be (i) with respect to a Weekly Rate Period, Monthly Rate Period or Semiannual Rate Period, an Optional Tender Date or (ii) with respect to any Money Market Rate Period or Medium-Term Rate Period, a Conversion Date.

(c) Notice of Credit Facility to Holders. Upon receipt of a Credit Issuance Notice from the Authority meeting the requirements set forth in subsection (a) hereof, the Trustee shall give notice by first-class mail, postage prepaid, to the Holders at least 30 days prior to the proposed Credit Issuance Date which notice shall be in substantially the form of Exhibit C hereto, appropriately completed.

(d) Nonacceptance of Credit Facility. If the Authority fails to deliver to the Trustee, the Paying Agent and the Remarketing Agent by 10:00 a.m., Local Time, on the Credit Issuance Date (i) the opinions of Bond Counsel and other Counsel required by subsection (a)(ii) of this Section or (ii) evidence that the anticipated ratings specified in the Trustee's notice to Holders pursuant to subsection (c) of this Section have been received, the Trustee shall not accept the Credit Facility, but all Bonds shall be deemed to have been tendered for purchase on the proposed Credit Issuance Date and shall be purchased on such date. The Trustee shall immediately notify by telephone the Authority if the Credit Facility is not accepted on the proposed Credit Issuance Date.

#### **Section 2.6 Tender of Series 2026A Bonds for Purchase.**

(a) Optional Tender During Weekly Rate Period or Monthly Rate Period. During any Weekly Rate Period or Monthly Rate Period, the Holders of the Series 2026A Bonds shall have the right to tender any such Series 2026A Bond (or portion thereof in an Authorized Denomination, provided that any Series 2026A Bond or portion thereof remaining is also in an Authorized Denomination) for purchase on any Optional Tender Date, but only upon:

(i) delivery to the Remarketing Agent at its principal office, not later than 4:00 p.m., Local Time, on or before the seventh day (or on the immediately preceding Business Day, if such seventh day is not a Business Day) next preceding such Optional Tender Date, of an irrevocable written, telephonic (followed, if requested by the Remarketing Agent, by written or Electronic Means confirmation delivered to the

Indenture of Trust  
34

(g) Compliance with Rule 15c2-12. Notwithstanding any provision in this Indenture to the contrary, the Authority, the Trustee or any other responsible party will comply with the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), with respect to the Series 2026A Bonds.

(h) Conversion to a Rate with Semiannual Interest Payment Dates. The Interest Rate Determination Method may not be converted to a Rate upon which interest is payable semiannually unless (i) the interest component of the Credit Facility which will be in effect immediately following such conversion, if any, provides for payment of up to 210 days of interest on the Series 2026A Bonds at the Ceiling Rate or (ii) the interest component of the Liquidity Facility which will be in effect immediately following such conversion, if any, provides for payment of the appropriate number of days of interest on the Series 2026A Bonds at the Ceiling Rate as required by each Rating Agency then rating the Series 2026A Bonds. If a rating for the Series 2026A Bonds is to be maintained after such conversion, the Trustee and the Remarketing Agent must receive, prior to the effective date of such conversion, written confirmation from each Rating Agency rating the Series 2026A Bonds that such rating will not be reduced or withdrawn.

#### **Section 2.5 Issuance of a Credit Facility.**

(a) Issuance by a Credit Issuer. During any Short-Term Rate Period or Medium-Term Rate Period during which no Credit Facility is in effect, the Authority, with the consent of the Remarketing Agent, may arrange for the issuance by a Credit Issuer of a Credit Facility, on the terms and subject to the conditions hereof and upon delivery by the Authority to the Trustee, the Remarketing Agent, and the Paying Agent of the following documents:

(i) (1) a notice (the "Credit Issuance Notice") stating that the Authority, with the consent of the Remarketing Agent, has arranged for the issuance of a Credit Facility and specifying a proposed Credit Issuance Date at least 40 days after receipt of such notice by the Trustee and (2) an Opinion of Bond Counsel to the effect that the issuance of such Credit Facility will not cause interest on the Series 2026A Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that such issuance is permitted under this Indenture; and

(ii) by 10:00 a.m., Local Time, on the applicable Credit Issuance Date, (1) a supplemental Opinion of Bond Counsel stating that under the laws existing on the Credit Issuance Date the issuance of the Credit Facility will not cause the interest on the Series 2026A Bonds to be included in gross income of the Holders thereof for federal income tax purposes; (2) an opinion of Counsel satisfactory to the Trustee, each Rating Agency (if any) rating the Series 2026A Bonds, the Authority, and the Remarketing Agent to the effect (a) that the Credit Facility has been duly executed, issued, and delivered by the Credit Issuer and is the legal, valid, and binding obligation of the Credit Issuer (or in the case of a branch or agency of a foreign commercial bank, such branch or agency) enforceable in accordance with its terms, and (b) that the Credit Facility is not and the issuance of the Credit Facility will not cause the Series 2026A Bonds to be subject to the registration requirements of the Securities Act of 1933, as amended; (3) if required by each Rating Agency, if any, rating the Series 2026A Bonds, an opinion of Counsel

Indenture of Trust  
33

Remarketing Agent no later than the close of business on the next succeeding Business Day), or notice via Electronic Means stating (1) that such Holder will tender for purchase all or any portion of such Holder's Series 2026A Bonds in an Authorized Denomination and the amount of Series 2026A Bonds to be tendered and (2) the Optional Tender Date on which such Series 2026A Bonds will be tendered; and

(ii) delivery of such Series 2026A Bond (with an appropriate instrument of transfer duly executed in blank) to the Remarketing Agent at its principal office at or prior to 10:00 a.m., Local Time, on such Optional Tender Date; provided, however, that no Series 2026A Bond (or portion thereof) shall be purchased unless such Series 2026A Bond as delivered to the Remarketing Agent shall conform in all respects to the description thereof in the aforesaid notice.

(b) Optional Tender During Semiannual Rate Period. During any Semiannual Rate Period, the Holders of the Series 2026A Bonds shall have the right to tender any such Series 2026A Bond (or portion thereof in an Authorized Denomination, provided that any Series 2026A Bond or portion thereof remaining is also in an Authorized Denomination) for purchase on any Optional Tender Date, but only upon:

(i) delivery to the Remarketing Agent at its principal office, not later than 4:00 p.m., Local Time, on or before the 14th day (or on the immediately preceding Business Day if such fourteenth day is not a Business Day) next preceding such Optional Tender Date of an irrevocable written, telephonic (followed, if requested by the Remarketing Agent, via Electronic Means or by written confirmation delivered to the Remarketing Agent no later than the close of business on the next succeeding Business Day), or notice via Electronic Means stating (1) that such Holder will tender for purchase all or any portion of such Holder's Bonds in an Authorized Denomination and the amount of Series 2026A Bonds to be tendered and (2) the Optional Tender Date on which such Series 2026A Bonds will be tendered; and

(ii) delivery of such Series 2026A Bond (with an appropriate instrument of transfer duly executed in blank) to the Remarketing Agent at its principal office at or prior to 10:00 a.m., Local Time, on such Optional Tender Date; provided, however, that no Series 2026A Bond (or portion thereof) shall be purchased unless such Series 2026A Bond as delivered to the Remarketing Agent shall conform in all respects to the description thereof in the aforesaid notice.

(c) Election to Tender Irrevocable. Any election of a Holder to tender Series 2026A Bonds for purchase on an Optional Tender Date in accordance with subsection (a) or (b) above shall be irrevocable and shall be binding on the Holder making such election and on any transferee of such Holder.

(d) Notices. The Remarketing Agent shall give prompt notice by telephone of receipt of (i) any tender notice received by it in accordance with paragraph (i) of subsection (a) or (b) above to the Trustee, the Paying Agent, the Liquidity Provider, if any, and the Credit Issuer, if any, (ii) any Credit Issuance Notice received by it from the Authority in accordance with Section

Indenture of Trust  
35

2.5(a) to the Trustee and the Paying Agent, or (iii) any Liquidity Issuance Notice received by it from the Authority in accordance with Section 3.9(a) to the Trustee and the Paying Agent.

During any Semiannual Rate Period, the Remarketing Agent shall give notice by first-class mail, postage prepaid, to Holders not more than 45 or less than 35 days prior to each Optional Tender Date, which notice shall state in substance (i) the next Optional Tender Date, (ii) the next Proposed Rate Computation Date related thereto, (iii) that the Proposed Rate may be obtained at the principal office of the Remarketing Agent on or after the Proposed Rate Computation Date, and (iv) that the Series 2026A Bonds are subject to tender at the option of the Holder thereof in the manner set forth in subsection (b) of this Section.

(e) **Mandatory Purchase on Mandatory Purchase Date.** The Series 2026A Bonds shall be subject to mandatory tender for purchase on any Mandatory Purchase Date at the Purchase Price thereof. Notwithstanding the preceding sentence, there shall be no purchase pursuant to this subsection of Series 2026A Bonds to be redeemed on the Mandatory Purchase Date, nor of Series 2026A Bonds issued in exchange for or upon the registration of transfer of Series 2026A Bonds to be redeemed on the Mandatory Purchase Date. Holders of Series 2026A Bonds shall tender such Series 2026A Bonds to the Remarketing Agent by 10:00 a.m., Local Time, on each Mandatory Purchase Date. The Series 2026A Bonds are not subject to mandatory tender on account of an Authorized Liquidity Termination.

(f) **Series 2026A Bonds Deemed Tendered.** If (i) with respect to a Mandatory Purchase Date, a Holder fails to deliver such Series 2026A Bond to the Remarketing Agent on or before the Mandatory Purchase Date or (ii) with respect to an Optional Tender Date, a Holder gives notice pursuant to Section 2.6(a) or (b) to the Remarketing Agent and thereafter fails to deliver such Series 2026A Bonds (or portion thereof) to the Remarketing Agent, as required, then such Series 2026A Bond (or portion thereof), that is not delivered to the Remarketing Agent, shall be deemed to have been properly tendered (such Series 2026A Bond being hereinafter referred to as an “**Untendered Bond**”) and, to the extent that there shall be on deposit with the Remarketing Agent on the date purchase thereof is required as provided herein an amount sufficient to pay the Purchase Price thereof, such Untendered Bond shall cease to constitute or represent a right to payment of principal or interest thereon and shall constitute and represent only the right to the payment of the Purchase Price payable on such date.

(g) **Date of Purchase and Source of Funds for Purchase of Series 2026A Bonds.** The Series 2026A Bonds (or portions thereof) tendered (or deemed tendered) to the Remarketing Agent for purchase in accordance with this Section, at the applicable Purchase Price, shall be purchased (but solely from funds set forth below) on each Optional Tender Date and each Mandatory Purchase Date. Funds for the payment of the Purchase Price for such Series 2026A Bonds (or portions thereof) shall be paid by the Remarketing Agent solely from the following sources and in the following order of priority:

(i) proceeds of the remarketing of such Series 2026A Bonds (or portions thereof) pursuant to Section 2.7;

(ii) if a Credit Facility is then in effect, money drawn under such Credit Facility pursuant to Section 3.8(a)(ii);

Indenture of Trust  
36

## Section 2.7 Remarketing of Series 2026A Bonds.

(a) **Best Efforts to Place Series 2026A Bonds.** The Remarketing Agent shall use its best efforts to place Series 2026A Bonds (or portions thereof) at a price of par plus accrued interest, if any, on each date that such Series 2026A Bonds (or portions thereof) are required to be purchased pursuant to Section 2.6. If such Series 2026A Bonds are not placed on such date but have been purchased with money provided pursuant to Section 2.6(g)(ii), (iii), (iv), (v), or (vi) (such Series 2026A Bonds being hereinafter referred to as “**Unremarketed Bonds**”), the Remarketing Agent shall continue, for a period not in excess of 30 days thereafter, to use its best efforts to place such Unremarketed Bonds at a price of par plus accrued interest, if any. The Remarketing Agent shall use its best efforts to place Unremarketed Bonds on a particular date that is more than 30 days after the date on which such Unremarketed Bonds were tendered (or deemed tendered) for purchase and became Unremarketed Bonds upon receipt by the Remarketing Agent and the Trustee by 10:00 a.m., Local Time, on such date, of an Opinion of Bond Counsel to the effect that under the laws existing on such date, the placement of such Unremarketed Bonds on such date will not adversely affect the exclusion of interest on the Series 2026A Bonds from gross income of the Holders thereof for federal income tax purposes.

By 12:00 noon, Local Time, on the Business Day prior to each date that the Series 2026A Bonds (or portions thereof) are required to be purchased pursuant to Section 2.6, the Remarketing Agent shall give initial notice by telephone (promptly confirmed by Electronic Meansx) to the Trustee, the Authority, the Liquidity Provider, if any, and the Credit Issuer, if any, of the principal amount of the Series 2026A Bonds for which it has arranged placement, together with the principal amount of the Series 2026A Bonds, if any (and such other particulars with respect thereto as the Trustee may deem necessary), for which it has not arranged placement.

The Remarketing Agent shall confirm such initial notice by telephone notice by 1:00 p.m., Local Time, on the Business Day prior to the date that such Series 2026A Bonds are to be purchased (such notice to be promptly confirmed in writing) of the amount of Series 2026A Bonds not remarketed, the amount of remarketing proceeds received, and the information necessary to enable the Trustee to prepare new Series 2026A Bond certificates with respect to the Series 2026A Bonds that were remarketed.

Notwithstanding anything herein to the contrary, Series 2026A Bonds may be remarketed only at a price of par.

(b) **Draws on Credit Facility or Purchases Under Liquidity Facility.** If money from the source described in Section 2.6(g)(i) are insufficient to pay the Purchase Price of Series 2026A Bonds tendered or deemed tendered on an Optional Tender Date or a Mandatory Purchase Date, the Trustee, by 11:00 a.m., Local Time, on such Optional Tender Date or Mandatory Purchase Date, shall take all action required to cause the Purchase Price of such Series 2026A Bonds to be paid, to the extent not available from the source described in Section 2.6(g)(i) from: (i) the Credit Facility, if a Credit Facility is then in effect or (ii) a purchase under the Liquidity Facility, if a Liquidity Facility is then in effect. If the Purchase Price of Series 2026A Bonds is paid from the Credit Facility as described herein, and the Authority does not reimburse the Credit Issuer for such Purchase Price, upon the remarketing of such Series 2026A

Indenture of Trust  
38

(iii) if a Credit Facility is then in effect, money from the Bond Purchase Fund constituting Eligible Funds, if any, under clause (i) of the definition of Eligible Funds that have been transferred to the Remarketing Agent pursuant to Section 4.4;

(iv) if a Liquidity Facility is then in effect, money paid by the Liquidity Provider to purchase such Series 2026A Bonds pursuant to the terms of the Liquidity Facility;

(v) if neither a Credit Facility nor a Liquidity Facility is in effect, money furnished by the Authority in accordance with the Liquidation Letter from the Authority to S&P dated November 5, 2026, a copy of which is attached hereto as Exhibit G, as such Liquidation Letter may be amended with the written approval of S&P; and

(vi) any other money furnished by or on behalf of the Authority for purchase of Series 2026A Bonds.

**Initially, there is no Credit Facility or Liquidity Facility in effect.**

Series 2026A Bonds (or portions thereof) purchased as provided above shall be delivered as provided in Section 2.8.

(h) **Notice of Mandatory Purchase Date.** Not less than 30 days prior to each Mandatory Purchase Date occurring as a result of a Credit Modification Date or at the Authority's direction, and not less than three days prior to each Mandatory Purchase Date occurring at the Credit Issuer's direction, the Trustee shall give written notice of such Mandatory Purchase Date to the Remarketing Agent and, by first-class mail, postage prepaid, the Holders, which notice shall be in substantially the form of Exhibits D or E hereto, as the case may be, appropriately completed. Failure to mail such notice or any defect therein shall not affect the rights or obligations of Holders and the Trustee shall not be liable to any Holder by reason of its failure to mail such notice or any defect therein. With respect to a Mandatory Purchase Date that is a Conversion Date, the Trustee shall provide notice to the Holders as set forth in Section 2.4(d). With respect to a Mandatory Purchase Date that is a Credit Issuance Date or a Liquidity Issuance Date, the Trustee shall provide notice to the Holders as set forth in Section 2.5(c) or Section 3.9(c), as appropriate.

(i) **Purchase Notice.** If the Series 2026A Bonds are held in a Book-Entry System, a purchase notice pursuant to Section 2.6(a)(i) or (b)(i) may be delivered by a Beneficial Owner. Such purchase notice must be delivered as set forth in Section 2.6(a)(i) or (b)(i), respectively, and must state that such Beneficial Owner will cause its beneficial interest (or portion thereof in an Authorized Denomination) to be tendered, the amount of such interest to be tendered, the Optional Tender Date on which such interest will be tendered and the identity of the Participant through which the Beneficial Owner maintains its interest. Upon delivery of such notice, the Beneficial Owner must make arrangements to have its beneficial ownership interest in the Series 2026A Bonds being tendered transferred to the Remarketing Agent at or prior to 10:00 a.m., Local Time, on the Optional Tender Date, but need not otherwise comply with Section 2.6(a)(ii) or (b)(ii), respectively.

Indenture of Trust  
37

Bonds as described in Section 2.7(a), the Remarketing Agent shall deliver the proceeds of the remarketing of such Series 2026A Bonds to the Credit Issuer.

(c) **No Remarketing During Default.** The Remarketing Agent shall not be required to remarket any Series 2026A Bonds pursuant to this Section if it has actual knowledge that an Event of Default shall have occurred and be continuing hereunder or if the Remarketing Agent determines, in its sole discretion, that the remarketing of the Series 2026A Bonds would be unlawful or would be likely to result in the imposition of liability or damages against the Authority, the Remarketing Agent, the Paying Agent, the Trustee, the Liquidity Provider, if any, or the Credit Issuer, if any.

(d) **Remarketing to Authority.** If a Credit Facility is then in effect, the Remarketing Agent shall not remarket any Series 2026A Bonds to (i) the Authority, (ii) any other Person obligated (as guarantor or otherwise) to make payments on the Series 2026A Bonds or under a Credit Agreement or (iii) an “affiliate” of the Authority as defined in Bankruptcy Code § 101(2) (if the Remarketing Agent has actual knowledge that such Person is an “affiliate” at the time of such remarketing), pursuant to this Section prior to the expiration or earlier termination of the Credit Facility unless, prior to such remarketing, the Trustee, each Rating Agency, if any, rating the Series 2026A Bonds, and the Remarketing Agent shall have received an unqualified opinion of Counsel experienced in bankruptcy law matters to the effect that such remarketing would not result in a preferential payment pursuant to the provisions of § 547 of the Bankruptcy Code recoverable from Holders of the Series 2026A Bonds pursuant to § 550 of the Bankruptcy Code in the event of an Act of Bankruptcy, and if a Rating Agency is rating the Series 2026A Bonds, such Rating Agency has confirmed to the Trustee in writing that its rating will not be withdrawn or reduced as a result of such remarketing.

(e) **Notice to Proposed Purchasers of Series 2026A Bonds.** The Remarketing Agent will give any Person to whom Series 2026A Bonds are proposed to be remarketed written notice of any Mandatory Purchase Date, acceleration of maturity of Series 2026A Bonds or redemption of Series 2026A Bonds, notice of which has been given to Holders, prior to remarketing Series 2026A Bonds to such Person.

(f) **No Remarketing Under Certain Conditions.** Notwithstanding anything to the contrary herein provided, the Series 2026A Bonds shall not be remarketed unless (i) a Credit Facility providing for the payment of the principal of and interest on, and Purchase Price of, the Series 2026A Bonds will be in effect following the remarketing of such Series 2026A Bonds, (ii) a Liquidity Facility providing for the purchase of Series 2026A Bonds to the extent other funds are not available will be in effect following the remarketing of such Series 2026A Bonds, (iii) no such Credit Facility or Liquidity Facility will be in effect, but at the time of such remarketing, the Series 2026A Bonds are rated by a Rating Agency and such long-term and/or short-term rating is satisfactory to the Remarketing Agent in its sole discretion, or (iv) no such Credit Facility will be in effect, but following the remarketing of such Series 2026A Bonds, the Series 2026A Bonds will bear interest at a Long-Term Rate. Notwithstanding anything to the contrary herein provided, the Series 2026A Bonds shall not be remarketed following a Mandatory Purchase Date occurring at the Credit Issuer's direction unless and until the Remarketing Agent has received the consent of the Credit Issuer to such remarketing.

Indenture of Trust  
39

**Section 2.8 Delivery of Purchased Series 2026A Bonds.** Series 2026A Bonds (or portions thereof) purchased pursuant to Section 2.6 shall be delivered as follows:

(a) **Bonds Purchased from Remarketing Proceeds.** Series 2026A Bonds purchased with money described in Section 2.6(g)(i) shall be delivered to the purchasers thereof upon receipt of payment therefor. Prior to such delivery the Registrar shall provide for registration of transfer to the Holders, as provided in a written notice from the Remarketing Agent.

(b) **Bonds Purchased from Draws Under Liquidity Facility or Under Credit Facility.**

(i) Series 2026A Bonds or portions thereof purchased with money drawn under a Liquidity Facility shall be surrendered to the Trustee for registration of transfer to the Liquidity Provider.

(ii) Series 2026A Bonds (or portions thereof) purchased with money drawn under a Credit Facility ("**Pledged Bonds**") shall be surrendered to the Trustee for registration of transfer to the Authority and upon such registration of transfer, the Series 2026A Bonds issued in respect thereof shall be (i) delivered to and held by the Trustee for the account of the Authority, and no such Series 2026A Bond shall be released, pledged or otherwise transferred or disposed of until the Trustee shall have received written notice from the Credit Issuer that the amounts so drawn under the Credit Facility, together with interest thereon, if any, due pursuant to any Credit Agreement, have been reimbursed to the Credit Issuer and that the amount so drawn under the Credit Facility with respect to such Series 2026A Bonds has been, or upon such release will be, correspondingly and fully reinstated, and thereupon shall be delivered to, or in accordance with the written direction of, the Authority or (ii) if required pursuant to any Credit Agreement, issued to a pledge agent for the account of the Credit Issuer as pledgee of such Series 2026A Bonds and no such Series 2026A Bond shall be released, pledged or otherwise transferred or disposed of until the Trustee shall have received written notice from the Credit Issuer that the amounts so drawn under the Credit Facility, together with interest thereon, if any, due pursuant to any Credit Agreement, have been reimbursed to the Credit Issuer and that the amount so drawn under the Credit Facility with respect to such Series 2026A Bonds has been, or upon such release will be, correspondingly and fully reinstated. If the Book-Entry System is in effect and less than all of the Series 2026A Bonds become Pledged Bonds, the Trustee shall withdraw any Pledged Bonds from the Book-Entry System and shall authenticate and hold physical bonds as described in this subsection until such Series 2026A Bonds are released as provided in this subsection, at which time the Trustee shall reinstate the Book-Entry System with respect to such Series 2026A Bonds.

(c) **Bonds Purchased with Authority or Other Money.** Series 2026A Bonds (or portions thereof) purchased with other money pursuant to Section 2.6(g)(v) shall be registered in the Authority, and Series 2026A Bonds (or portions thereof) purchased with other money furnished on behalf of the Authority pursuant to Section 2.6 (g)(vi) shall be delivered to the Trustee (i) for cancellation and shall be cancelled, or (ii) if the Authority requests, for registration of transfer to the Authority.

Indenture of Trust  
40

(b) The Series 2026A Bonds shall be in either typewritten or printed form, as the Authority shall direct, with approval of the Trustee; provided that any expenses, including but not limited to expenses of printing, incurred in connection therewith shall be paid by the Authority.

(c) On and after any Mandatory Purchase Date, Bonds authenticated and delivered hereunder shall have omitted from the text thereof such provisions contained in the form of the Series 2026A Bonds set forth as Exhibit A hereto as are not applicable to the Series 2026A Bonds on and after such date or shall include such provisions as will become applicable after such date including without limitation any reference to entitlement to any benefit of a Credit Facility, if then in effect, and any redemption provisions made applicable as a result of the occurrence of a Conversion Date relating to a conversion to a Long-Term Rate.

**Section 2.12 Delivery of Series 2026A Bonds.** Upon the execution and delivery hereof, the Authority shall execute the Series 2026A Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Series 2026A Bonds and deliver them to such purchaser or purchasers as shall be directed in writing by the Authority as hereinafter provided in this Section.

Prior to the direction by the Authority to the Trustee to deliver any of the Series 2026A Bonds there shall be filed with the Trustee:

(a) a certified copy of all resolutions adopted and proceedings had by the Authority authorizing execution of the Indenture and the issuance of the Series 2026A Bonds;

(b) an original executed counterpart of this Indenture, the Purchase Agreement, and the Remarketing Agreement;

(c) [Reserved];

(d) copies of any Financing Statements filed to perfect the security interests in the Security;

(e) a copy of completed IRS Form 8038G to be filed by or on behalf of the Authority pursuant to § 149(e) of the Code;

(f) an original executed counterpart of the certificate of the Authority establishing its reasonable expectations to the effect that the Series 2026A Bonds will not be "arbitrage bonds" within the meaning of § 148 of the Code;

(g) an opinion of Counsel to the effect that this Indenture, the Purchase Agreement, and the Remarketing Agreement have been duly authorized, executed, and delivered by the Authority and are legal, valid and binding agreements of the Authority and that all UCC financing statements or other filings required for the perfection of the Security have been executed and properly recorded in all necessary filing offices, and an approving opinion of Bond Counsel that the Series 2026A Bonds have been duly authorized and validly issued, that the Indenture creates a valid lien on the Security and that interest on the Series 2026A Bonds will not be included in gross income of the Holders thereof for federal income tax purposes;

Indenture of Trust  
42

(d) **During Book-Entry System.** Notwithstanding anything herein to the contrary, so long as the Series 2026A Bonds are held under the Book-Entry System, Bonds will not be delivered as set forth in (a) through (c) above (except as set forth in the last sentence of Section 2.8(b) above); rather, transfers of beneficial ownership and pledges of the Series 2026A Bonds to the persons indicated above will be effected on the books of the Securities Depository and its Participants pursuant to its rules and procedures.

**Section 2.9 Execution; Limited Obligation.** The Series 2026A Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairman of the Authority and attested by the manual or facsimile signature of the Executive Director & President of the Authority and shall have impressed or imprinted thereon the seal (or a facsimile thereof), if any, of the Authority.

In case any officer whose manual or facsimile signature shall appear on the Series 2026A Bonds shall cease to be such officer before the delivery of such Series 2026A Bonds, such manual or facsimile signatures shall nevertheless be valid and sufficient for all purposes.

The Series 2026A Bonds shall be limited obligations of the Authority. The Series 2026A Bonds and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the State or any political subdivision or agency thereof within the meaning of any State constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the State or any such political subdivision or agency. The Authority has no taxing power. The Series 2026A Bonds and the interest thereon are payable solely from and secured by the Security, including the money available to be drawn by the Trustee under any Credit Facility that may be in effect from time to time to support payments due on or with respect to the Series 2026A Bonds, all as described in and subject to limitations set forth in this Indenture, for the equal and ratable benefit of the Holders, from time to time, of the Series 2026A Bonds.

**Section 2.10 Certificate of Authentication.** No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication, substantially in the form as set forth in the form of Bond referred to in Section 2.11, executed by an authorized officer of the Trustee; and such certificate on any Bond issued by the Authority shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

**Section 2.11 Form of Series 2026A Bonds.**

(a) The Series 2026A Bonds, the Trustee's certificate of authentication, and the form of assignment shall be in substantially the form set forth as Exhibit A hereto, with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officers of the Authority executing such Series 2026A Bonds, as evidenced by their execution of the Series 2026A Bonds.

Indenture of Trust  
41

(h) [Reserved]; and

(i) a request and authorization to the Trustee on behalf of the Authority and signed by a duly authorized officer of the Authority directing the Trustee to authenticate and deliver the Series 2026A Bonds in such specified denominations as permitted herein to the initial purchaser or purchasers upon payment to the Trustee, but for the account of the Authority, of a specified sum of money.

Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Series 2026A Bonds as provided above.

**Section 2.13 Mutilated, Lost, Stolen, or Destroyed Bonds.** If any Bond is mutilated, lost, stolen, or destroyed, the Authority may execute and the Trustee may authenticate and deliver a new Bond of the same maturity, interest rate, principal amount, and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen, or destroyed; provided, that there shall be first furnished to the Trustee evidence satisfactory to the Authority of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and the Authority and compliance with such other reasonable regulations as the Authority and the Trustee may prescribe. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Authority may pay the same without surrender thereof. The Authority and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses (including reasonable attorneys' fees, costs, and expenses, if any) in connection with this Section.

**Section 2.14 Exchangeability and Transfer of Series 2026A Bonds; Persons Treated as Owners.** Books for the registration of the Series 2026A Bonds and for the registration of transfer of the Series 2026A Bonds as provided herein shall be kept by the Registrar.

Any Holder of a Series 2026A Bond, in person or by such Holder's duly authorized attorney, may transfer title to such Holder's Bond on the Register upon surrender thereof at the designated corporate trust office of the Trustee, and by providing the Registrar with a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the Holder or such Holder's duly authorized attorney, and thereupon, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same aggregate principal amount and tenor as the Bond surrendered (or for which transfer of registration has been effected) and of any Authorized Denomination or Authorized Denominations.

Bonds may be exchanged upon surrender thereof at the designated corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Series 2026A Bonds of the same tenor as the Series 2026A Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Authority shall execute and the Trustee shall authenticate and deliver Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Indenture of Trust  
43

Such registrations of transfer or exchanges of Series 2026A Bonds shall be without charge to the Holders of such Series 2026A Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Registrar for any such registration of transfer or exchange and all reasonable expenses of the Authority and the Trustee shall be paid by the Authority.

The Registrar shall not register any transfer of any Series 2026A Bond, except pursuant to a tender of Series 2026A Bonds on an Optional Tender Date or a Mandatory Purchase Date, after notice calling such Series 2026A Bond (or portion thereof) for redemption has been given and prior to such redemption, except in the case of any Series 2026A Bond to be redeemed in part, the portion thereof not to be redeemed. In connection with any such transfer pursuant to a tender of Series 2026A Bonds on an Optional Tender Date or a Mandatory Purchase Date, the Registrar shall deliver to the transferee a copy of the applicable notice of redemption.

The person in whose name any Series 2026A Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest shall be made only to or upon the order of the registered owner thereof or such Holder's duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2026A Bond to the extent of the sum or sums so paid.

All Bonds issued upon any registration of transfer or exchange of Series 2026A Bonds shall be legal, valid and binding limited obligations of the Authority, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Series 2026A Bonds surrendered upon such registration of transfer or exchange.

Notwithstanding the foregoing, for so long as the Series 2026A Bonds are held under the Book-Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository.

**Section 2.15 Replacement Bonds.** Except when the Series 2026A Bonds are held in the Book-Entry System, the Authority shall execute and the Trustee shall authenticate and deliver Replacement Bonds to replace Untendered Bonds. Any such Replacement Bond shall be executed and authenticated as provided in this Indenture. The Authority shall bear all expenses in connection with the preparation and delivery of the Replacement Bonds.

**Section 2.16 Cancellation.** All Bonds that have been surrendered to the Registrar pursuant to Sections 2.13, 2.14, or 2.15 of this Indenture or for the purpose of purchase upon an Optional Tender Date or a Mandatory Purchase Date, or for payment upon maturity or redemption prior to maturity, shall be cancelled and destroyed by the Registrar and a certificate of destruction, upon written request, shall be delivered to the Authority.

**Section 2.17 Ratably Secured.** All Series Bonds issued hereunder are and are to be, to the extent provided in this Indenture equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication,

Indenture of Trust  
44

accrued interest thereon to the redemption date as follows, provided, however, if a Credit Facility is then in effect, such redemption premium shall be paid only from Eligible Funds described in clause (i) of the definition of Eligible Funds on deposit in the Bond Fund, unless such Credit Facility provides for payment of such premium:

| Length of Long-Term Rate Period From Conversion Date Until End of Rate Period (Expressed in Years) | First Day of Redemption Period                  | Redemption Premium as a Percentage of Principal Amount of Series 2026A Bonds                                         |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| More than 15                                                                                       | 10th Anniversary of Conversion Date             | 3% declining by 1% every year after the 10th Anniversary of the Conversion Date until reaching 0%, and thereafter 0% |
| More than 10 but not more than 15                                                                  | 7th Anniversary of Conversion Date              | 3% declining by 1% every year after the 7th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%  |
| More than 7 but not more than 10                                                                   | 5th Anniversary of Conversion Date              | 2% declining by 1% every year after the 5th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%  |
| More than 5 but not more than 7                                                                    | 4th Anniversary of Conversion Date              | 1% declining by 1% to 0% the first year after the 4th Anniversary of the Conversion Date, and thereafter 0%          |
| 5 or less                                                                                          | Bonds not redeemable pursuant to this paragraph | N/A                                                                                                                  |

The above premiums may be changed upon the conversion to a Long-Term Rate upon the receipt of an Opinion of Bond Counsel subject to and in accordance with the provisions of Section 2.3(f) and (g).

(b) **Extraordinary Optional Redemption.** The Series 2026A Bonds are subject to redemption in whole, at the written direction of the Authority, at a redemption price equal to 100% of the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date, on any date for which the requisite notice of redemption can be given within 180 days of the occurrence of any of the following events:

(i) the System shall have been damaged or destroyed to such an extent that in the judgment of the Authority (A) it cannot reasonably be restored within a period of three consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Authority is thereby prevented from carrying on its normal operations

Indenture of Trust  
46

delivery or maturity of the Series 2026A Bonds so that subject as aforesaid, all Series 2026A Bonds at any time Outstanding shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date. Notwithstanding the foregoing, any Series 2026A Bond that is registered in the name of the Authority or held or required to be held by the Trustee or any pledge agent under a pledge agreement pursuant to Section 2.8 shall not be entitled to any benefit of the Credit Facility, if any.

#### **Section 2.18 Redemption of Series 2026A Bonds: Partial Redemption of Series 2026A Bonds.**

(a) **Optional Redemption.** During any Weekly Rate Period, the Series 2026A Bonds are subject to redemption, at the written direction of the Authority, in whole on any Business Day or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

During any Monthly Rate Period the Series 2026A Bonds are subject to redemption, at the written direction of the Authority, in whole on the first Business Day of any calendar month or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

During any Money Market Rate Period with respect to which the applicable Money Market Rate Index is based on money market instruments not having a fixed maturity and the interest rate on which may change at any time, the Series 2026A Bonds are subject to redemption, at the written direction of the Authority, in whole on any Business Day or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

During any Money Market Rate Period with respect to which the applicable Money Market Rate Index is based on money market instruments with a fixed maturity and the interest rate on which may be changed only on a fixed reset date, the Series 2026A Bonds are subject to redemption, at the written direction of the Authority, in whole on any such maturity date or fixed reset date or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

During any Semiannual Rate Period the Series 2026A Bonds are subject to redemption, at the written direction of the Authority, in whole or in part, on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

During any Long-Term Rate Period, the Series 2026A Bonds are subject to redemption, at the written direction of the Authority, in whole or in part on any Interest Payment Date occurring on or after the First Day of Redemption Period as described below, at the principal amount thereof, plus a redemption premium (expressed as a percentage of principal amount) plus

Indenture of Trust  
45

of the System for a period of three consecutive months, or (C) it would not be economically feasible for the Authority to replace, repair, rebuild, or restore the same;

(ii) unreasonable burdens or excessive liabilities shall have been imposed on the Authority with respect to the operations of the System that, in the judgment of the Authority, render the continued operation of the System uneconomical;

(iii) changes which the Authority cannot reasonably control or overcome in the economic availability of materials, supplies, labor, equipment, and other properties and things necessary for the efficient operation of the System for the purposes contemplated by this Indenture shall have occurred or technological changes that the Authority cannot reasonably overcome shall have occurred that, in the judgment of the Authority render the continued operation of the System uneconomical; or

(iv) legal curtailment of the Authority's use and occupancy of all or substantially all of the System, which curtailment shall, in the judgment of the Authority, prevent the Authority from carrying on its normal operations at the System for a period of three consecutive months.

(c) **[Reserved].**

(d) **Mandatory Sinking Fund Redemption.** The Series 2026A Bonds are subject to mandatory sinking fund redemption in part, without premium, on October 1 in each of the following years in the following principal amount of the Sinking Fund Requirements per year, at a redemption price equal to the principal amount of Series 2026A Bonds to be redeemed plus accrued interest to the redemption date, and without premium (the October 1, 2056, maturity to be paid rather than redeemed):

| Year | Amount      |
|------|-------------|
| 2047 | \$3,925,000 |
| 2048 | 4,125,000   |
| 2049 | 4,345,000   |
| 2050 | 4,565,000   |
| 2051 | 4,805,000   |
| 2052 | 5,055,000   |
| 2053 | 5,325,000   |
| 2054 | 5,600,000   |
| 2055 | 15,750,000  |
| 2056 | 16,575,000  |

If Series 2026A Bonds are redeemed at the option of the Authority pursuant to Section 2.18(a) hereof, the Series 2026A Bonds so redeemed may, at the option of the Authority, be applied as a credit against any subsequent Sinking Fund Requirement with respect to the Series 2026A Bonds otherwise to be redeemed thereby, such credit to be equal to the principal amount of such Series 2026A Bonds redeemed pursuant to Section 2.18(a) hereof; provided, that the Authority shall have delivered to the Trustee not less than 45 days prior to the date of such mandatory sinking fund redemption a certificate of an Authority Representative stating the

Indenture of Trust  
47

Authority's election to apply such Series 2026A Bonds as such a credit. Unless the Trustee receives a certificate of an Authority Representative electing to apply Bonds redeemed at the option of the Authority pursuant to Section 2.18(a) as a credit against a particular Sinking Fund Requirement, the Series 2026A Bonds so redeemed shall be applied to the Sinking Fund Requirements in reverse chronological order.

During the Fixed Rate Period, at its option, to be exercised on or before the 45th day next preceding any such sinking fund payment date, the Authority may deliver to the Trustee for cancellation Series 2026A Bonds in any aggregate principal amount desired. Each Series 2026A Bond so delivered shall be credited by the Trustee at 100% of the principal amount thereof to the obligation of the Authority on such sinking fund payment date and any excess shall be credited on future sinking fund payment obligations in chronological order, and the principal amount of Series 2026A Bonds to be redeemed by operation of the sinking fund as set forth above in this subsection shall be accordingly reduced by the amounts of such credits. If the Authority wishes to avail itself of the option contained in this paragraph, the Authority will on or before the 45th day next preceding a sinking fund payment date furnish the Trustee and the Remarketing Agent with its certificate indicating to what extent the provisions of this paragraph are to be availed of with respect to such sinking fund payment. If the credit pursuant to this paragraph is sufficient to fully discharge a particular sinking fund payment, no Series 2026A Bonds shall be redeemed on the applicable sinking fund payment date pursuant to this subsection. Otherwise, if the credit pursuant to this paragraph is available, but insufficient to fully discharge the obligations of the Authority on a particular sinking fund payment date, the Trustee shall redeem on the applicable sinking fund redemption date the principal amount of the Series 2026A Bonds set forth in the first paragraph of this subsection (d), less the credit provided for in this paragraph.

(e) **Selection of Series 2026A Bonds to be Redeemed.** If less than all the Outstanding Bonds shall be called for redemption, the Registrar or, if the Series 2026A Bonds are held in the Book-Entry System, the Securities Depository shall first select and call for redemption Series 2026A Bonds held by the Liquidity Provider or the Trustee or a pledge agent for the account of the Authority and pledged to the Credit Issuer as contemplated in Section 2.8(b). If, following such selection, Additional Bonds must be selected and called for redemption, the Registrar or, if the Series 2026A Bonds are held in the Book-Entry System, the Securities Depository, shall select or arrange for the selection, by lot or in such other manner as it shall deem fair and equitable and pursuant to its rules and procedures, the Series 2026A Bonds, in Authorized Denominations, provided that any Series 2026A Bond or portion thereof remaining Outstanding shall be in an Authorized Denomination. If there shall be called for redemption less than the principal amount of a Series 2026A Bond, the Authority shall execute and the Trustee shall authenticate and deliver, upon surrender of such Series 2026A Bond, without charge to the Holder thereof in exchange for the unredeemed principal amount of such Series 2026A Bond at the option of such Holder, Series 2026A Bonds in any of the Authorized Denominations or, if the Series 2026A Bonds are held in the Book-Entry System, the Securities Depository shall, acting pursuant to its rules and procedures, reflect in said system the partial redemption and the Trustee shall (i) either exchange the Series 2026A Bond or Series 2026A Bonds held by the Securities Depository for a new Bond or Bonds in the appropriate principal amount, if such Series 2026A Bond is presented to the Trustee by the Securities Depository, or (ii) obtain from the Securities Depository a written confirmation of the reduction in the principal amount of the Series 2026A Bonds held by such Securities Depository.

Indenture of Trust  
48

Authorized Denominations, with registration of transfers of ownership effected on the records of the Securities Depository, the Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal of, interest and any premium on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Register as the registered Holder of such Series 2026A Bond or such Holder's registered assigns or legal representative at the designated corporate trust office of the Registrar. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the Holder of the Series 2026A Bonds for all purposes (except as provided in Section 2.6(i)). Transfer of principal, interest and any premium payments or notices to Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfer of principal, interest and any premium payments or notices to Beneficial Owners will be the responsibility of the Participants and the Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the registered owner of the Series 2026A Bonds, notwithstanding any other provisions set forth herein, payments of principal of, redemption premium, if any, and interest on the Series 2026A Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said Holder as may be specified in the Register maintained by the Registrar or by such other method of payment as the Trustee may determine to be necessary or advisable with the concurrence of the Securities Depository.

If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Series 2026A Bonds, or (ii) the Remarketing Agent elects to remove the Securities Depository, then the Remarketing Agent may appoint a new Securities Depository. The Remarketing Agent may elect to remove the Securities Depository at any time.

If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Series 2026A Bonds or has been removed and the Remarketing Agent fails to appoint a new Securities Depository, or (ii) the Remarketing Agent determines that continuation of a Book-Entry System of evidence and transfer of ownership of the Series 2026A Bonds would adversely affect the interests of the Beneficial Owners, the Book-Entry System will be discontinued, in which case the Trustee will deliver replacement Bonds in the form of fully registered certificates in Authorized Denominations in exchange for the Outstanding Bonds as required by the Trustee and the Beneficial Owners.

[END OF ARTICLE II]

Indenture of Trust  
50

## Section 2.19 Notice of Redemption.

(a) The Authority shall exercise its option to cause a redemption of Series 2026A Bonds by giving written notice to the Remarketing Agent, the Trustee, the Paying Agent, the Liquidity Provider, if any, and the Credit Issuer, if any, not less than 45 days prior to the date selected for redemption; provided, however, that, if such redemption is an extraordinary optional redemption pursuant to Section 2.18(b), the Authority shall also deliver a certificate of an Authority Representative certifying that the conditions precedent to such redemption have been met. To exercise any optional redemption pursuant to Section 2.18(a) so long as a Credit Facility is in effect, then at least one day before the Trustee is to give notice of such redemption, the Trustee must have received written consent from the Credit Issuer to a draw on the Credit Facility in the amount of such redemption price if money in the Bond Fund constituting Eligible Funds under clause (i) of the definition of Eligible Funds will not be available to reimburse the Credit Issuer for such drawing on the date of such redemption. If a Credit Facility is in effect and the Credit Issuer does not consent to a drawing for an optional redemption of Series 2026A Bonds pursuant to Section 2.18(a), the Trustee shall condition such call for redemption upon the deposit with the Trustee of sufficient Eligible Funds on or prior to the date selected for redemption to reimburse the Credit Issuer for such drawing or to retire the Series 2026A Bonds to be redeemed if the Credit Issuer fails to honor such drawing, and if sufficient Eligible Funds are not so available on the date selected for redemption, such call for redemption shall be revoked.

(b) Notice of redemption shall be mailed by the Trustee by first-class mail, postage prepaid, at least 30 days before the redemption date to each Holder of the Series 2026A Bonds to be redeemed in whole or in part at such Holder's last address appearing on the Register, but no defect in or failure to give such notice of redemption shall affect the validity of the redemption. A notice of optional redemption shall describe whether and the conditions under which the call for redemption shall be revoked. All Series 2026A Bonds properly called for redemption will cease to bear interest on the date fixed for redemption, provided Eligible Funds for their redemption have been duly deposited with the Trustee and, thereafter, the Holders of such Series 2026A Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Series 2026A Bond for any portion not redeemed.

**Section 2.20 Book-Entry System.** The Series 2026A Bonds shall be initially issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section. Any provision of this Indenture or the Series 2026A Bonds requiring physical delivery of the Series 2026A Bonds (other than the final sentence of Section 2.8(b)) shall, with respect to any Series 2026A Bonds held under the Book-Entry System, be deemed to be satisfied by a notation on the Register maintained by the Registrar that such Series 2026A Bonds are subject to the Book-Entry System.

So long as a Book-Entry System is being used, one Bond in the aggregate principal amount of the Series 2026A Bonds and registered in the name of the Securities Depository Nominee will be issued and deposited with the Securities Depository and held in its custody. The Book-Entry System will be maintained by the Securities Depository and the Participants and Indirect Participants and will evidence beneficial ownership of the Series 2026A Bonds in

Indenture of Trust  
49

## ARTICLE III

### FLOW OF FUNDS; SECURITY; COVENANTS

**Section 3.1 Revenue Fund.** The Authority will continue to maintain a special fund described and designated as the REVENUE FUND (the "**Revenue Fund**"), into which the Authority will deposit promptly as received all income and revenue of every nature derived from the ownership and operation of the System as the same now exists and as it hereafter may be added to, extended, enlarged, improved, and equipped (the "**Revenue**"), and such Revenue will be disbursed in the manner and order set forth herein. The depository of the Revenue Fund may be changed from time to time by proper resolution of the Authority.

### Section 3.2 Flow of Funds.

(a) There will first be paid from the Revenue Fund the Operating Expense of the System.

(b) The Authority will continue to maintain, for so long as any Bonds or the interest thereon are outstanding and unpaid or provision for the payment thereof has not been made in accordance with the provisions of the resolutions or indentures relating to the issuance thereof, a special fund described and designated as the MACON WATER AUTHORITY REVENUE BOND SINKING FUND (the "**Sinking Fund**"). Within the Sinking Fund the Authority shall continue to maintain a **Debt Service Account** and a **Debt Service Reserve Account**. Subject to the provisions of Section 3.2(e), the Authority may establish sub-accounts within the Debt Service Reserve Account. The Authority may designate one or more depositories for, or custodians of, such Sinking Fund and the accounts therein, and such depositories or custodians may establish subaccounts therein for each series of Bonds as necessary.

(i) After making the payments required by Section 3.2(a) and concurrently with withdrawing the amounts required to be withdrawn from the Revenue Fund for the payment of the Prior Bonds (except for net of any Debt Service Offset which shall be deposited upon receipt by the Authority directly to the Debt Service Account and applied to pay debt service on a series of bonds to which such Debt Service Offset is applicable) pursuant to the Prior Resolutions, the Authority will withdraw from the Revenue Fund and deposit in the Debt Service Account:

(1) On or before the last days of November and December 2026, one-half of the estimated interest coming due on the Series 2026A Bonds from the date of issuance and delivery of the Series 2026A Bonds to January 1, 2027. Beginning January 2027, on or before the last day of each month, one-third (or in the event the Interest Rate Determination Method is converted to a Semiannual Rate or a Long-Term Rate, one-sixth) of the estimated interest coming due on the Series 2026A Bonds on the next Interest Payment Date. The interest payments on the Series 2026A Bonds coming due on the next Interest Payment Date shall be estimated by the Authority at the end of each Sinking Fund Year using the average interest rate on the Series 2026A Bonds for the Sinking Fund Year then ended; provided, however, for payments of such interest to be made during the

Indenture of Trust  
51

first Sinking Fund Year, the amount of interest payments on the Series 2026A Bonds due on the next Interest Payment Date shall be estimated by the Authority using an interest rate of 3.50%; and

(2) Beginning in October 2027, on or before the last day of each month, one-twelfth of the Sinking Fund Requirement coming due on the next October 1, such monthly payments to continue from month to month thereafter until sufficient funds are on hand to pay all Outstanding Series 2026A Bonds at their respective maturities and the interest which becomes due and payable thereon; provided, however, the Authority shall ensure that in any event the payment into the Sinking Fund shall be at all times sufficient and timely to pay principal of, premium, if any, and interest on all Outstanding Series 2026A Bonds when due and payable.

(ii) If necessary, after there shall have been paid from the Revenue Fund the payments required above, there shall next be paid from the Revenue Fund into the Debt Service Reserve Account of the Sinking Fund, an amount sufficient to increase the amount in the Debt Service Reserve Account to an amount equal to the Debt Service Reserve Requirement. Upon the issuance of Additional Bonds, such amount may be made in 60 monthly payments of approximately the same amount so that the aggregate of such payments will be sufficient to raise the amount in the Debt Service Reserve Account to an amount equal to the Debt Service Reserve Requirement at the time of delivery of such Additional Bonds if the resolution or indenture pursuant to which such Additional Bonds are issued so provides. The Trustee shall not be responsible for the calculation of the Debt Service Reserve Requirement. The Debt Service Reserve Account shall be used only for the purpose of making payments of principal and interest on the Bonds in the event no other money is available to meet such payments. If money is taken from the Debt Service Reserve Account for the payment of such debt service the money so taken shall be replaced from the first money in the Revenue Fund thereafter available and not required to be used for Operating Expense and not required to make the monthly payments to the Debt Service Account as hereinabove provided. Notwithstanding anything to the contrary contained herein, the Authority may elect to withdraw any money on deposit in the Debt Service Reserve Account and deposit in lieu thereof a surety bond, an insurance policy or a letter of credit in an amount equal to the difference between the Debt Service Reserve Requirement and the sums remaining on deposit in the Debt Service Reserve Account; provided however, that prior to doing so, the Authority shall furnish to the Trustee an Opinion of Bond Counsel stating that the deposit of such surety bond, insurance policy, or letter of credit will not cause interest on the Bonds to be included in the gross income of Holders thereof for federal income tax purposes. The surety bond, insurance policy or letter of credit shall be payable on any Interest Payment Date on which money will be required to be withdrawn from the Debt Service Reserve Account and applied to the payment of principal of or interest on any Bonds and such withdrawal cannot be met by amounts on deposit in the Debt Service Reserve Account. The insurer providing such surety bond shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues, results in such issues being rated in the highest rating category by Moody's, or any insurer who holds the highest policyholder rating accorded insurers by

Indenture of Trust  
52

Agreement, respectively; provided however, that, in the discretion of the Authority, such fees, charges, and other amounts may be paid directly from the Revenue Fund.

(c) (i) The Authority will continue to maintain, for so long as any of the Bonds or the interest thereon are outstanding and unpaid or provision for the payment thereof has not been made in accordance with the provisions of the resolution or indenture providing for the issuance thereof, a special fund designated as the MACON WATER AUTHORITY RENEWAL AND REPLACEMENT FUND (the "Renewal and Replacement Fund"). The Trustee shall have no obligations or responsibilities relating to the Renewal and Replacement Fund. After retaining in the Revenue Fund an amount reasonably estimated by the Authority to be required for Operating Expense for the next succeeding month, there shall be paid from the Revenue Fund into the Renewal and Replacement Fund all remaining Revenue of the System from month to month until the balance therein amounts to at least \$500,000. If, at any time, the balance in the Renewal and Replacement Fund is less than the full amount required, such payments from the Revenue Fund to the Renewal and Replacement Fund shall again be made from month to month until the Renewal and Replacement Fund is at its proper balance. Money in the Renewal and Replacement Fund shall be held and used by the Authority for the following purposes only:

(1) to make emergency repairs or replacements to the System required as the result of some extraordinary occurrence when money is not available to meet such emergency from any other source;

(2) to make replacements, additions, extensions, and improvements to the System and to acquire real and personal property therefor if money is not available for such purpose from any other source; and

(3) to pay the principal of or the interest on the Bonds when money for such purpose is not available in the Sinking Fund.

(ii) The payments required to be made to the Renewal and Replacement Fund may be subordinated to the pledge of the revenue of the System made to secure the payment of any Additional Bonds or obligations issued by the Authority and secured by a pledge of the revenues subordinate to the pledge securing the payment of the Series 2026A Bonds.

(d) Such funds as shall from time to time remain in the Revenue Fund after the payment of all amounts hereinabove required to be paid may be withdrawn from the Revenue Fund and used by the Authority for any lawful purpose.

(e) The Authority is hereby authorized to create sub-accounts within the Debt Service Reserve Account, upon the redemption, defeasance or payment in full of the Prior Bonds. If sub-accounts are created within the Debt Service Reserve Account, such sub-accounts may be created for the Series 2026A Bonds authorized under this Resolution or any future series of Additional Bonds. If sub-accounts are created within the Debt Service Reserve Account, money

Indenture of Trust  
54

A.M. Best & Co., or any comparable service or successor service. The letter of credit issuer shall be a bank or trust company which is rated not lower than the second highest rating category (without regard to rating subcategories) by Moody's, and the letter of credit itself shall be rated in the highest category by Moody's. If a disbursement is made pursuant to a surety bond, an insurance policy, or a letter of credit, the Authority shall be obligated either (i) to reinstate the maximum limits of such surety bond or insurance policy or letter of credit, or (ii) to deposit into the Debt Service Reserve Account funds in the amount of the disbursement made under such surety bond or insurance policy or letter of credit, or a combination of such alternatives, as shall provide that the amount in the Debt Service Reserve Account equals the Debt Service Reserve Requirement within the time period not longer than would be required to otherwise restore the Debt Service Reserve Account. If there is a reduction or suspension of that credit rating of any insurer or letter of credit bank providing support for the Debt Service Reserve Account, the Authority shall forthwith provide a substitute surety bond or insurance policy or letter of credit meeting the requirements hereof or shall deposit cash in the Debt Service Reserve Account so that the amount therein shall equal the Debt Service Reserve Requirement.

(iii) On October 2 in each year, all cash and investments in the Debt Service Account shall be transferred therefrom to the Revenue Fund prior to deposit into the Debt Service Account of the amounts required to be deposited therein for the month of October in such year.

(iv) On October 2 in each year, any amount on deposit in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement shall, subject to the provision of Section 3.6 hereof, be transferred from the Debt Service Reserve Account into the Revenue Fund.

(v) All said sums required to be paid in order to comply with the provisions of paragraphs (a) and (b) (i) and (ii) of this Section 3.2 shall be paid on or before the last day of the month in which the payment is due, and if, in any month, for any reason, the amounts herein required to be paid in such month shall not be paid in full, any deficiency shall be added to and shall become a part of the amount required to be paid in the next succeeding month. It is covenanted and agreed, however, that in the event the Authority hereafter elects to issue Additional Bonds, the above stated payments into the Sinking Fund will be increased to the extent necessary to provide for the payment of the combined principal and interest requirements on all of the Bonds then Outstanding and on the Additional Bonds proposed to be issued as the same mature in the then current Sinking Fund Year and to create within five years from the date of such Additional Bonds to be issued and thereafter maintain a reserve for that purpose in an amount at least equal to the Debt Service Reserve Requirement.

(vi) There will next be paid from the Revenue Fund into the Sinking Fund, at such times as funds may be needed therefor, the reasonable fees and charges of the Trustee, the Registrar, the Paying Agent, the Remarketing Agent, the Liquidity Provider, if any, and the Credit Issuer, if any, and any other amounts due to the Liquidity Provider, if any, and the Credit Issuer, if any, pursuant to the Liquidity Facility and Credit

Indenture of Trust  
53

in such sub-accounts may not exceed the Debt Service Reserve Requirement or an amount permitted as a reasonably required reserve under the Code and the regulations thereunder.

**Section 3.3 Extent of Payments to Sinking Fund.** The Authority will make the monthly payments to the Sinking Fund prescribed in this Article III until sufficient funds are on hand to pay the principal and Purchase Price of all outstanding Bonds and redemption premium, if any, and the interest thereon, or until provisions for the payment thereof shall have been made in accordance with the provisions of the resolution or indenture providing for the issuance of such Bonds and until the reasonable charges and fees of the Trustee, the Registrar, the Paying Agent, the Remarketing Agent, the Liquidity Provider, if any, and the Credit Issuer, if any, have been paid, and, if, in any month, for any reason, the Authority shall fail to pay all or any part of the money it has herein agreed to pay into the Sinking Fund, the amount of any such deficiency will be added to and will become a part of the amount due and payable into the Sinking Fund in the next succeeding month, and if, on the date of delivery of the Series 2026A Bonds, any of the Sinking Fund payments provided for herein shall be due and shall have not been paid, such payments will be made to the Sinking Fund contemporaneously with such delivery.

### **Section 3.4 Net Revenue Pledge; Security.**

(a) **Net Revenue Pledge.** The Revenue remaining in the Revenue Fund after the payment of the sums required or permitted to be paid under the provisions of Section 3.2(a) (the "Net Revenue") will be held by the Authority, subject to the provisions of Sections 3.2(b) and 3.2(c), in trust under the terms and conditions of the Prior Resolutions and this Indenture (the Trustee having no responsibility under this Indenture with respect thereto), and, to the extent provided in the Prior Resolutions and this Indenture, all such Net Revenue is hereby pledged to secure the payment of the amounts agreed in the Prior Resolutions and this Indenture to be paid for (i) the principal and Purchase Price of and interest and redemption premium, if any, on the Bonds, (ii) the amounts due to the Liquidity Provider, if any, and the Credit Issuer, if any, pursuant to the Liquidity Facility and Credit Agreement, respectively, and (iii) the reasonable fees and charges of the Trustee, the Paying Agent, the Registrar, the Remarketing Agent, the Liquidity Provider, if any, and the Credit Issuer, if any, and the Authority hereby pledges such Net Revenue to secure the payment of such amounts. The Net Revenue so pledged shall immediately be subject to the charge or lien of this pledge without any physical delivery thereof or other act, and the charge or lien of this pledge shall be valid and binding against the Authority and against all parties having claims of any kind against the Authority whether such claims have arisen from a tort, contract, or otherwise and irrespective of whether such parties have notice of such pledge.

(b) **Additional Security.** The Authority, without recourse, representation, or warranty, pursuant to law hereby conveys, assigns, and pledges all of its right, title, and interest in, and grants a security interest in, (i) all money in the Bond Fund, the Bond Purchase Fund, the Surplus Fund, and the Projects Fund, including the proceeds of the Series 2026A Bonds pending disbursement thereof, and (ii) all of the proceeds of the foregoing, including without limitation investments thereof (the "Additional Security"), to the Trustee, in trust for the benefit of, first, the Holders, and second, the Liquidity Provider, if any, and the Credit Issuer, if any, as additional security for the payment of the principal and Purchase Price of and interest and redemption premium, if any, on the Series 2026A Bonds and amounts due to the Liquidity Provider, if any,

Indenture of Trust  
55

and the Credit Issuer, if any, pursuant to the Liquidity Facility and the Credit Agreement, respectively. The Net Revenue and the Additional Security shall collectively be referred to as the Security. For reference purposes, any Credit Facility shall be deemed a part of the Security during any period during which it is in effect.

(c) **Bonds Secured Equally.** All Bonds issued hereunder and all Prior Bonds issued under the Prior Resolutions shall be of equal dignity and shall be secured equally by the charge or lien created on said Net Revenue by the provisions hereof. If the Authority hereafter elects to issue Additional Bonds it will enlarge and extend the Sinking Fund and, to the extent necessary, increase and extend the monthly payments into said fund to pay the principal of and redemption premium, if any, and the interest on all of the Bonds then outstanding and on the Additional Bonds then proposed to be issued as the same shall mature and become due, and to create a reserve for that purpose in such manner and amount as is consistent with the requirements of the Prior Resolutions, this Indenture, and any succeeding resolution or indenture providing for the issuance of Additional Bonds.

### **Section 3.5 Sinking Fund.**

(a) **Sinking Fund for Benefit of Holders.** The Sinking Fund will be maintained and held in trust by the Authority for the benefit of Holders of the Bonds, and the beneficial interest therein shall be considered to be in such Holders of the Bonds.

(b) **Additional Deposits to Sinking Fund.** Nothing contained herein shall be construed to prohibit the Authority, at its option, from making additional deposits or payments into the Sinking Fund from any funds which may be made available for such purpose.

(c) **Disbursements from Sinking Fund.** Subject to the terms and conditions of the Prior Resolutions, this Indenture, and any separate depository or custodial agreement for the Sinking Fund, money in the Sinking Fund shall be disbursed by the Authority to:

(i) the Trustee for deposit into the Bond Fund for the payment of the interest on the Series 2026A Bonds and for the payment of principal of and premium, if any, on the Series 2026A Bonds upon maturity, whether stated or accelerated, or upon mandatory or optional redemption,

(ii) the Trustee for deposit into the Bond Purchase Fund if necessary to pay the Purchase Price of Series 2026A Bonds tendered (or deemed tendered) for purchase pursuant to Section 2.6, and

(iii) pay the reasonable fees and charges of the Trustee, the Paying Agent, the Bond Registrar, the Remarketing Agent, the Liquidity Provider, if any, and the Credit Issuer, if any, and any other amounts due to the Liquidity Provider, if any, and the Credit Issuer, if any, pursuant to the Liquidity Facility and Credit Agreement, respectively, unless the Authority pays such fees, charges or other amounts directly from the Revenue Fund.

Indenture of Trust  
56

Bonds and the Revenue Bonds, and then being made on a current basis as required, the Sinking Fund and the Renewal and Replacement Fund are at their proper balances, and there shall exist no default as to the payment of the principal of or interest on any Bonds issued pursuant to the Prior Resolutions or this Indenture or future bonds issued on a parity therewith which are not to be redeemed upon delivery of such Additional Bonds.

(ii) The net earnings of the System for a period of 12 consecutive months out of the 24 months immediately preceding the adoption of the resolution or indenture authorizing the issuance of such Additional Bonds must have been equal to at least 1.25 times the highest combined principal and interest requirements in any succeeding Sinking Fund Year on the Outstanding Bonds and on the Bonds then proposed to be issued; provided, however, that, in making the determination of such coverage, (i) there shall first be deducted from the combined principal and interest requirements for each succeeding Sinking Fund Year all payments made or contracted to be made for deposit to the Sinking Fund by Macon-Bibb County pursuant to any future contract entered for the use by such political subdivision and the residents thereof of the facilities and services of the System and (ii) all principal and interest requirements for the payment of any Bonds to be redeemed from any funds to be made available upon delivery of the Additional Bonds or obligations then proposed to be issued shall be disregarded and shall not be taken into account. Net earnings for the purpose of this subsection (ii) shall be the amount by which the gross earnings of the System for the applicable period shall exceed (i) the Operating Expenses, and (ii) the amounts included in gross earnings and paid for deposit to the Sinking Fund in the applicable period pursuant to any contract with Macon-Bibb County.

(iii) An independent and recognized firm of certified public accountants employed by the Authority shall certify to the Authority that the requirements set forth in Sections 3.7(b)(i) and (ii) are being met and have been complied with.

(iv) An independent and recognized firm of consulting engineers employed by the Authority shall provide a written report to the Authority containing (i) engineer's recommendations as to any additions, extensions, and improvements to be made to the System with the proceeds to be derived from the issuance of such Additional Bonds, (ii) a designation, in reasonable detail, of the work and installation proposed to be done and the estimated cost thereof, and (iii) an opinion of the engineers as to the capability of the System, as so added to, extended and improved, of generating revenues sufficient to pay the costs of operating, maintaining, and repairing the System and of paying the Authority's present and future Sinking Fund payments required under the Bond Resolution. Such report shall also contain a projection of the net earnings to be derived from the System for each succeeding Sinking Fund Year after such additions, extensions, and improvements have been completed.

(v) The Authority shall adopt proper proceedings reciting that all of the above requirements have been met and shall authorize the issuance of such Additional Bonds which proceeding shall, *inter alia*, provide for the date and rate or rates of interest, maturity dates, and redemption provisions. Interest on such Additional Bonds shall fall due on April 1 and October 1 of each year, and the Additional Bonds shall mature on

Indenture of Trust  
58

(d) The pledge of and charge or lien on the Sinking Fund which is hereby created may be opened and extended to secure the payment of such future Additional Bonds as may be issued in accordance with the terms hereof.

### **Section 3.6 Investment of Funds.**

(a) Money in the Sinking Fund and the Renewal and Replacement Fund not required to pay current obligations may be invested in Permitted Investments, which investments in the case of investments for the Sinking Fund shall mature or be payable at such times and in such manner as will make funds available for the payment of the sums due from said Sinking Fund, and which investments in the case of investments for the Renewal and Replacement Fund, are either readily marketable or subject to redemption at any time. Any such securities so purchased shall be held by the depository of the respective fund until paid at maturity, redeemed, or sold, and the proceeds thereof, including interest, principal, and premium, if any, shall be immediately deposited to the credit of such fund; provided, however, that at the end of any Sinking Fund Year when the balance in the Debt Service Reserve Account exceeds the Debt Service Reserve Requirement, money then held on deposit in the Debt Service Reserve Account may be transferred to the Debt Service Account and credited by the Authority against its next succeeding monthly Sinking Fund payments for principal and interest until the aggregate of such credit or credits equals the amount of money held on deposit at the end of the then preceding Sinking Fund Year in excess of the Debt Service Reserve Requirement which was not needed for debt service in such preceding Sinking Fund Year.

(b) When a fixed amount is required to be maintained in any fund, the investments for such fund shall be valued in terms of current market value as of the last day of the fiscal year next preceding the determination of value. Money in each respective fund and all Permitted Investments held in and for such fund, and the income therefrom, are hereby pledged to and charged with the payment required by the Prior Resolutions and this Indenture to be made from such fund.

### **Section 3.7 Additional Bonds.**

(a) **Priority of Bonds Preserved.** The Authority will not hereafter issue any other bonds or obligations of any kind or nature payable from or enjoying a charge or lien on the Revenue of the System prior to the charge or lien herein created for the payment of the Bonds. Nothing contained herein, however, shall restrict the issuance of bonds or obligations from time to time payable from the Revenue of the System secured by a charge or lien on such Revenue junior and subordinate to the charge or lien herein created.

(b) **Additional Bonds.** The Authority may, however, issue Additional Bonds from time to time payable from the Sinking Fund ranking as to lien on the revenues of the Authority *pari passu* with the Prior Bonds and any Bonds which may be issued hereunder and which are then outstanding provided all the conditions are met.

(i) The payments covenanted to be made by the provisions of the Prior Resolutions and this Indenture, as such payments may have been enlarged and extended in any proceedings authorizing the issuance of future bonds on a parity with the Prior

Indenture of Trust  
57

April 1 or October 1, but not necessarily in each year or in equal installments. Any such proceedings shall require the Authority to increase the monthly payments then being made into the Sinking Fund to the extent necessary to pay the principal of and the interest on all Bonds, including the Additional Bonds proposed to be issued, and to create, within not more than five years from the date of delivery of the Additional Bonds to be issued, a debt service reserve in the Sinking Fund in an amount at least equal to, and to maintain said reserve in an amount equal to the Debt Service Reserve Requirement in any succeeding Sinking Fund Year. Any such proceeding or proceedings shall restate and reaffirm by reference all of the applicable terms, conditions, and provisions of the Prior Resolutions and this Indenture.

(vi) Such additional bonds or obligations and all proceedings relative thereto, and the security therefor shall be validated as prescribed by law.

### **Section 3.8 Credit Facility.**

(a) **Draws on Credit Facility.** Except with respect to Series 2026A Bonds registered in the name of the Authority, or held or required to be held by the Trustee or any pledge agent under a pledge agreement pursuant to Section 2.8 (which Series 2026A Bonds shall not be entitled to any benefit of any Credit Facility) at any time a Credit Facility is in effect (i) the Trustee shall draw money under such Credit Facility to the extent necessary to make timely payments of principal, premium, if any (if such Credit Facility provides for payment of such premium), and interest on the Series 2026A Bonds, in accordance with Section 4.1, (ii) the Trustee shall draw money, in accordance with Section 2.7, under such Credit Facility to the extent available in accordance with the terms of the Credit Facility in order to effect the purchase of Series 2026A Bonds (or portions thereof in Authorized Denominations) on a Mandatory Purchase Date or an Optional Tender Date, and (iii) upon declaration of acceleration of the Series 2026A Bonds pursuant to Section 6.2, the Trustee shall draw on the Credit Facility to the extent available in an amount equal to the full unpaid principal of and accrued interest on the Series 2026A Bonds. The Paying Agent shall promptly provide notice to the Trustee of any failure to pay principal of, premium, if any, or interest on the Series 2026A Bonds. The Remarketing Agent shall promptly provide notice to the Trustee of any failure to pay the Purchase Price of the Series 2026A Bonds.

(b) **Reduction of Credit Facility.** Upon any redemption or defeasance of any Series 2026A Bonds or upon cancellation of any Series 2026A Bonds upon purchase thereof as contemplated by Section 2.8, the Trustee shall send notice to the Credit Issuer to reduce the amount available to be drawn on the Credit Facility (with written notice of the same to the Authority) and the Trustee shall, upon written request, confirm to the Credit Issuer and the Authority the principal amount of Series 2026A Bonds redeemed, cancelled, or defeased.

(c) **Extensions of Credit Facility.** If the term of the Credit Facility is extended, unless it is automatically extended by its terms or is extended by amendment, the Trustee shall surrender the instrument evidencing the Credit Facility to the Credit Issuer in exchange for a new instrument conforming, in the opinion of Counsel, in all material respects to the instrument evidencing the Credit Facility being surrendered, except that the term thereof shall reflect the

Indenture of Trust  
59

new term of the Credit Facility. The Trustee shall promptly surrender the instrument evidencing the Credit Facility to the Credit Issuer for cancellation upon discharge of the Indenture pursuant to Section 5.1 or following the effective date of an Alternate Credit Facility (or, if such Alternate Credit Facility results in the occurrence of a Credit Modification Date, following such Credit Modification Date). If the Series 2026A Bonds are rated by a Rating Agency, notice of any extension of the Credit Facility (unless automatically extended by its terms) shall be furnished to such Rating Agency by the Trustee.

(d) Expiration or Termination of Credit Facility. The Trustee shall give notice to the Remarketing Agent and the Paying Agent, in the name of the Credit Issuer, of the expiration or earlier termination of any Credit Facility then in effect, which notice shall specify the date of such expiration or earlier termination of the Credit Facility. If the Series 2026A Bonds are rated by a Rating Agency, notice of any such expiration or termination of the Credit Facility shall be furnished to such Rating Agency by the Trustee. If the expiration or termination of a Credit Facility results in the occurrence of a Credit Modification Date, the Trustee shall not surrender the instrument evidencing the Credit Facility to be terminated until the Trustee shall have made such drawings, if any, and taken such other actions, if any, thereunder as shall be required under this Indenture in order to provide sufficient money for payment of the Purchase Price of Series 2026A Bonds tendered or deemed tendered on such Credit Modification Date to the extent necessary pursuant to Section 2.6(g), and shall have received the proceeds of such drawing from the Credit Issuer. Notwithstanding any provision hereof to the contrary, the Authority may not cause any Credit Facility to be terminated prior to its stated expiration date (whether in connection with the delivery of an Alternate Credit Facility or otherwise) if such termination would result in the occurrence of a Credit Modification Date (i) during a Semiannual Rate Period, at any time other than an Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day), or (ii) during a Long-Term Rate Period.

(e) Alternate Credit Facility. At any time, upon at least 60 days prior written notice to the Trustee, the Paying Agent, each Rating Agency, if any, rating the Series 2026A Bonds, and the Remarketing Agent, the Authority may, with the consent of the Remarketing Agent, provide for delivery to the Trustee of an **Alternate Credit Facility** in accordance with the terms and conditions contained in this Section. Not less than 30 days prior to the proposed Alternate Credit Facility Effective Date (as defined below), the Trustee shall give each Holder notice of the proposed Alternate Credit Facility by first-class mail, postage prepaid, which notice shall be in substantially the form of Exhibit E hereto, appropriately completed; provided, however, that if the provisions of Section 2.6(h) shall apply; provided further, that if the Alternate Credit Facility Effective Date (as defined below) is also a Conversion Date, the notice provisions of Section 2.4(d) shall apply.

If the terms and conditions contained in this Section are satisfied, the Trustee shall accept an Alternate Credit Facility, and such Alternate Credit Facility shall become effective, on the date such Alternate Credit Facility is delivered to the Trustee (the “**Alternate Credit Facility Effective Date**”). During any Weekly Rate Period, Monthly Rate Period, or Semiannual Rate Period, the Alternate Credit Facility Effective Date must be either a Credit Modification Date or a day that could be an Optional Tender Date upon giving of proper notice by a Holder. During any Money Market Rate Period or Long-Term Rate Period, the Trustee shall not accept any Alternate Credit Facility if the provision thereof would result in a Credit Modification Date.

Indenture of Trust  
60

applicable Liquidity Issuance Date, of (1) a supplemental Opinion of Bond Counsel stating that under the laws existing on the Liquidity Issuance Date the issuance of the Liquidity Facility will not cause the interest on the Series 2026A Bonds to be included in gross income of the Holders thereof for federal income tax purposes, (2) an opinion of Counsel satisfactory to the Trustee, each Rating Agency, if any, rating the Series 2026A Bonds, and the Remarketing Agent, to the effect (a) that the Liquidity Facility has been duly executed, issued, and delivered by the Liquidity Provider and is the legal, valid, and binding obligation of the Liquidity Provider (or, in the case of a branch or agency of a foreign commercial bank, such branch or agency) enforceable in accordance with its terms, and (b) that the Liquidity Facility is not and the provisions of the Liquidity Facility will not cause the Series 2026A Bonds to be subject to the registration requirements of the Securities Act of 1933, as amended, and (3) evidence of the consent of the Remarketing Agent. In addition, if the Liquidity Facility is issued by a branch or agency of a foreign commercial bank, there shall also be delivered an opinion of Counsel licensed to practice law in the jurisdiction in which the main office of such bank is located, satisfactory to the Trustee, each Rating Agency, if any, rating the Series 2026A Bonds and the Remarketing Agent, to the effect that such Liquidity Facility has been duly executed, issued, and delivered and is the legal, valid, and binding obligation of such Liquidity Provider enforceable in accordance with its terms.

(b) Liquidity Issuance Date. The Liquidity Issuance Date must be an Optional Tender Date.

(c) Notice of Liquidity Facility to Holders. Upon receipt of a Liquidity Issuance Notice from the Authority meeting the requirements set forth in subsection 3.9(a) hereof, the Trustee shall give notice by first-class mail, postage prepaid, to the Holders at least 30 days prior to the proposed Liquidity Issuance Date which notice shall be in substantially the form of Exhibit C hereto, appropriately completed.

(d) Nonacceptance of Liquidity Facility. If the Authority fails to deliver to the Trustee, the Paying Agent, and the Remarketing Agent by 10:00 a.m., Local Time, on the Liquidity Issuance Date (i) the opinions of Bond Counsel and other Counsel required by subsection (a)(ii) of this Section, or (ii) evidence that the anticipated ratings specified in the Trustee’s notice to Holders pursuant to subsection (c) of this Section have been received, the Trustee shall not accept the Liquidity Facility, but all Series 2026A Bonds shall be deemed to have been tendered for purchase on the proposed Liquidity Issuance Date and shall be purchased on such date. The Trustee shall immediately notify by telephone the Authority if the Liquidity Facility is not accepted on the proposed Liquidity Issuance Dates.

(e) Purchase of Series 2026A Bonds by Liquidity Provider. If a Liquidity Facility is in effect, the Trustee, in accordance with Section 2.7, shall cause the Liquidity Provider to purchase Series 2026A Bonds under the terms of the Liquidity Facility.

(f) Reduction of Liquidity Facility. Upon any redemption or defeasance of any Series 2026A Bonds or upon cancellation of any Series 2026A Bonds upon purchase thereof as contemplated by Section 2.8, the Trustee shall send confirmation to the Liquidity Provider of the principal amount of Series 2026A Bonds redeemed, canceled, or defeased, and thereby cause the commitment under the Liquidity Facility to be reduced.

Indenture of Trust  
62

An Alternate Credit Facility shall be an irrevocable direct-pay letter of credit issued by a commercial bank organized and doing business in the United States or a branch or agency of a foreign commercial bank located in the United States and subject to regulation by state or federal banking regulatory authorities and shall have an expiration date that shall be at least one year following the effective date thereof or on the second Business Day following the final maturity date of the Series 2026A Bonds, if sooner. On or before the date of the delivery of any Alternate Credit Facility to the Trustee, as a condition to the acceptance of any Alternate Credit Facility by the Trustee, the Authority shall furnish to the Trustee (i) written evidence that the issuer of such Alternate Credit Facility is a commercial bank organized and doing business in the United States or a branch or agency of a foreign commercial bank located and doing business in the United States and subject to regulation by state or federal banking regulatory authorities, (ii) an Opinion of Bond Counsel to the effect that the delivery of such Alternate Credit Facility will not cause interest on the Series 2026A Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that such delivery is permitted under this Indenture, (iii) an opinion of Counsel satisfactory to the Trustee, each Rating Agency, if any, rating the Series 2026A Bonds and the Remarketing Agent to the effect that the Alternate Credit Facility has been duly executed, issued and delivered by, and is the legal, valid, and binding obligation of the Credit Issuer (or, in the case of a branch or agency of a foreign commercial bank, the branch or agency) issuing the same, enforceable in accordance with its terms, that the Alternate Credit Facility is not subject to the registration requirements of the Securities Act of 1933, as amended, and if required by each Rating Agency, if any, rating the Series 2026A Bonds, that payments of principal, premium, if any, or Purchase Price of or interest on the Series 2026A Bonds from the proceeds of a drawing on the Alternate Credit Facility will not constitute avoidable preferences under the Bankruptcy Code, and (iv) evidence of written consent of the Remarketing Agent. In the case of an Alternate Credit Facility issued by a branch or agency of a foreign commercial bank there shall be also delivered an opinion of Counsel licensed to practice law in the jurisdiction in which the head office of such bank is located, satisfactory to the Trustee, each Rating Agency, if any, rating the Series 2026A Bonds and the Remarketing Agent, to the effect that the Alternate Credit Facility has been duly executed, issued and delivered by and is the legal, valid, and binding obligation of such bank enforceable in accordance with its terms. The Trustee shall accept any such Alternate Credit Facility only in accordance with the terms, and upon the satisfaction of the conditions, contained in this Section and any other provisions applicable to acceptance of an Alternate Credit Facility under this Indenture.

### Section 3.9 Liquidity Facility.

(a) Issuance by a Liquidity Provider. During any Short-Term Rate Period during which no **Liquidity Facility** is in effect, the Authority, with the consent of the Remarketing Agent, may arrange for provision by a Liquidity Provider of a Liquidity Facility, on the terms and subject to the conditions hereof and upon delivery by the Authority to the Trustee, the Remarketing Agent, and the Paying Agent: (i) of (1) a notice (the “**Liquidity Issuance Notice**”) stating that the Authority, with the consent of the Remarketing Agent, has arranged for the provision of a Liquidity Facility and specifying a proposed Liquidity Issuance Date at least 40 days after receipt of such notice by the Trustee, and (2) an Opinion of Bond Counsel to the effect that the issuance of such Liquidity Facility will not cause interest on the Series 2026A Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that such issuance is permitted under this Indenture; and (ii) by 10:00 a.m., Local Time, on the

Indenture of Trust  
61

(g) Extensions of Liquidity Facility. If the term of the Liquidity Facility is extended, unless it is automatically extended by its terms or is extended by amendment, the Authority shall cause an original executed counterpart of such Liquidity Facility, as extended, to be delivered to the Trustee, which shall conform, in the opinion of Counsel, in all material respects to the existing Liquidity Facility, except that the term thereof shall reflect the new term of the Liquidity Facility. If the term of the Liquidity Facility is extended by amendment, the Authority shall cause an original executed counterpart of such amendment to be delivered to the Trustee. If the Series 2026A Bonds are rated by a Rating Agency, notice of any extension of the Liquidity Facility (unless automatically extended by its terms) shall be furnished to such Rating Agency by the Trustee.

(h) Expiration or Termination of Liquidity Facility. The Trustee shall give notice to the Remarketing Agent and the Paying Agent, in the name of the Liquidity Provider, of the expiration or earlier termination of any Liquidity Facility then in effect, which notice shall specify the date of such expiration or earlier termination of the Liquidity Facility. If the Series 2026A Bonds are rated by a Rating Agency, notice of any such expiration or termination of the Liquidity Facility shall be furnished to such Rating Agency by the Trustee. The Trustee shall give each Holder notice of an Authorized Liquidity Termination no later than the Business Day after the Trustee receives notice of such Authorized Liquidity Termination from the Liquidity Provider.

(i) Alternate Liquidity Facility. At any time, upon at least 60 days prior written notice to the Trustee, the Paying Agent, each Rating Agency, if any, rating the Series 2026A Bonds, and the Remarketing Agent, the Authority may, with the consent of the Remarketing Agent, provide for delivery to the Trustee of an Alternate Liquidity Facility in accordance with the terms and conditions contained in this Section. Not less than 30 days prior to the proposed Alternate Liquidity Facility Effective Date (as defined below), the Trustee shall give each Holder notice of the proposed Alternate Liquidity Facility by first-class mail, postage prepaid, which notice shall be in substantially the form of Exhibit E hereto, appropriately completed; provided, however, that if the provisions of an Alternate Liquidity Facility results in a Credit Modification Date, the notice provisions of Section 2.6(h) shall apply; provided further, that if the Alternate Liquidity Facility Effective Date (as defined below) is a Conversion Date, the notice provisions of Section 2.4(d) shall apply.

If the terms and conditions contained in this Section are satisfied, the Trustee shall accept an Alternate Liquidity Facility, and such Alternate Liquidity Facility shall become effective, on the date an original executed counterpart of such Alternate Liquidity Facility is delivered to the Trustee (the “**Alternate Liquidity Facility Effective Date**”). During any Weekly Rate Period, Monthly Rate Period, or Semiannual Rate Period the Alternate Liquidity Facility Effective Date must be either a Credit Modification Date or a day that could be an Optional Tender Date upon giving of proper notice by a Holder. During any Money Market Rate Period, the Trustee shall not accept any Alternate Liquidity Facility if the provisions thereof would result in a Credit Modification Date.

An Alternate Liquidity Facility shall be issued by a commercial bank organized and doing business in the United States or a branch or agency of a foreign commercial bank located in the United States and subject to regulation by state or federal banking regulatory authorities

Indenture of Trust  
63

and shall have an expiration date that shall be at least one year following the effective date thereof or on the second Business Day following the final maturity date of the Series 2026A Bonds, if sooner. On or before the date of the delivery of any Alternate Liquidity Facility to the Trustee, as a condition to the acceptance of any Alternate Liquidity Facility by the Trustee, the Authority shall furnish to the Trustee (i) written evidence that the issuer of such Alternate Liquidity Facility is a commercial bank organized and doing business in the United States or a branch or agency of a foreign commercial bank located and doing business in the United States and subject to regulation by state or federal banking regulatory authorities, (ii) an Opinion of Bond Counsel to the effect that the delivery of such Alternate Liquidity Facility will not cause interest on the Series 2026A Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that such delivery is permitted under this Indenture, (iii) an opinion of Counsel satisfactory to the Trustee, each Rating Agency, if any, rating the Series 2026A Bonds, and the Remarketing Agent to the effect that the Alternate Liquidity Facility has been duly executed, issued, and delivered by, and is the legal, valid, and binding obligation of, the Liquidity Provider (or, in the case of a branch or agency of a foreign commercial bank, the branch or agency) issuing the same, enforceable in accordance with its terms, that the Alternate Liquidity Facility is not subject to the registration requirements of the Securities Act of 1933, as amended, and if required by each Rating Agency, if any, rating the Series 2026A Bonds, that payments of principal, premium, if any, or Purchase Price of the Series 2026A Bonds by the Liquidity Provider under the Alternate Liquidity Facility will not constitute avoidable preferences under the Bankruptcy Code, and (iv) evidence of written consent of the Remarketing Agent. In the case of an Alternate Liquidity Facility issued by a branch or agency of a foreign commercial bank there shall be also be delivered an opinion of Counsel licensed to practice law in the jurisdiction in which the head office of such bank is located, satisfactory to the Trustee, each Rating Agency, if any, rating the Series 2026A Bonds and the Remarketing Agent, to the effect that the Alternate Liquidity Facility has been duly executed, issued, and delivered by and is the legal, valid, and binding obligation of such bank enforceable in accordance with its terms. The Trustee shall accept any such Alternate Liquidity Facility only in accordance with the terms, and upon the satisfaction of the conditions, contained in this Section and any other provisions applicable to acceptance of an Alternate Liquidity Facility under this Indenture.

**Section 3.10 Fiscal Year: Annual Budget.** The Authority is now operating and will continue to operate the System on a Fiscal Year basis ending September 30 of each calendar year, but should it desire to change its Fiscal Year it may do so by proper resolution. The Authority covenants that a budget of revenues and expenses for its current Fiscal Year has been adopted and in connection with the issuance of the Series 2026A Bonds, said budget will be revised to the extent necessary; and thereafter, on or before the first day of each subsequent Fiscal Year during which any of the Bonds are outstanding, there will be adopted an annual budget of revenues and expenses for the ensuing Fiscal Year, and a copy of such budgets or amendments thereto will be filed by the Authority, upon request, with any Holders. Copies will also be mailed to the original purchasers of Series 2026A Bonds by the Authority upon request.

**Section 3.11 Maintenance of Rates.** The Authority covenants that it has placed into effect a schedule of rates, tolls, fees, and charges for the services, facilities, and commodities furnished by the System and as often as it shall appear necessary the Authority shall revise and adjust such schedule of rates, tolls, fees, and charges for services and facilities to the extent necessary to produce funds sufficient to:

Indenture of Trust  
64

operation of the System as herein provided, and no Holder shall have any recourse to the power of taxation nor shall any Authority Bond constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Authority other than said Net Revenues.

**Section 3.16 Operation of System.** The Authority will continuously maintain the System in good order and repair and will enforce reasonable rules and regulations governing the System and the operation thereof. All compensation, salaries, fees, and wages paid in connection with the maintenance, repair, and operation of the System will be reasonable, and no more persons will be employed than are necessary. The Authority will operate the System in an efficient and economical manner, will at all times maintain the same in sound operating condition, will make all necessary repairs, renewals, and replacements, and will comply with all valid acts, rules, regulations, orders, and directions of any legislative, executive, administrative, or judicial body applicable to such undertaking.

**Section 3.17 Fidelity Bonds.** The Authority will, at all times, carry fidelity bonds on all of its officers and employees who may handle funds derived from the System, and such bonds shall be in such amounts as are at least equal to the total funds in the custody of such officer or employee at any one time.

**Section 3.18 System Free From Liens.** The Authority will not create or permit to be created in the acquisition, construction or equipping of the Projects or in the operation and maintenance of the System any lien, charge or encumbrance thereon or on any part thereof or upon the Revenue, except as herein provided, or prior to the lien or charge herein created upon such Revenue, and it will pay or cause to be discharged or will make adequate provisions to satisfy and discharge, within sixty days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Projects or the System or on any part thereof or the Revenue; provided, however, that nothing contained in this Section shall require the Authority to pay, or cause to be discharged, or make provisions for the discharge of any lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings unless, by such action, the lien or charge created hereby on any part of the System or the Revenue shall be materially endangered or any part thereof will be subject to loss or forfeiture, in which event, any such lien shall be promptly satisfied or discharged by the filing of a bond or taking other action as prescribed by law to effect such discharge.

**Section 3.19 Payments to Construction Contractors.** Not later than the 20th day of each calendar month, the Authority will make partial payment to each construction contractor on the basis of a duly certified and approved estimate of the work performed during the preceding calendar month by the particular contractor, but will retain until final completion and acceptance of all work covered by the particular contract such amounts permitted by law, as specified in the contract, sufficient to insure the proper performance of the contract.

**Section 3.20 Insurance Provisions.**

(a) **Fire and Extended Coverage.** If the System or other facilities, the Revenues of which are pledged, includes structures above ground level, the Authority will, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portions of

Indenture of Trust  
66

- (a) pay the Operating Expense of the System;
- (b) pay the debt service requirements of the Bonds and any other obligations of the Authority in connection with the issuance of the Bonds; and
- (c) provide Net Revenue, without making allowances for depreciation, which is at least equal to 120% of the amount required to be paid into the Debt Service Account in the Sinking Fund in the then current Sinking Fund Year.

**Section 3.12 Failure to Adopt Rates and Charges.** If the Authority shall fail to adopt a schedule or schedules of rates, fees, tolls, and charges or to revise the same as necessary in accordance with the provisions hereof, the Holder of any Series 2026A Bond, without regard to whether any default, as hereinafter defined, shall have occurred, may institute and prosecute in any court of competent jurisdiction an appropriate action to compel the Authority to adopt such schedule or schedules or to revise such schedule or schedules so that funds will be received sufficient in amount to maintain at all times funds for which provisions are made in this Indenture, and to pay the Operating Expense of the System.

**Section 3.13 Uniform Rates.** Such rates, fees, tolls, and charges will be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that, as nearly as practicable, such rates, fees, tolls, and charges will be uniform in application to all users falling within any reasonable class.

**Section 3.14 Checks, How Signed.** All transfers from any fund for which provision is made herein, which fund is held and controlled by the Authority, and all payments from any such fund will be made by checks signed by or wire transfers authorized by the properly authorized officers of the Authority.

**Section 3.15 Payment of Bonds.** The Authority will promptly collect or cause to be collected all services charges and other obligations arising out of the operation of the System as such obligations become due, and the Authority will apply all collections and all Revenues and income from the System as collected as provided in the Prior Resolutions, the 2001A Indenture, and this Indenture and not otherwise. The Authority will promptly pay the principal and Purchase Price of and interest on every Bond payable from the Revenue of the System at the place, on the dates, and in the manner prescribed in the Prior Resolutions, the 2001A Indenture, and this Indenture and in the Bonds, and any premium required upon redemption of Bonds, according to the true intent and meaning thereof. The (i) principal and Purchase Price of, redemption premium, if any, and interest on all Bonds, (ii) amounts due to the Liquidity Provider, if any, and the Credit Issuer, if any, pursuant to the Liquidity Facility and Credit Agreement, respectively, and (iii) reasonable fees and charges of the Trustee, the Bond Registrar, the Paying Agent, the Remarketing Agent, the Liquidity Provider, if any, and the Credit Issuer, if any, all of which the Authority hereby agrees to pay, are payable solely out of the Net Revenue of the System which Net Revenue are hereby pledged to the payment of such obligations in the manner and to the extent herein particularly specified, and nothing in the Prior Resolutions, the 2001A Indenture, or herein contained or in the Bonds shall be construed as an obligation of the Authority to levy or pledge any form of taxation whatever therefore or to make any appropriation for their payment, except from Revenues or other receipts derived from the ownership and

Indenture of Trust  
65

the System, and the Authority will, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of any other of its facilities, the Revenues of which are pledged as security for the payment of the Bonds or any Additional Bonds. The foregoing fire and extended coverage insurance will be maintained so long as any of the Bonds or Additional Bonds are outstanding and will be in the amount of the full insurable value of the property. In the event of any damage to or destruction of any such facility, the Authority will promptly arrange for the application of the insurance proceeds for the repair, reconstruction, or replacement of the damaged or destroyed portion thereof unless the Authority, which the concurrence of its Consulting Engineers, shall determine that the efficient utilization of the System is not impaired by such damage, that such damage will not result in the loss of Revenue from the System, and that such repair, reconstruction, or replacement is not economically feasible for the reason that the Revenue would not be increased thereby sufficiently to justify, in good business practice, the expenditure of such insurance proceeds therefore.

(b) **Public Liability Insurance.** The Authority will, if such insurance is not already in force, procure and maintain for so long as any of the Bonds or Additional Bonds are outstanding, adequate public liability insurance relating to the operation of the System and to the operation of any vehicle operated for the benefit of the System to protect the Authority from claims for bodily injury and for death and from claims for damage to property of others which may arise from the operation of the System or any other facilities the Revenues of which are pledged.

(c) **Application of Insurance Proceeds.** The proceeds of all such insurance policies, except the general liability policies or coverage and fidelity policies, are pledged as security for the outstanding obligations of the Authority having as their security a lien on and pledge of the Revenue of the System, but shall be available for and shall, to the extent necessary and desirable, be applied to the repair and replacement of the damaged or destroyed property. In the event any such proceeds of are not used for repair or replacement purposes the same shall be deposited in the Sinking Fund. The proceeds of fidelity policies on employees or agents shall be paid into the Revenue Fund.

All insurance policies and other coverage documents shall be open to the inspection of the Holders and their representatives, the Underwriters, the Remarketing Agent, and the designated representative of the original purchasers of any Additional Bonds at all reasonable times.

**Section 3.21 Condemnation of Substantially All of the System.** If the System or any part thereof or any portion of the premises upon which any part of the System is located shall be taken by the exercise of the power of eminent domain, the whole compensation therefore shall be paid to the Authority and, subject to the provisions of the Prior Resolutions, condemnation proceeds referable to a taking of all or substantially all of the System or such premises shall be paid into the Sinking Fund for the prepayment of all Bonds payable therefrom or, if all the principal and interest on the Bonds shall have been paid, or if sufficient funds will be placed in the Sinking Fund for the prepayment of all principal and interest payable from the Sinking Fund by the payment therein of a portion of such condemnation proceeds, then any excess of such proceeds over the amount required for such payment shall be paid to the Authority.

Indenture of Trust  
67

**Section 3.22 Condemnation of Less Than Substantially All of the System.** Condemnation proceeds referable to a taking of less than substantially all the System shall be applied as follows:

(a) If no part of the improvements constituting a part of the System shall be taken or damaged or if the Authority, with the concurrence of its Consulting Engineers, shall determine that the efficient utilization of the System is not impaired by such taking and there will be no significant loss of Revenue by reason thereof, the net condemnation award shall be paid to the Sinking Fund.

(b) If any part of the improvements or premises is taken or if no such determination is made with the concurrence of such Consulting Engineer, then the net condemnation award will be applied to the repair, rebuilding, and restoration of the System or to the rearrangement of the system, insofar as may be possible, so as to make the System suitable for the use intended and to prevent a loss of Revenue therefrom, and any balance of the net condemnation award will be paid into the Sinking Fund unless the Authority, with the concurrence of its Consulting Engineer, shall determine that the efficient utilization of the System is not impaired by such taking and that such repair, rebuilding or restoration is not economically feasible for the reason that the revenue of the System would not be increased thereby sufficiently to justify, in good business practice, the expenditure of such condemnation award therefor, and, if such repair, rebuilding, restoration, or rearrangement is not possible so as to make such System suitable for the use intended, all the net condemnation award will be paid into the Sinking Fund.

**Section 3.23 Repair and Renewal Fund After Loss.** If, in accordance with any of the foregoing provisions of this Article, any property is to be repaired, renewed, rebuilt, restore, or rearranged after such damage, destruction, or taking, all proceeds from such insurance or compensation for such taking will be paid into a special trust fund to be then created and designated as the Repair and Renewal Fund. Such trust will be administered by the Authority during such repairing, renewing, rebuilding, restoring, or rearranging in accordance with sound business practices and the Authority will disburse the money held in such Repair and Renewal Fund only for the purposes thereof.

**Section 3.24 Funds and Accounts to be Maintained Separately.** Funds and accounts of the System will be kept separate from all other funds and accounts of the Authority, or any of its instrumentalities or departments, and accurate records and accounts of all items of cost and all expenditures relating to the System, and of the Revenues collected and the application thereof, and of the number of customers will be kept, and said records and accounts will be kept with respect to the Authority's physical properties of the System in such manner that it will be possible at all times to identify both the amounts and the items of all additions and retirements.

**Section 3.25 Inspection of Records of System.** The Trustee and the Holder of any Series 2026A Bond, or such Holder's agent or attorney, will be permitted to examine and inspect the System and all papers, books, records, accounts, and data relating thereto at all reasonable times and will be permitted to make copies or transcripts of any such records, accounts, and data so long as it can be done without unreasonable interference with operation of the System.

Indenture of Trust  
68

Issuer, if any, pursuant to the Liquidity Provider, if any, and the Credit Issuer, if any, and the proceeds of any such sale shall be applied, to the extent necessary, to the payment of such Bonds and other amounts listed above.

(b) The Authority, however, from time to time, may sell or dispose of any machinery, fixtures, apparatus, tools, instruments, or other moveable property constituting a part of the System and related facilities as the same may be added to, extended, and improved if the Authority shall determine that such articles are no longer needed or have become inadequate, obsolete, worn out, or unsuitable or are no longer useful in connection with the operation of the System and the proceeds of any such sale or disposition shall be applied to the replacement of the property and material so sold or disposed of or shall deposited to the credit of the Revenue Fund.

(c) The Authority also may lease or sell any part of its System provided, (i) such lease or sale will not in any way adversely affect the Revenue of the System, (ii) the Authority shall make a determination that such property or facility is not needed and serves no useful purpose in connection with the maintenance and operation of the System and its related facilities, (iii) the proceeds from such lease or sale are used for extensions to or improvements of the System or are deposited to the credit of the Revenue Fund, and (iv) the Authority is in compliance with all covenants and undertakings in connection with all of the Bonds then outstanding and payable from the Revenue of the System.

**Section 3.28 Non-Arbitrage Covenant.** The Authority covenants not to make or permit the use of or direct any depository or custodian to make any investment of, any proceeds of the Bonds which, if such use or investment had been reasonably expected on the date of issuance of the Bonds, would have caused the Bonds to be "arbitrage bonds" within the meaning of § 148 of the Code, and such regulations promulgated from time to time under said § 148 as may be applicable to the Bonds. The Authority further covenants that it will comply throughout the term of the Bonds with the requirements of said § 148 and any such applicable regulations to the end of preventing the Bonds from becoming "arbitrage bonds." Nothing contained in this Section shall be construed to impose contractual obligations on the Authority which are more onerous or burdensome than the requirements (as they shall exist from time to time) of said § 148 and any such applicable regulations which must be observed in order to prevent the Bonds from becoming "arbitrage bonds."

**Section 3.29 Construction of the Project.** The Authority will proceed with the acquisition and construction of the Project substantially in accordance with the Engineering Report of Jacobs Engineering Group, prepared for and on file with the Authority and attached to the Official Statement as Appendix C.

**Section 3.30 Authority's Duties.** Notwithstanding anything in this Indenture to the contrary, the Authority, and not the Trustee, shall have the obligation to ensure compliance with the payment, flow-of-funds, calculation, determination-making, and other requirements of Sections 3.1 through 3.7 and Sections 3.10 through 3.29 of this Indenture. The Trustee shall have no duty with respect to the Revenue Fund, the Sinking Fund, or the Renewal and Replacement Fund, and shall have no duty to monitor compliance by the Authority with the requirements of this Article III, nor any duty to call an event of default in the event of noncompliance with such

Indenture of Trust  
70

**Section 3.26 Audit of System.** As soon as practicable after the closing of each Fiscal Year, but in no event later than 180 days after the end of such Fiscal Year, an audit will be made of all books and accounts pertaining to the System by an independent certified public accountant or firm of certified public accountants of suitable experience and responsibility.

The annual audit shall include a statement of the income and expenses and a balance sheet, a statement of cash fund transactions and additions to the System in reasonable detail, a schedule setting forth the balance in the Sinking Fund as of the end of the Fiscal Year and indicating (i) the amount of such balance which represents funds accumulated to pay principal and interest coming due in the following Fiscal Year deposited to the Sinking Fund pursuant to Section 3.2(b), and (ii) the amount of such balance which represents the reserve required to be maintained under Section 3.2, comments by the auditor respecting the compliance by the Authority with the provisions of the Prior Resolutions, the 2001A Indenture, and this Indenture, and any resolution or indenture hereafter adopted to authorize the issuance of Additional Bonds, a list of insurance policies or coverage documents paid for and in force respecting the System and its operations, and the nature and amount of the risks covered, and a tabulation of the number of customers covering each month for the period audited, showing the classification thereof as residential, commercial, industrial, and other classes. The accountant shall state in the audit that such accountant has examined the terms and conditions of the Prior Resolutions, the 2001A Indenture, and this Indenture and any other resolutions or indentures hereafter adopted to authorize the issuance of Additional Bonds and that the Authority is complying therewith or point out where, in any instance, the Authority is not in compliance therewith.

An original of each annual audit shall be filed with the officers of the Authority charged with the duty of preserving official records and copies of the same shall be forwarded to any Holders who may have filed his, her, or its name and address with the Authority for that purpose. All annual audits hereinabove provided for shall be open to the inspection of all interested persons and, upon request, a copy of the same shall be sent to the original purchasers of the Bonds or any Additional Bonds. Any additional reports of audits relating to the System as shall be required by law will be made in the manner required by law, and from time to time, as often as may be requested, original purchasers of the Bonds or any Additional Bonds will be furnished such other information concerning the System, or the operation thereof, as any of them may reasonably request. The cost of audits shall be treated as a part of the cost of operation of the System.

#### **Section 3.27 No Disposition of System.**

(a) So long as any of the Bonds are Outstanding and unpaid, the Authority will not sell, lease, or otherwise dispose of or encumber the System or any of its related facilities as a whole or substantially as a whole and the Authority will not create or permit to be created any charge or lien on the Revenue of such System ranking equally with or prior to the charge or lien on such Revenue created by this Indenture for the security for the Bonds, except by Additional Bonds issued in accordance with the provisions hereof, unless the proceeds of such sale, lease, or other disposition together with other funds available for that purpose shall be at least sufficient to provide for the payment of (i) the principal of, redemption premium, if any, and the interest on the Bonds, at their respective maturities as such principal, redemption premium, and interest shall become due, and (ii) the amounts due to the Liquidity Provider, if any, and the Credit

Indenture of Trust  
69

requirements, the Trustee's sole duties with respect to such matters being as provided in Section 7.1(j) hereof. Nothing contained in this Indenture is intended to limit the rights and obligations of any depository or custodian of funds of the Authority under any separate agreement with respect thereto.

[END OF ARTICLE III]

Indenture of Trust  
71

## ARTICLE IV

### FUNDS; APPLICATION OF PROCEEDS

**Section 4.1 Establishment and Use of Bond Fund and Current Account.** There is hereby created and established with the Trustee the BOND FUND, and while a Credit Facility is in effect, within such fund a special account designated the “**Current Account**.” The Trustee shall establish with the Paying Agent a separate subaccount of the Bond Fund that, while a Credit Facility is in effect, shall be used for depositing money drawn by the Trustee under the Credit Facility for the payment of principal of, premium (if such Credit Facility provides for the payment of premium) and interest on the Series 2026A Bonds. Neither the Trustee nor the Paying Agent shall commingle proceeds of a drawing under the Credit Facility with any other funds. There shall be deposited in the Bond Fund money disbursed from the Sinking Fund in accordance with Section 3.5(c) and any other money received by the Trustee from the Authority for deposit by it in the Bond Fund.

While a Credit Facility is in effect, each deposit into the Bond Fund not constituting Eligible Funds shall be placed in the Current Account within the Bond Fund and shall not be commingled with other money in the Bond Fund. The Trustee shall establish separate subaccounts within the Current Account for each deposit (including any investment income thereon) made into the Bond Fund so that the Trustee may at all times ascertain the date of deposit of the money in each subaccount.

Money in the Bond Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the payment of the interest on the Series 2026A Bonds and for the payment of principal of and premium, if any, on the Series 2026A Bonds upon maturity, whether stated or accelerated, or upon mandatory or optional redemption.

The Authority hereby authorizes and directs the Trustee, and the Trustee hereby agrees, to withdraw and make available at the designated corporate trust office of the Paying Agent sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Series 2026A Bonds as the same become due and payable, but only in the following order of priority:

FIRST: Amounts drawn by the Trustee under a Credit Facility then in effect (provided, however, that such amounts shall not be used to pay any premium on the Series 2026A Bonds unless such Credit Facility provides for the payment of such premium);

SECOND: If a Credit Facility is then in effect, from the sources provided in clause (i) of the definition of Eligible Funds; and

THIRD: Any other amounts (whether or not Eligible Funds) in the Bond Fund.

If money in the Bond Fund available pursuant to items FIRST and SECOND above are insufficient to make any payment of principal of, premium, if any or interest on the Series 2026A Bonds, whether due by maturity, acceleration, redemption or otherwise, or if the Credit Issuer

Indenture of Trust  
72

necessary for the Projects and appurtenances in connection therewith, and options and payments thereon, and any easements or rights-of-way or any damages incident to or resulting from the acquisition, construction, and equipping of the Projects;

(vii) fees and costs incident to the issuance of the Series 2026A Bonds;

(viii) interest to accrue on the Series 2026A Bonds during construction of the Projects; and

(ix) any other costs and expenses relating to the Projects which could constitute costs or expenses for which the Authority may expend Bond proceeds under the Act.

(c) **Disbursements from the Projects Fund.** All payments from the Projects Fund shall be made on a reimbursement basis upon requisitions (which shall be substantially in the form attached as **Exhibit I** hereto), signed by an authorized signatory of the Authority properly authorized to sign in its behalf. The Trustee may rely conclusively upon any statement made in any such requisition and certificate and shall not be required to make any investigation or duty to analyze any supporting documentation in connection therewith. There shall be filed with each requisition presented to the Trustee (other than requisitions issued in payment for the fees and costs incident to the issuance of the Series 2026A Bonds):

(i) approved construction draw requests stating the amount which has been paid to each contractor or vendor, to include the name of the person, firm, or corporation to whom payment thereof has been made; and

(ii) a certificate attached to the requisitions wherein the Consulting Engineer certifies:

(A) an obligation in the stated amount has been incurred by the Authority, and that the same is a proper charge against the Projects Fund, and stating that the bill, invoice, or statement of account for such obligation, or a copy thereof, is on file in the office of the Consulting Engineer;

(B) the Consulting Engineer has not notice of any vendor's, or mechanic's, or other liens or rights to liens, chattel mortgages, or conditional sales contracts which should be satisfied or discharged before such payment is made;

(C) such requisition contains no item representing payment on account or any retained percentages which the Authority is, at the date of such certificate, entitled to retain; and

(D) insofar as such obligation was incurred for work, material, supplies, or equipment in connection with the Projects, such work was actually performed, or such material, supplies, or equipment was actually installed in or about the construction or delivered at the site of the work for that purpose.

Indenture of Trust  
74

has dishonored its obligations under the Credit Facility, the Trustee, on or after the date such payment is to be made, shall apply any money described in item THIRD above.

To the extent that a Credit Facility is drawn on to make a payment to any Holder, the Trustee shall use any money in the Bond Fund not then needed to make payments to Holders, regardless of whether such money constitutes Eligible Funds, to reimburse the Credit Issuer.

After payment in full of the Series 2026A Bonds, or provision for the payment of the Series 2026A Bonds having been made pursuant to Section 5.2, and the payment of all other amounts owing hereunder, any amounts remaining in the Bond Fund shall be paid first to the Credit Issuer, if any, if there is then any amount owing by the Authority to the Credit Issuer, and second to the Authority.

### Section 4.2 Establishment and Use of Projects Fund.

(a) **Creation.** The PROJECTS FUND is hereby created and established with the Trustee, and shall be funded on the date of issuance and delivery of the Series 2026A Bonds in the amount of \$ \_\_\_\_\_ as set forth in Section 4.5.

(b) **Costs of the Projects.** Withdrawals from the Projects Fund may be made for the purpose of paying the cost of acquiring, constructing, and equipping the Projects, including the reimbursing of the Authority for advances from its other funds to accomplish the purposes hereinafter described and including the purchase of such property and equipment as may be useful in connection therewith, and, without intending thereby to limit or to restrict or to extend any proper definition of such cost contained in the Act or Revenue Bond Law, Official Code of Georgia § 36-82-60, et seq., as it has been amended and as it may hereafter be amended, shall include (“**Cost(s) of the Projects**,” “**Cost**,” or “**Costs**”):

(i) the cost of indemnity and fidelity bonds either to secure deposits in the Projects Fund or to insure the faithful completion of any contract pertaining to the Projects;

(ii) any taxes or other charges lawfully levied or assessed against the Projects;

(iii) fees and expenses of engineers for engineering studies, surveys and estimates, and the preparation of plans and supervising the acquisition, construction and equipping of the Projects;

(iv) all other items or expenses not elsewhere in this Section specified incident to the Projects;

(v) payments made for labor, contractors, builders and materialmen in connection with the Projects and payment for machinery and equipment and for the restoration of property damaged or destroyed in connection therewith and the repayment of advances made to it for the purpose of paying all of the aforementioned costs;

(vi) the cost of acquiring by purchase, and the amount of any award or final judgment in any proceeding to acquire by condemnation, lands and rights-of-way

Indenture of Trust  
73

If the United States of America or the State, or any department, agency, or instrumentality of either, agrees to allocate money to be used to defray any part of the cost of acquiring, constructing, and equipping the Projects upon the condition that the Authority appropriate a designated amount of money for said specified purpose or purposes, and it is required to withdraw any sum so required from the Projects Fund and deposit same in a special account, the Authority shall have the right to withdraw any sum so required from the Projects Fund by appropriate transfer and deposit the same in a special account for that particular purpose; provided, however, that all payments thereafter made from said special account may only be made in accordance with the requirements set forth in this Article.

(d) **Completion of the Projects.** The “**Completion Date**” for the Projects shall be the date on which an Authority Representative signs and delivers to the Trustee a certificate stating that, except for amounts retained by the Trustee for Costs of the Projects not then due and payable, or the liability for which the Authority, in good faith, is contesting or disputing, the Projects have been completed to the satisfaction of the Authority, and all labor, services, materials, and supplies used in the Projects have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

All money and any unliquidated investments remaining in the Projects Fund on the Completion Date and after payment in full of the Costs of the Projects (except for costs not then due and payable, or disputed amounts, for the payment of which the Trustee shall have retained amounts as hereinafter provided) shall be transferred, as soon as practicable after the Completion Date, and no later than 90 days thereafter, at the written direction of the Authority, from such account in the Projects Fund to the Surplus Fund. The Trustee, at the written direction of an Authority Representative, shall retain money in the Projects Fund for payment of Costs of the Projects not then due and payable or which are disputed. Any balance of such retained funds remaining after full payment of such Costs of the Projects be transferred, at the written direction of the Authority, from the Projects Fund to the Surplus Fund to be applied in accordance with Section 4.3. Notwithstanding the foregoing provisions of this paragraph, money remaining in the Projects Fund on the Completion Date and after payment in full of the Costs of the Projects may be used by the Authority to pay the Costs of any other project approved by the Authority and approved in an opinion of Bond Counsel; provided that any such money so used by the Authority will be disbursed by the Trustee pursuant to Section 4.2(c).

After payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2, and the payment of all other amounts owing hereunder, any amounts remaining in the Projects Fund shall be paid first to the Credit Issuer, if any, if there is then any amount owing by the Authority to the Credit Issuer, and second to the Authority.

**Section 4.3 Establishment and Use of Surplus Fund.** There is hereby established and created with the Trustee the SURPLUS FUND (the “**Surplus Fund**”). The Surplus Fund shall receive all Surplus Bond Proceeds transferred thereto in accordance with the written directions of the Authority. The deposit of Surplus Bond Proceeds in the Surplus Fund shall be deemed to be a direction by the Authority to the Trustee to redeem the greatest principal amount of the Series 2026A Bonds possible to be redeemed from such deposit pursuant to Section 2.18(a) on the earliest redemption date on which the Series 2026A Bonds may be redeemed, and on such

Indenture of Trust  
75

redemption date (or, if such day is not a Business Day, the immediately preceding Business Day) an amount equal to the principal amount of Series 2026A Bonds to be redeemed plus interest accrued thereon to the redemption date shall be transferred from the Surplus Fund to the Bond Fund and used for such redemption. After such transfer, if and to the extent that there is money in the Surplus Fund on the date on which (i) the Series 2026A Bonds are scheduled to mature, (ii) the Series 2026A Bonds are scheduled to be redeemed in whole, or (iii) any Series 2026A Bonds are to be redeemed pursuant to Section 2.18(d), such money in the Surplus Fund shall be transferred to the Bond Fund and shall be used for such payment or redemption. The foregoing provisions of this paragraph to the contrary notwithstanding, if while a Credit Facility is in effect there shall be any money on deposit in the Surplus Fund and there shall occur a drawing on the Credit Facility to pay principal of the Series 2026A Bonds (but not the Purchase Price of tendered Series 2026A Bonds) the Trustee shall use any money in the Surplus Fund to reimburse the Credit Issuer for such drawing; provided, further, if any of the events described in clauses (i), (ii) and (iii) above shall occur while a Credit Facility is in effect, the Trustee shall draw on the Credit Facility to the extent otherwise provided in this Indenture and shall immediately apply any money in the Surplus Fund (whether or not such money is Eligible Funds) to reimburse the Credit Issuer therefor in whole or in part. Notwithstanding any provision of this Indenture to the contrary, Surplus Bond Proceeds may be used for any purpose approved in an Opinion of Bond Counsel.

**Section 4.4 Establishment and Use of Bond Purchase Fund.** There is hereby established and created with the Trustee the BOND PURCHASE FUND, and while a Credit Facility is in effect, within such fund a special account designated the “Current Purchase Account.” There shall be deposited in the Bond Purchase Fund all money required to be paid by the Authority to provide for the payment of the Purchase Price of Series 2026A Bonds pursuant to this Indenture, together with any other money received by the Trustee pursuant to this Indenture or otherwise (including draws under a Credit Facility pursuant to Section 3.8(a)(ii) and amounts paid by a Liquidity Provider to purchase Series 2026A Bonds pursuant to Section 3.9(a)) that are required or directed to be paid into the Bond Purchase Fund. The Trustee shall establish with the Remarketing Agent a separate subaccount of the Bond Purchase Fund into which the proceeds of the remarketing of Series 2026A Bonds to purchasers (other than the Authority, any other Person obligated (as guarantor or otherwise) to make payments on the Series 2026A Bonds or under a Credit Agreement or any “affiliate” of the Authority as defined in Bankruptcy Code § 101(2)) will be deposited, a separate subaccount of the Bond Purchase Fund into which all amounts drawn under the Credit Facility pursuant to Section 3.8(a)(ii) will be deposited, and a separate subaccount of the Bond Purchase Fund into which all amounts paid by a Liquidity Provider to purchase Series 2026A Bonds pursuant to Section 3.9(a) will be deposited. Neither the Trustee nor the Remarketing Agent shall commingle amounts in any of such subaccounts with any other funds.

While a Credit Facility is in effect, each deposit into the Bond Purchase Fund not constituting Eligible Funds shall be placed in the Current Purchase Account within the Bond Purchase Fund and shall not be commingled with other money in the Bond Purchase Fund.

Money in the Bond Purchase Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the payment of the Purchase Price of the Series 2026A Bonds required to be purchased as set forth in Section 2.6(g).

Indenture of Trust  
76

**Section 4.7 Investment of Projects Fund, Surplus Fund, Bond Fund, and Bond Purchase Fund Money.** Money held as part of the Projects Fund, the Surplus Fund, the Bond Fund and the Bond Purchase Fund shall be invested and reinvested in Permitted Investments as instructed in writing by an Authority Representative; provided, however, that (i) any money from a drawing under a Credit Facility and any money held by the Trustee to pay the principal or Purchase Price of, premium, if any, or interest that has become payable with respect to the Series 2026A Bonds shall not be directed by the Authority to be invested and (ii) the Authority shall not direct the Paying Agent or the Remarketing Agent to invest any money they receive under this Indenture. All Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times to be a part of the fund and account which was used to purchase the same. All interest accruing thereon and any profit realized from Permitted Investments shall be credited to the respective fund or account and any loss resulting from Permitted Investments shall be similarly charged. The Trustee is authorized to cause to be sold and reduced to cash a sufficient amount of Permitted Investments whenever the cash balance in any fund or account hereunder is or will be insufficient to make a requested or required disbursement. The Trustee shall not be responsible for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale, so long as the Trustee performs its obligations hereunder in accordance with the provisions of Section 7.1(e). In the absence of specific written instructions from the Authority to invest cash balances in Permitted Investments hereunder, the Trustee shall hold moneys held by it hereunder uninvested. Notwithstanding anything to the contrary herein provided, money constituting Eligible Funds shall only be invested in Government Obligations maturing on or before the date such Eligible Funds will be required for disbursement. Notwithstanding anything to the contrary herein provided, money deposited in the Surplus Fund shall not be invested at a yield exceeding the yield on the Series 2026A Bonds.

The Trustee may conclusively rely upon the Authority’s written instructions as to both the suitability and legality of all investments directed hereunder. In no event shall the Trustee be liable for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Authority to provide timely written investment direction. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Trustee may make any and all investments hereunder through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including account maintenance fees.

**Section 4.8 Arbitrage; Arbitrage Rebate Fund.** The Authority agrees that it will commit no act or omit any action that would cause the Series 2026A Bonds to be “arbitrage bonds” within the meaning of § 148 of the Code and the applicable regulations thereunder. There is hereby established with the Trustee a rebate fund (the “Rebate Fund”). Any provisions in this Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

If for any reason a rebate is payable to the United States pursuant to § 148 of the Code, the Authority shall calculate, or cause to be calculated, the Rebate Amount (as hereinafter defined) and will deliver the amount so calculated, together with supporting documentation, to the Trustee for deposit into the Rebate Fund. Within 30 days after the end of each fifth

Indenture of Trust  
78

The Trustee is hereby authorized and directed, and the Trustee hereby agrees, to withdraw and to transfer to the Remarketing Agent funds from the Bond Purchase Fund as contemplated by Section 2.6(g) by 1:30 p.m., Local Time, on each date that Series 2026A Bonds are to be purchased pursuant to Section 2.6 from the Bond Purchase Fund to pay the Purchase Price of Series 2026A Bonds tendered (or deemed tendered) for purchase pursuant to Section 2.6.

After payment in full of the Series 2026A Bonds, or provision having been made for payment of the Series 2026A Bonds pursuant to Section 5.2, and payment of all other amounts required to be paid under this Indenture, any amounts remaining in the Bond Purchase Fund shall be paid first to the Credit Issuer or Liquidity Provider, if any, if there is then any amount owing by the Authority to the Credit Issuer or the Liquidity Provider, and second to the Authority.

**Section 4.5 Deposit of Series 2026A Bond Proceeds.** Upon the Trustee’s receipt of \$ \_\_\_\_\_ of the proceeds from the initial sale of the Series 2026A Bonds,

(a) \$ \_\_\_\_\_ of said proceeds shall be deposited in the Projects Fund (and withdrawn therefrom as set forth in Section 4.2 of this Indenture); and

(b) \$ \_\_\_\_\_ of said proceeds shall be irrevocably deposited with the Trustee for the Series 2018B Bonds for deposit to the Bond Fund, as described in Section 5.2 of the 2018B Indenture, which amount shall be sufficient to pay the principal of and interest on the Refunded Bonds on the redemption date to be set by the Authority.

**Section 4.6 Records.** The Trustee shall cause to be kept and maintained records pertaining to the Projects Fund, the Surplus Fund, the Bond Fund and the Bond Purchase Fund and all disbursements therefrom and shall periodically deliver to the Authority statements of activity and statements indicating the investments made with money in all such funds during the applicable period. Upon written request, the Trustee shall provide the Authority, within a reasonable period of time, with a report stating the principal amount of Series 2026A Bonds outstanding and a list of the registered owners of the Series 2026A Bonds as of the date specified by the Authority in its request.

The Trustee shall provide the Authority with a bank statement each month through the calendar month in which the last obligation of the Series 2026A Bonds is retired, identifying the Permitted Investments in which the money held as part of the Projects Fund, the Surplus Fund, the Bond Fund and the Bond Purchase Fund were invested during the preceding period and the dates of such investments, together with such other information as the Trustee ordinarily provides to Persons such as the Authority in its regular monthly investment reports. Although the Authority recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Authority hereby agrees that confirmations of investments are not required to be issued by the Trustee for each month in which a monthly bank statement is rendered or made available.

Indenture of Trust  
77

anniversary of the Issue Date, commencing on the fifth anniversary of the Issue Date, the Trustee, acting on behalf of the Authority, shall pay to the United States from the money deposited in the Rebate Fund an amount equal to 90% (or such greater percentage not in excess of 100% as the Authority may direct the Trustee to pay) of the amount certified by the Authority to be the required rebate to the United States as calculated under § 148(f)(2) of the Code (hereinafter called the “Rebate Amount”). Within 60 days after the payment in full of all outstanding Series 2026A Bonds, the Trustee shall pay to the United States from the money then on deposit in the Rebate Fund an amount equal to 100% of the Rebate Amount and any money remaining in the Rebate Fund following such payment shall be paid to the Authority.

The Trustee shall be entitled to conclusively rely on the calculations made pursuant to this Section and neither the Authority nor the Trustee shall be responsible for any loss or damage resulting from any good faith action taken or omitted to be taken in reliance upon such calculations.

The Trustee shall keep those records of the computations made pursuant to this Section that are furnished by the Authority to the Trustee, provided that nothing in this Indenture shall impose any obligation on the Trustee with respect to requesting, preparing, obtaining or verifying any such records or any computations therein.

Money in the Rebate Fund may be invested as provided in Section 4.7 for the investment of the Projects Fund, the Surplus Fund, the Bond Fund, and the Bond Purchase Fund.

**Section 4.9 Non-Presentation of Series 2026A Bonds.** If any Series 2026A Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal of, premium (if any) and interest on such Series 2026A Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, payment of such Series 2026A Bond or portion thereof as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee (subject to any applicable escheat laws) to hold such fund or funds uninvested in the Bond Fund, without liability to the Holder of such Series 2026A Bond for interest thereon, for the benefit of the Holder of such Series 2026A Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on such Holder’s part on, or with respect to, said Series 2026A Bond, or portion thereof, or premium, if any. If any Series 2026A Bond shall not be presented for payment within a period of two years following the date when such Series 2026A Bond becomes due, the Trustee shall transfer such funds theretofore held by it in the Bond Fund for payment of such Series 2026A Bond to the Authority for deposit in its general fund, the Trustee having no further obligation with respect thereto, and such Series 2026A Bond shall, subject to the defense of any applicable statute of limitations, thereafter be an unsecured obligation of the Authority.

[END OF ARTICLE IV]

Indenture of Trust  
79

## ARTICLE V

### DISCHARGE OF LIEN

**Section 5.1 Discharge of Lien and Security Interest.** Upon payment in full of all of the Series 2026A Bonds, these presents and the Security Interests shall cease, terminate, and be discharged, and thereupon the Trustee, upon receipt by the Trustee of an opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with shall (a) cancel and discharge this Indenture and the Security Interests; (b) execute and deliver to the Authority, at the Authority's expense, such instruments in writing as shall be required to cancel and discharge this Indenture and the Security Interests and reconvey to the Authority the Security, and assign and deliver to the Authority so much of the Security as may be in its possession or subject to its control, except for money and Government Obligations held in the Bond Fund for the purpose of paying Series 2026A Bonds and except for money held in the Bond Purchase Fund for the purpose of paying the Purchase Price of the Series 2026A Bonds which have been purchased pursuant to Section 2.6(g); and (c) return any Credit Facility to the Credit Issuer; provided, however, that the cancellation and discharge of this Indenture pursuant to Section 5.2 shall not terminate the powers and rights granted to the Trustee, the Registrar, the Remarketing Agent and the Paying Agent with respect to the payment, registration of transfer and exchange of the Series 2026A Bonds; provided, further, that the rights of the Authority, the Trustee, the Registrar, the Underwriters, the Remarketing Agent and the Paying Agent to indemnify, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and discharge of this Indenture pursuant to this Section or Section 5.2. If the Series 2026A Bonds are rated by a Rating Agency, notice of payment in full of the Series 2026A Bonds shall be furnished to such Rating Agency.

**Section 5.2 Provision for Payment of Series 2026A Bonds.** Series 2026A Bonds shall be deemed to have been paid within the meaning of Section 5.1 if:

- (a) there shall have been irrevocably deposited in the Bond Fund:
  - (i) if the Series 2026A Bonds do not bear interest at the Fixed Rate, sufficient Eligible Funds, for the payment of the Series 2026A Bonds at their first possible mandatory tender or redemption date prior to maturity of the principal thereof and the redemption premium, if any, and interest to accrue thereon at such first possible mandatory tender or redemption dates, as the case may be (assuming that the Series 2026A Bonds bear interest at the Ceiling Rate); or
  - (ii) if the Series 2026A Bonds bear interest at the Fixed Rate, either (1) sufficient Eligible Funds, or (2) Government Obligations purchased with Eligible Funds of such maturities and interest payment dates and bearing such interest as will, in the opinion of a nationally recognized firm of certified public accountants, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient together with any money referred to in subsection (a)(ii)(1) above, for the payment of the Series 2026A Bonds at their respective maturities or redemption dates prior to maturity of the principal thereof

Indenture of Trust  
80

(5) such Series 2026A Bond shall be delivered to the Trustee for cancellation and shall be cancelled.

Notwithstanding any other provision of this Indenture to the contrary, if all Series 2026A Bonds have been deemed to be paid because a deposit has been made under paragraph (a)(i) of this Section, and the Series 2026A Bonds are rated by S&P at the time such deposit is made, then (i) if such deposit is made with proceeds of one or more drawings under a Credit Facility, then any excess funds remaining in the Bond Fund after payment of all of the Series 2026A Bonds at their respective maturities or redemption or tender dates shall be returned to the Credit Issuer, or (ii) if such deposit is made with Eligible Funds as described in clause (i) of that definition, then there shall be delivered a written opinion of Counsel experienced in bankruptcy law matters, in form satisfactory to S&P, that the portion of such deposit needed to pay principal of, interest on and Purchase Price of the Series 2026A Bonds when due will not be subject to the automatic stay under Section 362 of the Bankruptcy Code in the event of an Act of Bankruptcy.

Notwithstanding any other provision of this Indenture to the contrary, if all Series 2026A Bonds have been deemed to be paid because a deposit has been made under paragraph (a)(i) of this Section, the Interest Rate Determination Method may not thereafter be changed by the Authority.

Notwithstanding any other provision of this Indenture to the contrary, if all Series 2026A Bonds have been deemed to be paid because a deposit has been made under paragraphs (a)(i) or (a)(ii) of this Section with proceeds of one or more drawings under a Credit Facility, then the surrender by the Trustee of such Credit Facility to the Credit Issuer for cancellation prior to the maturity or redemption date of the Series 2026A Bonds shall not constitute a Credit Modification Date.

If the Series 2026A Bonds do not bear interest at the Fixed Rate and are to be rated by a Rating Agency at or prior to the time provision for payment shall be made there shall be delivered to the Rating Agency the written opinion of counsel experienced in bankruptcy law matters and in form satisfactory to the Rating Agency that the deposit and use of such Eligible Funds will not constitute an avoidable preferential payment pursuant to § 547 of the Bankruptcy Code, or an avoidable post-petition transfer pursuant to § 549 of the Bankruptcy Code, recoverable from Holders of the Series 2026A Bonds pursuant to § 550 of the Bankruptcy Code in the event of an Act of Bankruptcy.

If the Series 2026A Bonds bear interest at the Fixed Rate and are to be rated by a Rating Agency at or prior to the time provision for payment shall be made, there shall be delivered to the Rating Agency the opinion of nationally recognized certified public accountants referred to in paragraph (a)(ii) above and a written opinion of counsel experienced in bankruptcy law matters and in form satisfactory to the Rating Agency that the deposit and use of such money will not constitute an avoidable preferential payment pursuant to § 547 of the Bankruptcy Code, or an avoidable post-petition transfer pursuant to § 549 of the Bankruptcy Code, recoverable from Holders of the Series 2026A Bonds pursuant to § 550 of the Bankruptcy Code in the event of an Act of Bankruptcy.

Indenture of Trust  
82

and the redemption premium, if any, and interest to accrue thereon at such maturity or redemption dates, as the case may be;

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Trustee, the Registrar, the Paying Agent, and the Remarketing Agent due or to become due; and

(c) if any Series 2026A Bonds are to be redeemed on any date prior to their maturity, the Trustee shall have received irrevocable written instructions from an Authority Representative to redeem such Series 2026A Bonds on such date and, if applicable, written instructions directing the Trustee to give such redemption notices.

Limitations set forth elsewhere herein regarding the investment of money held by the Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the Bond Fund of the obligations described in paragraph (a)(ii) of this Section for the purpose of defeasing the lien of this Indenture as to Series 2026A Bonds which have not yet become due and payable. Notwithstanding any other provision of this Indenture to the contrary, all Eligible Funds deposited with the Trustee as provided in this Section may be invested and reinvested, at the direction of the Authority, in Government Obligations (or, in the case of a deposit under paragraph (a)(i) of this Section, in a money market fund that invests solely in Government Obligations and is rated in the highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations (or money market fund) in the hands of the Trustee pursuant to this Section which is not required for the payment of the Series 2026A Bonds and interest and redemption premium, if any, thereon with respect to which such money shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other money deposited in the Bond Fund. Notwithstanding the foregoing provisions of this paragraph, if the Series 2026A Bonds are rated by S&P at the time a deposit is made under paragraph (a)(i) of this Section, such Eligible Funds may be invested solely in Government Obligations maturing or to be available to be withdrawn at par no later than the earlier of the maturity date, a mandatory tender date, redemption date or the next possible Optional Tender Date.

Notwithstanding any other provision of this Indenture to the contrary, if a Series 2026A Bond has been deemed to be paid under this Section and the Holder or Beneficial Owner of such Series 2026A Bond delivers a tender notice with respect to such Series 2026A Bond that would result in the occurrence of an Optional Tender Date for such Series 2026A Bond prior to its maturity or redemption date: (1) the Remarketing Agent shall not remarket such Series 2026A Bond; (2) the Remarketing Agent shall notify the Trustee by the third Business Day prior to such Tender Date for such Series 2026A Bond that it has received a tender notice with respect to such Series 2026A Bond; (3) the Trustee shall transfer to the Remarketing Agent, not later than 9:30 a.m., Local Time, on such Optional Tender Date for such Series 2026A Bond, Eligible Funds from the deposit made into the Bond Fund under paragraph (a)(i) of this Section sufficient to pay the Purchase Price of such Series 2026A Bond; (4) the Remarketing Agent shall purchase such Series 2026A Bond on such Optional Tender Date applicable to such Series 2026A Bond; and

Indenture of Trust  
81

**Section 5.3 Discharge of this Indenture.** Notwithstanding the fact that the lien of this Indenture upon the Security may have been discharged and cancelled in accordance with Section 5.1, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Security may have been discharged and cancelled, shall nevertheless continue and subsist after payment in full of the Series 2026A Bonds or the deemed payment in full of the Series 2026A Bonds in accordance with Section 5.2 until the Trustee shall have returned to the Authority, the Liquidity Provider or the Credit Issuer, as the case may be, all funds held by the Trustee which the Authority, the Liquidity Provider or the Credit Issuer, as the case may be, is entitled to receive pursuant to this Indenture after all Series 2026A Bonds have been paid at maturity or redeemed.

[END OF ARTICLE V]

Indenture of Trust  
83

## ARTICLE VI

### DEFAULT PROVISIONS AND REMEDIES

**Section 6.1 Events of Default.** Any one of the following shall constitute an Event of Default hereunder:

- (a) failure to pay interest on any Series 2026A Bond when and as the same shall have become due;
- (b) failure to pay the principal of or any premium on any Series 2026A Bond when and as the same shall become due, whether at the stated maturity or redemption date thereof or by acceleration;
- (c) failure to pay the Purchase Price of any Series 2026A Bond required to be purchased hereunder when and as the same shall become due;
- (d) failure to observe or perform any other of the covenants, agreements or conditions on the part of the Authority included in this Indenture or in the Series 2026A Bonds and the continuance thereof for a period of 30 days after written notice to the Authority and the Credit Issuer, if a Credit Facility is then in effect, has been given by the Trustee, provided that the Credit Issuer shall have consented to the same constituting an Event of Default;
- (e) if a Credit Facility is in effect, the Trustee shall have received a written notice from the Credit Issuer that an event of default under the Credit Agreement has occurred and is continuing and a written request from the Credit Issuer that the Series 2026A Bonds be accelerated; or
- (f) if a Credit Facility is in effect, the Trustee shall have received, within ten calendar days following a drawing under the Credit Facility to pay interest on the Series 2026A Bonds, written notice from the Credit Issuer that it has not been reimbursed for the amount of such drawing together with interest, if any, due pursuant to the Credit Agreement and that the amount of such drawing will not be reinstated as provided in the Credit Facility.

**Section 6.2 Acceleration.** Subject to the requirement that the consent of the Credit Issuer, if any, to any acceleration must be obtained in the case of an Event of Default described in Section 6.1(d), upon the occurrence of any Event of Default hereunder the Trustee may and upon (i) the written request of the Holders of not less than 25% in aggregate principal amount of Series 2026A Bonds then Outstanding or (ii) the occurrence of an Event of Default under Section 6.1(a), (b), (c), (e), or (f), the Trustee immediately shall, by notice in writing sent to the Authority, the Paying Agent, the Remarketing Agent, the Liquidity Provider, if any, and the Credit Issuer, if any, declare the principal of all Series 2026A Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon said declaration, such principal and interest shall become and be immediately due and payable. Upon any declaration of acceleration hereunder, if a Credit Facility is in effect, the Trustee shall immediately draw upon the Credit Facility as provided in Section 3.8(a)(iii). If the Credit Issuer honors the drawing under the Credit Facility upon a declaration of acceleration of the Series 2026A Bonds, interest on the Series 2026A Bonds shall accrue only to the date of such

Indenture of Trust  
84

**Section 6.4 Right of Holders and Credit Issuer to Direct Proceedings.** Anything in this Indenture to the contrary notwithstanding, and subject, if a Credit Facility is then in effect, to the rights of the Credit Issuer as provided in Sections 6.2 and 6.3, the Holders of a majority in aggregate principal amount of Series 2026A Bonds then Outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, and provided that the Trustee shall be indemnified to its satisfaction and the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. No Holder shall individually have the right to present a draft to, or otherwise make a demand on, the Credit Issuer to collect amounts available under the Credit Facility.

No Holder shall have the right to institute any proceeding for the enforcement of this Indenture unless such Holder has given the Trustee and the Authority written notice of an Event of Default, the Holders of a majority in aggregate principal amount of the Series 2026A Bonds then Outstanding shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within 60 days after receipt of notice with no inconsistent direction given during such 60 days by the Holders of a majority in aggregate principal amount of the Series 2026A Bonds then Outstanding. Nothing in this Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on the Series 2026A Bonds at and after the maturity thereof, or (ii) the obligation of the Authority to pay the principal of, premium, if any, and interest on the Series 2026A Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Indenture.

Nothing contained in this Indenture shall be deemed to authorize the Trustee to authorize, consent to, accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Series 2026A Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

**Section 6.5 Discontinuance of Default Proceedings.** Prior to the drawing on a Credit Facility, if any, pursuant to Section 3.8(a)(iii), in case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Authority, the Credit Issuer, if any, and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Authority, the Trustee and such Credit Issuer shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

**Section 6.6 Waiver.** The Trustee, with the consent of the Credit Issuer, if any, may waive any default or Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal, and shall do so upon the written request of

Indenture of Trust  
86

declaration and the Trustee shall pay the principal of and interest on the Series 2026A Bonds to the Holders immediately following the receipt of funds from such drawing. If no Credit Facility is in effect or the Credit Issuer fails to honor the drawing under the Credit Facility upon acceleration of the Series 2026A Bonds, interest on the Series 2026A Bonds shall cease to accrue as provided in Section 6.7.

Immediately following any such declaration of acceleration, the Trustee shall cause to be mailed notice of such declaration by first-class mail, postage prepaid, to each Holder of a Series 2026A Bond at such Holder's last address appearing on the Register. Any defect in or failure to give such notice of such declaration shall not affect the validity of such declaration.

**Section 6.3 Other Remedies; Rights of Holders.** Upon the happening and continuance of an Event of Default hereunder the Trustee may, only with the prior written consent of the Credit Issuer, if any, in the case of an Event of Default described in Section 6.1(d), with or without taking action under Section 6.2, pursue any available remedy to enforce the performance of or compliance with any other obligation or requirement of this Indenture.

Subject to the requirement that the consent of the Credit Issuer, if any, to the exercise by the Trustee of any such available remedy must be obtained in the case of an Event of Default described in Section 6.1(d), upon the happening and continuance of an Event of Default, and if requested to do so in writing by the Holders of at least 25% in aggregate principal amount of Series 2026A Bonds then Outstanding and if the Trustee is indemnified as provided in Sections 7.1 and 7.2, the Trustee shall exercise such of the rights and powers conferred by this Section and by Section 6.2 as the Trustee, being advised by Counsel, shall deem most effective to enforce and protect the interests of the Holders and, except to the extent inconsistent with the interests of the Holders, the Credit Issuer, if any.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Holders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Holders hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

When the Trustee incurs costs or expenses (including legal fees, costs, and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization, or other debtor relief law.

Indenture of Trust  
85

the Credit Issuer, if any; provided, however, that there shall be no such waiver or rescission unless the Purchase Price and all principal, premium, if any, and interest on the Series 2026A Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Series 2026A Bonds and all fees and expenses of the Trustee shall have been paid or provided for. The Trustee may not waive any default or Event of Default until the Trustee has received notice in writing from the Credit Issuer that the amount available to be drawn under any Credit Facility then in effect in respect of the principal and Purchase Price of and interest on the Series 2026A Bonds has been reinstated in full.

**Section 6.7 Application of Money.** All money received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the Bond Fund and, after payment (out of money derived from a source other than the Credit Facility, money held for the purchase of Untendered Bonds, money held for the redemption of Series 2026A Bonds and proceeds from the remarketing of Series 2026A Bonds) of the cost and expenses of the proceedings resulting in the collection of such money and of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, costs and expenses, and all other outstanding fees and expenses of the Trustee, and thereafter any fees, expenses, liabilities and advances due to, or incurred or made by, the Paying Agent, the Remarketing Agent and the Registrar, such money shall be applied in the order set forth below:

- (a) Unless the principal of all Series 2026A Bonds shall have become or been declared due and payable, all such money shall be applied:

FIRST: To the payment of all installments of interest then due on the Series 2026A Bonds in order of priority first to installments past due for the greatest period and, if the amount available shall not be sufficient to pay in full any particular installment, then to the ratable payment of the amounts due on such installment; and

SECOND: To the payment of the unpaid principal of and premium, if any, of the Series 2026A Bonds which shall have become due (other than Series 2026A Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Indenture), with interest on such Series 2026A Bonds from the respective dates upon which they became due (at the rate borne by the Series 2026A Bonds, to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full Series 2026A Bonds due on any particular date, together with such premium, then to the ratable payment of the amounts due on such date.

- (b) If the principal of all the Series 2026A Bonds shall have become or been declared due and payable, all such money shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Series 2026A Bonds, without preference or priority as between principal, premium, interest, installments of interest or Series 2026A Bonds, ratably according to the amounts due respectively for principal, premium and interest to the persons entitled thereto.

Indenture of Trust  
87

(c) If the principal on all Series 2026A Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article then, subject to subsection (b) of this Section in the event that the principal of all the Series 2026A Bonds shall again become or be declared due and payable, the money shall be applied in accordance with subsection (a) of this Section.

Notwithstanding the foregoing, unless the Credit Facility permits drawings to pay premium with respect to Series 2026A Bonds, the Trustee shall be obligated to apply money received under a Credit Facility then in effect only to principal and Purchase Price of, and interest on the Series 2026A Bonds (except Series 2026A Bonds that are not entitled to any benefit of the Credit Facility as provided in Section 3.8). Whenever money (other than money received under a Credit Facility) is to be applied pursuant to this Section, the Trustee shall fix the date which shall be not more than seven calendar days after such acceleration upon which such application is to be made and upon such date interest on the principal amount of Series 2026A Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date. As provided in Section 6.2, money received under a Credit Facility upon declaration of acceleration are to be applied as soon as is practicable following receipt to pay the principal of and interest on the Series 2026A Bonds to the Holders.

**Section 6.8 Rights of a Liquidity Provider and Credit Issuer.** All rights of any Liquidity Provider under this Indenture to consent to certain extensions, remedies, waivers, actions, and amendments hereunder shall be suspended (i) for so long as the Liquidity Provider wrongfully fails to honor its obligations under the Liquidity Facility or (ii) if no Liquidity Facility is in effect or any Liquidity Facility terminates in accordance with its terms. All rights of any Credit Issuer under this Indenture to consent to certain extensions, remedies, waivers, actions and amendments hereunder shall be suspended (i) for so long as the Credit Issuer wrongfully dishonors any draft (or other appropriate form of demand) presented in strict conformity with the requirements of the Credit Facility and has not honored a subsequent draft (or other appropriate form of demand), if any, thereunder or (ii) if no Credit Facility is in effect or any Credit Facility terminates in accordance with its terms.

**Section 6.9 Subrogation Rights of the Credit Issuer.**

(a) Notwithstanding anything else contained herein, whenever the Trustee shall make any payment to any Holder with funds drawn under the Credit Facility pursuant hereto, the Trustee shall make such payments as agent for the Credit Issuer and not as agent for the Authority, and the Credit Issuer and its assigns shall thereafter, to the extent of the amount so paid, be subrogated to the rights thereon of the Holders to whom such payment was made, and the Trustee shall, in the event of the payment of principal, keep a written record of such payments. When a Holder has been paid the entire principal of and interest on such Holder's Series 2026A Bond with funds drawn under the Credit Facility, such Series 2026A Bond shall be surrendered to the Trustee as agent for the Credit Issuer, in lieu of cancellation thereof, and such Series 2026A Bond shall be transferred and delivered to the Credit Issuer or as the Credit Issuer shall direct.

Indenture of Trust  
88

ARTICLE VII

THE TRUSTEE; THE PAYING AGENT;  
THE REGISTRAR; THE REMARKETING AGENT

**Section 7.1 Appointment of Trustee.** The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) (a) The Trustee may execute any of its trusts or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be held liable for their actions if such agents are selected with reasonable care. The Trustee shall be entitled to advice of Counsel concerning all matters hereunder, and in all cases may pay such reasonable compensation to all such attorneys, agents, receivers and employees. The Trustee may act upon the opinion or advice of Counsel, accountants, engineers or surveyors selected by it in the exercise of reasonable care or, if the same are selected by the Authority, approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein or in the Series 2026A Bonds, or for the recording, re-recording, filing or re-filing of this Indenture, of any financing statements or continuation statements, or for insuring the Security or the System or collecting any insurance money, or for the validity of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Series 2026A Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the System or otherwise as to the maintenance of the Security. The Trustee shall not be liable to the Authority, any Holder, any Beneficial Owner or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with Section 4.7. The Trustee shall not be liable to the Authority for any loss suffered as a result of or in connection with any investment of funds made by the Trustee in good faith as instructed by or approved by an Authority Representative. The Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document or for compliance with any state or federal securities laws in connection with the Series 2026A Bonds.

(c) The Trustee shall not be accountable for the use of any Series 2026A Bonds authenticated or delivered hereunder after such Series 2026A Bonds shall have been delivered in accordance with instructions of the Authority or for the use by the Authority of the proceeds of the Series 2026A Bonds or for the use or application of any money received by the Paying Agent. The Trustee may become the owner of Series 2026A Bonds secured hereby with the same rights as any other Holder.

(d) The Trustee may conclusively rely upon and shall be fully protected in acting upon opinions of Counsel and upon any notice, request, consent, certificate, order, affidavit,

Indenture of Trust  
90

(b) If the Credit Issuer makes any payment with respect to the payment of the principal or purchase price of or interest on any Series 2026A Bond to the Trustee under the Credit Facility, the Credit Issuer shall be subrogated to the rights possessed under the Indenture and in and to the Security by the Trustee, the Authority and the Holders of such Series 2026A Bonds so paid, and the Credit Issuer shall be subrogated to the rights of the Authority and the Trustee under any other document, instrument or agreement securing repayment of the principal or purchase price of and interest on the Series 2026A Bonds. For the purposes of the Credit Issuer's subrogation rights hereunder, (1) any reference in this Indenture to the Holders shall include the Credit Issuer, which shall be entitled to be treated as if the Credit Issuer were a registered owner of Series 2026A Bonds in the principal amount of any principal payment made by the Credit Issuer under the Credit Facility, (2) any portion of any Series 2026A Bond as to which the principal or purchase price is paid with money collected pursuant to the Credit Facility, shall be deemed to be outstanding under this Indenture and the principal amount of such Series 2026A Bond, together with interest due and unpaid thereon, which shall have been paid by the Credit Issuer pursuant to the Credit Facility shall be deemed to be held by and owing to the Credit Issuer, and (3) the Credit Issuer may exercise any and all rights and benefits it would have under this Indenture as a Holder to the extent of the principal amount of Series 2026A Bonds owned or deemed to be owned by the Credit Issuer and any and all interest so due and unpaid thereon; provided that such Series 2026A Bonds held by or pledged to the Credit Issuer (A) shall not be taken into account in determining any deficiency for which a claim or draw is to be made under the Credit Facility, and (B) shall be subordinated in right of payment as of any Interest Payment Date or upon the redemption or acceleration of the Series 2026A Bonds. Subrogation rights granted to the Credit Issuer hereunder are not intended to be exclusive of any other rights or remedies available to the Credit Issuer, and such subrogation rights shall be cumulative and shall be in addition to every right or remedy given hereunder or under any other instrument or agreement with respect to reimbursement of money paid by the Credit Issuer pursuant to the Credit Facility, and every other right or remedy now or hereafter existing at law or in equity or by statute.

[END OF ARTICLE VI]

Indenture of Trust  
89

letter, requisition, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Series 2026A Bond shall be conclusive and binding upon all future Holders of the same Series 2026A Bond and upon Series 2026A Bonds issued in exchange therefor or in place thereof. The Trustee may conclusively rely upon a certificate furnished by a Credit Issuer as to amounts owing under the Credit Agreement. The Trustee may conclusively rely upon a certificate furnished by a Liquidity Provider as to any termination of the Liquidity Facility.

(e) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as duties. The Trustee shall only be responsible for the performance of the duties expressly set forth herein and shall not be answerable for other than its gross negligence or bad faith in the performance of those express duties.

(f) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the System.

(g) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of the premises.

(h) Before taking any action requested hereunder by the Holders (except for acceleration of the Series 2026A Bonds as required by Section 6.2, for causing the Liquidity Provider, if any, to purchase Series 2026A Bonds as required by Section 3.9(e), for drawing on the Credit Facility as required by Section 3.8(a) and with respect to the payment of principal, interest and Purchase Price to Holders), the Trustee may require satisfactory security or indemnity bond for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own gross negligence or bad faith by reason of any action so taken.

(i) All money received by the Trustee or the Paying Agent, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Indenture and for the benefit and security of the Holders of the Series 2026A Bonds and the Credit Issuer as herein provided. Such money need not be segregated from other funds except to the extent required by law or herein provided, and neither the Trustee nor the Paying Agent shall otherwise be under any liability for interest on any money received hereunder except such as may be agreed upon.

(j) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Authority under this Indenture, and shall not be deemed to have, or be required to take, notice of default under this Indenture (other than under Section 6.1(a), (b) or (c) if notice thereof has been received from the Paying Agent or the Remarketing Agent or under Section 6.1(e) or (f)), except (i) in the event of an insufficient amount in the Bond Fund (or any account therein) to make a principal or interest payment on the Series 2026A Bonds, or (ii) written notification of such default by two or more Holders with combined holdings of not less than 25% of the principal amount of Outstanding Series 2026A Bonds, and in the absence of such notice

Indenture of Trust  
91

the Trustee may conclusively presume there is no default except as aforesaid. The Trustee may nevertheless require the Authority to furnish information regarding performance of its obligations under this Indenture, but is not obligated to do so.

(k) The Trustee, prior to any Event of Default and after the curing of all Events of Default which may have occurred, shall perform such duties and only such duties of the Trustee as are specifically set forth in this Indenture. During the existence of any Event of Default which has not been cured, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. The foregoing shall not limit the Trustee's obligations under Section 3.8(a) or Section 6.2.

(l) The Paying Agent, the Remarketing Agent and the Registrar shall each be entitled to the same rights and immunities with respect to their respective duties under this Indenture as the Trustee is under this Section 7.1 with respect to its duties hereunder.

(m) In addition to the Trustee's other duties hereunder, the Trustee shall authenticate and cancel Series 2026A Bonds as provided herein, keep such books and records relating to such duties as shall be consistent with prudent industry practice and make such books and records available for inspection by the Authority at all reasonable times, including, without limitation, prior written notice. All Series 2026A Bonds shall be made available for authentication, exchange and registration of transfer at the designated corporate trust office of the Trustee.

(n) The Trustee shall have no duty to inspect or oversee the maintenance, construction or completion of the Projects or to verify the truthfulness or accuracy of the certifications made by the Authority with respect to the Trustee's disbursements for Costs of the Projects in accordance with this Indenture.

(o) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Series 2026A Bonds or the interest thereon, (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Series 2026A Bonds or a Credit Facility under § 148 of the Code, or (iii) the calculation of any amount required to be rebated to the United States under § 148 of the Code.

(p) No provision of this Indenture or the Series 2026A Bonds shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee may refuse to perform any duty or exercise any right or power which would require it to expend its own funds or risk any liability if it shall reasonably believe that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

(q) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of bad faith on its part, conclusively rely upon a written certificate of an Authority Representative.

Indenture of Trust  
92

any Participant or Indirect Participant of any amount in respect of the principal or Purchase Price of or interest on the Series 2026A Bonds, any notice which is permitted or required to be given under this Indenture (except for any notice expressly required to be given by the Trustee to the DTC), the selection by DTC or any Participant or Indirect Participant of any Person to receive payment in the event of a partial redemption of the Series 2026A Bonds, or any consent given or other action taken by DTC as Holder.

(w) The Trustee shall have the right to accept and act upon directions or instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture or any other document reasonably relating to the Series 2026A Bonds and delivered using Electronic Means; provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing Authorized Officers with the authority to provide such directions or Instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee directions or Instructions using Electronic Means and the Trustee in its discretion elects to act upon such directions or Instructions, the Trustee's understanding of such directions or Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions or Instructions and that the Trustee shall conclusively presume that directions or Instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such directions or Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions or Instructions notwithstanding such directions or Instructions conflict or are inconsistent with a subsequent written direction or written Instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(x) In acting or omitting to act pursuant to any Credit Facility, Liquidity Facility, Credit Agreement or other agreement or document executed or accepted by the Trustee in connection with the Series 2026A Bonds, the Trustee shall be entitled to all of the rights, protections, privileges, immunities and indemnities accorded to it under this Indenture, including, without limitation, those set forth in this Article VII. Whether or not expressly so provided, each and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section 7.1.

Indenture of Trust  
94

(r) Except as provided in Section 7.9, if the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Series 2026A Bonds, each representing less than a majority in aggregate principal amount of the Series 2026A Bonds Outstanding, pursuant to the provisions of this Indenture, then the Trustee, as advised by counsel, shall be directed as to what action or actions, if any, shall be taken or not taken.

(s) The Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Series 2026A Bonds.

(t) The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold or deal in any of the Series 2026A Bonds and may join in any action that any Holder may be entitled to take with like effect as if it were not the Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Authority and may act as depository, trustee or agent for any committee of Holders secured hereby or other obligations of the Authority, as freely as if it were not the Trustee hereunder. The provisions of this paragraph shall extend to the affiliates of the Trustee.

The Trustee may serve as depository or custodian of any Authority funds, provided that no duty shall be implied on the part of the Trustee by reason of its service as both Trustee hereunder and as depository or custodian of any such funds, except to the extent expressly provided in this Indenture or any separate depository or custodial agreement. The Authority may designate the Trustee to act as depository or custodian with respect to money that may be used by the Authority to make payments over multiple issues of Series 2026A Bonds, and the Trustee, acting in any capacity, shall have no liability or obligation whatsoever to determine the order or priority in which holders of Series 2026A Bonds are to be paid out of funds available in the Sinking Fund or any subaccount thereof (or in any other fund or account to which the Trustee may have recourse other than those funds comprising the Additional Security), the same being the sole and exclusive responsibility of the Authority, and the Trustee shall be fully protected in acting upon the direction of the Authority (whether specified in a written depository agreement or otherwise) with respect to any such determination.

(u) Notwithstanding anything to the contrary herein, including for the avoidance of doubt Section 2.4(g) hereof, the Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any federal securities laws in connection with the Series 2026A Bonds.

(v) The Trustee shall have no responsibility or obligation to Participants, to Indirect Participants, or to the Persons for whom they act as nominees with respect to the Series 2026A Bonds, or to any Beneficial Owner of Series 2026A Bonds in respect of the accuracy of any records maintained by DTC or any Participant or Indirect Participant, the payment by DTC or

Indenture of Trust  
93

(y) Notwithstanding anything in this Indenture to the contrary, in no event shall the Trustee, the Paying Agent or the Registrar be liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever, including lost profits, regardless of the form of action and even if such party has been advised of the likelihood of such loss or damage.

(z) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(aa) The Trustee shall have no duty to review, verify or analyze such financial statement and shall hold such financial statements solely as a repository for the benefit of the Bondholders; the Trustee shall not be deemed to have notice of any information contained therein, default or event of default which may be disclosed therein in any manner.

**Section 7.2 Compensation and Indemnification of Trustee, Paying Agent, Registrar, Underwriters, and Remarketing Agent; Prior Claim.** The Authority shall (a) pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); (b) pay the Paying Agent, the Registrar, and any other agent of the Authority acting hereunder (the Paying Agent, the Registrar, and any other agent of the Authority being herein referred to as an "Agent") reasonable compensation; (c) pay or reimburse each of the Trustee and any Agent upon request for all reasonable expenses, disbursements, and advances incurred or made in accordance with any of the provisions of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement, or advance is due to its own gross negligence or bad faith; and (d) indemnify each of the Trustee and any Agent for, and to hold it harmless against, any loss, liability, or expense incurred by it, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of its duties hereunder (including without limitation any liability, losses, damages, costs, expenses, taxes, causes of action, suits, claims, demands and judgments of any nature (whether asserted by the Authority or any holder or any other person) arising from or in connection with (i) the System or the financing of the Projects; (ii) any taxes, assessments, impositions, and other charges in respect of the System; (iii) any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the System or the use thereof, including without limitation any lease thereof or assignment of its interest therein; or (iv) the investment or non-investment of any money by or on behalf of the Authority), including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises, except to the extent that any such loss, liability, or expense was due to its own gross negligence or bad faith. In the Purchase Agreement and the Remarketing Agreement, the Authority has agreed to pay the fees and expenses of, and to indemnify, the Underwriters and the Remarketing

Indenture of Trust  
95

Agent to the extent set forth therein. The obligations of the Authority to the Underwriters and the Remarketing Agent referred to in the immediately preceding sentence shall constitute additional obligations under this Section. The obligations of the Authority under this Section shall be a senior claim to that of the Series 2026A Bonds upon all property and funds held or collected by the Trustee as such, except funds held with respect to Untendered Series 2026A Bonds and unredeemed Series 2026A Bonds for which notice of redemption has been given, and except for any arbitrage rebate fund or account established pursuant hereto or pursuant to any arbitrage regulatory agreement. Notwithstanding the foregoing, the Trustee, any Agent, the Underwriters, and the Remarketing Agent shall have no claim upon or shall be paid, prior to any Holder, from any Credit Facility or proceeds from the remarketing of Series 2026A Bonds, or the proceeds thereof, with respect to any such compensation, payment, reimbursement or indemnity. "Trustee," "Agent," "Paying Agent," and "Registrar" for purposes of this Section shall include any predecessor Trustee, Agent, Paying Agent and Registrar but the gross negligence or bad faith of any Trustee, Agent, Paying Agent, or Registrar shall not affect the indemnification of any other Person. The obligations of the Authority under this Section shall survive the termination of this Indenture or the sooner resignation or removal of the Trustee.

If the Trustee renders any service hereunder not provided for in this Indenture or related financing documents, or the Trustee is made a party to or intervenes in any litigation pertaining to this Indenture or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Authority for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket and incidental expenses and legal fees and expenses occasioned thereby.

Indenture of Trust  
96

**Section 7.6 Paying Agent.** The Bank of New York Mellon Trust Company, N.A. is hereby appointed by the Authority as the initial Paying Agent. The Authority, with the approval of the Remarketing Agent and the Credit Issuer, if any, shall appoint any successor Paying Agent for the Series 2026A Bonds, subject to the conditions set forth in Section 7.7. The Paying Agent shall designate to the Authority and the Trustee its designated corporate trust office for all purposes hereof and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Authority and the Trustee under which the Paying Agent shall agree, particularly:

- (i) to hold all sums held by it for the payment of the principal of, premium, if any, or interest on the Series 2026A Bonds in trust for the benefit of the Holders of the Series 2026A Bonds until such sums shall be paid to such Holders of the Series 2026A Bonds or otherwise disposed of as herein provided;
- (ii) to perform its obligations under this Indenture; and
- (iii) to keep such books and records relating to its duties as Paying Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority and the Trustee at all reasonable times.

The Authority shall cooperate with the Trustee and the Paying Agent to cause the necessary arrangements to be made and to be thereafter continued whereby:

- (a) funds derived from the sources specified in this Indenture will be made available at the designated corporate trust office of the Paying Agent for the timely payment of principal, premium, if any, and interest on the Series 2026A Bonds; and
- (b) the Paying Agent shall be furnished such records and other information, at such times, as shall be required to enable the Paying Agent to perform the duties and obligations imposed upon it hereunder.

In carrying out its responsibilities hereunder the Paying Agent will act for the benefit of the Holders. Notwithstanding anything to the contrary in this Indenture, the Paying Agent shall not invest any money it receives from a draw on the Credit Facility, if any.

No purchase of Series 2026A Bonds by the Paying Agent shall constitute a redemption of Series 2026A Bonds or any extinguishment of the debt represented thereby or constitute the Paying Agent the owner of such Series 2026A Bonds for any purpose whatsoever.

**Section 7.7 Qualifications of Paying Agent.** The Paying Agent shall be a bank or trust company with trust powers duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The designated corporate trust office of the Paying Agent for all purposes hereof shall be the office of the Paying Agent at which all deliveries to it hereunder shall be made and any and all notices and other communications in connection herewith shall be delivered. The Paying Agent may at any time resign and be discharged of its duties and obligations created by this Indenture by giving at least 60 days' notice to the Authority and the Trustee. The Paying Agent

Indenture of Trust  
98

**Section 7.3 Intervention in Litigation.** In any judicial proceedings to which the Authority is a party, the Trustee may intervene on behalf of Holders and shall intervene if requested in writing by the Holders of at least 25% in aggregate principal amount of Series 2026A Bonds then Outstanding and is provided indemnification to its satisfaction.

**Section 7.4 Resignation: Successor Trustees.** The Trustee and any successor Trustee may resign only upon giving 60 days prior written notice to the Authority, the Credit Issuer, if any, the Liquidity Provider, if any, and each Holder of Series 2026A Bonds then Outstanding as shown on the Register. Such resignation shall take effect only upon the appointment of a successor Trustee by the Authority with the written consent of the Credit Issuer, if any, and the Liquidity Provider, if any, and the acceptance of such appointment by the successor Trustee. If no successor is appointed within 60 days after the notice of resignation, the resigning party may, at the expense of the Authority, or petition any court of competent jurisdiction for the appointment of a successor Trustee. Upon appointment of a successor Trustee, the resigning Trustee shall assign all of its right, title and interest in this Indenture and the Security (including any Credit Facility then in effect) to the successor Trustee. The successor Trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000. Any successor Trustee shall accept in writing its duties and responsibilities hereunder and such writing shall be filed with the Authority, the Liquidity Provider, if any, and the Credit Issuer, if any.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or any material part of the corporate trust business of the Trustee that includes this Indenture, shall be the successor of the Trustee hereunder without the execution or filing of any paper of any further act on the part of any Person, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible to serve as Trustee under the provisions of this Indenture. If the Trustee is not the successor corporation in any such merger or consolidation, the Trustee shall give notice of such event to the Authority and shall take such action as may be required to affect a transfer of the trust included in this Indenture to such successor corporation.

**Section 7.5 Removal of Trustee.** The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, the Credit Issuer, if any, the Liquidity Provider, if any, and the Authority and signed by the Holders of a majority in aggregate principal amount of Series 2026A Bonds then Outstanding. During such time that no Event of Default has occurred and is continuing under this Indenture, the Trustee may also be removed upon thirty (30) days' notice by an instrument in writing delivered to the Trustee, the Credit Issuer, if any, and the Liquidity Provider, if any, and signed by an Authority Representative. Such removal shall take effect only upon the appointment of a successor Trustee by the Authority with the written consent of the Credit Issuer, if any, and the Liquidity Provider, if any, and the acceptance of such appointment by the successor Trustee. Upon such removal, the Trustee shall assign to the successor Trustee all of its right, title and interest in this Indenture and the Security (including any Credit Facility then in effect) in the same manner as provided in Section 7.4. If the Series 2026A Bonds are rated by a Rating Agency, notice concerning any change in the Trustee shall be furnished to such Rating Agency.

Indenture of Trust  
97

may be removed at any time, at the direction of the Authority, by an instrument signed by the Authority and filed with such Paying Agent and the Trustee.

**Section 7.8 Resignation of Paying Agent; Removal: Successors.**

- (a) If the Paying Agent shall resign or be removed, the Paying Agent shall deliver any money and any related books and records held by it in such capacity to its successor or, if there be no successor, to the Trustee.
- (b) If the Paying Agent shall resign, be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Authority shall not have appointed a successor Paying Agent, the Trustee shall *ipso facto* be deemed to be the Paying Agent for all purposes of this Indenture until the appointment by the Authority of a successor Paying Agent.

**Section 7.9 Instruments of Holders.** Any instrument required by this Indenture to be executed by Holders may be in any number of writings of similar tenor and may be executed by Holders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Series 2026A Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture:

- (i) a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him/her the execution thereof; or
- (ii) a certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as he property of such party, the Series 2026A Bonds therein mentioned.

The Trustee may conclusively rely on such an instrument of Holders unless and until the Trustee receives notice in the form specified in (i) or (ii) above that the original such instrument is no longer reliable. In the event that the Trustee shall receive conflicting directions from two or more groups of Holders, each with combined holdings of not less than 25% of the principal amount of Outstanding Series 2026A Bonds, the directions given by the group of Holders which holds the largest percentage of Series 2026A Bonds shall be controlling and the Trustee shall follow such directions to the extent required herein.

**Section 7.10 Power to Appoint Co-Trustees.** At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the System may at the time be located, the Authority and the Trustee shall have power to appoint and, upon the request of the Trustee or of the Holders of a majority of the aggregate principal amount of the Series 2026A Bonds then Outstanding, the Authority shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Projects, or to act as separate trustee or separate co-trustees of all or any part of the Projects, and to vest in such person or persons, in such

Indenture of Trust  
99

capacity, such title to the System, the Projects or any part thereof, and such rights, powers, duties, trusts or obligations as the Authority and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Any co-trustee or separate trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

The Trustee and co-trustee, if any, may by written instrument between them designate and assign either the Trustee or the co-trustee or both of them to perform all or any part of the responsibilities and duties of the Trustee under this Indenture.

If the Authority shall not have joined in such appointment within 30 days after the receipt by it of a written request to do so, or in case an Event of Default shall have occurred and be continuing, the Trustee shall have the power to make such appointment.

The Authority shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties, and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee appointed pursuant to this Section, to the extent permitted by law or any applicable contract, shall be subject to the following terms, namely:

(a) This Indenture shall become effective at the time the Series 2026A Bonds shall be authenticated and delivered, and thereupon such co-trustee or separate trustee shall have all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of money, papers, securities and other personal property.

(b) All rights, powers, trusts, duties, and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee, to the extent permitted by law, may delegate to the Trustee the exercise of any right, power, trust, duty, or obligation, or otherwise.

(e) The Trustee at any time, by an instrument in writing, with the concurrence of the Authority evidenced by a resolution, may accept the resignation of any co-trustee or separate

Indenture of Trust  
100

conditions set forth in Section 7.13 and, upon such transfer, such affiliate shall automatically become the Remarketing Agent hereunder without any further action.

Any Remarketing Agent shall designate to the Authority and the Trustee its designated corporate trust office for purposes hereof, which shall be the office of such Remarketing Agent at which all notices and other communications in connection herewith may be delivered to it, and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Authority, the Trustee, the Liquidity Provider, if any, and the Credit Issuer, if any, under which such Remarketing Agent shall agree particularly (i) to hold all Series 2026A Bonds delivered to it hereunder in trust for the benefit of the respective Holders of Series 2026A Bonds that delivered such Series 2026A Bonds until money representing the Purchase Price of such Series 2026A Bonds is delivered to or for the account of or to the order of such Holders; (ii) to hold all money delivered to it hereunder for the purchase of Series 2026A Bonds in trust for the benefit of the person or entity that has delivered such money until the Series 2026A Bonds purchased with such money is delivered to or for the account of such person or entity; and (iii) to keep books and records with respect to its activities hereunder available for inspection by the Authority, the Trustee, the Liquidity Provider, if any, and the Credit Issuer, if any, at all reasonable times.

**Section 7.13 Qualifications of Remarketing Agent; Resignation; Removal.** The Remarketing Agent shall be a financial institution or registered broker/dealer authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent may at any time resign and be discharged of its duties and obligations created by this Indenture by giving at least 30 days' notice to the Authority, the Paying Agent, the Trustee, the Liquidity Provider, if any, and the Credit Issuer, if any; provided, however, that if no successor Remarketing Agent has been appointed in accordance with Section 7.12 and this Section on or prior to the effective date of such resignation, the resigning Remarketing Agent shall give written notice to Holders on the effective date of such resignation that all optional tender notices under Sections 2.6(a) and (b) should be delivered to the Trustee until a successor Remarketing Agent has been appointed. The Remarketing Agent may be removed at any time, upon not less than 30 days' notice, at the direction of the Authority, by an instrument signed by the Authority and filed with the Remarketing Agent, the Trustee, the Paying Agent, the Liquidity Provider, if any, and the Credit Issuer, if any; provided that no such removal shall be effective until a successor Remarketing Agent has been appointed in accordance with Section 7.12 and this Section and such successor Remarketing Agent has accepted such appointment.

No delivery of Series 2026A Bonds to the Remarketing Agent shall constitute a redemption of Series 2026A Bonds or any extinguishment of the debt represented thereby or, except as provided in Section 8.4, constitute the Remarketing Agent the owner of such Series 2026A Bonds for any purpose whatsoever unless the Remarketing Agent has purchased such Series 2026A Bonds for its own account.

**Section 7.14 Several Capacities.** Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Credit Issuer, the Liquidity Provider, the Paying Agent, the Registrar and the Remarketing Agent and in any other combination of such capacities, to the extent permitted by law.

Indenture of Trust  
102

trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Authority. Upon the request of the Trustee, the Authority shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(f) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(g) Any money, paper, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the security interest in the Security and with such rights, powers, duties, trusts or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as applicable law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the security interest in the Security and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the same manner as provided for with respect to the appointment of a successor Trustee pursuant to Section 7.4 hereof.

**Section 7.11 Filing of Financing Statements.** The Authority shall file or record or cause to be filed or recorded all Financing Statements that are required in order fully to protect and preserve the security interests and the priority thereof and the rights and powers of the Trustee in connection therewith, including without limitation all continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Series 2026A Bonds in connection with the security for the Series 2026A Bonds pursuant to the authority of the UCC and (ii) any previously filed continuation statements that shall have been filed as required herein. Upon the filing of any such Financing Statement the Authority shall immediately notify the Trustee in writing that the same has been accomplished.

**Section 7.12 Remarketing Agent.** At the request of the Authority, Stifel, Nicolaus & Company, Incorporated is hereby appointed as the initial Remarketing Agent. The Authority, with the consent of the Liquidity Provider, if any, and the Credit Issuer, if any, which consent shall not be unreasonably withheld, shall appoint any successor Remarketing Agent for the Series 2026A Bonds (except for assignees permitted under the following sentence), subject to the conditions set forth in Section 7.13. To the extent permitted by any Remarketing Agreement then in effect, the Remarketing Agent may at any time transfer all of its duties and obligations as Remarketing Agent hereunder to an affiliate of such Remarketing Agent that satisfies the

Indenture of Trust  
101

**Section 7.15 Trustee Not Responsible for Duties of Remarketing Agent, Registrar and Paying Agent.** Notwithstanding anything to the contrary in this Indenture, the Trustee shall not be liable or responsible for any of the duties or obligations of the Remarketing Agent, the Registrar or the Paying Agent under this Indenture (or be liable or responsible for the acts or omissions of the Paying Agent, the Registrar or the Remarketing Agent or any action taken by the Trustee or failure to act in reasonable reliance upon any action or failure to act by the Paying Agent, the Registrar or the Remarketing Agent) except for the duties imposed upon, or the acts and omissions of, the Trustee as the Paying Agent after receipt of the written notice provided for in Section 7.8(b) to the effect that a successor agent has not been appointed by the Authority. The Trustee shall not be bound to ascertain or inquire as to the truth or accuracy of any information provided to it by the Paying Agent, the Registrar or the Remarketing Agent but may for any purpose conclusively rely upon any information given to the Trustee by the Paying Agent, the Registrar or the Remarketing Agent.

**Section 7.16 Cooperation of the Authority.** The Authority shall cooperate with the Trustee, the Paying Agent, the Registrar and the Remarketing Agent, if requested to do so by the Trustee and to the extent it may lawfully do so, to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified in Section 4.4 will be made available to pay the Purchase Price of Series 2026A Bonds presented to the Remarketing Agent.

**Section 7.17 Cooperation of the Trustee, the Remarketing Agent, the Registrar, and the Paying Agent.** The Trustee, the Remarketing Agent, the Registrar and the Paying Agent shall cooperate in all respects and shall provide to the other in a timely fashion the information and knowledge each possesses so that the Trustee and each of such parties may faithfully exercise their respective obligations hereunder.

[END OF ARTICLE VII]

Indenture of Trust  
103

ARTICLE VIII

AMENDMENTS; SUPPLEMENTAL INDENTURES

**Section 8.1 Supplemental Indentures.** The Authority and the Trustee, with the consent of the Credit Issuer, if any, or the Liquidity Provider, if any, but without the consent of or notice to any Holders (except in the case of supplemental indentures described in (j) below, in which case prior notice shall be given to Holders by the Trustee), may enter into an indenture or indentures supplemental to this Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Holders and such Credit Issuer, if any, or Liquidity Provider, if any, any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(b) to grant or pledge to the Trustee for the benefit of Holders and such Credit Issuer, if any, or Liquidity Provider, if any, any additional security other than that granted or pledged under this Indenture; provided that no additional security shall be granted or pledged to the Trustee for the benefit of such Credit Issuer or Liquidity Provider, if any, unless such Credit Issuer or Liquidity Provider agrees that the Trustee shall hold such security in trust for the equal or ratable benefit of such Credit Issuer or Liquidity Provider, on the one hand, and the Holders, on the other hand;

(c) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Series 2026A Bonds for sale under the securities laws of any of the states of the United States;

(d) to appoint a successor Trustee, separate trustees, or co-trustees in the manner provided in Article VII hereof;

(e) to modify, amend, or supplement this Indenture for the purpose of obtaining or retaining a rating on the Series 2026A Bonds from a Rating Agency;

(f) to modify, amend or supplement this Indenture to permit a transfer of Series 2026A Bonds from one Securities Depository to another or the discontinuance of the Book-Entry System and issuance of replacement Series 2026A Bonds to the Beneficial Owners;

(g) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interest of the Holders or such Credit Issuer or Liquidity Provider, if any;

(h) to modify, amend, or supplement this Indenture to permit the Paying Agent or the Registrar to assume any administrative duties of the Trustee hereunder (except any duties of the Trustee with respect to the acceptance, modification, reduction, or release of or drawing on, any

Credit Facility) or for the Trustee to assume any administrative duties of the Paying Agent or the Registrar hereunder;

(i) to make any change herein necessary, in the Opinion of Bond Counsel, to maintain the exclusion of the interest on any Outstanding Series 2026A Bonds from gross income of the Holders thereof for federal income tax purposes;

(j) to make any change to the administrative provisions hereof, to accommodate the provisions of an Alternate Credit Facility, a Liquidity Facility, an Alternate Liquidity Facility, or bond insurance;

(k) to issue additional bonds secured by a lien on the Revenues junior and subordinate to the Bonds; and

(l) to issue additional bonds secured by a lien on the Revenues on a parity with the Bonds provided that (i) a Credit Facility will continue in effect for the Series 2026A Bonds after issuance delivery of such parity bonds or (ii) the issuance and delivery of such parity bonds shall occur on a Mandatory Purchase Date.

When requested by the Authority, and if all conditions precedent under this Indenture have been met, the Trustee shall join the Authority in the execution of any such supplemental indenture unless it imposes additional obligations on the Trustee or adversely affects the Trustee's rights and immunities under this Indenture or otherwise. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and complies with the terms hereof. A copy of all such supplemental indentures shall be promptly furnished to the Credit Issuer, if any, the Liquidity Provider, if any, and the Paying Agent, and the Registrar shall be promptly advised of any modifications of its rights, duties and obligations hereunder.

If the Series 2026A Bonds are rated by a Rating Agency, the Trustee shall forward copies of all such supplemental indentures to such Rating Agency.

**Section 8.2 Amendments to Indenture; Consent of Holders, the Credit Issuer, and the Liquidity Provider.** Exclusive of supplemental indentures covered by Section 8.1 and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding and affected by such indenture or indentures supplemental hereto, with the consent of the Credit Issuer, if any, and the Liquidity Provider, if any, shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and direct the execution by the Trustee of such other indenture or indentures supplemental hereto as shall be consented to by the Authority in its sole discretion for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing contained in this Section shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Bonds, (a)

Indenture of Trust  
104

Indenture of Trust  
105

an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond; (b) a reduction in the principal amount of, or the premium or the rate of interest on, any Bond; (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds; (d) the creation of a lien on the Security prior to the lien of this Indenture; or (e) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental indenture; provided further, however, that without the written consent of the Trustee, the Trustee shall not be required to join in the execution of any supplemental indenture that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee. The giving of notice to and consent of the Holders to any such proposed supplemental indenture shall be obtained pursuant to Section 8.4. If the Bonds are rated by a Rating Agency, the Trustee shall furnish copies of all such supplemental indentures to such Rating Agency.

**Section 8.3 Amendments, Changes, and Modifications to the Credit Facility or the Liquidity Facility.** Except as otherwise provided in this Indenture, subsequent to the initial issuance of the Bonds and prior to payment of the Bonds in full (or provision for the payment thereof having been made in accordance with the provisions of this Indenture), no Credit Facility may be effectively amended, changed or modified without the prior written consent of the Trustee and the Paying Agent. The Trustee may, without the consent of the Holders of the Bonds, consent to any amendment of the Credit Facility as may be required to extend the term thereof or for purposes of curing any ambiguity, formal defect or omission or obtaining or retaining a rating on the Bonds from a Rating Agency that does not prejudice in any material respect the interests of the Holders. Except for such amendments, and as otherwise provided herein, the Credit Facility may be amended only with the consent of the Authority, the Trustee and the Holders of a majority in aggregate principal amount of Outstanding Bonds, except that no such amendment may be made that would reduce the amounts required to be paid thereunder, change the time for payment of such amounts or accelerate the expiration date of the Credit Facility without the written consent of the Holders of all Outstanding Bonds. The foregoing shall not limit the Trustee's obligation to send notice to the Credit Issuer to reduce amounts available to be drawn under a currently effective Credit Facility under the circumstances set forth therein. The Authority shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to any Liquidity Facility which would alter the events that permit the Liquidity Provider to automatically terminate the Liquidity Facility or which would prejudice in any material respect the interests of the Holders. The Authority shall file copies of all amendments to the Liquidity Facility with the Trustee and the Remarketing Agent.

The Trustee shall file copies of all such amendments, changes or modifications with each Rating Agency, if any, rating the Bonds.

**Section 8.4 Notice to and Consent of Holders.** If consent of the Holders is required under the terms of this Indenture for the amendment of this Indenture or the Credit Facility or for any other similar purpose, the Trustee shall cause notice of the proposed execution of the amendment or supplemental indenture to be given by first-class mail, postage prepaid, to the Holders of the Outstanding Bonds then shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment, supplemental indenture or other action and shall state that copies of any such amendment, supplemental indenture or other document are on file at the designated corporate trust office of the Trustee for inspection by all Holders. If, within 60 days or such longer period as shall be prescribed by the Trustee following the mailing of such notice,

the Holders of a majority or all, as the case may be, of the principal amount of the Bonds Outstanding by instruments filed with the Trustee shall have consented to the amendment, supplemental indenture, or other proposed action, then the Trustee may execute such amendment, supplemental indenture or other document or take such proposed action and the consent of the Holders shall thereby be conclusively presumed. Notwithstanding the foregoing provisions of this Section, the Remarketing Agent shall be deemed to be the Holder of the Outstanding Bonds on any Mandatory Purchase Date for the purpose of giving any consent required under the terms of this Indenture for the amendment of this Indenture or the Credit Facility, if notice of such amendment has been given to the Persons to whom the Bonds are proposed to be remarketed.

**Section 8.5 Opinion of Bond Counsel.** With respect to any supplement or amendment to this Indenture or any amendment, change, or modification to a Credit Facility or Liquidity Facility, the Trustee may require and may conclusively rely upon an opinion of Bond Counsel to the effect that such supplement, amendment, change, or modification (i) is authorized or permitted by the terms of this Indenture and (ii) will not adversely affect the tax-exempt status of the Bonds.

[END OF ARTICLE VIII]

Indenture of Trust  
106

Indenture of Trust  
107

ARTICLE IX  
MISCELLANEOUS

**Section 9.1 Effect of Payment by Credit Issuer.** Notwithstanding anything in this Indenture to the contrary, in the event that the principal or interest due on any Bond shall be paid by a Credit Issuer pursuant to a Credit Facility, such Series 2026A Bond shall remain Outstanding for all purposes, and shall not be defeased or otherwise satisfied and the Authority's or the Trustee's right, title and interest in the funds and accounts held by the Authority or the Trustee, as the case may be, pursuant to this Indenture and all covenants, agreements and other obligations of the Authority to the Holders of the Series 2026A Bonds shall continue to exist and shall run to the benefit of the Credit Issuer, and the Credit Issuer shall be subrogated to the rights of such Holders until the Credit Issuer is paid in full.

**Section 9.2 Limitation of Rights.** With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Series 2026A Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, the Credit Issuer, if any, the Liquidity Provider, if any, the Paying Agent and the Remarketing Agent any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, the Credit Issuer, if any, the Liquidity Provider, if any, the Paying Agent and the Remarketing Agent as herein provided.

**Section 9.3 Severability.** If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or sections of this Indenture, shall not affect the remaining portions of this Indenture or any part thereof.

**Section 9.4 Notices.** Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or via Electronic Means to the address set forth below and shall be deemed to have been given on the date deposited in the mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth below. Where required herein, notice shall be given by telephone, and promptly confirmed in writing, and shall be deemed given when given by telephone to the telephone numbers set forth below. The Authority, any Credit Issuer, any Liquidity Provider, the Trustee, the Remarketing Agent, and the Paying Agent may, by written notice given hereunder, designate any different addresses, phone numbers and email address to which subsequent notices, certificates, approvals, consents, requests, or other communications shall be sent.

Indenture of Trust  
108

**Section 9.7 Captions.** The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

**Section 9.8 Governing Law.** This Indenture shall be governed by and interpreted in accordance with the laws of the State without regard to conflict of law principles.

**Section 9.9 Limited Liability of Authority.** Notwithstanding anything to the contrary, any liability for payment of money and any other liability or obligation which the Authority may incur under the Series 2026A Bonds, this Indenture or the Purchase Agreement shall not constitute a general obligation of the Authority but shall constitute limited obligations of the Authority payable solely from and enforced only against the Security.

**Section 9.10 Notices to Rating Agency.** If the Series 2026A Bonds are rated by a Rating Agency, the Trustee shall provide written notice to any such Rating Agency with respect to (i) the appointment of any successor Trustee, Remarketing Agent or Paying Agent; (ii) the appointment of any agent by the Trustee to perform any material duties of the Trustee under this Indenture; (iii) the expiration, termination, extension (other than an automatic extension); or substitution of any Credit Facility; (iv) any Fixed Rate Conversion Date or any conversion to a Semiannual Rate or a Long-Term Rate; (v) any Mandatory Purchase Date (except Conversion Dates); (vi) any material amendment or supplement to this Indenture, a Credit Facility, a Credit Agreement, or the Remarketing Agreement; and (vii) the payment in full of all of the Series 2026A Bonds (whether at stated maturity or upon redemption, acceleration or defeasance). Failure of the Trustee to provide any such notice shall not have any effect on the occurrence of such event.

**Section 9.11 Execution in Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[END OF ARTICLE IX]

Indenture of Trust  
110

To the Authority: Macon Water Authority  
790 Second Street  
P. O. Box 108  
Macon, Georgia 31202-0108  
Attention: Executive Director & President  
Telephone: (478) 464-5622

To the Trustee: The Bank of New York Mellon Trust Company, N.A.  
811 Main St.  
Houston, Texas 77002  
Attention: Corporate Trust Department  
Telephone: (713) 483-6529

To the Remarketing Agent: Stifel, Nicolaus & Company, Incorporated  
2660 Eastchase Lane, Suite 400  
Montgomery, Alabama 36117  
Telephone: (334) 834-5100

With a copy to: Stifel, Nicolaus & Company, Incorporated  
3630 Peachtree Road, N.E., Suite 400  
Atlanta, Georgia 30326  
Attention: Lewis L. Monroe III, Managing Director  
Telephone: (404) 504-2763

To the Paying Agent: The Bank of New York Mellon Trust Company, N.A.  
811 Main St.  
Houston, Texas 77002  
Attention: Corporate Trust Department  
Telephone: (713) 483-6529

**Section 9.5 Payments Due on Non-Business Days.** In any case where the date of maturity of interest on, premium (if any), or principal of the Series 2026A Bonds or the date fixed for redemption of any Series 2026A Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

**Section 9.6 Binding Effect.** This instrument shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

Indenture of Trust  
109

IN WITNESS WHEREOF, the Authority has caused this Indenture to be executed in its name and on its behalf by its Chairman and its seal affixed and attested by its Assistant Executive Director & President and the Trustee has caused this Indenture to be executed, sealed and attested in its name by its duly authorized agents, all as of the day and year first above written.

MACON WATER AUTHORITY

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

(S E A L)

Attest: \_\_\_\_\_  
Executive Director & President

Indenture of Trust  
111

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Trustee

By: \_\_\_\_\_  
Vice President

Attest: \_\_\_\_\_  
Vice President

(S E A L)

Exhibit A

FORM OF SERIES 2026A BONDS

*Unless this Series 2026A Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to issuer or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

No. R-\_\_

UNITED STATES OF AMERICA

MACON WATER AUTHORITY (GEORGIA)  
TAX-EXEMPT ADJUSTABLE MODE  
WATER AND SEWER REFUNDING AND IMPROVEMENT  
REVENUE BOND, SERIES 2026A

Maturity Date: October 1, 20\_\_ CUSIP:  
Interest Rate: \_\_\_\_\_ %  
Principal Amount: \$ \_\_\_\_\_  
Issue Date: [Date of Issuance and Delivery]  
Registered Owner: Cede & Co.

FOR VALUE RECEIVED, the Macon Water Authority, a public body corporate and politic which is organized and existing under the laws of the State of Georgia (the “Authority”), hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, at the designated corporate trust office of the Paying Agent named below, on the Maturity Date specified above, unless redeemed prior thereto, the Principal Amount specified above, together with interest thereon at the rates determined as set forth herein from the Issue Date specified above, but only from the sources and in the manner hereinafter provided on January 1, April 1, July 1, and October 1 during any Weekly Rate Period, Monthly Rate Period or Money Market Rate Period or on each April 1 and October 1 during any Semiannual Rate Period, Medium-Term Rate Period or Fixed Rate Period and on each Conversion Date (an “Interest Payment Date”) until the principal hereof is paid or duly provided for upon redemption or maturity. Payment of the principal, redemption premium (if any), and interest on this Series 2026A Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check or draft drawn upon the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., in the City of Houston, Texas, as Paying Agent (the “Paying Agent”), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Holder hereof at the close of business on

Indenture of Trust  
112

Indenture of Trust  
Exhibit A - 1

the Record Date immediately preceding each Interest Payment Date at the address of such Holder as it appears on the Register. Interest on this Series 2026A Bond shall be computed on the basis of a 365-day year (366 days in a leap year) for the actual days elapsed during any Short-Term Rate Period other than a Semiannual Rate Period or a Money Market Rate Period, a 360-day year consisting of 12 months of 30 days each during any Long-Term Rate Period or Semiannual Rate Period and a 360-day year for actual days elapsed during any Money Market Rate Period (calculated by multiplying the principal amount of bonds by the interest rate, dividing that sum by 360, and multiplying that amount by the actual days elapsed). In any case where the date of maturity of interest on or premium, if any, or principal of this Series 2026A Bond or the date fixed for redemption of this Series 2026A Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

This Series 2026A Bond is one of a duly authorized issue of bonds designated MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A, issued in the aggregate principal amount of \$72,500,000 (the “Series 2026A Bonds”), dated as of the Issue Date referenced above. All of the Series 2026A Bonds are issued pursuant to authority of and in accordance with the provisions of the Constitution of the State of Georgia, the Revenue Bond Law of Georgia, codified in O.C.G.A. § 36-82-60 through § 36-82-85, the general laws of the State of Georgia, the laws of the State of Georgia relating to the Authority, including specifically, the Act of the General Assembly of the State of Georgia approved on March 23, 1992 (Ga. L. 1992, p. 4991), as amended (the “Act”), a bond resolution adopted by the Authority on September 3, 2026 (the “Resolution”), and an Indenture of Trust, dated as of November 5, 2026, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”). Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Series 2026A Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and redemption premium, if any, and interest on the Series 2026A Bonds, the nature and extent of the security for the Series 2026A Bonds, the terms and conditions under which the Series 2026A Bonds are or may be issued, the rights, duties and obligations of the Authority and of the Trustee and the rights of the Holders of the Series 2026A Bonds, and, by the acceptance of this Series 2026A Bond, the Holder hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Series 2026A Bonds have been issued for the purpose of providing funds to (i) refund and redeem the Authority’s outstanding TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REVENUE BONDS, SERIES 2018B, (ii) acquire, construct, and equip additions and improvements (the “Projects”) to the Authority’s water and sewer system (the “System”) located in Macon-Bibb County, Georgia, as more particularly set forth on plans for same on file in the office of the Executive Director & President of the Authority, and (iii) pay the necessary costs of issuing the Series 2026A Bonds.

THIS SERIES 2026A BOND DOES NOT CONSTITUTE A DEBT OF THE MACON - BIBB COUNTY OR A PLEDGE OF THE FAITH AND CREDIT OF THE MACON-BIBB COUNTY. THIS SERIES 2026A BOND SHALL NOT BE PAYABLE FROM NOR A CHARGE UPON ANY FUNDS OTHER THAN THE FUNDS PROVIDED FROM THE OWNERSHIP AND OPERATION OF THE SYSTEM INCLUDING ALL FUTURE ADDITIONS THERETO AND CERTAIN OTHER SECURITY AS DESCRIBED IN THE INDENTURE. THE ISSUANCE OF THIS SERIES 2026A BOND SHALL NOT DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATE MACON-BIBB COUNTY TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT.

The Series 2026A Bonds are issuable as fully-registered bonds in the principal amount of \$100,000 and integral multiples of \$5,000 in excess thereof (during any Short-Term Rate Period or Medium-Term Rate Period, an “Authorized Denomination”). This Series 2026A Bond, upon surrender hereof at the designated corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar executed by the Holder hereof or such Holder’s attorney duly authorized in writing, may, at the option of the Holder hereof, be exchanged for an equal aggregate principal amount of bonds of the same aggregate principal amount and tenor as the Series 2026A Bonds being exchanged and of any Authorized Denomination. This Series 2026A Bond may be registered as transferred as provided in the Indenture, subject to certain limitations therein contained, only upon the Register, and only upon surrender of this Series 2026A Bond for registration of transfer to the Registrar accompanied by a written instrument of transfer (in substantially the form of the assignment attached hereto) duly executed by the Holder hereof or such Holder’s duly authorized attorney. Thereupon, one or more new bonds of any Authorized Denomination and in the same aggregate principal amount and tenor as the bond surrendered (or for which registration of transfer has been effected) will be issued to the designated transferee or transferees.

Payment of the Series 2026A Bonds is secured by a first and prior pledge of and lien on the revenues derived by the Authority from the ownership and operation of the System (except amounts received as federal or state grants), remaining after the payment of the reasonable and necessary expenses of operating, maintaining, and repairing the System, but before making provision for any depreciation charges (the “Net Revenues”). Said first and prior lien or pledge on the Net Revenues of the System is on a parity with the first and prior charge or lien thereon of the following series of bonds previously issued by the Authority: WATER AND SEWER REVENUE BONDS, SERIES 2015, WATER AND SEWER REVENUE BONDS, SERIES 2018A, WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2020, WATER AND SEWER REVENUE BONDS, SERIES 2020B, and WATER AND SEWER REVENUE BONDS, SERIES 2024 (collectively, the “Prior Bonds”).

In addition to the Prior Bonds and the Series 2026A Bonds, the Authority, under certain conditions as provided in the Resolution and Indenture, may issue additional water and sewer revenue bonds which, if issued in accordance with such provisions, will rank on a parity with the Prior Bonds and the Series 2026A Bonds with respect to the pledge of and the charge or lien on the Net Revenues of the System. The Prior Bonds, the Series 2026A Bonds, and any additional bonds hereafter issued on a parity therewith are referred to collectively as the “Parity Bonds.”

Indenture of Trust  
Exhibit A - 2

Appendix B-30

Indenture of Trust  
Exhibit A - 3

Pursuant to the Indenture the Authority has assigned, for the benefit of the Holders of the Series 2026A Bonds, without recourse, representation or warranty, to the Trustee all money in the Bond Fund, the Bond Purchase Fund, the Surplus Fund, and the Projects Fund, including the proceeds of the Series 2026A Bonds pending disbursement thereof and all proceeds of the foregoing, including without limitation investments thereof.

1. Interest Rates on the Series 2026A Bonds.

(a) *Initial Rate – General.* This Series 2026A Bond shall bear interest as provided in the Indenture from the Issue Date to the date of payment in full hereof. Interest accrued on this Series 2026A Bond shall be paid on each Interest Payment Date commencing on the earlier of January 1, 2027, or the first Conversion Date. The interest rate on this Series 2026A Bond will be determined as provided in the Indenture; provided, that no Rate shall exceed the lesser of (i) the Ceiling Rate and (ii) the maximum rate permitted by applicable law. The Series 2026A Bonds shall bear interest at the Weekly Rate from the Issue Date until the date, if any, on which the Interest Rate Determination Method is changed as described in the Indenture. The Weekly Rate for the initial Interest Period shall be determined by the Underwriters on the Issue Date.

(b) *Determination of Rate.* After the determination of the Weekly Rate for the initial Interest Period, the applicable Rate shall be determined by the Remarketing Agent at the time and in the manner specified in the Indenture; provided, that if for any reason such Rate is not established by the Remarketing Agent, no Remarketing Agent shall be serving as such under the Indenture or the rate so established is held to be invalid or unenforceable, then the applicable Rate shall be determined as provided in the Indenture. The determination of any Rate in accordance with the terms of the Indenture shall be conclusive and binding.

2. Tender of the Series 2026A Bonds for Purchase.

(a) *Optional Tender.* Except as set forth in the Indenture, during any Weekly Rate Period, Monthly Rate Period, or Semiannual Rate Period, the Holders of the Series 2026A Bonds shall have the right to tender any such bond (or portion thereof in an Authorized Denomination, provided that any Bond or portion thereof remaining is also in an Authorized Denomination) for purchase on any Optional Tender Date, but only upon:

(i) delivery to the Remarketing Agent at its principal office, not later than 4:00 p.m., Local Time, on the seventh day (or on the immediately preceding Business Day if such seventh day is not a Business Day) next preceding such Optional Tender Date if the Series 2026A Bonds are in a Weekly Rate Period or a Monthly Rate Period, or on the 14th day (or if such 14th day is not a Business Day, on the next preceding Business Day) next preceding such Optional Tender Date if the Series 2026A Bonds are in a Semiannual Rate Period, of an irrevocable written, telephonic (followed, if requested by the Remarketing Agent, via Electronic Means or by written confirmation delivered to the Remarketing Agent no later than the close of business on the next succeeding Business Day), or notice via Electronic Means stating (i) that such Holder will tender for purchase all or any portion of such Holder's Series 2026A Bonds in an Authorized Denomination and the amount of bonds to be tendered, and (ii) the Optional Tender Date on which such bonds will be tendered; and

(ii) delivery of such Series 2026A Bonds (with an appropriate instrument of transfer duly executed in blank) to the Remarketing Agent at its principal office at or prior to 10:00 a.m., Local Time, on such Optional Tender Date; provided, however, that no Series 2026A Bond (or portion thereof) shall be purchased unless such bond as delivered to the Remarketing Agent shall conform in all respects to the description thereof in the aforesaid notice.

Any election of a Holder to tender a Series 2026A Bond for purchase on an Optional Tender Date in accordance with the Indenture shall be irrevocable and shall be binding on the Holder making such election and on any transferee of such Holder.

(b) *Certain Required Tenders for Purchase.* All Series 2026A Bonds are subject to mandatory tender for purchase as provided in the Indenture on any Mandatory Purchase Date (i.e., any Conversion Date, any Credit Modification Date, any Credit Issuance Date, any Liquidity Issuance Date, and certain dates designated by the Credit Issuer or the Authority) at the Purchase Price thereof.

(c) *Bonds Deemed Tendered.* If (1) with respect to a Mandatory Purchase Date, a Holder fails to deliver such Series 2026A Bond to the Remarketing Agent on or before the Mandatory Purchase Date or (2) with respect to an Optional Tender Date, a Holder gives notice pursuant to 2(a)(1) above to the Remarketing Agent and thereafter fails to deliver such Series 2026A Bonds (or portion thereof) to the Remarketing Agent as required, then such Series 2026A Bonds (or portion thereof) that is not delivered to the Remarketing Agent shall be deemed to have been properly tendered (such Series 2026A Bonds being hereinafter referred to as an "Untendered Bond"), and to the extent that there shall be on deposit with the Remarketing Agent, on the date purchase thereof is required as provided in the Indenture, an amount sufficient to pay the Purchase Price thereof, such Untendered Bond shall cease to constitute or represent a right to payment of principal or interest thereon and shall constitute and represent only the right to the payment of the Purchase Price payable on such date.

(d) *Purchase Notice.* If the Series 2026A Bonds are held in a Book-Entry System and bear interest at a Weekly Rate, a Monthly Rate, or a Semiannual Rate, a purchase notice pursuant to 2(a)(1) above may be delivered by a Beneficial Owner. Such purchase notice must be delivered as set forth in 2(a)(1) above and must state that such Beneficial Owner will cause its beneficial interest (or portion thereof in an Authorized Denomination) to be tendered, the amount of such interest to be tendered, the Optional Tender Date on which such interest will be tendered and the identity of the Participant through which the Beneficial Owner maintains its interest. Upon delivery of such notice, the Beneficial Owner must make arrangements to have its beneficial ownership interest in the Series 2026A Bonds being tendered transferred to the Remarketing Agent at or prior to 10:00 a.m., on the Optional Tender Date, but need not otherwise comply with 2(a)(2) above.

3. Conversion of the Interest Rate Determination Method for the Series 2026A Bonds. The Indenture provides that the Authority may change the Interest Rate Determination Method for the Series 2026A Bonds, subject to the terms and conditions set forth therein.

Indenture of Trust  
Exhibit A - 4

Indenture of Trust  
Exhibit A - 5

4. Issuance of Alternate Credit Facility or Liquidity Facility. The Indenture provides that the Authority may arrange for the issuance of a Liquidity Facility or a Credit Facility, subject to the terms and conditions set forth therein.

5. Self Liquidity Arrangement. The Indenture authorizes the Authority to elect to provide liquidity for itself for the purchase of Series 2026A Bonds in lieu of providing a Liquidity Facility or Credit Facility.

**There is no Liquidity Facility or Credit Facility as of the Issue Date.**

6. Optional Redemption.

(a) *During a Short-Term Rate Period.* During any Weekly Rate Period, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole, on any Business Day or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date. During any Monthly Rate Period the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole, on the first Business Day of any calendar month or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date. During any Money Market Rate Period with respect to which the applicable Money Market Rate Index is based on money market instruments not having a fixed maturity and the interest rate on which may change at any time, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole on any Business Day or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date. During any Money Market Rate Period with respect to which the applicable Money Market Rate Index is based on money market instruments with a fixed maturity or the interest rate on which may be changed only on a fixed reset date, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole on any such maturity date or fixed reset date or in part on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date. During any Semiannual Rate Period, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole or in part, on any Interest Payment Date, at a redemption price equal to the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date.

(b) *During a Long-Term Rate Period.* During any Long-Term Rate Period, the Series 2026A Bonds are subject to redemption, at the direction of the Authority, in whole or in part, on any Interest Payment Date occurring on or after the First Day of Redemption Period as described below, at a redemption price equal to the principal amount thereof, plus a redemption premium (expressed as a percentage of principal amount) plus accrued interest thereon to the redemption date as follows, provided, however, if a Credit Facility is then in effect, such redemption premium shall be paid only from Eligible Funds described in clause (i) of the definition of Eligible Funds on deposit in the Bond Fund, unless such Credit Facility provides for payment of such premium:

| Length of Long-Term Rate Period from Conversion Date Until End of Rate Period (Expressed in Years) | First Day of Redemption Period Of Conversion Date | Redemption Premium as a Percentage of Principal Amount of Series 2026A Bonds                                         |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| More than 15                                                                                       | 10th Anniversary Of Conversion Date               | 3% declining by 1% every year after the 10th Anniversary of the Conversion Date until reaching 0%, and thereafter 0% |
| More than 10 but not more than 15                                                                  | 7th Anniversary of Conversion Date                | 3% declining by 1% every year after the 7th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%  |
| More than 7 but not more than 10                                                                   | 5th Anniversary of Conversion Date                | 2% declining by 1% every year after the 5th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%  |
| More than 5 but not more than 7                                                                    | 5th Anniversary of Conversion Date                | 1% declining by 1% to 0% the first year after the 4th Anniversary of the Conversion Date, and thereafter 0%          |
| 5 or less                                                                                          | Bonds not redeemable pursuant to this paragraph   | N/A                                                                                                                  |

The above premiums may be changed upon the conversion to a Long-Term Rate upon the receipt of an Opinion of Bond Counsel subject to and in accordance with the provisions of the Indenture.

7. Extraordinary Optional Redemption. The Series 2026A Bonds are subject to redemption in whole, at the direction of the Authority, at a redemption price equal to 100% of the principal amount of the Series 2026A Bonds to be redeemed plus accrued interest thereon to the redemption date, on any date for which the requisite notice of redemption can be given, within 180 days of the occurrence of certain events specified in the Indenture relating to damage or destruction of the System or portions thereof, events that render continued operation of the System uneconomical, or legal curtailment of the use of the System.

8. Certain Mandatory Redemptions. The Series 2026A Bonds are subject to mandatory sinking fund redemption in part, without premium, on October 1 in each of the following years in the following principal amount of the Sinking Fund Requirements per year, at a redemption price equal to the principal amount of Series 2026A Bonds to be redeemed plus accrued interest to the redemption date, and without premium (the 2056 maturity to be paid rather than redeemed):

Indenture of Trust  
Exhibit A - 6

Indenture of Trust  
Exhibit A - 7

| Year | Amount      |
|------|-------------|
| 2047 | \$3,925,000 |
| 2048 | 4,125,000   |
| 2049 | 4,345,000   |
| 2050 | 4,565,000   |
| 2051 | 4,805,000   |
| 2052 | 5,055,000   |
| 2053 | 5,325,000   |
| 2054 | 5,600,000   |
| 2055 | 15,750,000  |
| 2056 | 16,575,000  |

9. Notice of Redemption. Notice of redemption shall be mailed by the Trustee by first-class mail, postage prepaid, at least 30 days before the redemption date to each Holder of the Series 2026A Bonds to be redeemed in whole or in part at such Holder's last address appearing on the Register, but no defect in or failure to give such notice of redemption shall affect the validity of the redemption. A notice of optional redemption may state that redemption of the Series 2026A Bonds is conditioned upon the deposit with the Trustee of sufficient Eligible Funds on or prior to the date selected for redemption to reimburse the Credit Issuer for the drawing under the Credit Facility to redeem the Series 2026A Bonds or retire the Series 2026A Bonds to be redeemed if the Credit Issuer fails to honor such drawing, and that if sufficient Eligible Funds are not so available on the date selected for redemption, such call for redemption shall be revoked. All Series 2026A Bonds properly called for redemption will cease to bear interest on the date fixed for redemption, provided Eligible Funds for their redemption have been duly deposited with the Trustee pursuant to the Indenture and, thereafter, the Holders of such Series 2026A Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new bond for any portion not redeemed.

10. Miscellaneous. Under certain circumstances as described in the Indenture, the principal of all the Series 2026A Bonds may be declared due and payable in the manner and with the effect provided in the Indenture.

Modifications or alterations to the Indenture, a Credit Facility or a Liquidity Facility may be made only to the extent and in the circumstances permitted by the Indenture.

The Holder of this Series 2026A Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Holder hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Series 2026A Bond at and after the maturity hereof, or (ii) the obligation of the Authority to pay the principal of and premium, if any, and interest on this Series 2026A Bond to the Holder hereof at the time, place, from the source and in the manner as provided in the Indenture.

Indenture of Trust  
Exhibit A - 8

Indenture of Trust  
Exhibit A - 9

#### CERTIFICATE OF AUTHENTICATION

This Series 2026A Bond is one of the Series 2026A Bonds issued under the provisions of the within-mentioned Indenture.

Dated: [Date of Issuance and Delivery]

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.

By: \_\_\_\_\_ (FORM)  
Authorized Officer

\* \* \* \* \*

STATE OF GEORGIA )  
 )  
BIBB COUNTY )

#### VALIDATION CERTIFICATE

I, the undersigned Clerk of Superior Court of Bibb County, State of Georgia, keeper of the records and seal thereof, hereby certify that this Series 2026A Bond was validated and confirmed by judgment of the Superior Court of Bibb County, Georgia, on October 7, 2026, in *State of Georgia v. Macon Water Authority*, Civil Action File No. 2026-CV-085792, and that no intervention or objection was filed in the proceedings validating same and no appeal from said judgment of validation has been taken.

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

(S E A L)

\_\_\_\_\_  
(FORM)  
Clerk of Superior Court  
Bibb County, Georgia

It is hereby certified that all acts, conditions and things required to happen, exist and be performed under the laws of the State of Georgia and under the Indenture precedent to and in the issuance of this Series 2026A Bond have happened, exist and have been performed as so required and that the issuance, authentication and delivery of this Series 2026A Bond have been duly authorized by the Authority.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature of one of its authorized signers, this Series 2026A Bond shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Macon Water Authority has caused this Series 2026A Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman and its official seal to be impressed or imprinted hereon and attested by manual or facsimile signature of its Executive Director & President, all as of the Issue Date referenced above.

MACON WATER AUTHORITY

(S E A L)

By: \_\_\_\_\_ (FORM)  
Chairman

Attest: \_\_\_\_\_ (FORM)  
Executive Director & President

#### ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
Social Security Number or  
Other Identifying Number of Assignee:

\_\_\_\_\_  
Please print or type name and address  
(including postal zip code) of Assignee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_ as Agent to transfer the within bond on the

books kept for registration thereof, with full power of substitution in the premises.

\_\_\_\_\_  
(FORM)  
Assignor

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Date: \_\_\_\_\_, 20\_\_

Signature Guaranteed:

\_\_\_\_\_  
(FORM)

NOTICE: Signature(s) must be guaranteed by a member firm of the STAMP, SEMP, or MSP signature guarantee medallion programs.

Indenture of Trust  
Exhibit A - 10

Indenture of Trust  
Exhibit A - 11

Exhibit B

FORM OF CONVERSION NOTICE

[Name and Address of Holder]

This Conversion Notice is delivered pursuant to that certain Indenture of Trust, dated as of November 5, 2026 (the “Indenture”), between The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and the Macon Water Authority (the “Authority”), relating to the Authority’s \$72,500,000 in aggregate principal amount of MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A (the “Bonds”). You are hereby notified that:

1. The Authority has elected to change the Interest Rate Determination Method pertaining to the Bonds to a new Interest Rate Determination Method (or the interest rate applicable during a Medium-Term Rate Period to a new interest rate during a new Medium-Term Rate Period, or a Money Market Rate to a new Money Market Rate).
2. The Conversion Date shall be \_\_\_\_\_.
3. As a result of the conversion, a Mandatory Purchase Date, as defined in the Indenture, shall occur and the Bonds shall be subject to mandatory tender for purchase at the Purchase Price thereof, as defined in the Indenture.
4. If certain conditions set forth in the Indenture are not satisfied or if the conversion is revoked, the Interest Rate Determination Method shall not be changed, and all Bonds shall be deemed to have been tendered for purchase on the Mandatory Purchase Date.
5. All Bonds should be presented to the Remarketing Agent at: Stifel, Nicolaus & Company, Incorporated, 2660 Eastchase Lane, Suite 400, Montgomery, Alabama 36117.
6. Holders have no right to retain Bonds subject to mandatory tender. The Bonds will be remarketed by Stifel, Nicolaus & Company, Incorporated, as Remarketing Agent. Holders interested in repurchasing Bonds on the Conversion Date may contact the Remarketing Agent at (334) 834-5100.
7. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By: \_\_\_\_\_ (FORM)

Indenture of Trust  
Exhibit B - 1

Exhibit D

FORM OF NOTICE OF CREDIT MODIFICATION DATE

[Name and Address of Holder]

This Notice of Credit Modification Date is delivered pursuant to that certain Indenture of Trust, dated as of November 5, 2026 (the “Indenture”), between The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”), and the Macon Water Authority (the “Authority”), relating to the Authority’s \$72,500,000 principal amount MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A (the “Bonds”). You are hereby notified that:

1. The undersigned Trustee is Trustee under the Indenture.
2. A Credit Modification Date, as defined in the Indenture, shall occur on \_\_\_\_\_, 20\_\_, and Bonds shall be subject to mandatory tender for purchase at the Purchase Price thereof, as defined in the Indenture.
3. The rating, if any, assigned to the Bonds could be lowered or eliminated following the Credit Modification Date.
4. All Bonds should be presented to the Remarketing Agent at: Stifel, Nicolaus & Company, Incorporated, 2660 Eastchase Lane, Suite 400, Montgomery, Alabama 36117.
5. Holders have no right to retain Bonds subject to mandatory tender. The Bonds will be remarketed by Stifel, Nicolaus & Company, Incorporated, as Remarketing Agent. Holders interested in repurchasing Bonds on the Credit Modification Date may contact the Remarketing Agent at (334) 834-5100.
6. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By: \_\_\_\_\_ (FORM)

Indenture of Trust  
Exhibit D - 1

Exhibit C

FORM OF NOTICE OF [CREDIT] [LIQUIDITY] FACILITY

[Name and Address of Holder]

This Notice of [Credit] [Liquidity] Facility is being sent to you as a Holder of the MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A (the “Bonds”), issued pursuant to that certain Indenture of Trust, dated as of November 5, 2026 (the “Indenture”), between The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and the Macon Water Authority (the “Authority”). You are hereby notified that:

1. The undersigned is the Trustee under the Indenture.
2. The Authority, with the consent of the Remarketing Agent, has delivered pursuant to the Indenture a [Credit] [Liquidity] Issuance Notice stating that it has, with the consent of the Remarketing Agent, arranged for the issuance of a [Credit] [Liquidity] Facility, as permitted by the Indenture, and specifying the proposed [Credit] [Liquidity] Issuance Date to be \_\_\_\_\_.
3. Under the terms of the Indenture, the Bonds shall be subject to mandatory tender for purchase on the [Credit] [Liquidity] Issuance Date at the Purchase Price thereof, as specified in the Indenture.
4. In the event that certain conditions set forth in the Indenture are not satisfied, the Trustee shall not accept the [Credit] [Liquidity] Facility, and all Bonds shall be deemed to have been tendered for purchase on the proposed [Credit] [Liquidity] Issuance Date.
5. [The anticipated rating(s) from \_\_\_\_\_ will be \_\_\_\_\_ upon issuance of the [Credit] [Liquidity] Facility.] or [The Bonds will not be rated.]
6. All Bonds should be presented to the Remarketing Agent at: Stifel, Nicolaus & Company, Incorporated, 2660 Eastchase Lane, Suite 400, Montgomery, Alabama 36117.
7. Holders have no right to retain Bonds subject to mandatory tender. The Bonds will be remarketed by Stifel, Nicolaus & Company, Incorporated, as Remarketing Agent. Holders interested in repurchasing Bonds on the [Credit] [Liquidity] Issuance Date may contact the Remarketing Agent at (334) 834-5100.
8. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By: \_\_\_\_\_ (FORM)

Indenture of Trust  
Exhibit C - 1

Exhibit E

FORM OF NOTICE OF MANDATORY PURCHASE DATE

[Name and Address of Holder]

This Notice of Mandatory Purchase Date is delivered pursuant to that certain Indenture of Trust, dated as of November 5, 2026 (the “Indenture”), between The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and the Macon Water Authority (the “Authority”), relating to the Authority’s \$72,500,000 principal amount MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A (the “Bonds”). You are hereby notified that:

1. The undersigned Trustee is Trustee under the Indenture.
2. [The Authority, with the consent of the Remarketing Agent, the Credit Issuer, if any, and the Liquidity Provider, if any, has designated \_\_\_\_\_ as a Mandatory Purchase Date.] [The Credit Issuer has notified the Trustee that an event of default under the Credit Agreement has occurred and is continuing and has requested that the Bonds be required to be tendered for purchase. Under the terms of the Indenture, \_\_\_\_\_ has been designated as a Mandatory Purchase Date.] The Bonds are subject to mandatory tender for purchase at the Purchase Price thereof, as defined in the Indenture, on such date.
3. All Bonds should be presented to the Remarketing Agent at: Stifel, Nicolaus & Company, Incorporated, 2660 Eastchase Lane, Suite 400, Montgomery, Alabama 36117.
4. Holders have no right to retain Bonds subject to mandatory tender. The Bonds will be remarketed by Stifel, Nicolaus & Company, Incorporated, as Remarketing Agent. Holders interested in repurchasing Bonds on the Mandatory Purchase Date may contact the Remarketing Agent at (334) 834-5100.
5. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By: \_\_\_\_\_ (FORM)

Indenture of Trust  
Exhibit E - 1

Exhibit F

FORM OF NOTICE OF [ALTERNATE CREDIT FACILITY]  
[ALTERNATE LIQUIDITY FACILITY]

[Name and Address of Holder]

This Notice of [Alternate Credit Facility] [Alternate Liquidity Facility] is being sent to you as a Holder of the MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A (the "Bonds"), issued pursuant to that certain Indenture of Trust, dated as of November 5, 2026 (the "Indenture"), between The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and the Macon Water Authority (the "Authority"). You are hereby notified that:

1. The undersigned is the Trustee under the Indenture.
2. The Authority has delivered notice pursuant to the Indenture that on \_\_\_\_\_ (the ["Alternate Credit Facility Effective Date"] ["Alternate Liquidity Facility Effective Date"]), it, with the consent of the Remarketing Agent, intends to deliver to the Trustee an [Alternate Credit Facility] [Alternate Liquidity Facility] issued by \_\_\_\_\_.
3. Under the terms of the Indenture, the Bonds are NOT subject to mandatory tender for purchase on the proposed [Alternate Credit Facility Effective Date] [Alternate Liquidity Facility Effective Date] [, but Holders have the right to tender Bonds for purchase on \_\_\_\_\_ [describe optional tender date(s) for applicable Rate Period]\_\_\_\_\_ in accordance with the Indenture].
4. In the event that certain conditions set forth in the Indenture are not satisfied, the Trustee shall not accept the [Alternate Credit Facility] [Alternate Liquidity Facility].
5. [The anticipated rating(s) from \_\_\_\_\_ will be \_\_\_\_\_ upon issuance of the [Alternate Credit Facility] [Alternate Liquidity Facility].] or [The Bonds will not be rated.]
6. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By: \_\_\_\_\_ (FORM)

Indenture of Trust  
Exhibit F - 1

Exhibit G

FORM OF LIQUIDATION LETTER

Indenture of Trust  
Exhibit G - 1

Exhibit H

DESCRIPTION OF THE PROJECTS

Proceeds from the sale of the Series 2026A Bonds will be used by the Authority to pay the costs of additions, extensions and improvements to, and equipment for certain capital facilities of the Authority in accordance with the Capital Improvement Plan ("CIP") as detailed in the Engineering Report of Jacobs Engineering Group, prepared for and on file with the Authority and attached to the Official Statement as Appendix C.

Indenture of Trust  
Exhibit H - 1

Exhibit I

FORM OF PROJECTS FUND DRAW REQUEST

The Bank of New York Mellon Trust Company, N.A., as Trustee  
10161 Centurion Parkway North  
Jacksonville, Florida 32256  
Attention: Corporate Trust Administration

RE: PROJECTS FUND FOR \$72,500,000 MACON WATER AUTHORITY (GEORGIA) TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A

I, [name], [title] for the Macon Water Authority and a signatory authorized to withdraw funds from the Projects Fund created with The Bank of New York Trust Company, N.A. pursuant to an Indenture of Trust, dated as of November 5, 2026, by and between The Bank of New York Trust Company, N.A and the Macon Water Authority, hereby certify as follows:

- (a) This is an approved construction draw request for \$ \_\_\_\_\_ for Projects funded by the captioned bond financing. Attached hereto is a list of disbursements.
- (b) Also attached is the required certificate from the Authority's consulting engineer.
- (c) The construction draw has been paid by the Authority.

Reimbursement is respectfully requested from the Projects Fund.

AND/OR

This is a request for payment of costs of issuance to be paid from the Projects Fund in the amounts and to the persons identified on the attached document [modify as necessary if to be a reimbursement to the Authority.]

Date: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
(FORM)

Name:  
Title:

Enclosures

Indenture of Trust  
Exhibit I - 1

CONSULTING ENGINEER'S CERTIFICATE

\_\_\_\_\_, 20\_\_

To: Macon Water Authority  
Macon, Georgia

The Bank of New York Mellon Trust Company, N.A., as Trustee  
Jacksonville, Florida

---

I, \_\_\_\_\_, an authorized signatory for \_\_\_\_\_ (the  
"Consulting Engineer"), hereby certify as follows:

a. An obligation for projects in the amount of \$ \_\_\_\_\_ has been incurred by the Macon Water Authority which is properly chargeable to the Projects Fund. The construction draw request evidencing such obligation has been properly reviewed and approved by the Consulting Engineer and is on file in our offices. A copy is attached hereto.

b. The Consulting Engineer has no notice of any vendor's, mechanic's, or other liens or rights to liens, chattel mortgages, or conditional sales contracts which should be satisfied or discharged before such payment is made.

c. The construction draw contains no item representing payment on account or any retained percentages which the Authority is, at the date of this certificate, entitled to retain.

d. Insofar as such obligation was incurred for work, material, supplies, or equipment in connection with the Projects, such work was actually performed, or such material, supplies, or equipment was actually installed in or about the construction or delivered at the site of the work for that purpose.

e. This certificate is given in accordance with the requirement of Section 4.2(c) of the Indenture of Trust.

\_\_\_\_\_  
(FORM)  
Authorized Signatory

Indenture of Trust  
Exhibit I - 2

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## Appendix C

### PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

The form of Legal Opinion included in this Appendix C has been prepared by Gray Pannell LLC, Savannah, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2026A Bonds.

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323 East Congress Street  
Savannah, Georgia 31401  
(912) 443-4040

[Date of Closing]

Macon Water Authority  
Macon, Georgia

The Bank of New York Mellon Trust Company, N.A.  
Atlanta, Georgia

RE: \$\_\_\_\_\_ MACON WATER AUTHORITY (GEORGIA) TAX-EXEMPT ADJUSTABLE  
MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A

To the Addressees:

We have acted as bond counsel in connection with the issuance by the Macon Water Authority (the “Authority”) of \$\_\_\_\_\_ in aggregate principal amount of MACON WATER AUTHORITY TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A, dated as of the date hereof (the “Series 2026A Bonds”). As bond counsel, we have examined:

(i) the Constitution and laws of the State of Georgia, including specifically the provisions of the Macon Water Authority Act, Ga. L. 1992, p. 4991, as amended (the “Act”), and the Revenue Bond Law of Georgia, codified in O.C.G.A. § 36-82-60 through § 36-82-85, as amended;

(ii) a resolution adopted by the Authority on September 3, 2026, with respect to the issuance of the Series 2026A Bonds (the “Resolution”);

(iii) the Indenture of Trust, dated as of the date hereof (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”);

(iv) certified copies of proceedings of the Authority preliminary to and in connection with the execution, issuance, and delivery of the Series 2026A Bonds;

(v) the opinion of Jones Cork LLP, Macon, Georgia, counsel for the Authority; and

(vi) a certified transcript of the validation proceedings in the Superior Court of Bibb County, Georgia, validating the Series 2026A Bonds and the security therefor.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Resolution and the Indenture, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

The Series 2026A Bonds are subject to transfer, exchange, and redemption at the times, in the manner, and on the terms specified in the Indenture. The Series 2026A Bonds are being issued by means of a book-entry system, and interest is payable thereon quarterly on January 1, April 1, July 1, and October 1 of each year, beginning January 1, 2027, and on any Conversion Date (as defined in the Indenture). The Series 2026A Bonds are subject to optional and mandatory redemption, including redemption at par, and mandatory tender for purchase prior to maturity.

Proceeds from the sale of the Series 2026A Bonds will be used to (i) refund and redeem in full the Authority's outstanding TAX-EXEMPT ADJUSTABLE MODE WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2018B, (ii) acquire, construct, and equip certain improvements to the water and sewer system of the Authority (collectively, the "Projects"), and (iii) pay a portion of the necessary costs of issuing the Series 2026A Bonds.

Pursuant to the Indenture, payment of the Series 2026A Bonds is secured by a first and prior pledge of and lien on the Net Revenues (as defined in the Indenture) of the Authority's water and sewer system (the "System"). Said first and prior lien or pledge on the Net Revenues of the System is on a parity with the following series of bonds previously issued by the Authority: MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2015; MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2018A; MACON WATER AUTHORITY WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2020; MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2020B and MACON WATER AUTHORITY WATER AND SEWER REVENUE BONDS, SERIES 2024 (collectively, the "Prior Bonds").

The Series 2026A Bonds shall not be payable from nor a charge upon any funds other than the funds pledged to the payment thereof. The Series 2026A Bonds do not constitute a debt of Macon-Bibb County within the meaning of any constitutional or statutory limitation or provision nor a pledge of the faith and credit of said consolidated government, but the Series 2026A Bonds shall be payable solely from the funds provided for in the Indenture, and the issuance of the Series 2026A Bonds shall not directly, indirectly, or contingently obligate Macon- Bibb County to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment, and in accordance with the provisions of the Act all of the Series 2026A Bonds contain recitals on their face covering substantially the foregoing.

The legal opinions expressed herein are based upon existing law, are subject to judicial discretion regarding usual equity principles and do not relate to compliance by the Authority, the initial purchasers of the Series 2026A Bonds, or any other party with any statute, regulation or ruling of the State of Georgia or the United States of America with respect to the sale (other than the initial sale by the Authority) or distribution of the Series 2026A Bonds except as specifically set forth in this opinion.

The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2026A Bonds for interest thereon to be and remain excludable from gross income for purposes of federal

income taxation. Non-compliance with such requirements may cause interest on the Series 2026A Bonds to be included in gross income retroactively to the date of issue thereof. The Authority has covenanted in the Indenture to comply with the requirements of the Code in order to maintain the exclusion from federal gross income of the interest on the Series 2026A Bonds.

Based on the examinations, opinions, and representations referred to above, we are of the opinion that as of the date hereof and under existing law:

1. The Authority is validly existing as a body corporate and politic, and is deemed to be a public corporation of the State of Georgia, and had and has the right and lawful authority to authorize and issue the Series 2026A Bonds and to carry out the transactions contemplated by the Resolution and the Indenture.

2. The Resolution has been duly adopted by the Authority. The Indenture has been duly authorized, executed, and delivered by the Authority. The Resolution and the Indenture constitute valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 2026A Bonds have been properly authorized by the Resolution and issued pursuant to the Indenture, and have been validated, executed, and issued in accordance with the Constitution and laws of the State of Georgia, and particularly, in accordance with the provisions of the Act and the Revenue Bond Law of Georgia.

4. The Series 2026A Bonds constitute valid, binding, and legal special obligations of the Authority payable and secured in accordance with their tenor, and the Authority has covenanted to pay from Net Revenues to be derived from the operation of the System sums sufficient to pay the principal of and interest on the Series 2026A Bonds and to maintain a reserve for such purpose.

5. The payment of the principal of and interest on the Series 2026A Bonds and the creation and maintenance of the required reserve therefor is secured by a first and prior pledge of and charge or lien on the Net Revenues of the System. The Authority has reserved the right to issue additional bonds on a parity with the Series 2026A Bonds and the Prior Bonds as to the lien on the Net Revenues of the System.

6. The Series 2026A Bonds have been duly confirmed and validated by judgment of the Superior Court of Bibb County entered on October 7, 2026, and no valid appeal may be taken from said judgment of validation.

7. Interest on the Series 2026A Bonds is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2026A Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the

Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The interest on the Series 2026A Bonds is exempt from present State of Georgia income taxation.

Although we have rendered an opinion that interest on the Series 2026A Bonds is excludable from gross income for federal income tax purposes, a bondowner's federal tax liability may otherwise be affected by the ownership or disposition of the Series 2026A Bonds. The nature and extent of these other tax consequences will depend upon the bondowner's other items of income or deduction. We express no opinion regarding any such other tax consequences.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that hereafter may come to our attention or any changes in law that may occur hereafter.

Yours very truly,

GRAY PANNELL LLC

By: \_\_\_\_\_  
A Partner

Appendix D

FORM OF THE CONTINUING DISCLOSURE CERTIFICATE

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (“Disclosure Certificate”) is executed and delivered by the Macon Water Authority (the “Authority”), a body corporate and politic, which is deemed to be a public corporation of the State of Georgia, in connection with the issuance of the MACON WATER AUTHORITY (GEORGIA) WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A, in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2026A Bonds”). The Series 2026A Bonds are being issued pursuant to a Bond Resolution adopted by the Authority September 3, 2026, and an Indenture of Trust, dated the date of issuance of the Series 2026A Bonds (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A.

The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Series 2026A Bonds (together, the “Bondholders”) and in order to assist the Participating Underwriter (defined below) in complying with the continuing disclosure requirements of U.S. Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Authority” means the Macon Water Authority, a body corporate and politic, which is deemed to be a public corporation of the State of Georgia, created pursuant to the Macon Water Authority Act, Ga. Laws 1992, p. 4991, as amended.

“Beneficial Owner” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2026A Bonds (including persons holding Series 2026A Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Series 2026A Bonds for federal income tax purposes.

“Dissemination Agent” means the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Market Access System which became effective July 1, 2009, and receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means any period of 12 consecutive months adopted by the governing body of the Authority as the Authority’s fiscal year for financial reporting purposes. The Authority’s current fiscal year began on October 1, 2026, and will end on September 30, 2027.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” has the meaning set forth in the Rule.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Series 2026A Bonds, and Security Capital Brokerage, Inc., co-underwriter for the Series 2026A Bonds, as each are required to comply with the Rule in connection with the offering of the Series 2026A Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

(a) The Authority will provide or cause the Dissemination Agent (if other than the Authority) to provide electronically, to EMMA, not later than 180 days after the end of the Authority’s Fiscal Year, commencing with the report for the 2026 Fiscal Year, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report will be made to EMMA as PDF files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. In such event, the audited financial statements will be submitted promptly upon their availability. If the Authority’s fiscal year changes, the Authority shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) business days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Report to EMMA, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If the Authority is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send in a timely manner a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the manner of filing with EMMA; and

(ii) (if the Dissemination Agent is other than the Authority) file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to EMMA.

### SECTION 4. Content of Annual Reports.

(a) The Authority’s Annual Report shall contain or incorporate by reference:

(i) The general purpose financial statements of the Authority for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as applicable to governmental entities from time to time by the Governmental Accounting Standards Board except for (i) the variances, and omissions disclosed in the Official Statement relating to the Series 2026A Bonds and (ii) such other minor deviations or omissions which do not materially misstate the financial position of the Authority. Such general purpose financial statements shall be accompanied by an audit report, if available at the time of providing the Annual Report as provided in Section 3(a) hereof, resulting from an audit conducted by an independent certified

public accountant or a firm of independent certified public accountants in conformity with generally accepted auditing standards. If such audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Disclosure Certificate, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement for the Series 2026A Bonds, and the audited financial statements, together with the audit report thereon, will be provided in the same manner as the Annual Report when they become available.

(ii) Information for the preceding Fiscal Year regarding the following categories of financial information and operating data which shall be consistent with the information contained in the tables of the Official Statement relating to the Series 2026A Bonds under the headings “THE SYSTEM, -Historical Numbers of Water and Sewer Customers; -Historical Water and Sewer Usage; -Largest Water and Sewer Customers;” “DEBT STRUCTURE OF SYSTEM, -Historical Debt Service Coverage Ratios.”

(iii) If generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the Authority, a narrative explanation describing the impact of such changes on the Authority.

(b) Any or all of the items listed above may be incorporated by specific reference to other documents, including official statements of debt issues with respect to which the Authority is an “obligated person” (as defined by the Rule), which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference.

#### SECTION 5. Reporting of Significant Events.

(a) The Authority shall provide or cause to be provided through the Dissemination Agent to EMMA, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2026A 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 security, or other material events affecting the tax-exempt status of the Series 2026A Bonds.

7. Modifications to rights of Bondholders, if material.
8. Series 2026A Bond calls, if material, and tender offers.
9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the Series 2026A Bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership, or similar event of the Authority. This event is considered to have occurred when any of the following have occurred: (i) appointment of receiver, fiscal agent, or similar officer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court of governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

13. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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 Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

(b) Notwithstanding the foregoing, notice of a Listed Event described in paragraph (a)(8) need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Series 2026A Bonds pursuant to the Indenture.

(c) The content of any notice of the occurrence of a Listed Event shall be determined by the Authority and shall be in substantially the form attached as Exhibit B.

SECTION 6. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 7. Termination of Reporting Obligation. The Authority reserves the right to terminate its obligations under this Disclosure Certificate if and when the Authority no longer remains an Obligated Person with respect to the Series 2026A Bonds within the meaning of the Rule; in particular upon the occurrence of the legal defeasance, prior redemption, or payment in full of all of the Series

2026A Bonds. If such termination or substitution occurs prior to the final maturity of the Bonds, the Authority will provide notice of such termination or substitution to EMMA.

SECTION 8. Dissemination Agent. The Authority, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent other than the Authority shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Authority.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate if:

(a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Person on the Series 2026A Bonds, or type of business conducted;

(b) such amendment is supported by an opinion of counsel expert in federal securities laws, to the effect that the undertakings contained herein, as amended, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or official interpretations of the Rule, as well as any change in circumstances; and

(c) such amendment does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the Authority, or by the approving vote of the Bondholders pursuant to the terms of the Indenture at the time of such amendment.

If any provision of this Disclosure Certificate is amended, the first release of the Annual Report containing any amended financial information or operating data shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being provided. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5 and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Default. If the Authority fails to comply with any provision of this Disclosure Certificate, any Bondholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain mandamus or specific performance by court order of the Authority's obligations pursuant to this Disclosure Certificate. Any failure by the Authority to comply with the provisions of this Disclosure Certificate shall not be an event of default with respect to the Series 2026A Bonds under the Indenture.

SECTION 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Authority) shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent allowed by applicable law, the Authority agrees to indemnify and save the Dissemination Agent (if other than itself), its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section 11 shall survive

resignation or removal of the Dissemination Agent (if other than itself) and payment of the Series 2026A Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent (if other than the Authority), the Participating Underwriter, and Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Georgia.

SECTION 15. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Date: [Date of Issuance]

MACON WATER AUTHORITY

(S E A L)

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

Attest: \_\_\_\_\_  
Executive Director & President

Exhibit A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Macon Water Authority (Georgia)

Name of Bond Issue: \$\_\_\_\_\_ MACON WATER AUTHORITY (GEORGIA) WATER AND SEWER  
REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A

Date of Issuance: \_\_\_\_\_, 2026

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed by the Issuer on \_\_\_\_\_, 2026. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_, 20\_\_

[Name of Dissemination Agent]

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

Exhibit B

NOTICE OF THE OCCURRENCE OF  
[INSERT THE LISTED EVENT]

Relating to

\$ \_\_\_\_\_ MACON WATER AUTHORITY (GEORGIA)  
WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2026A

CUSIP NUMBERS<sup>1</sup>:

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken, and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of a Listed Event constituting defeasance shall include the following:

The Macon Water Authority hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional redemption provisions of said defeased bonds.

OR

The Macon Water Authority hereby covenants not to exercise any optional or extraordinary redemption provisions under the Indenture; however, the Sinking Fund provision will survive the defeasance.

AND

The Series 2026A Bonds have been defeased to [maturity/the first call date, which is \_\_\_\_\_]. This notice does not constitute a notice of redemption and no bonds should be delivered to the Macon Water Authority or the Paying Agent as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed \_\_\_\_\_ to \_\_\_\_\_ days prior to the redemption date.]

Dated: \_\_\_\_\_, 20\_\_

MACON WATER AUTHORITY

By: \_\_\_\_\_  
Executive Director & President

---

<sup>1</sup> No representation is made as to the correctness of the CUSIP number either as printed on the bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

## Appendix E

### ENGINEERING REPORT

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**Series 2026A Water and Sewer Revenue Bond Issue  
Engineering Report  
Macon Water Authority**

**October 28, 2026**

**Prepared by Jacobs Engineering Group Inc.**



---

Series 2026A MWA Water and Sewer Revenue Bond Issue – Engineering Report

Project No: EEXK1013  
Document Title: Series 2026A Water & Sewer Revenue Bond Issue – Engineering Report  
Date: October 28, 2026  
Client Name: Macon Water Authority  
Project Manager: Tom Kelley  
Author: Vivian Lu  
Keith Bishton  
Revision: FINAL\_REV1

Jacobs Engineering Group Inc.

1230 Peachtree St. NE, Suite 2800  
Atlanta, Georgia 30309  
United States  
T +1.404.978.7600  
F +1.404.978.7660  
[www.jacobs.com](http://www.jacobs.com)

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## Contents

|           |                                                             |           |
|-----------|-------------------------------------------------------------|-----------|
| <b>1.</b> | <b>Introduction .....</b>                                   | <b>2</b>  |
| 1.1       | Report Purpose .....                                        | 2         |
| 1.2       | Assumptions and Considerations .....                        | 2         |
| <b>2.</b> | <b>Background .....</b>                                     | <b>3</b>  |
| 2.1       | Authority .....                                             | 3         |
| 2.2       | Organizational Structure .....                              | 4         |
| 2.2.1     | Executive Director & President .....                        | 4         |
| 2.3       | Local Economy .....                                         | 4         |
| <b>3.</b> | <b>System Description .....</b>                             | <b>6</b>  |
| 3.1       | Water System .....                                          | 6         |
| 3.1.1     | Historic Water Treatment .....                              | 6         |
| 3.1.2     | Current Water Treatment .....                               | 7         |
| 3.1.3     | Awards .....                                                | 7         |
| 3.2       | Wastewater System .....                                     | 8         |
| 3.2.1     | Wastewater Treatment .....                                  | 8         |
| 3.2.2     | Wastewater Collection .....                                 | 11        |
| 3.2.3     | Permitting .....                                            | 11        |
| 3.2.4     | Awards .....                                                | 11        |
| <b>4.</b> | <b>Proposed Capital Improvements .....</b>                  | <b>12</b> |
| 4.1       | Background .....                                            | 12        |
| 4.2       | Project to Be Funded by the Series 2026A Bonds .....        | 12        |
| 4.2.1     | Rocky Creek WRF Improvements .....                          | 12        |
| <b>5.</b> | <b>Financial Feasibility Analysis .....</b>                 | <b>13</b> |
| 5.1       | Historical Financial Results .....                          | 13        |
| 5.2       | Economic Development Participation .....                    | 14        |
| 5.2.1     | Population .....                                            | 14        |
| 5.2.2     | Historical Customer Base .....                              | 14        |
| 5.2.2.1   | Top Ten Customers .....                                     | 15        |
| 5.3       | Water and Sewer Rates .....                                 | 16        |
| 5.4       | Five-year CIP .....                                         | 18        |
| 5.5       | Debt Service .....                                          | 18        |
| 5.6       | Projected Revenue Requirements and Financial Analysis ..... | 21        |
| 5.7       | Financial Pro forma .....                                   | 21        |
| 5.8       | Debt Service Coverage .....                                 | 22        |
| <b>6.</b> | <b>Conclusion .....</b>                                     | <b>23</b> |
| <b>7.</b> | <b>References .....</b>                                     | <b>24</b> |

## Acronyms and Abbreviations

|                              |                                                                        |
|------------------------------|------------------------------------------------------------------------|
| ACFR                         | annual comprehensive financial report                                  |
| Act                          | Amended Macon-Bibb County Water and Sewerage Authority Act             |
| Barge                        | Barge Design Solutions Inc.                                            |
| CCF                          | 100 cubic feet                                                         |
| cfs                          | cubic foot (feet) per second                                           |
| CIP                          | capital improvement program                                            |
| CIS                          | customer information system                                            |
| DBIA-SE                      | Design-Build Institute of America Southeast                            |
| DMR                          | Discharge Monitoring Report                                            |
| EPA                          | U.S. Environmental Protection Agency                                   |
| EPD                          | Georgia Environmental Protection Division                              |
| ERP                          | enterprise resource planning                                           |
| FEMA                         | Federal Emergency Management Agency                                    |
| FY                           | fiscal year                                                            |
| Ga. L.                       | Georgia Legislature                                                    |
| GAWWA                        | Georgia Section-American Water Works Association                       |
| GAWP                         | Georgia Association of Water Professionals                             |
| I-                           | Interstate                                                             |
| Jacobs                       | Jacobs Engineering Group                                               |
| MG                           | million gallons                                                        |
| MGD                          | million gallons per day                                                |
| MMADF                        | maximum monthly average daily flow                                     |
| MWA                          | Macon Water Authority                                                  |
| NACWA                        | National Association of Clean Water Agencies                           |
| NPDES                        | National Pollutant Discharge Elimination System                        |
| SCADA                        | supervisory control and data acquisition                               |
| Series 2026A Bonds<br>System | Water and Sewer Revenue Bonds, Series 2026A<br>service delivery system |
| Underwriter                  | Stifel, Nicolaus & Company, Incorporated                               |
| WRF                          | water reclamation facility                                             |
| WTP                          | water treatment plant                                                  |

## **1. Introduction**

### **1.1 Report Purpose**

The Macon Water Authority (the “Authority” or MWA) authorized Jacobs Engineering Group Inc. (Jacobs) to prepare this engineering report to present the feasibility of the Authority’s proposed issuance of approximately \$70 million in Water and Sewer Revenue Bonds, Series 2026A (the “Series 2026A Bonds”). The Authority is proposing to issue the Series 2026A Bonds to supplement other available funds of the Authority to ensure adequate funding exists for needed capital projects as described herein (the “Projects”) and pay the necessary costs of issuing the Series 2026A Bonds. The purpose of this report is to provide information pertinent to the issuance of the Series 2026A Bonds. This report will be included in the Official Statement for the Series 2026A Bonds.

This report describes the organization and management of the Authority and the water and sewer system’s respective service areas, facilities, operations, capital improvement program (CIP), and historical and projected financial performance. The Authority’s fiscal year (FY) starts on October 1 and continues through September 30 of the following calendar year. Historical operating results are presented for FY 2021 through FY 2025, along with budget information for FY 2026 and FY 2027. Descriptions of the assumptions and limitations of the analysis are also included.

### **1.2 Assumptions and Considerations**

In preparing this report, Jacobs relied on information provided by the Authority and others. The following sources of information were used to prepare this report:

- Annual comprehensive financial reports (ACFRs) for FY 2021 through FY 2025
- Approved budget for FY 2026 and FY 2027
- Discussions with the Authority staff and advisors
- MWA’s website ([www.maconwater.org](http://www.maconwater.org))
- Existing and proposed debt service on the Authority’s revenue bonds and Georgia Environmental Facilities Authority (GEFA) loans as provided by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”)

While these sources and the applicable information are believed to be reliable, the information has not been independently verified, and there are no assurances offered with respect thereto. To the extent that future conditions differ from those projected, the projected operating results would vary as a result. However, this report reflects the best information available and includes the following assumptions:

- The Series 2026A Bonds equal to approximately \$70 million in principal amount will occur within the timeframe projected by the Underwriter. The projected annual debt service requirements for the proposed Series 2026A Bonds are based on debt service schedules as provided by the Underwriter. The proposed Series 2026A Bond Issue has been presented and approved by the Authority Board.
- The Authority will establish, maintain, and collect the necessary rates and charges in future years to provide revenues sufficient to meet its obligations in accordance with the bond covenants. The requirement is to produce funds necessary to operate and maintain the system on a sound business like basis and to create and maintain a sufficient Sinking Fund as well as adequate Reserve as required in the Resolution.

On August 6, 2026, the MWA Board approved a multiyear rate plan that included a tiered water and sewer rate structure to help lessen the impact on lower-volume water users while providing the revenue needed to maintain and improve the utility system. The rate plan keeps the base meter charge the same and changes the volumetric rates. For customers using 0 to 3 100 cubic feet (CCF) of water will see no increase in that usage tier. Water usage above 3 CCF will increase by \$1.24 per CCF beginning January 1, 2027, followed by an adjustment of \$0.92 per CCF in 2028 and a planned adjustment of \$0.82 per CCF in 2029. The planned adjustment in 2029 is subject to future review through the Authority’s equity management process.

## **2. Background**

### **2.1 Authority**

The Authority is a political subdivision of the State of Georgia and a public corporation enacted by the General Assembly of Georgia by the provisions of Georgia Legislature (Ga. L.) 1992, p. 4991, as amended (the Act), which amended an act known as the Macon-Bibb County Water and Sewerage Authority Act, approved March 2, 1966, Ga. L. 1966, p. 2737, as amended.

In 2015, the Act was further amended to provide for the Authority to operate a stormwater utility as authorized by and pursuant to an intergovernmental agreement with the governing body responsible for stormwater control in the areas served by the Authority; provide stormwater management services; and operate, maintain, develop, repair, and construct a stormwater management system and utility in areas served by the Authority. The System (defined herein) does not currently include the stormwater management system operated by the Authority. The Authority's stormwater system is operated as an enterprise separate and apart from the system, and the Authority's revenue bonds do not have any lien on revenues of the stormwater system. As such, the stormwater system is not a part of this report.

The governing body of the Authority is a seven-member board of directors. Two members are appointed by the Macon-Bibb County Commission and serve at the pleasure of the Commission. In addition to these two appointed members, one member is elected from each of five electoral districts, as established by the Act. Elected members serve for a term of 4 years and must reside in the district they represent. The chairman of the Authority is the member elected from District 5, a county-wide district. Day-to-day operations are supervised by an executive director and president, who is appointed by the Authority Board.

The general purpose of the Authority is to secure a satisfactory and reliable water and sanitary sewer system for Macon-Bibb County at the most reasonable cost possible and to make such a system and the services thereof available to public and private consumers in Macon-Bibb County and its environs, including municipalities outside Macon-Bibb County in adjoining counties. By the provisions of Ga. L. 1975, p. 4841, the title to and possession of all property and assets under the control or jurisdiction of the City of Macon and utilized for water and sanitary sewer activities were transferred, assigned, and conveyed to the Authority. By an indenture made and entered into on December 20, 1974, Bibb County conveyed to the Authority all water and sanitary sewer lines, all treatment facilities, and all easements in connection with water lines, sanitary sewer lines, and sanitary treatment plants, together with any real property other than easements located within the limits of Bibb County owned by Bibb County and used for such purposes.

The Authority, by virtue of the powers it was granted by the State of Georgia, entered into agreements with Macon-Bibb County. This allowed the Authority to acquire a source of water supply, provide sewer service, and maintain a water and sewer system, which gave the Authority authorization to charge rates for water and sewer services furnished to the users of said system, own various constructed or acquired facilities, and decide on other matters or contingencies as might be necessary or desirable to secure a satisfactory and reliable water and sewer system at the most reasonable cost possible. The Authority is further authorized to enter contracts and leases with political subdivisions of the State of Georgia relative to furnishing of water and sewer service and facilities by the Authority for a term not to exceed 50 years, and the applicable statute provides that the obligation of such contracting political subdivision shall constitute a general obligation for which the full faith and credit of such political subdivision shall be pledged.

The Act authorizes the Authority to issue its revenue bonds to finance in whole or in part the acquisition, construction, reconstruction, improvement, betterment, or extension of the Authority's system, or to finance the refunding of any revenue bonds issued under the provisions of the Act and then outstanding, together with accrued interest thereon, and pledge to the payment of the principal of and interest on its revenue bonds all or any part of the revenues of the system, including revenues received pursuant to any such contract with one or more political subdivisions.

The Authority operates under an annual budget that is approved by the Board of Directors. The budget is not legally adopted, however, and thus budgetary comparisons are not presented in the financial statements. The Authority uses a purchase order encumbrance system, and all items are approved against the budget before being purchased. Encumbrances lapse at year end.

## **2.2 Organizational Structure**

The Authority is managed by the President and Executive Director, who serves under contract and reports to the Board of Directors. The Authority's management structure is divided into four divisions: the Assistant Executive Director and Executive Vice President of Field and Plant Operations division, the Chief Financial Officer, the Vice President of Human Resources, and the Vice President of Customer Care. These positions are answerable to and are hired by the President & Executive Director. The Chief Financial Officer position is currently filled by an independent contractor who performs the Chief Financial Officer duties required of this position. This individual is a licensed certified public accountant with 35 years of utility accounting experience.

### **2.2.1 Executive Director & President**

Michel Wanna has served with MWA for over 23 years, starting as the Engineering Manager in June 2003. In February 2010, Mr. Wanna was promoted to Field Operations Director. In June 2022, he was named Assistant Executive Director and Vice President of Field and Plant Operations. Effective February 9, 2026, Mr. Wanna was appointed Interim Executive Director and President and made the Executive Director and President of the Macon Water Authority on September 3, 2026.

## **2.3 Local Economy**

Two major interstate highway systems, Interstate (I)-75 and I-16, traverse and intersect in Macon-Bibb County. The County is approximately 70 miles south of Atlanta, Georgia. The County's strategic location in central Georgia at the intersection of I-75 and I-16 along with the southward expansion of Atlanta's outer suburbs have been major contributors to the strong economic condition of the community.

One of the strengths of the local economy is diversification of the types of industries located in the County. Trade, manufacturing, lodging, and food services provide the most jobs. Public education, retail, health, and insurance businesses provide a stable source of employment. GEICO, the area's largest employer, employs about 5,000 people.

Macon-Bibb County continues to experience strong economic growth and industrial expansion, supporting a robust customer base for the Authority. Major existing industries have continued to reinvest in the community while new manufacturers have announced significant projects. In November 2024, Irving Tissue announced a nearly \$600 million expansion of its Macon facility, including a third paper machine, additional converting lines, and a new automated warehouse. With this investment, Irving's total investment in Macon-Bibb County has exceeded \$1.5 billion and will create at least 100 additional jobs. First Quality Baby Products continues construction and implementation of its previously announced \$418-million expansion project, which is expected to increase manufacturing capacity by approximately 50% and create more than 600 new jobs. The project received statewide recognition in 2025 as one of Georgia's most significant economic development expansions. In June 2025, Bright Farms officially opened its first Georgia greenhouse facility in Macon-Bibb County, a 1.5 million-square-foot high-tech operation capable of producing up to 22,000 pounds of leafy greens daily. The project has created more than 125 jobs and is expected to expand to 32 acres under glass, supporting up to 300 jobs. Economic momentum has continued into 2026. In June 2026, ArcelorMittal Building Solutions announced plans to establish its North American headquarters and manufacturing facility in Macon-Bibb County, representing an initial investment of approximately \$57 million and up to 70 new jobs, with additional planned expansion. During the same period, Unified Legacy announced a new \$125 million manufacturing facility expected to create approximately 500 jobs. Together, these projects represent over \$230 million in new investment and approximately 640 new jobs. These investments, together with the continued growth of existing industries including YKK AP America, Nichiha USA, Irving Tissue, First Quality, and Coca-Cola Bottling Company United, demonstrate the strength and diversification

of the Macon-Bibb County economy and are expected to support continued growth in demand for the Authority's water and wastewater services.

The Authority has developed a CIP consisting of various system improvement projects planned to be implemented over the next few years that will extend the service life of existing facilities. This is part of a continuous effort to reinvest in the Authority's infrastructure to provide for a sustainable future for Macon-Bibb County.

To ensure that there is sufficient funding available to finance capital improvements, the Executive Director and President along with the various department managers have developed a rolling 5-year financial plan; the first of which was presented to the Authority for approval in 2006. Consideration has been given to expected increases/decreases in revenues as well as projecting costs of future projects.

### **3. System Description**

The Authority's service delivery system (System) is composed of water storage, treatment, and distribution systems, as well as wastewater collection, treatment, and disposal systems. The Authority has control over the policy and rate setting for the operation of the System. The System is the exclusive provider of water and sewer service to residents and businesses within Macon-Bibb County, except for private water systems serving several small subdivisions and a wastewater treatment facility owned and operated by Armstrong Cork Company, which is the sole user of the facility. In addition, the Authority provides both wholesale and direct water and sewer service to residents and businesses in portions of the adjacent counties of Monroe and Jones and to the City of Byron, Georgia. The wholesale service to these counties and the City of Byron is provided under the terms of 50-year contracts. These contracts were agreed upon or most recently renewed as follows:

- Monroe County – agreement dated 2012
- Jones County – agreement dated 2013
- City of Byron – agreement dated 2010

The System provides service to approximately 51,799 water customers and approximately 42,610 sewer customers as of September 30, 2025.

#### **3.1 Water System**

##### **3.1.1 Historic Water Treatment**

The Authority's water system consists of a water storage, treatment, and distribution system. The principal water supply source is the Ocmulgee River, which is the eastern boundary of Macon-Bibb County. Water is withdrawn from the Ocmulgee River and stored in Javors J. Lucas Lake Reservoir, which has a maximum storage capacity of 5.9 billion gallons. The Authority presently owns one water treatment plant, the Frank C. Amerson Jr. Water Treatment Plant (WTP). The water distribution system has approximately 1,676 miles of water mains serving the approximately 51,799 metered customers. Three primary feeder mains radiate from the Amerson WTP delivering water to the northern, eastern, and central areas of the system. The network of primary distribution lines covers newly developed areas in Macon-Bibb County. The distribution lines and treatment plant are supported by 9 elevated and 14 ground storage tanks that can store up to 36.9 million gallons (MG) of potable water. Seven booster pump stations maintain pressure throughout the distribution system during peak demand periods.

As a result of the flood of 1994, the Authority reconsidered its long-term plans for improvements at the MWA Riverside Drive WTP and decided to build a completely new facility adjacent to the newly constructed Javors J. Lucas Lake Reservoir, which was completed in 1994 on property owned by the Authority in Jones County, Georgia. The facility, consisting of the Amerson WTP and the Javors J. Lucas Lake Reservoir, covers approximately 3,000 acres. This 60-million-gallons-per-day (MGD) water plant was completed in 1999, brought online in January 2000, and has state-of-the-art water processing technology. In addition, the facility can be expanded to 90 MGD. Water purification at the new plant is achieved through a process of advanced coagulation, flocculation, sedimentation, and filtration. The Riverside Drive WTP was closed in March 2001, the land was donated to the residents of Macon-Bibb County, and it is now the Amerson River Park.

Funding for the \$116-million Amerson WTP came from federal, state, and county sources. The Federal Emergency Management Agency (FEMA) provided \$75 million, the Georgia Emergency Management Agency provided \$4 million, the Economic Development Administration funded \$7.8 million, and the Georgia Department of Transportation funded \$179,000. The Authority provided the remaining \$28 million to complete the project.

The Javors J. Lucas Lake Reservoir is a pumped storage reservoir that is "off stream" from the Ocmulgee River. Under normal operation, raw water is pumped from the reservoir to the Amerson WTP for treatment. The reservoir holds approximately 5.9 billion gallons at full pool and has an annual safe yield of 72 MGD, based on the severest drought years on record. Planning for the reservoir began in the late 1980s and construction was completed in mid-1994. The original purpose was to allow the Authority to augment the flow in the Ocmulgee River so the Riverside Drive WTP could operate during low-flow conditions. The flooding in July 1994 due to Tropical Storm

Alberto caused the Authority to re-dedicate the purpose of the reservoir to directly feed the Amerson WTP and thus bypass direct dependence on the Ocmulgee River. A pump station on the Ocmulgee River allows for water to be pumped either from the river to the reservoir for reservoir filling or from the river directly to the WTP.

### 3.1.2 Current Water Treatment

Georgia Environmental Protection Division (EPD) Permit No. CS0210001 authorizes the Authority to operate a public water system. The current permit was issued on August 21, 2019, and has a 10-year fixed term. The permit stipulates that the Amerson WTP has a treatment capacity of 76.6 MGD.

Georgia EPD is authorized by the Georgia Water Quality Control Act to regulate water withdrawal from surface waters in the state. The Authority is permitted by Georgia EPD to withdraw water from the Ocmulgee River by Permit No. 011-0590-02, which expires on February 24, 2033, and will be renewed at that time. This permit allows withdrawal of up to 110 million gallons per day in a 24-hour period from December through May if the river flow is at least 900 cubic feet per second (cfs) and from June through November if the river flow is at least 440 cfs. If river flows are below these levels, withdrawal is limited to 35 million gallons in a 24-hour period. The permit states that the primary purpose of water withdrawal from the Ocmulgee River is for the supply of water directly to the Javors J. Lucas Lake (Town Creek) Reservoir. The permit allows that, in the case of extreme emergency, water may be pumped from the river directly to the Amerson WTP, bypassing the reservoir.

Georgia EPD Permit No. 084-0504-01 authorizes the Authority to withdraw water from the Javors J. Lucas Lake Reservoir for treatment at the Amerson WTP. Permit No. 084-0504-01 limits the total amount of water that can be supplied to the Amerson WTP from the reservoir to 70.05 MGD.

From the 2026 production data ending on July 31, 2026, average daily production of water at the Amerson WTP was 25.75 MGD. Peak daily production during this period was 34.72 MGD. Table 3-1 summarizes the historical annual average and peak daily water treatment production levels for the last 10 years.

**Table 3-1. Amerson WTP Historic Flows<sup>[a]</sup>**

| Calendar Year       | Annual Average Flow, MGD | Peak Day Flow, MGD |
|---------------------|--------------------------|--------------------|
| 2016                | 22.8                     | 27.7               |
| 2017                | 24.3                     | 28.2               |
| 2018                | 22.4                     | 31.4               |
| 2019                | 25.3                     | 31.5               |
| 2020                | 25.75                    | 34.86              |
| 2021                | 25.66                    | 37.29              |
| 2022                | 26.63                    | 38.51              |
| 2023                | 26.38                    | 37.61              |
| 2024                | 26.86                    | 37.80              |
| 2025                | 26.16                    | 35.05              |
| 2026 <sup>[b]</sup> | 25.75                    | 34.72              |

Notes:

<sup>[a]</sup> Source: Amerson WTP Calendar Year Production Data

<sup>[b]</sup> Takes into account water production data from January 1 through July 31, 2026.

### 3.1.3 Awards

As an indication of its outstanding operation, Amerson WTP is a seven-time winner of the Plant of the Year Award in Georgia in the category of plants with capacities greater than 50 MGD, as awarded by professional judges of the Georgia Association of Water Professionals (GAWP). A summary of awards received by Amerson WTP over the last 10 years is provided in Table 3-2.

**Table 3-2. Water Treatment Awards**

| Year | Award                                                                                                                                                                                                                                                                                                                                                      |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2025 | <ul style="list-style-type: none"> <li>▪ GAWP Platinum Award - 95% permit compliance for 5 consecutive years</li> <li>▪ GAWP Plant of the Year Certificate of Distinguished Merit</li> <li>▪ GAWWA Best Tasting District 5</li> </ul>                                                                                                                      |
| 2024 | <ul style="list-style-type: none"> <li>▪ GAWP Platinum Award - 95% permit compliance for 5 consecutive years</li> <li>▪ GAWP Plant of the Year Certificate of Distinguished Merit</li> <li>▪ GAWWA Best Tasting District 5</li> </ul>                                                                                                                      |
| 2023 | <ul style="list-style-type: none"> <li>▪ GAWP Platinum Award – 95% permit compliance for 5 consecutive years</li> <li>▪ GAWWA District 5 Best Tasting Water Contest</li> <li>▪ GAWP Best Operated Water Plant Certificate of Achievement</li> </ul>                                                                                                        |
| 2022 | <ul style="list-style-type: none"> <li>▪ GAWP Platinum Award – 95% permit compliance for 5 consecutive years</li> <li>▪ NACWA Gold Award for Peak Performance</li> </ul>                                                                                                                                                                                   |
| 2021 | <ul style="list-style-type: none"> <li>▪ GAWP Platinum Award – 95% permit compliance for 5 consecutive years</li> </ul>                                                                                                                                                                                                                                    |
| 2020 | <ul style="list-style-type: none"> <li>▪ GAWP Platinum Award – 95% permit compliance for 5 consecutive years</li> </ul>                                                                                                                                                                                                                                    |
| 2019 | <ul style="list-style-type: none"> <li>▪ GAWP Platinum Award – 95% permit compliance for 5 consecutive years</li> </ul>                                                                                                                                                                                                                                    |
| 2018 | <ul style="list-style-type: none"> <li>▪ GAWP Platinum Award – 95% permit compliance for 5 consecutive years</li> <li>▪ GAWP Best Operated Water Plant Certificate of Achievement</li> <li>▪ GAWP Gold Award – 100% permit compliance</li> </ul>                                                                                                           |
| 2017 | <ul style="list-style-type: none"> <li>▪ GAWP Certificate of Achievement, Surface Water Plant (Honorable Mention for Plant of the Year)</li> <li>▪ GAWP Water Distribution System Gold Award</li> <li>▪ GAWWA Safety Award - Surface Water Plant</li> <li>▪ “Clean 13” Clean Water Heroes in Georgia</li> </ul>                                            |
| 2016 | <ul style="list-style-type: none"> <li>▪ GAWP Gold Award for 100% permit compliance</li> <li>▪ GAWP Plant of the Year Award</li> <li>▪ GAWP Laboratory certificate of achievement</li> <li>▪ GAWP Best Tasting Water in District 5</li> </ul>                                                                                                              |
| 2015 | <ul style="list-style-type: none"> <li>▪ GAWP Certificate of Achievement for WTP Operations</li> <li>▪ GAWP Presidential Volunteer Award - MWA Silver</li> <li>▪ GAWP Laboratory certificate of achievement</li> <li>▪ GAWWA District 5 Best Tasting Water Contest</li> <li>▪ GAWWA Georgia People’s Choice Award - Best Tasting Drinking Water</li> </ul> |

GAWWA = Georgia Section-American Water Works Association

NACWA = National Association of Clean Water Agencies

## 3.2 Wastewater System

The wastewater system includes the wastewater collection system (gravity sewers, pumping stations, and force mains) and two water reclamation facilities (WRFs), which have a combined, permitted treatment capacity of 48 MGD. These two water reclamation facilities are the Lower Poplar WRF and the Rocky Creek WRF. The combined treatment capacity used during the fiscal year of 2025 was 70.71% of available capacity.

### 3.2.1 Wastewater Treatment

The Lower Poplar WRF is located approximately 2 miles southeast of downtown Macon. The original 12-MGD facility was built for \$1.72 million and began operation in 1959. It was the County’s first wastewater treatment facility. Since its initial construction, several improvements and renovations totaling more than \$31 million have expanded the facility’s capacity. The Lower Poplar WRF serves downtown Macon-Bibb County as well as the northern and eastern portions of the County. It also provides service to the southern portion of Monroe County,

and the western portion of Jones County. The WRF is a conventional activated sludge facility with a permitted capacity of 20 MGD on a maximum monthly average daily flow (MMADF) basis. The plant receives flow from mostly domestic/commercial sources with some industrial contribution. The plant discharges to the Ocmulgee River under National Pollutant Discharge Elimination System (NPDES) Permit No. GA0024538. This permit expired on February 28, 2023. The Authority applied for a new permit in August 2022. The Georgia EPD issued a draft renewal permit in June 2026. The final permit will be issued in the near future.

The major unit processes currently in operation at the Lower Poplar WRF are as follows:

- Influent pumping
- Raw sewage screening
- Grit removal
- Primary clarification
- Biological treatment (activated sludge)
- Secondary clarification
- Effluent flow measurement
- Chlorine disinfection and dechlorination
- Gravity biosolids thickening.
- Anaerobic biosolids digestion/storage
- Dewatering rotary press (solids dewatering)

Historic annual average and maximum month average daily flows treated at the Lower Poplar WRF are summarized in Table 3-3.

**Table 3-3. Lower Poplar WRF - Historic Flows<sup>[a]</sup>**

| Calendar Year       | Annual Average Flow, MGD | Maximum Month Average Daily Flow, MGD |
|---------------------|--------------------------|---------------------------------------|
| 2017                | 12.49                    | 17.98                                 |
| 2018                | 13.01                    | 18.26                                 |
| 2019                | 13.86                    | 20.21                                 |
| 2020                | 15.94                    | 25.76                                 |
| 2021                | 14.18                    | 16.61                                 |
| 2022                | 13.54                    | 18.46                                 |
| 2023                | 12.69                    | 16.77                                 |
| 2024                | 14.70                    | 20.43                                 |
| 2025                | 13.28                    | 17.09                                 |
| 2026 <sup>[b]</sup> | 13.58                    | 15.71                                 |

Notes:

<sup>[a]</sup> Source: Macon Water Authority Discharge Monitoring Reports (DMR)

<sup>[b]</sup> Takes into account flows from January 1 through July 31, 2026.

The Rocky Creek WRF is located approximately 4.4 miles south of downtown Macon. The 14-MGD facility was initially constructed in 1974 at a cost of \$3.3 million and has been expanded and modified several times since then. During 2014, the Authority was successful in having Rock Creek WRF expanded to 28 MGD without any capital expenditures. The increase was accomplished through permitting changes approved by the Georgia EPD. The Rocky Creek WRF is an extended aeration activated sludge facility with a permitted capacity of 28 MGD on an MMADF basis. The plant receives flow from domestic/commercial sources with a significant level of industrial flow, primarily from Graphics Packaging International and domestic sewage from the City of Byron. The plant discharges

to the Ocmulgee River, under NPDES Permit No. GA0024546. This permit expired on February 28, 2023. The Authority applied for a new permit in August 2022. The Georgia EPD issued a draft renewal permit in June 2026. The final permit will be issued in the near future. The major unit processes currently in operation at the Rocky Creek WRF are as follows:

- Influent pumping
- Raw sewage screening
- Grit removal
- Biological treatment (activated sludge extended aeration)
- Secondary clarification
- Chlorine disinfection and dechlorination
- Gravity biosolids thickening
- Aerobic biosolids storage
- Dewatering rotary press (solids dewatering)

Historic annual average and maximum month average daily flows at the Rocky Creek WRF are summarized in Table 3-4.

**Table 3-4. Rocky Creek WRF - Historic Flows<sup>[a]</sup>**

| Calendar Year       | Annual Average Flow, MGD | Maximum Month Average Daily Flow, MGD |
|---------------------|--------------------------|---------------------------------------|
| 2017                | 18.66                    | 28.52                                 |
| 2018                | 20.75                    | 27.98                                 |
| 2019                | 19.54                    | 27.73                                 |
| 2020                | 22.66                    | 30.77                                 |
| 2021                | 21.92                    | 26.15                                 |
| 2022                | 22.08                    | 26.74                                 |
| 2023                | 21.18                    | 28.03                                 |
| 2024                | 20.23                    | 28.32                                 |
| 2025                | 19.91                    | 23.88                                 |
| 2026 <sup>[b]</sup> | 18.72                    | 19.80                                 |

Notes:

<sup>[a]</sup> Source: Macon Water Authority DMRs

<sup>[b]</sup> Takes into account flows from January 1 through June 30, 2026.

Biosolids generated at the two facilities are stabilized and dewatered on site at each facility and are delivered to a storage and distribution location at the Rocky Creek WRF. Macon Soils, Inc., a subsidiary of the Authority, manages the disposal of the biosolids by distributing the treated biosolids to local farmers as a fertilizer and soil conditioner in accordance with *Code of Federal Regulations*, Title 40 Section 503.

The Authority recently made significant improvements at both WRFs. The purpose of this improvements program was to improve overall operational efficiency, provide additional reliability, and improve operator safety. The CIP is on a rolling 5-year schedule which identifies water distribution and wastewater reclamation line extensions, upgrades, and replacements to older sewers and lift stations throughout the system. The latest iteration of this plan identifies operating budget process and provides guidance through FY 2029. Some of the elements of this plan were informed by the Water Distribution Master Plan (MWA 2023) completed in 2023 that covered a 20-year planning period.

Additional work will be addressed under Rocky Creek WRF Improvements project that is to be funded by the 2026 Series Bonds and are presented later in this report.

### 3.2.2 Wastewater Collection

The collection system consists of interceptors and collection sewers ranging in size from 6 to 60 inches in diameter. Eight major wastewater pumping stations and 48 smaller pumping stations supplement the gravity flow of the system. These stations have periodically been upgraded and expanded as the system flows have increased. There are more than 1,000 miles of sewers, including over 220 miles of major interceptor sewers up to 60 inches in diameter, which serve 42,610 customers. Collector sewers extend into all the major drainage basins where significant residential, commercial, and industrial development occurs. The collection system generally follows natural drainage features towards the Ocmulgee River, Rocky/Tobesofkee Creek, and Echeconnee Creek.

### 3.2.3 Permitting

Georgia EPD has the authority to regulate the discharge treated wastewater to the waters of the State pursuant to the Georgia Water Quality Control Act and the Federal Water Pollution Control Act. The Rocky Creek WRF discharges treated wastewater to the Ocmulgee River under NPDES Permit No. GA0024546, which was reapplied for in August 2022. The permit allows discharge of up to 28 MGD on a monthly average daily flow basis.

The Lower Poplar WRF discharges treated wastewater to the Ocmulgee River under NPDES Permit No. GA0024538, which was reapplied for in August 2022. The permit allows discharge of up to 20 MGD on a monthly average daily flow basis.

Currently there is no consent order in effect for the Authority.

### 3.2.4 Awards

A summary of awards received by both WRFs over the last 10 years is listed in Table 3-5.

**Table 3-5. Wastewater Treatment Awards**

| Year | Rocky Creek WRF Awards                                                          | Lower Poplar WRF Awards                               |
|------|---------------------------------------------------------------------------------|-------------------------------------------------------|
| 2025 |                                                                                 | GAWP Platinum Award                                   |
| 2024 |                                                                                 | GAWP Gold Award                                       |
|      |                                                                                 | GAWP Gold Award (100% compliance)                     |
| 2023 | Engineering Excellence Award: Received from the American Council of Engineering |                                                       |
|      | 2023 DBIA-SE Design-Build Award for Best Progressive Design-Build Project       |                                                       |
| 2019 | GAWP Platinum Award (21 consecutive years of 100% compliance)                   | GAWP Gold Award (100% compliance)                     |
| 2018 | GAWP Platinum Award (20 consecutive years of 100% compliance)                   | GAWP Gold Award (100% compliance)                     |
| 2017 | GAWP Platinum Award (19 consecutive years of 100% compliance)                   | NACWA Gold Award<br>GAWP Gold Award (100% compliance) |
| 2016 | GAWP Platinum Award (18 consecutive years of 100% compliance)                   | GAWP Gold Award (100% compliance)                     |
| 2015 | GAWP Platinum Award (17 consecutive years of 100% compliance)                   | GAWP Gold Award (100% compliance)                     |

DBIA-SE = Design-Build Institute of America Southeast

## 4. Proposed Capital Improvements

### 4.1 Background

The Authority will use the proceeds of the Series 2026A Bonds to finance one capital project as described in this section. The project includes improvements to one of the Authority's wastewater treatment facility — the Rocky Creek WRF (Project).

The Project that is proposed to be funded by the Series 2026A Bonds as well as other sources, potentially, is described below. The estimated cost of the project is also presented in this section. The estimated project cost represents total project cost, including construction, engineering, construction management, and program management. The estimate is Class 5 conceptual level estimate and is presented in 2026 dollars.

### 4.2 Project to Be Funded by the Series 2026A Bonds

Description of the proposed CIP that will be funded from the proceeds of the Series 2026A Bonds is presented in Table 4-1. The estimated project cost is also presented in the table.

**Table 4-1. Proposed Series 2026A Capital Improvements Project**

| Project Description          | Estimated Project Cost |
|------------------------------|------------------------|
| Rocky Creek WRF Improvements | \$50,000,000           |

#### 4.2.1 Rocky Creek WRF Improvements

To address the operational, maintenance, and compliance challenges associated with the aging infrastructure, the Authority is seeking to rehabilitate the Rocky Creek WRF without increasing its permitted treatment capacity of 28 MGD (MMADF basis). This rehabilitation project focuses on modernizing older equipment and unit processes to optimize facility operations and extend its service life, as well as improvements to the overall site electrical and supervisory control and data acquisition (SCADA) systems. This project will help resolve current unit process equipment constraints and allow the overall facility to operate optimally. The design of the rehabilitation project is being performed by Jacobs Engineering Group Inc. (Jacobs), with Barge Design Solutions Inc. (Barge) acting as a subcontractor to Jacobs. The improvements are centered on the following areas:

- New plant SCADA system. This system will provide for more plant automated data collection and control, which will greatly improve operator efficiency and increase security. Obsolete equipment will be removed and aging control wiring will be replaced.
- Plantwide site electrical improvements. Replacing aging wires, cables, and electrical equipment in the field will greatly improve the safety and reliability of the plant's electrical system and provide a solid foundation for the downstream power and control systems that support the unit processes.
- Renovation of several in-plant pump stations. Several pump stations that are critical to plant processes will be improved with new pumps, new flow control, new electrical gear, new valving, and general building renovations.
- Other plant modifications that will improve forward flow control, make changes to site piping, and provide renovations to several buildings.

These improvements are essential to maintain reliable operations and ensure the facility can continue to meet performance and regulatory requirements. The proposed improvements will reduce operational vulnerabilities, enhance system reliability, and lower long-term operation and maintenance costs.

## 5. Financial Feasibility Analysis

To establish the financial feasibility of the projects and funding mechanisms proposed, revenues must be shown to be sufficient to meet financial obligations and coverage requirements. Each of these components is presented in detail in the following sections.

### 5.1 Historical Financial Results

Financial information from the Authority's ACFRs for FY 2021 through FY 2025 is provided in Table 5-1. Operating revenues, on average, have increased 9.7% per year and the increase in fee revenues is associated with the implementation of periodic rate increases. Operating expenses have fluctuated over the past 5 years and are primarily related to adjustment in pensions costs from the actuarial liability changes. Operating expenses (net of depreciation), on average, have increased 5.7% per year. Depreciation expense has increased 3.1% per year.

**Table 5-1. Five-Year Historical Financial Results<sup>[a]</sup>**

|                                                   | FY 2021                   | FY 2022                   | FY 2023                   | FY 2024                 | FY 2025                   |
|---------------------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|---------------------------|
| <b>Operating Revenues</b>                         |                           |                           |                           |                         |                           |
| Water revenues                                    | \$31,276,390              | \$32,993,199              | \$34,720,263              | \$37,847,889            | \$45,183,208              |
| Sewage revenues                                   | 27,288,448                | 29,669,510                | 31,713,153                | 34,796,078              | 40,667,523                |
| Other operating revenues                          | <u>5,558,778</u>          | <u>6,011,350</u>          | <u>5,493,803</u>          | <u>6,911,315</u>        | <u>6,934,555</u>          |
| <b>Total operating revenues</b>                   | <b>\$64,123,616</b>       | <b>\$68,674,059</b>       | <b>\$71,927,219</b>       | <b>\$79,555,282</b>     | <b>\$92,785,286</b>       |
| <b>Operating Expenses</b>                         |                           |                           |                           |                         |                           |
| Water plant                                       | \$3,806,961               | \$4,694,773               | \$5,720,896               | \$5,771,277             | \$4,849,142               |
| Water distribution                                | 6,125,027                 | 4,797,124                 | 9,717,105                 | 10,031,151              | 8,158,614                 |
| Water pollution control plants                    | 6,319,629                 | 5,865,377                 | 11,140,090                | 11,011,060              | 10,865,521                |
| Sewer conveyance                                  | 5,761,889                 | 5,565,500                 | 7,236,375                 | 7,450,502               | 6,415,407                 |
| Maintenance                                       | 2,625,230                 | 1,131,645                 | 3,874,689                 | 4,382,070               | 2,755,282                 |
| Engineering                                       | 1,940,671                 | 995,970                   | 2,444,143                 | 2,393,664               | 2,178,377                 |
| Customer Care                                     | 5,058,422                 | 2,831,187                 | 6,753,901                 | 5,490,021               | 4,455,048                 |
| Administrative and general                        | <u>6,273,644</u>          | <u>4,773,263</u>          | <u>8,128,225</u>          | <u>6,260,911</u>        | <u>7,597,082</u>          |
| <b>Subtotal</b>                                   | <b>\$37,911,473</b>       | <b>\$30,654,839</b>       | <b>\$55,015,424</b>       | <b>\$52,790,656</b>     | <b>\$47,274,473</b>       |
| Depreciation                                      | <u>15,641,226</u>         | <u>16,263,717</u>         | <u>17,645,799</u>         | <u>17,921,573</u>       | <u>17,697,859</u>         |
| <b>Total Operating Expenses</b>                   | <b>\$53,552,699</b>       | <b>\$46,918,556</b>       | <b>\$72,661,223</b>       | <b>\$70,712,229</b>     | <b>\$64,972,332</b>       |
| <b>Non-operating Revenues (Expenses)</b>          |                           |                           |                           |                         |                           |
| Investment earnings                               | 426,371                   | (1,579,785)               | 3,600,896                 | 4,923,250               | 8,630,604                 |
| Other non-operating Income (Loss)                 | -                         | (52,277)                  | (29,729)                  | 73,596                  | 182,638                   |
| Interest and amortization expenses                | (4,877,418)               | (4,170,053)               | (4,334,834)               | (4,808,650)             | (10,214,513)              |
| Macon-Bibb County Industrial Authority assistance | (704,000)                 | (704,000)                 | (704,000)                 | (704,000)               | (704,000)                 |
| City of Macon assistance                          | <u>(304,990)</u>          | <u>(304,990)</u>          | <u>(304,990)</u>          | <u>(304,990)</u>        | <u>(304,990)</u>          |
| <b>Total Non-operating Revenues (Expenses)</b>    | <b><u>(5,460,037)</u></b> | <b><u>(6,811,105)</u></b> | <b><u>(1,772,657)</u></b> | <b><u>(820,794)</u></b> | <b><u>(2,410,261)</u></b> |
| <b>Gain (Loss) before contributions</b>           | <b>5,110,880</b>          | <b>14,944,398</b>         | <b>(2,506,661)</b>        | <b>8,022,259</b>        | <b>25,402,693</b>         |
| <b>Capital Contributions (non-cash)</b>           | <b><u>1,903,932</u></b>   | <b><u>1,770,916</u></b>   | <b><u>4,092,950</u></b>   | <b><u>794,800</u></b>   | <b><u>2,462,210</u></b>   |
| <b>Change in net position</b>                     | <b>\$7,014,812</b>        | <b>\$16,715,314</b>       | <b>\$1,586,289</b>        | <b>\$8,817,059</b>      | <b>\$27,864,903</b>       |

<sup>[a]</sup> Source: MWA ACFR 2025

## 5.2 Economic Development Participation

During FY 1999, which ended on September 30, 1999, the State of Georgia General Assembly passed legislation permitting the Authority to participate with Macon-Bibb County, and the Macon-Bibb County Industrial Authority with respect to industrial development involving the acquisition, construction, or development of industrial sites or facilities. This includes entering contracts with Macon-Bibb County, the Macon-Bibb County Industrial Authority, or both, with respect to acquiring or developing industrial sites and facilities, including without limitation, the construction or renovation of buildings and facilities for lease or sale to industrial or other companies proving employment within Macon-Bibb County.

The Authority has an agreement with the Macon-Bibb County Industrial Authority and Macon-Bibb County to provide an annual payment of \$704,000 from the Authority's annual operations. This expense shows up as Macon-Bibb County Industrial Authority assistance under non-operating expense on the financial statements. This agreement is part of an industrial development revolving fund for a 50-year period ending September 30, 2049. The full term of the agreement is for 50 years, during which the revolving fund is to be used to bring industry to the area by providing and developing appropriate sites and facilities as approved by the Authority. Amounts deposited by the Authority are to be used solely for the payment of costs for obtaining, developing, and maintaining industrial sites and facilities, including any infrastructure desirable, and option money for proposed sites.

### 5.2.1 Population

The population of the County has remained steady from 2015 to 2025, according to data from the U.S. Census Bureau. Macon-Bibb County historic population is summarized in Table 5-2.

**Table 5-2. Macon-Bibb County Population**

| Fiscal Year | Population <sup>[a],[ b]</sup> | Percent Change |
|-------------|--------------------------------|----------------|
| 2015        | 153,905                        | -0.53          |
| 2016        | 153,721                        | -0.12          |
| 2017        | 152,760                        | -0.63          |
| 2018        | 152,663                        | -0.06          |
| 2019        | 153,095                        | 0.28           |
| 2020        | 153,159                        | 0.04           |
| 2021        | 153,200                        | 0.03           |
| 2022        | 156,197                        | 1.96           |
| 2023        | 156,197                        | 0.00           |
| 2024        | 156,512                        | 0.20           |
| 2025        | 157,056                        | 0.35           |

Notes:

<sup>[a]</sup> Source: MWA ACFR 2025 and the United States Census.

<sup>[b]</sup> Source: State of Georgia-Governor's Office of Planning & Budget, County Residential Projections 2018-2063

### 5.2.2 Historical Customer Base

A summary of the historic numbers of customers for the 10-year period from 2016 to 2025 are shown in Table 5-3. For the last 5 years, the number of connections for both the water and sewer systems have increased approximately 1% per year.

The difference in the number of water and sewer accounts does not reflect a difference in the water and sewer service areas but rather reflects that a portion of the Authority's service area previously developed with septic tanks, which do not currently receive wastewater service from the Authority, has been connected to the system.

**Table 5-3. Number of Connections<sup>[a]</sup>**

| <b>Water</b>        |                    |                   |                   |              |              |
|---------------------|--------------------|-------------------|-------------------|--------------|--------------|
| <b>Fiscal Year</b>  | <b>Residential</b> | <b>Commercial</b> | <b>Industrial</b> | <b>Other</b> | <b>Total</b> |
| 2016                | 44,806             | 5,323             | 30                | 9            | 50,168       |
| 2017                | 44,867             | 5,313             | 29                | 7            | 50,216       |
| 2018 <sup>2</sup>   | 44,273             | 6,404             | 35                | 11           | 50,723       |
| 2019 <sup>[b]</sup> | 44,059             | 5,013             | 26                | -            | 49,098       |
| 2020                | 44,790             | 4,958             | 24                | 12           | 49,784       |
| 2021                | 45,729             | 4,703             | 26                | 2            | 50,460       |
| 2022                | 46,094             | 4,725             | 26                | 2            | 50,847       |
| 2023                | 46,395             | 4,712             | 26                | 2            | 51,135       |
| 2024                | 46,915             | 4,819             | 26                | 2            | 51,762       |
| 2025                | 46,992             | 4,777             | 28                | 2            | 51,799       |
| <b>Sewer</b>        |                    |                   |                   |              |              |
| <b>Fiscal Year</b>  | <b>Residential</b> | <b>Commercial</b> | <b>Industrial</b> | <b>Other</b> | <b>Total</b> |
| 2016                | 36,536             | 3,717             | 15                | 6            | 40,274       |
| 2017                | 36,521             | 3,697             | 18                | 4            | 40,240       |
| 2018 <sup>[b]</sup> | 35,791             | 4,486             | 21                | 5            | 40,303       |
| 2019 <sup>[b]</sup> | 35,648             | 4,466             | 11                | -            | 40,125       |
| 2020                | 36,337             | 4,402             | 6                 | -            | 40,745       |
| 2021                | 37,221             | 4,216             | 7                 | -            | 41,444       |
| 2022                | 37,577             | 4,254             | 20                | -            | 41,851       |
| 2023                | 37,786             | 4,240             | 18                | -            | 42,044       |
| 2024                | 38,236             | 4,305             | 18                | -            | 42,559       |
| 2025                | 38,311             | 4,279             | 20                | -            | 42,610       |

Notes:

<sup>[a]</sup> Source: MWA ACFR 2025.

<sup>[b]</sup> The MWA replaced their 35-year-old legacy billing and financial system on April 4, 2018, with a new CIS/ERP system. This was a multiyear project that resulted in a cleanup of data records in the legacy system prior to conversion of data.

CIS = customer information system

ERP = enterprise resource planning

### 5.2.2.1 Top Ten Customers

The 10 largest customers based on system revenue for FY 2025 provided 11.86% of total water system revenue and 21.92% of sewer system revenue. The 10 largest customers are listed in Table 5-4. The largest water customer is Irving Consumer Products, providing 2.8% of the total water revenues. Graphic Packaging International (GPI) is the largest sewer customer, providing for 10.95% of the total sewer system revenues. The agreement between

MWA and GPI is under review and there has been discussion about the termination of the agreement, which is expected to occur in June 2028. The projected financial results presented in Section 5.6 assume that the agreement is terminated in June 2028 and that no replacement is identified through the analysis period of FY 2031.

**Table 5-4. Ten Largest Customers: Fiscal Year 2025<sup>[a]</sup>**

| Customer                            | Water Revenue       |              | Sewer Revenue       |              |
|-------------------------------------|---------------------|--------------|---------------------|--------------|
|                                     | Amount              | Percent      | Amount              | Percent      |
| Irving Consumer Products, Inc.      | \$1,266,804         | 2.80         | \$1,160,564         | 2.85         |
| Graphic Packaging International     | 828,784             | 1.83         | 4,941,931           | 12.15        |
| Macon-Bibb County                   | 772,658             | 1.71         | 488,015             | 1.20         |
| Navicent Health                     | 503,643             | 1.11         | 508,966             | 1.25         |
| Nichiha USA, Inc.                   | 489,319             | 1.08         | 514,520             | 1.27         |
| Macon Housing Authority             | 404,186             | 0.89         | 417,189             | 1.03         |
| Central Correctional Institute      | 262,323             | 0.58         | 275,695             | 0.68         |
| Kumho Tire Georgia                  | 246,690             | 0.55         | 0                   | 0.00         |
| Carlyle Place                       | 201,234             | 0.45         | 210,907             | 0.52         |
| Piedmont Macon Medical Center       | 192,372             | 0.43         | 0                   | 0.00         |
| First Quality Baby Food             | 190,727             | 0.42         | 0                   | 0.00         |
| City of Byron                       | 0                   | 0.00         | 1,012,763           | 2.49         |
| YKK                                 | 0                   | 0.00         | 366,491             | 0.90         |
| <b>Subtotal (10 Largest)</b>        | <b>5,358,740</b>    | <b>11.86</b> | <b>9,897,041</b>    | <b>24.34</b> |
| <b>Balance from other Customers</b> | <b>39,824,468</b>   | <b>88.14</b> | <b>30,770,482</b>   | <b>75.66</b> |
| <b>Total Water and Sewer Sales</b>  | <b>\$45,183,208</b> | <b>100</b>   | <b>\$40,667,523</b> | <b>100</b>   |

Notes:

<sup>[a]</sup> Source: MWA ACFR 2025.

### 5.3 Water and Sewer Rates

The Authority has established monthly user rates and charges for retail water and sewer service. The rates are adopted by the Board of Directors and are not subject to administrative review or approval by any other local or state regulatory agency. The Authority has historically adjusted rates as necessary to provide for sufficient recovery of financial obligations including operating expenses, debt service and capital expenditures. The Board considers and approves a 5-year rate plan annually and adopts 3 years of rates every second year. Although the fiscal accounting period for the Authority begins on October 1 of a given year, rate adjustments are implemented 3 months after the start of the fiscal year on January 1. In October 2022, the Authority approved its a 5-year plan, which included rates for 2023 to 2025. On August 6, 2026, the MWA Board of Directors approved a volumetric rate increase effective January 1, 2027. Also, the Board approved a tiered rate structure for both water and sewer volumetric rates. Customers using 0 to 3 CCF of water will see no increase in that usage tier. Water usage above 3 CCF will increase by \$1.24 per CCF beginning January 1, 2027, followed by an adjustment of \$0.92 per CCF in 2028 and a planned adjustment of \$0.82 per CCF in 2029. The projected increase for 2029 is subject to future review by MWA staff. As a result of proposed capital improvement expenditures and projected revenue requirements, the Authority plans to continue the systematic implementation of rate adjustments of the water and sewer rates.

The base fees as currently applied by the Authority for water designates the minimum amount a customer will pay for water service before taking water usage into consideration. The base charge increases with the size of the water meter. The minimum charge for a 5/8-inch meter is \$10.73 per month and increases for larger meter sizes.

The rate structure for sewer service is similar to the structure for the water service. A sewer base fee is charged for each connection, with a single volumetric rate applied per 100 cubic feet of water consumption. Residential customers are currently charged for sewer service based on 100% of their metered water consumption. Residential sewer customers that have a separate irrigation meter are billed for 95% of their metered water consumption. Non-residential sewer customers are charged for sewer service based on 100% of their metered water volume. The retail water and sewer rates are summarized in Table 5-5 for single-family residential customers and Table 5-6 for non-residential customers.

**Table 5-5. Base and Volume Rates: Single Family Residential<sup>[a]</sup>**

| Water                                      |         |         |         |         | Sewer   |         |         |         |
|--------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Effective January 1                        | 2025    | 2027    | 2028    | 2029    | 2025    | 2027    | 2028    | 2029    |
| <b>Base Charge per Month by Meter Size</b> |         |         |         |         |         |         |         |         |
| 5/8-inch Meter                             | \$10.73 | \$10.73 | \$10.73 | \$10.73 | \$10.73 | \$10.73 | \$10.73 | \$10.73 |
| 1-inch Meter                               | \$13.48 | \$13.48 | \$13.48 | \$13.48 | \$13.48 | \$13.48 | \$13.48 | \$13.48 |
| 1 1/2-inch Meter                           | \$30.64 | \$30.64 | \$30.64 | \$30.64 | \$30.64 | \$30.64 | \$30.64 | \$30.64 |
| 2-inch Meter                               | \$60.71 | \$60.71 | \$60.71 | \$60.71 | \$60.71 | \$60.71 | \$60.71 | \$60.71 |
| 3-inch Meter                               | \$90.81 | \$90.81 | \$90.81 | \$90.81 | \$90.81 | \$90.81 | \$90.81 | \$90.81 |
| <b>Volumetric Rates<sup>[b]</sup></b>      |         |         |         |         |         |         |         |         |
| All usage                                  | \$4.20  |         |         |         | \$4.43  |         |         |         |
| <=3 CCF                                    |         | \$4.20  | \$4.20  | \$4.20  |         | \$4.43  | \$4.43  | \$4.43  |
| >3 CCF                                     |         | \$5.44  | \$6.36  | \$7.18  |         | \$5.67  | \$6.59  | \$7.41  |

Notes:

<sup>[a]</sup> Source: Macon Water Authority Board Approves FY2027 Budget, Capital Improvement Plan, and Long-Term Rate Strategy.

<sup>[b]</sup> Per CCF.

**Table 5-6. Base and Volume Rates: Non-residential<sup>[a]</sup>**

| Water                                      |          |          |          |          | Sewer    |          |          |          |
|--------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Effective January 1                        | 2025     | 2027     | 2028     | 2029     | 2025     | 2027     | 2028     | 2029     |
| <b>Base Charge per Month by Meter Size</b> |          |          |          |          |          |          |          |          |
| 5/8-inch Meter                             | \$10.73  | \$10.73  | \$10.73  | \$10.73  | \$10.73  | \$10.73  | \$10.73  | \$10.73  |
| 1-inch Meter                               | \$13.48  | \$13.48  | \$13.48  | \$13.48  | \$13.48  | \$13.48  | \$13.48  | \$13.48  |
| 1 1/2-inch Meter                           | \$30.64  | \$30.64  | \$30.64  | \$30.64  | \$30.64  | \$30.64  | \$30.64  | \$30.64  |
| 2-inch Meter                               | \$60.71  | \$60.71  | \$60.71  | \$60.71  | \$60.71  | \$60.71  | \$60.71  | \$60.71  |
| 3-inch Meter                               | \$90.81  | \$90.81  | \$90.81  | \$90.81  | \$90.81  | \$90.81  | \$90.81  | \$90.81  |
| 4-inch Meter                               | \$150.96 | \$150.96 | \$150.96 | \$150.96 | \$150.96 | \$150.96 | \$150.96 | \$150.96 |
| 6-inch Meter                               | \$251.24 | \$251.24 | \$251.24 | \$251.24 | \$251.24 | \$251.24 | \$251.24 | \$251.24 |
| 8-inch Meter                               | \$401.67 | \$401.67 | \$401.67 | \$401.67 | \$401.67 | \$401.67 | \$401.67 | \$401.67 |

| Water                                      |          |          |          |          | Sewer    |          |          |          |
|--------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Effective January 1                        | 2025     | 2027     | 2028     | 2029     | 2025     | 2027     | 2028     | 2029     |
| <b>Base Charge per Month by Meter Size</b> |          |          |          |          |          |          |          |          |
| 10-inch Meter                              | \$501.95 | \$501.95 | \$501.95 | \$501.95 | \$501.95 | \$501.95 | \$501.95 | \$501.95 |
| <b>Volumetric Rates<sup>[b]</sup></b>      |          |          |          |          |          |          |          |          |
| All usage                                  | \$4.20   |          |          |          | \$4.43   |          |          |          |
| <=3 CCF                                    |          | \$4.20   | \$4.20   | \$4.20   |          | \$4.43   | \$4.43   | \$4.43   |
| >3 CCF                                     |          | \$5.44   | \$6.36   | \$7.18   |          | \$5.67   | \$6.59   | \$7.41   |

Notes:

<sup>[a]</sup> Source: Macon Water Authority Board Approves FY2027 Budget, Capital Improvement Plan, and Long-Term Rate Strategy.

<sup>[b]</sup> Per CCF

## 5.4 Five-year CIP

MWA updates their 5-year CIP annually, which may include projects currently underway, as well as projects planned for the next 5 fiscal years. Many factors can influence the scheduling and implementation of capital projects. Growth in the CIP is related to compliance requirements, population increases, supply chain issues, inflation, and the need to renew/replace aging assets. On August 6, 2026, the MWA Board approved the 5-year CIP for FY2027 to FY 2031. Table 5-7 provides a summary of the five CIP by major funding source. As previously described, the Series 2026A bonds will help fund \$50 million in projects out of the \$189.1 million. Over the next 5 years, \$69.4 million in project costs is planned to be funded with water and sewer rates. The remaining \$69.7 million is projected to be funded with a future fixed rate bond issue.

**Table 5-7. MWA 5-year CIP (2027 to 2031)**

| Funding Source    | 2027           | 2028           | 2029           | 2030           | 2031           | Total 2027 to 2031 |
|-------------------|----------------|----------------|----------------|----------------|----------------|--------------------|
| Water/Sewer Rates | \$12.9M        | \$17.5M        | \$15.3M        | \$13.9M        | \$9.8M         | \$69.4M            |
| Bond Proceeds     | <u>\$38.0M</u> | <u>\$12.0M</u> | <u>\$39.6M</u> | <u>\$6.5M</u>  | <u>\$23.6M</u> | <u>\$119.7M</u>    |
| <b>Total</b>      | <b>\$50.8M</b> | <b>\$29.5M</b> | <b>\$54.9M</b> | <b>\$20.4M</b> | <b>\$33.4M</b> | <b>\$189.1M</b>    |

M = million(s)

## 5.5 Debt Service

The Authority's currently outstanding debt is comprised of revenue bonds ("Bonds"), notes payable to the GEFA, and capital leases. All Bonds consist of parity bonds issued by the Authority and secured by and payable from first lien on the Net Revenues of the System. The notes payable to GEFA and capital leases are secured by revenues of the system subordinate to Bonds.

Bonds in the aggregate principal amount outstanding, net of unamortized premium, was reported to be \$186,675,000 at September 30, 2025, as presented in Table 5-8. The Series 2018B outstanding amount will be refunded with proceeds of the Series 2026A Bonds.

**Table 5-8. Current Outstanding Parity Bonds as of September 30, 2025**

| Bond         | Maturity Fiscal Year | Aggregate Principal Amount | Currently Outstanding |
|--------------|----------------------|----------------------------|-----------------------|
| Series 2015  | 2036                 | \$8,870,000                | \$8,870,000           |
| Series 2016  | 2027                 | 9,475,000                  | 2,945,000             |
| Series 2018A | 2033                 | 17,340,000                 | 16,195,000            |
| Series 2018B | 2039                 | 20,070,000                 | 20,070,000            |
| Series 2020  | 2032                 | 30,495,000                 | 17,580,000            |
| Series 2020B | 2042                 | 20,380,000                 | 18,305,000            |
| Series 2024  | 2054                 | \$102,710,000              | \$102,710,000         |

The Authority's GEFA notes have been incurred for construction of various water and sewer system projects utilizing capitalization grant funds made available to GEFA from the U.S. Environmental Protection Agency's (EPA) State Revolving Fund Program. The 2014 GEFA Loan at 1.40% fixed interest for 20 years, has a remaining principal of \$3,482,684 at September 30, 2025. The maturity year for the 2014 GEFA loan is 2037. The 2020 GEFA Loan at 0.04% interest fixed for 20 years has a remaining principal balance of \$8,720,927 at September 30, 2025. The maturity year for 2020 GEFA loan is 2044.

MWA leases equipment and according to Note 5 of the FY 2025 ACFR, the ending balance for financed purchases is \$134,892 and will mature in 2027.

In addition to existing bond and note debt obligations, the Authority will have ongoing debt service payments from the proposed Series 2026A Bonds. The Series 2026A Bonds are to be issued on parity with the Bonds and will include the outstanding balance of the Series 2018B bonds to be refunded and \$50,000,000 for Rocky Creek projects (refer to Section 4). The projected debt service for the Series 2026A Bonds is based on debt service schedules developed and provided by the Underwriter. The full projected annual debt service requirements, including interest payments for all debt obligations, are shown by fiscal year in Table 5-9.

# Series 2026A Water & Sewer Revenue Bond Issue – Engineering Report

**Table 5-9. Projected Annual Debt Service**

| Bond Year (10/1) | Existing Principal | Existing Interest | Total Existing       | Series 2026A Principal | Series 2026A Interest* | Total Series 2026A | First Lien Aggregate Debt Service | GEFA Principal | GEFA Interest | Total GEFA | Total Aggregate Debt Service |
|------------------|--------------------|-------------------|----------------------|------------------------|------------------------|--------------------|-----------------------------------|----------------|---------------|------------|------------------------------|
| 2027             | \$ 5,510,000       | \$ 7,194,063      | <b>\$ 12,704,063</b> |                        | \$1,564,769            | \$1,564,769        | \$14,268,831                      | 736,181        | 46,143        | 782,324    | \$15,051,155                 |
| 2028             | 5,690,000          | 7,022,133         | <b>12,712,133</b>    | \$ -                   | 1,731,921              | 1,731,921          | 14,444,054                        | 740,207        | 42,117        | 782,324    | 15,226,378                   |
| 2029             | 5,885,000          | 6,817,915         | <b>12,702,915</b>    | -                      | 1,729,537              | 1,729,537          | 14,432,452                        | 744,286        | 38,038        | 782,324    | 15,214,776                   |
| 2030             | 6,100,000          | 6,605,559         | <b>12,705,559</b>    | -                      | 1,730,729              | 1,730,729          | 14,436,288                        | 748,420        | 33,903        | 782,324    | 15,218,612                   |
| 2031             | 6,475,000          | 6,384,210         | <b>12,859,210</b>    | -                      | 1,730,729              | 1,730,729          | 14,589,939                        | 752,611        | 29,713        | 782,324    | 15,372,263                   |
| 2032             | 4,330,000          | 6,108,350         | <b>10,438,350</b>    | -                      | 1,731,921              | 1,731,921          | 12,170,271                        | 756,857        | 25,467        | 782,324    | 12,952,595                   |
| 2033             | 3,655,000          | 5,909,700         | <b>9,564,700</b>     | -                      | 1,729,537              | 1,729,537          | 11,294,237                        | 761,161        | 21,163        | 782,324    | 12,076,561                   |
| 2034             | 3,805,000          | 5,763,500         | <b>9,568,500</b>     | -                      | 1,730,729              | 1,730,729          | 11,299,229                        | 765,523        | 16,801        | 782,324    | 12,081,553                   |
| 2035             | 3,960,000          | 5,611,300         | <b>9,571,300</b>     | -                      | 1,730,729              | 1,730,729          | 11,302,029                        | 769,944        | 12,380        | 782,324    | 12,084,353                   |
| 2036             | 1,195,000          | 5,452,900         | <b>6,647,900</b>     | -                      | 1,731,921              | 1,731,921          | 8,379,821                         | 774,425        | 7,899         | 782,324    | 9,162,145                    |
| 2037             | 1,245,000          | 5,405,100         | <b>6,650,100</b>     | -                      | 1,729,537              | 1,729,537          | 8,379,637                         | 752,677        | 3,358         | 756,035    | 9,135,672                    |
| 2038             | 1,295,000          | 5,355,300         | <b>6,650,300</b>     | -                      | 1,730,729              | 1,730,729          | 8,381,029                         | 465,712        | 1,158         | 466,870    | 8,847,899                    |
| 2039             | 4,555,000          | 5,303,500         | <b>9,858,500</b>     | -                      | 1,730,729              | 1,730,729          | 11,589,229                        | 465,899        | 972           | 466,870    | 12,056,099                   |
| 2040             | 4,770,000          | 5,089,200         | <b>9,859,200</b>     | -                      | 1,731,921              | 1,731,921          | 11,591,121                        | 466,085        | 785           | 466,870    | 12,057,991                   |
| 2041             | 4,990,000          | 4,864,700         | <b>9,854,700</b>     | -                      | 1,729,537              | 1,729,537          | 11,584,237                        | 466,271        | 599           | 466,870    | 12,051,107                   |
| 2042             | 5,225,000          | 4,629,750         | <b>9,854,750</b>     | -                      | 1,730,729              | 1,730,729          | 11,585,479                        | 466,458        | 412           | 466,870    | 12,052,349                   |
| 2043             | 5,490,000          | 4,368,500         | <b>9,858,500</b>     | -                      | 1,730,729              | 1,730,729          | 11,589,229                        | 466,645        | 226           | 466,870    | 12,056,099                   |
| 2044             | 5,765,000          | 4,094,000         | <b>9,859,000</b>     | -                      | 1,731,921              | 1,731,921          | 11,590,921                        | 311,201        | 47            | 311,247    | 11,902,168                   |
| 2045             | 6,050,000          | 3,805,750         | <b>9,855,750</b>     | -                      | 1,729,537              | 1,729,537          | 11,585,287                        |                |               |            | 11,585,287                   |
| 2046             | 6,355,000          | 3,503,250         | <b>9,858,250</b>     | -                      | 1,730,729              | 1,730,729          | 11,588,979                        |                |               |            | 11,588,979                   |
| 2047             | 6,670,000          | 3,185,500         | <b>9,855,500</b>     | 3,925,000              | 1,730,729              | 5,655,729          | 15,511,229                        |                |               |            | 15,511,229                   |
| 2048             | 7,005,000          | 2,852,000         | <b>9,857,000</b>     | 4,125,000              | 1,634,907              | 5,759,907          | 15,616,907                        |                |               |            | 15,616,907                   |
| 2049             | 7,355,000          | 2,501,750         | <b>9,856,750</b>     | 4,345,000              | 1,530,839              | 5,875,839          | 15,732,589                        |                |               |            | 15,732,589                   |
| 2050             | 7,725,000          | 2,134,000         | <b>9,859,000</b>     | 4,565,000              | 1,424,573              | 5,989,573          | 15,848,573                        |                |               |            | 15,848,573                   |
| 2051             | 8,110,000          | 1,747,750         | <b>9,857,750</b>     | 4,805,000              | 1,311,817              | 6,116,817          | 15,974,567                        |                |               |            | 15,974,567                   |
| 2052             | 8,515,000          | 1,342,250         | <b>9,857,250</b>     | 5,055,000              | 1,193,955              | 6,248,955          | 16,106,205                        |                |               |            | 16,106,205                   |
| 2053             | 8,940,000          | 916,500           | <b>9,856,500</b>     | 5,325,000              | 1,067,539              | 6,392,539          | 16,249,039                        |                |               |            | 16,249,039                   |
| 2054             | \$ 9,390,000       | \$ 469,500        | <b>\$9,859,500</b>   | 5,600,000              | 936,748                | 6,536,748          | 16,396,248                        |                |               |            | 16,396,248                   |
| 2055             | -                  | -                 | -                    | 15,750,000             | 798,428                | 16,548,428         | 16,548,428                        |                |               |            | 16,548,428                   |
| 2056             | -                  | -                 | -                    | 16,575,000             | 409,684                | 16,984,684         | 16,984,684                        |                |               |            | 16,984,684                   |

Note: Debt service is provided for Bond Year's ending October 1.

\* Series 2026A interest is assumed to equal the average rate on the Authority's weekly rate adjustable mode bonds for the previous twelve months, 2.47%.

## 5.6 Projected Revenue Requirements and Financial Analysis

For rate setting purposes, it is important to also evaluate the revenue requirements, which consists of operating expenses (net depreciation), debt service (principal and interest), transfers consisting of assistance to Macon-Bibb County Industrial Authority and City of Macon, and CIP from rates. Table 5-10 summarizes the projected revenue requirements for the next six fiscal years.

**Table 5-10. Projected Revenue Requirements**

| Item                                 | 2027           | 2028           | 2029           | 2030           | 2031           |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Operating Expenses, net depreciation | \$59.1M        | \$61.4M        | \$63.9M        | \$66.5M        | \$69.1M        |
| Existing Debt Service                | \$13.6M        | \$13.5M        | \$13.5M        | \$13.5M        | \$13.5M        |
| Projected Series 2026A               | \$1.7M         | \$1.7M         | \$1.7M         | \$1.7M         | \$1.7M         |
| Transfers                            | \$1.0M         | \$1.0M         | \$1.0M         | \$1.0M         | \$1.0M         |
| CIP from Rates                       | <u>\$12.9M</u> | <u>\$17.5M</u> | <u>\$15.3M</u> | <u>\$13.9M</u> | <u>\$9.8M</u>  |
| <b>Total Revenue Requirements</b>    | <b>\$88.3M</b> | <b>\$95.1M</b> | <b>\$95.4M</b> | <b>\$96.6M</b> | <b>\$95.1M</b> |
| Less: Non-rate revenues              | <u>-\$6.9M</u> | <u>-\$3.0M</u> | <u>-\$3.0M</u> | <u>-\$3.0M</u> | <u>-\$3.0M</u> |
| <b>Net Revenue Requirements</b>      | <b>\$81.4M</b> | <b>\$92.1M</b> | <b>\$92.4M</b> | <b>\$93.6M</b> | <b>\$92.1M</b> |

### Revenue Requirement Assumptions:

- Operating expenses (net depreciation) increase at 3.5% per year plus 0.5% per year growth, total 4% per year.
- Existing debt service does not include Series 2018B because it is being refunded and is included in Series 2026A.
- Transfers include assistance for Macon-Bibb County Industrial Authority and City of Macon.
- Non-rate revenues consist of investment income.

## 5.7 Financial Pro forma

Based on the projected debt service, revenue requirements, and projected revenues using planned rate increases, Table 5-11 provides a summary of the income statement items for the period FY 2026 to FY 2031. The projected water/sewer fee revenues account for the rate increases approved by the MWA Board on August 6, 2026 (refer to Section 5.3). Also, the projected water/sewer fees assume that the agreement between GPI and MWA is terminated and that a replacement is delayed until after the analysis period of FY 2031. For the period FY 2026 to FY 2031, on average, operating revenues are projected to increase 6.7% per year attributed to planned rate increases. Based on the projections presented in Table 5-11, projected net earnings are positive year over year and offers a layer of conservatism because the analysis does not assume capital contributions from developers.

**Table 5-11. Projected Financial Pro forma**

| Income Statement Items                    | 2026*          | 2027            | 2028            | 2029            | 2030            | 2031            |
|-------------------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Water/Sewer Fee Revenues                  | \$89.0M        | \$98.4M         | \$110.3M        | \$117.6M        | \$120.7M        | \$121.3M        |
| Other Operating Revenues                  | <u>\$3.4M</u>  | <u>\$3.1M</u>   | <u>\$3.1M</u>   | <u>\$3.1M</u>   | <u>\$3.1M</u>   | <u>\$3.1M</u>   |
| <b>Operating Revenues</b>                 | <b>\$92.4M</b> | <b>\$101.5M</b> | <b>\$113.4M</b> | <b>\$120.7M</b> | <b>\$123.8M</b> | <b>\$124.4M</b> |
| Operating Expenses                        | \$53.8M        | \$59.1M         | \$61.4M         | \$63.9M         | \$66.5M         | \$69.1M         |
| Depreciation                              | <u>\$18.7M</u> | <u>\$19.6M</u>  | <u>\$20.6M</u>  | <u>\$21.6M</u>  | <u>\$22.7M</u>  | <u>\$23.9M</u>  |
| <b>Operating Income (Loss)</b>            | <b>\$19.9M</b> | <b>\$22.8M</b>  | <b>\$31.4M</b>  | <b>\$35.2M</b>  | <b>\$34.6M</b>  | <b>\$31.4M</b>  |
| Investment earnings                       | \$7.5M         | \$6.9M          | \$3.0M          | \$3.0M          | \$3.0M          | \$3.0M          |
| Other non-operating Income (Loss)         | -\$4M          | -\$4M           | \$0M            | \$0M            | \$0M            | \$0M            |
| Interest Expense (existing)               | -\$7.9M        | -\$6.6M         | -\$7.2M         | -\$7.0M         | -\$6.8M         | -\$6.6M         |
| Interest Expense (future)                 | \$0M           | -\$1.7M         | -\$1.7M         | -\$1.7M         | -\$1.7M         | -\$1.7M         |
| Transfers                                 | <u>-\$1.0M</u> | <u>-\$1.0M</u>  | <u>-\$1.0M</u>  | <u>-\$1.0M</u>  | <u>-\$1.0M</u>  | <u>-\$1.0M</u>  |
| <b>Income (loss) before Contributions</b> | <b>\$18.1M</b> | <b>\$20.0M</b>  | <b>\$24.4M</b>  | <b>\$28.4M</b>  | <b>\$28.1M</b>  | <b>\$25.1M</b>  |

\* Based on unaudited information provided by the Authority as of August 31, 2026.

## 5.8 Debt Service Coverage

Debt service coverage ratio is a measures of an entity's ability to pay its debt obligations with its available operating cash flow generated from revenues. Table 5-12 provides a summary of the projected annual bond debt coverage for the period FY 2026 – FY 2031. The rate covenant in the Master Bond Resolution defines how the Debt Service Coverage Ratio is determined by dividing the Income Available for Debt Service (i.e. the Net Revenues) by the Debt Service Requirement. For the purpose of the analysis developed for this Report, the Debt Service Coverage Ratio is calculated for existing and proposed bonds and also for bonds plus subordinate GEFA loans. The summary of information is assumed to be consistent with the sinking fund year convention.

**Table 5-12. Projected Annual Debt Coverage**

| Items                                                                        | 2026*          | 2027           | 2028           | 2029           | 2030           | 2031           |
|------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Gross Revenues                                                               | \$99.9M        | \$108.4M       | \$116.3M       | \$123.7M       | \$126.8M       | \$127.4M       |
| Less: Operating expenses, net depreciation                                   | -\$53.8M       | -\$59.1M       | -\$61.4M       | -\$63.9M       | -\$66.5M       | -\$69.1M       |
| Plus: Change pension liability included in operating expenses <sup>[a]</sup> | <u>\$0M</u>    | <u>-\$8M</u>   | <u>-\$8M</u>   | <u>-\$8M</u>   | <u>-\$8M</u>   | <u>-\$8M</u>   |
| <b>Available for debt service</b>                                            | <b>\$46.1M</b> | <b>\$48.5M</b> | <b>\$54.1M</b> | <b>\$59.0M</b> | <b>\$59.5M</b> | <b>\$57.5M</b> |
| Bond Debt Service, exiting                                                   | \$13.0M        | \$12.7M        | \$12.7M        | \$12.7M        | \$12.7M        | \$12.9M        |
| Bond Debt Service, future                                                    | \$0M           | \$1.6M         | \$1.7M         | \$1.7M         | \$1.7M         | \$1.7M         |
| <b>Tota Bond Debt Service</b>                                                | <b>\$13.0M</b> | <b>\$14.3M</b> | <b>\$14.4M</b> | <b>\$14.4M</b> | <b>\$14.4M</b> | <b>\$14.6M</b> |
| Bond Debt Service Coverage Ratio                                             | 3.55           | 3.39           | 3.75           | 4.08           | 4.12           | 3.94           |
| Bond and GEFA Debt Service                                                   | \$13.8M        | \$15.1M        | \$15.2M        | \$15.2M        | \$15.2M        | \$15.4M        |
| Bond and GEFA Debt Service Coverage Ratio                                    | 3.34           | 3.21           | 3.55           | 3.87           | 3.91           | 3.73           |

Notes:

<sup>[a]</sup> Governmental Accounting Standards Board requires the change in the Authority's pension liabilities to be recorded in the fiscal year rather than allowing for recognition over a period of time. While this adjustment is required to be accounted for in the operating expenses on the income statement, the adjustment is non-cash and does not affect net cash provided by operating activities.

\* Based on unaudited information provided by the Authority as of August 31, 2026.

## **6. Conclusion**

Rocky Creek WRF is a critical component of the Authority's wastewater treatment system serving the Macon-Bibb County and the surrounding area. The proposed rehabilitation project is essential to address aging infrastructure, maintain reliable operation, support regulatory compliance, and ensure continued service to the community.

The 5-year CIP approved by the MWA Board includes project costs for the Rocky Creek WRF, which represents total project cost, including construction, engineering, construction management, and program management. The cost estimates provided in the 5-year CIP are Class 5 conceptual level estimates and are presented in 2026 dollars.

In addition, the MWA Board approved rate increases for FY 2027 to FY 2029. With these planned rate increases and consideration of assumptions documented in this report, the projected revenues are sufficient to cover the revenue requirements and debt coverage needs. Based on the Authority's historical financial performance and the expected total combined debt service of the existing bonds, proposed Series 2026A Bonds, and existing GEFA loans, the Authority's net revenues are sufficient to meet the requirements set forth in the Bond resolution.

## 7. References

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