

Subject to compliance by the City with certain covenants, in the opinion of Smith, Gambrell & Russell, LLP as Special Counsel, under present law the portion of the Base Rentals paid by the City under the Lease identified as the Interest Component and received by the owners of the Certificates (including any original issue discount properly allocable to the holders thereof) will not be includable in gross income of the holders thereof for federal income tax purposes and is not an item of preference for purposes of the federal alternative minimum tax imposed on corporations, and is exempt from present State of Georgia income taxation, all as more fully discussed under the caption "TAX EXEMPTION" herein; except that Special Counsel will not express any opinion for federal or state tax purposes as to any moneys received in payment of or with respect to any Certificates subsequent to expiration or termination of the Lease upon the occurrence of an Event of Nonappropriation or Event of Default thereunder.

\$19,425,000
GEORGIA MUNICIPAL ASSOCIATION, INC.
CERTIFICATES OF PARTICIPATION
(CITY OF RIVERDALE, GEORGIA PUBLIC PURPOSE PROJECT), SERIES 2009
EVIDENCING PROPORTIONATE AND UNDIVIDED OWNERSHIP INTERESTS
IN BASE RENTALS TO BE PAID BY
THE CITY OF RIVERDALE, GEORGIA

Dated: Date of Delivery

Due: May 1, as shown on the inside cover

The Certificates of Participation (City of Riverdale, Georgia Public Purpose Project), Series 2009 (the "Series 2009 Certificates") evidence assignments of proportionate and undivided ownership interests in certain rentals (the "Base Rentals") to be paid under an annually-renewable Public Purpose Master Lease, dated as of February 1, 2009 (the "Lease"), between Georgia Municipal Association, Inc. ("GMA"), as lessor, and the City of Riverdale, Georgia (the "City"), as lessee. The proceeds from the Series 2009 Certificates will be used to finance the costs of (i) acquiring, constructing, renovating and equipping various public purpose projects, including a city hall building, community center and a public plaza and amphitheater to be owned by GMA and leased to the City, and acquiring certain equipment to be owned by GMA and leased to the City; (ii) funding a debt service reserve fund for the Series 2009 Certificates; and (iii) paying certain costs incurred in connection with the execution and delivery of the Series 2009 Certificates, including the municipal bond insurance premium and a reserve fund insurance policy premium. The City will ground lease certain real estate located in the City (the "Site") to GMA. The City shall lease from GMA, certain equipment (the "Equipment"), the Site and certain facilities (the "Facilities") to be acquired, constructed and installed by GMA on the Site (collectively, the "Project").

The Series 2009 Certificates will be delivered in fully registered form in denominations of \$5,000 and any integral multiple thereof, in the name of "Cede & Co" as nominee of The Depository Trust Company, New York, New York ("DTC") and will be available to the ultimate purchasers (the "Beneficial Owners") under the book-entry only system maintained by DTC, only through brokers and dealers who are, or act through DTC Participants. The portion of the Distributions representing the interest on the Series 2009 Certificates will be payable on each May 1 and November 1 (each, a "Certificate Payment Date"), commencing on May 1, 2009. The portions of the Distributions representing the principal and premium, if any, on the Series 2009 Certificates will be payable upon surrender of the Series 2009 Certificates at the principal corporate trust office of Wells Fargo Bank, National Association, Atlanta, Georgia, as trustee (the "Trustee").

The scheduled payment of the portion of the Distributions representing principal of and interest on the Series 2009 Certificates when due will be guaranteed under an insurance policy (the "Policy") to be issued concurrently with the delivery of the Series 2009 Certificates by:



The Series 2009 Certificates are subject to optional, mandatory and extraordinary prepayment prior to maturity upon the occurrence of certain events as described under "THE SERIES 2009 CERTIFICATES - Optional and Mandatory Prepayment" herein.

The Series 2009 Certificates are payable primarily from the Base Rentals and certain moneys held by the Trustee pursuant to an Indenture of Trust and Assignment of Public Purpose Master Lease, dated as of February 1, 2009 (the "Indenture"), between GMA and the Trustee. Under the Lease, the City will agree to pay the Base Rentals due in the Initial Term and in each Renewal Term (defined herein) plus such Additional Rentals (defined herein) as are required to be paid under the Lease during such Term, but only if funds are appropriated by the Mayor and Council of the City of Riverdale (the "Mayor and City Council") (or are otherwise legally available to the City) for that purpose for each Renewal Term. The Lease specifically provides that nothing therein will be construed to require the City to appropriate any moneys to pay Base Rentals and Additional Rentals (collectively, the "Rentals"), and the City is not obligated to pay the Rentals except to the extent appropriated. See "CERTIFICATE OWNERS' RISKS" herein.

The obligation of the City to pay any Rentals is subject to annual appropriation of funds by its Mayor and City Council for payment of the Rentals, and the Rentals will be a current expense of the City, payable solely from funds lawfully available for such use. The obligation of the City to pay Rentals is not a debt or obligation of the City or liability of or a lien or charge upon any funds or property of the City beyond any calendar year for which its Mayor and City Council have appropriated moneys to pay Rentals. The Lease and the obligations of the City thereunder do not and will not constitute a pledge, a liability or a charge upon the funds of the City and do not and will not constitute a debt or general obligation of the City. Neither the faith, credit nor taxing power of the City is or will be pledged to the payment of the Rentals or principal or interest due with respect to the Series 2009 Certificates. In addition, GMA is not liable for payment of Rentals under the Lease, and the Owners will have no right to look to GMA for payment of the Series 2009 Certificates.

Following the termination of the Lease, no transfer of the Series 2009 Certificates may be made without an opinion of counsel regarding compliance with the registration provisions of state and federal securities laws. See "CERTIFICATE OWNERS' RISKS" herein.

The Series 2009 Certificates are offered when, as and if received and accepted by the Underwriter, subject to the approval of legality by Smith, Gambrell & Russell, LLP, Atlanta, Georgia, as Special Counsel, and certain other conditions. Certain legal matters will be passed upon for GMA by its General Counsel Susan Moore, Esq., for the City by Insley and Race, LLC, Atlanta, Georgia, and for the Underwriter by its counsel, Hunton & Williams LLP, Atlanta, Georgia. Public Financial Management, Inc., Atlanta, Georgia, serves as Financial Advisor to the City. It is expected that the Series 2009 Certificates will be available for delivery in New York, New York on or about February 11, 2009.

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

Wachovia Securities is a trade name under which Wells Fargo & Company conducts certain of its investment banking, capital markets and institutional securities business through Wachovia Capital Markets, LLC ("WCM"), member NYSE, FINRA, SIPC and through other bank, non-bank and broker-dealer subsidiaries of Wells Fargo & Company, including Wachovia Bank, National Association ("WBNA").

Wachovia Bank, National Association

**MATURITIES, AMOUNTS, INTEREST RATES,
YIELDS AND PRICES**

Maturity May 1	Principal Amount	Interest Rate	Yield	Price	CUSIP Number
2010	\$1,740,000	4.000%	2.400%	\$101.912	373283BH2
2011	2,270,000	4.000	2.790	102.586	373283BJ8
2012	2,345,000	4.000	2.930	103.263	373283BK5
2013	2,445,000	4.000	3.120	103.452	373283BL3
2014	2,540,000	4.000	3.390	102.892	373283BM1
2015	2,435,000	4.000	3.600	102.207	373283BN9
2016	140,000	4.000	3.670	102.072	373283BP4
2017	145,000	4.000	3.850	101.043	373283BQ2
2018	150,000	4.000	4.000	100.000	373283BR0
2019	160,000	4.000	4.180	98.509	373283BS8
2020	165,000	4.250	4.440	98.329	373283BT6
2021	170,000	4.500	4.690	98.241	373283BU3
2022	180,000	4.750	4.890	98.641	373283BV1
2023	185,000	5.000	5.070	99.288	373283BW9
2024	195,000	5.000	5.150	98.422	373283BX7

**\$1,995,000 5.375% Term Certificates due on May 1, 2032,
Priced to Yield 5.560%, CUSIP No. 373283BY5**

**\$2,165,000 5.500% Term Certificates due on May 1, 2038,
Priced to Yield 5.660%, CUSIP No. 373283BZ2**

OFFICIALS OF THE CITY OF RIVERDALE

MAYOR AND CITY COUNCIL OF THE CITY OF RIVERDALE

Dr. Evelyn Wynn-Dixon - Mayor
Rick Scoggins
Wayne Franklin Hall
Wanda Wallace
Kenneth Ruffin

CITY MANAGER

Iris Jessie

COMMUNITY DEVELOPMENT & GENERAL SERVICES DIRECTOR

Douglas Manning

MUNICIPAL CLERK

Stephanie Thomas

FINANCE DIRECTOR

Ann Lashelle Smith

CITY ATTORNEY

Insley and Race, LLC
Atlanta, Georgia

FINANCIAL ADVISOR TO CITY

Public Financial Management, Inc.
Atlanta, Georgia

SPECIAL COUNSEL

Smith, Gambrell & Russell, LLP
Atlanta, Georgia

UNDERWRITER

Wachovia Bank, National Association
Atlanta, Georgia

UNDERWRITER'S COUNSEL

Hunton & Williams LLP
Atlanta, Georgia

This Official Statement, which includes the cover page and the appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2009 Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2009 Certificates, and, if given or made, such information or representation must not be relied upon as having been authorized by the City, GMA or the Trustee.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Trustee or the Underwriter. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions or that they will be realized. The information and expressions of opinion contained 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 City, or in the information or opinions set forth herein, since the date of this Official Statement.

THE PRICES AT WHICH THE SERIES 2009 CERTIFICATES ARE OFFERED TO THE PUBLIC MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE SERIES 2009 CERTIFICATES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAYBE DISCONTINUED AT ANY TIME.

THE SERIES 2009 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF ANY SERIES 2009 CERTIFICATES IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MAY RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERM OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES 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.

Assured Guaranty makes no representation regarding the Series 2009 Certificates or the advisability of investing in the Series 2009 Certificates. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "CERTIFICATE INSURANCE POLICY" and "Exhibit E - Specimen Policy of Insurer."

Pursuant to the provisions contained in Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City has “deemed final” the Official Statement in connection with the offer and sale of the Series 2009 Certificates.

TABLE OF CONTENTS

	Page
SUMMARY STATEMENT	i
The Series 2009 Certificates	i
The City	i
Uses of Proceeds	ii
Prepayment of the Series 2009 Certificates	ii
The Lease	ii
Lease Term	ii
Security for and Sources of Payment of Series 2009 Certificates	iii
Limited Obligations	iii
Reserve Fund	iii
Certificate Insurance	iv
Authority for Lease	iv
Certificate Owners' Risks	iv
Continuing Disclosure	iv
Other Information	iv
INTRODUCTION	1
THE SERIES 2009 CERTIFICATES	2
General	2
Additional Certificates	3
Authority for Lease	4
The Project	4
Sources and Uses of Funds	5
Annual Base Rentals	6
Transfer and Exchange	6
Optional and Mandatory Prepayment	7
DTC AND BOOK-ENTRY	10
SECURITY FOR THE SERIES 2009 CERTIFICATES	12
General	12
Lease Term	13
Lease Payments	13
Special Purpose Local Option Sales Tax as Available Source to Pay Rentals	14
Reserve Fund	15
Insurance on the Project	15
CERTIFICATE INSURANCE POLICY	16
The Insurer	17
Recent Developments	18
Capitalization of Assured Guaranty Corp.	19
Incorporation of Certain Documents by Reference	19

RESERVE FUND INSURANCE POLICY.....	20
CERTIFICATE OWNERS' RISKS.....	21
General.....	21
Limited Obligations	21
Factors Affecting Insurer	21
Factors Affecting Appropriations	21
Accreditation of Public Schools.....	22
Proposed State Legislation Limiting Rate of Increased in Assessed Value of Residential and Non-Residential Property.....	22
Pending Litigation.....	22
Limited Value of Project Upon Reletting or Sale	23
Limitation on Remedies	23
Depreciation and Lack of Residual Value	23
Destruction of Project	24
Release of Portions of Project.....	24
Collateral Consequences of Termination of Lease; Continuing Compliance with Certain Covenants	24
GEORGIA MUNICIPAL ASSOCIATION, INC.	24
THE TRUSTEE	25
ENFORCEABILITY OF REMEDIES	25
RATINGS	25
FINANCIAL ADVISOR	26
TAX EXEMPTION	27
CONTINUING DISCLOSURE UNDERTAKING	28
General.....	28
Annual Filings.....	29
Event Disclosure	30
Termination.....	30
Amendment.....	30
Defaults	31
Additional Disclosure	31

APPROVAL OF LEGAL PROCEEDINGS	31
LITIGATION.....	32
FINANCIAL STATEMENTS	32
UNDERWRITING	33
ADDITIONAL INFORMATION.....	33
APPROVAL OF OFFICIAL STATEMENT.....	34
APPENDIX A - INFORMATION RELATING TO THE CITY AND THE PROJECT	
APPENDIX B - AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE CITY - JUNE 30, 2008	
APPENDIX C - SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS	
APPENDIX D - FORM OF OPINION OF SPECIAL COUNSEL	
APPENDIX E - SPECIMEN POLICY OF INSURER	

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SUMMARY STATEMENT

The following information is furnished solely to provide limited introductory information regarding the terms of the Series 2009 Certificates and does not purport to be comprehensive. Such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement.

Capitalized terms used and not defined herein have the same meaning ascribed to them in the Lease and Indenture. Certain defined terms are set forth in Appendix C, "SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS-- CERTAIN DEFINITIONS" attached hereto.

The Series 2009 Certificates

The Series 2009 Certificates will be executed and delivered in the principal amount, maturities and interest rates set forth on the inside front cover hereof. The Series 2009 Certificates will be delivered only as fully registered certificates in denominations of \$5,000 and any integral multiple thereof, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") and will be available to the ultimate purchasers (the "Beneficial Owners") under the book-entry only system maintained by DTC, only through brokers and dealers who are, or act through DTC Participants. So long as Cede & Co. is the registered owner of the Series 2009 Certificates, payments of portions of the Distributions representing the principal of, premium, if any, and interest on the Series 2009 Certificates are required to be made to Beneficial Owners by DTC. The portion of the Distributions representing the interest on the Series 2009 Certificates will be payable on each May 1 and November 1, commencing May 1, 2009, to the Owners of record of the Series 2009 Certificates as of the fifteenth day of the month immediately preceding such Certificate Payment Date. The portion of the Distributions representing the principal and premium, if any, on the Series 2009 Certificates will be payable upon surrender of the Series 2009 Certificates at the principal corporate trust office of the Trustee, in Atlanta, Georgia. See "THE SERIES 2009 CERTIFICATES" herein.

The City

Riverdale, Georgia (the "City") is a political subdivision of the State of Georgia. The affairs of the City are managed by its Mayor and City Council. The City is located in Clayton County, Georgia (the "County") and lies within the Metropolitan Atlanta area approximately five miles south of Atlanta's Hartsfield-Jackson International Airport. See Appendix A, "INFORMATION RELATING TO THE CITY AND THE PROJECT."

Uses of Proceeds

Proceeds from the sale of the Series 2009 Certificates will be used to finance the costs of (i) acquiring, constructing, renovating and equipping various public purpose projects in the City including a city hall building, community center, and a public plaza and amphitheater, acquiring certain equipment to be owned by GMA and leased to the City; (ii) funding a debt service reserve fund for the Series 2009 Certificates; and (iii) paying certain costs incurred in connection with the execution and delivery of the Series 2009 Certificates, including the municipal bond insurance policy premium and a reserve fund insurance policy premium. The City will ground lease certain real estate located in the City (the "Site") to GMA for a term ending on the earlier of the final renewal term on the Lease or, if an event of non-appropriation has occurred, five calendar years beyond such renewal term (the "Ground Lease"). The City shall lease certain equipment (the "Equipment"), the Site and certain facilities (the "Facilities") to be acquired, constructed and installed by GMA on the Site (collectively, the "Project"). See "ESTIMATED SOURCES AND USES OF FUNDS" herein and "INFORMATION RELATING TO THE CITY AND THE PROJECT--THE PROJECT" in Appendix A hereto.

Prepayment of the Series 2009 Certificates

The Series 2009 Certificates are subject to optional prepayment or in the years and at the prices described herein and mandatory prepayment under certain circumstances described herein including the damage, destruction or condemnation of the Project or any portion thereof, or upon an Event of Nonappropriation or an Event of Default. See "THE SERIES 2009 CERTIFICATES--Optional and Mandatory Prepayment" herein.

The Lease

The Series 2009 Certificates evidence assignments of proportionate and undivided ownership interests in payments of Base Rentals by the City under the Lease. The obligation of the City to make payments under the Lease is subject to annual appropriation by the Mayor and City Council. So long as the Lease has not expired or been terminated as described herein under "SECURITY FOR THE SERIES 2009 CERTIFICATES--LEASE TERM" and in Appendix C, "SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE LEASE--Expiration or Termination of the Lease," commencing on the Base Rental Commencement Date, the City is required to pay semiannual Base Rentals for the Project which are designed to be sufficient, in both time and amount, to pay the principal and interest distributable with respect to the Series 2009 Certificates.

Lease Term

The Lease is for an Initial Term commencing on the date of delivery of the Certificates through and including December 31, 2009, and shall, subject to the City's right to terminate the Lease each year, automatically renew on each December 31 thereafter for twenty-nine (29) additional and consecutive one-year Renewal Terms commencing on January 1, 2010 and ending on December 31, 2037, and with one additional final Renewal Term commencing on January 1, 2038 and ending on May 1, 2038, or such later date as may be provided in connection with the issuance of Additional Certificates.

The term of the Lease expires or terminates, as appropriate on the earlier of (i) the expiration of the existing Initial Term or Renewal Term during which an Event of Nonappropriation, if any, occurs with respect to the Lease, (ii) an Event of Default and a termination of the term of the Lease by the Trustee or (iii) a discharge of the Indenture. For circumstances under which the Lease may be terminated. See Appendix C hereto, "SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE LEASE--Expiration or Termination of the Lease."

Security for and Sources of Payment of Series 2009 Certificates

GMA has absolutely, unconditionally and irrevocably assigned its interests in the Base Rentals to the Trustee. In addition, the Series 2009 Certificates are secured by a pledge of (i) all right, title and interest of GMA as lessor in, to and under the Lease (except for the right of GMA to the payment of certain fees and expenses and to certain indemnification under the provisions of the Lease) and (ii) any moneys and obligations deposited or required to be deposited with or held or required to be held by or on behalf of the Trustee under the Indenture.

As additional security for the Series 2009 Certificates, GMA has granted a lien on and security interest in certain portions of the Project to the Trustee pursuant to the Deed to Secure Debt and Security Agreement, dated as of February 1, 2009 (the "Security Agreement"), between GMA and the Trustee. See "SECURITY FOR THE SERIES 2009 CERTIFICATES" herein. The City may obtain the release from the lien of the Security Agreement on the Project without the consent of the Owners by exercising its option to purchase the Project subject to the requirements set forth in the Lease, as described in Appendix C hereto, "SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE LEASE--Option to Purchase Project."

A special purpose local option sales and use tax ("SPLOST") has been approved for imposition in the County for 24 quarters with collections beginning on January 1, 2009, or upon the early termination of a current SPLOST. The County and each of the "qualified municipalities" (as defined in the County Special Purpose Local Option Sales Tax Act, codified in Article 3, Chapter 8, Title 48 of the Official Code of Georgia), including the City have entered into an Intergovernmental Agreement, as amended (as defined herein) pursuant to which the City has initially estimated that it will receive approximately \$16,240,000 in SPLOST proceeds. Approximately 72.13% of the Project costs to be financed with the proceeds of the Series 2009 Certificates, including associated rental payments, are eligible, based on the referendum authorization, to be paid from the City's portion of SPLOST collections. See "SECURITY FOR THE SERIES 2009 CERTIFICATES -- Special Purpose Local Option Sales Tax as Available Source to pay Rentals" herein.

Limited Obligations

The Series 2009 Certificates evidence proportionate and undivided ownership interests in the Base Rentals paid by the City pursuant to the Lease. The obligation of the City to pay any Rentals under the Lease is subject to annual appropriations by the Mayor and City Council. The Series 2009 Certificates do not constitute an indebtedness, debt or liability of the State of Georgia, the City or any other political subdivision of the State of Georgia within the meaning of any constitutional or statutory provision. See "CERTIFICATE OWNERS' RISKS" herein.

Reserve Fund

Pursuant to the terms of the Indenture, a Reserve Fund has been established with the Trustee. The Reserve Fund Requirement is equal to, as of the date of any calculation, the least of (i) the maximum annual debt service with respect to the Certificates, (ii) ten percent (10%) of the proceeds of the Certificates or (iii) 125% of the average annual debt service with respect to the Certificates. If the Lessee fails to timely pay Base Rentals to the Trustee in time to permit the Trustee to pay Distributions, as and when due, the Trustee will transfer available amounts from the Reserve Fund to the Certificate Payment Fund. The initial Reserve Fund Requirement will be satisfied with the use of a Reserve Fund Insurance Policy. See "RESERVE FUND INSURANCE POLICY" herein.

Certificate Insurance

The Insurer has committed to issue its Policy simultaneously with the execution and delivery of the Series 2009 Certificates, guaranteeing the scheduled payment when due of the principal and interest distributable with respect to the Series 2009 Certificates. *See* “CERTIFICATE INSURANCE POLICY” herein and Appendix E hereto.

Authority for Lease

The Series 2009 Certificates are being issued in accordance with the Constitution of the State of Georgia and pursuant to Official Code of Georgia Annotated (O.C.G.A.) § 36-60-13, and a resolution of the Mayor and City Council, authorizing the issuance of the Series 2009 Certificates, to be adopted on October 13, 2008 (the “Resolution”). For more complete information, *see* “THE SERIES 2009 CERTIFICATES--Authority for Lease” herein.

Certificate Owners’ Risks

An investment in the Series 2009 Certificates involves the assumption of certain risks that primarily relate, directly or indirectly, to the likelihood that the City will continue to exercise its option to extend the term of the Lease for each Renewal Term and to appropriate funds to pay Rentals during each Renewal Term of the Lease and to the ability of the City to generate revenues sufficient to enable it to pay Rentals when due. Unless the Insurer is in default under the Policy, Owners of the Series 2009 Certificates are protected by the Policy against nonpayment of the Distributions on the Series 2009 Certificates when due as the result of the City’s inability to pay its Rentals or its decision to not extend the term of the Lease for each of the Renewal Terms of the Lease. *See* “CERTIFICATE OWNERS’ RISKS”.

Continuing Disclosure

The City has covenanted for the benefit of the owners of the Series 2009 Certificates in a Continuing Disclosure Agreement to provide (i) certain financial information and operating data relating to the City (the Operating and Financial Data) at least annually to all nationally recognized municipal securities information repositories (“NRMSIR”) and any state information depository (the “SID”), if any and (ii) notices of the occurrence of certain events, if deemed by the City to be material (the Material Events Notices), to each NRMSIR and to the SID, if any. The City’s undertaking to provide Operating and Financial Data and Material Events Notices pursuant to the Continuing Disclosure Agreement is described herein under the heading CONTINUING DISCLOSURE UNDERTAKING.” The covenants have been made in order to assist the Underwriter in complying with the Municipal Securities Regulating Board (the “MSRB”) Rule 15c2-12 (the “Rule”). The City has not previously been subject to the Rule and, as a result, has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide financial information and operating data and notices of material events. *See* “CONTINUING DISCLOSURE UNDERTAKING” herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement and the Appendices hereto contain brief descriptions of the Series 2009 Certificates, the Indenture, the Lease, the Security Agreement, GMA, the City, the Project, the Insurer, the Policy and the Reserve Fund Insurance Policy. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or

definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument. Capitalized terms used and not otherwise defined herein have the same meaning as ascribed to them in the Lease and the Indenture. Copies of the Indenture, the Lease, the Security Agreement and other documents and information are available, upon request and upon payment to the City of a charge for copying, mailing and handling, from the City of Riverdale, 6690 Church Street, Riverdale, Georgia 30274, Attention: Finance Director, Telephone: (770) 909-5313. During the period of the offering of the Series 2009 Certificates, copies of such documents are available, upon request and upon payment of a charge for copying, mailing and handling, from Wachovia Bank, National Association, 1100 Peachtree Street, Suite 650, Atlanta, Georgia 30309, Attention: Public Finance Department; Telephone: (404) 995-8940.

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INTRODUCTION

This Official Statement, including the cover page and appendices hereto, provides information concerning the Series 2009 Certificates of Participation (City of Riverdale, Georgia Public Purpose Project), Series 2009 (the "Series 2009 Certificates") in the aggregate principal amount of \$19,425,000, which will evidence proportionate and undivided ownership interests in Base Rentals (as hereinafter defined) to be paid by the City of Riverdale, Georgia (the "City") pursuant to an annually renewable Public Purpose Master Lease, dated as of February 1, 2009 (the "Lease"), between Georgia Municipal Association, Inc. ("GMA"), as lessor, and the City, as lessee. The Series 2009 Certificates will be delivered pursuant to an Indenture of Trust and Assignment of Public Purpose Master Lease, dated as of February 1, 2009 (the "Indenture"), between GMA and Wells Fargo Bank, National Association, as trustee (the "Trustee").

The Series 2009 Certificates are being executed and delivered for the purpose of financing the costs of (i) acquiring, constructing, renovating and equipping various public purpose projects in the City, including a city hall building, community center, and a public plaza and amphitheater, acquiring certain equipment to be owned by GMA and leased to the City; (ii) funding a debt service reserve fund for the Series 2009 Certificates; and (iii) paying certain costs incurred in connection with the execution and delivery of the Series 2009 Certificates, including the municipal bond insurance premium and a reserve fund insurance policy premium. The City will ground lease certain real estate located in the City (the "Site") to GMA for a term ending on the earlier of the final renewal term of the Lease or, if an event of non-appropriation has occurred, five calendar years beyond such renewal term (the "Ground Lease"). The City shall lease certain equipment (the "Equipment"), the Site and certain facilities (the "Facilities") to be acquired, constructed and installed by GMA on the Site (collectively, the "Project"). See "ESTIMATED SOURCES AND USES OF FUNDS" herein and "INFORMATION RELATING TO THE CITY AND THE PROJECT--THE PROJECT" in Appendix A hereto.

The initial term of the Lease will commence as of the date of delivery of the Certificates and will expire on December 31, 2009 (the "Initial Term"). The Lease will automatically renew for twenty-nine (29) additional and consecutive one-year renewal terms, commencing on January 1, 2010 and ending on December 31, 2037, and with an additional final Renewal Term commencing on January 1, 2038 and ending on May 1, 2038, or such later date as may be provided in connection with the issuance of Additional Certificates (collectively, the "Renewal Terms"), subject to the City's right to terminate the Lease each year. Under the Lease, the City has agreed to make payments (the "Base Rentals") in stated amounts which are sufficient to pay when due the principal, premium, if any, and interest distributable with respect to the Series 2009 Certificates (the "Distributions") in each year plus such additional amounts (the "Additional Rentals") related to the Project and the financing thereof as are payable pursuant to the Lease during such period, but only if and to the extent that the Mayor and Council of the City (the "Mayor and City Council") annually appropriates funds sufficient to pay the Base Rentals and Additional Rentals coming due during each current or succeeding Renewal Term under the Lease. See "SECURITY FOR THE SERIES 2009 CERTIFICATES--Lease Term and--Lease Payments" herein. The Lease specifically provides that nothing therein will be construed to require the City to appropriate any money to pay any Base Rentals or Additional Rentals (collectively, the "Rentals") under the Lease and

that the City is not obligated to pay such Rentals except to the extent appropriated. *See* “CERTIFICATE OWNERS’ RISKS” herein.

GMA will absolutely, unconditionally and irrevocably assign its interests in the Base Rentals to the Trustee and will pledge all of its rights and interests under the Lease, including the right to receive the Base Rentals (except for certain of its rights to the payment of fees and expenses and certain indemnification rights), to the Trustee for the benefit of the owners of the Series 2009 Certificates (the “Owners”). GMA will also grant a lien on and security interest in its interest in certain portions of the Project to the Trustee for the benefit of the Owners of the Series 2009 Certificates pursuant to a Deed to Secure Debt and Security Agreement, dated as of February 1, 2009 (the “Security Agreement”) between GMA and the Trustee. *See* “SECURITY FOR THE SERIES 2009 CERTIFICATES” herein.

The scheduled payment of the portion of the Distributions representing the principal of and interest on the Series 2009 Certificates when due will be insured by a municipal bond insurance policy to be issued by Assured Guaranty Corp. (the “Insurer”) simultaneously with the delivery of the Series 2009 Certificates. *See* “CERTIFICATE INSURANCE POLICY” herein and Appendix E hereto.

THE OBLIGATION OF THE CITY TO PAY RENTALS IS SUBJECT TO ANNUAL APPROPRIATIONS OF FUNDS BY THE MAYOR AND CITY COUNCIL FOR PAYMENT OF THE RENTALS, AND THE RENTALS WILL BE A CURRENT EXPENSE OF THE CITY PAYABLE SOLELY FROM FUNDS LAWFULLY AVAILABLE FOR SUCH USE. THE OBLIGATION OF THE CITY TO PAY RENTALS IS NOT A DEBT OR OBLIGATION OF THE CITY OR A LIABILITY OR A LIEN OR CHARGE UPON ANY FUNDS OR PROPERTY OF THE CITY BEYOND ANY CALENDAR YEAR FOR WHICH THE MAYOR AND CITY COUNCIL HAS APPROPRIATED MONEYS TO PAY RENTALS. THE LEASE AND THE OBLIGATIONS OF THE CITY THEREUNDER DO NOT AND WILL NOT CONSTITUTE A PLEDGE, A LIABILITY OR A CHARGE UPON THE FUNDS OF THE CITY AND DO NOT AND WILL NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION OF THE CITY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS OR WILL BE PLEDGED TO THE PAYMENT OF THE RENTALS OR PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE SERIES 2009 CERTIFICATES. IN ADDITION, GMA IS NOT LIABLE FOR PAYMENT OF RENTALS UNDER THE LEASE, AND THE OWNERS WILL HAVE NO RIGHT TO LOOK TO GMA FOR PAYMENT OF THE SERIES 2009 CERTIFICATES.

This Official Statement and the Appendices hereto contain descriptions of the Series 2009 Certificates, the Indenture, the Lease, the Security Agreement, GMA, the City, the Project, the Insurer, the Policy and the Reserve Fund Insurance Policy. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument. Capitalized terms used and not otherwise defined herein have the same meaning as ascribed to them in the Lease and the Indenture. Certain defined terms are set forth under Appendix C hereto, “SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS.”

THE SERIES 2009 CERTIFICATES

General

The Series 2009 Certificates will be delivered in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) and will be available to the ultimate

purchasers (the “Beneficial Owners”) under the book-entry only system maintained by DTC, only through brokers and dealers who are, or act through DTC Participants. So long as Cede & Co. is the registered owner of the Series 2009 Certificates, payments of portions of the Distributions representing the principal of, premium, if any, and interest on the Series 2009 Certificates are required to be made to Beneficial Owners by DTC. The Series 2009 Certificates will be executed and delivered in the aggregate principal amount specified on the cover page of this Official Statement and will be dated as of the date of issuance and delivery of the Series 2009 Certificates. Interest with respect to the Series 2009 Certificates will accrue commencing as of such date and will be payable on May 1 and November 1 of each year, commencing May 1, 2009 (each, a “Certificate Payment Date”). The portion of the Distributions representing interest on the Series 2009 Certificates will be at the rates per annum (based upon a 360-day year comprised of twelve 30-day months), and the portion of the Distributions representing principal on the Series 2009 Certificates will mature (subject to prepayment described below) in the amounts and on the dates set forth on the inside front cover page of this Official Statement.

When the Series 2009 Certificates are not in book-entry form, the portion of the Distributions representing interest on the Series 2009 Certificates will be payable by check or draft drawn on the Trustee or its successor mailed on each Certificate Payment Date to the Owners of record as of the fifteenth day of the month preceding the Certificate Payment Date (the Record Date) at the address shown on the certificate register maintained by the Trustee, notwithstanding the cancellation of any such Certificate upon any exchange or transfer thereof subsequent to the Record Date and prior to such Certificate Payment Date, or will be payable, at the option of Owners of at least \$1,000,000 in aggregate principal amount of the Series 2009 Certificates, by wire transfer pursuant to wire transfer instructions provided by such Owner prior to the Record Date. The portion of the Distributions representing principal and premium, if any, on the Series 2009 Certificates will be payable upon surrender of the Series 2009 Certificates at the designated corporate trust office of the Trustee in Atlanta, Georgia, or the designated corporate trust office of any successor to the Trustee.

The Series 2009 Certificates are subject to optional prepayment in the years and at the prices described herein and mandatory prepayment under certain circumstances described herein including the damage, destruction or condemnation of the Project or any portion thereof or upon an Event of Nonappropriation or an Event of Default. See “THE SERIES 2009 CERTIFICATES--Optional and Mandatory Prepayment” herein.

Additional Certificates

Subject to the receipt by the Trustee of certain documents, the Indenture permits the issuance of one or more series of additional certificates (a) to pay additional costs to complete the Project, (b) to expand or improve the Project, (c) to refund all or a portion of any series of certificates or (d) for any combination of such purposes. Each such series of additional certificates shall be issued pursuant to a supplemental indenture and a supplement to the Lease and shall be equally and ratably secured under the Indenture with the Series 2009 Certificates and any additional certificates issued pursuant to the Indenture, without preference, priority or distinction of any certificates over any other certificates, except that any municipal bond insurance policy for any series shall secure only such series or portion thereof. Unless provided otherwise in a supplemental indenture, all such additional certificates shall be in substantially the same form as the Series 2009 Certificates, but shall bear such date or dates, bear interest at such rate or rates, have such maturity amount or amounts and date or dates, and redemption dates and redemption premiums, contain an appropriate series designation, and be issued at such prices as shall be approved by GMA.

Authority for Lease

O.C.G.A. § 36-60-13 (the “Act”) provides that a county or municipality in the State of Georgia shall be authorized to enter into multiyear lease, purchase, or lease purchase contracts of all kinds for the acquisition of goods, materials, real and personal property, services, and supplies, provided that any such contract contains certain provisions related to the term of the lease and the total obligation of the county or municipality. *See* Appendix C hereto, “SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS.” The Act further provides that (i) no contract developed and executed pursuant to the Act may be delivered if the principal portion of such contracts when added to the amount of debt incurred by such municipality pursuant to Article IX, Section V, Paragraph I of the Constitution of Georgia shall exceed ten percent of the assessed value of all taxable property within such municipality and (ii) no contract developed and executed pursuant to the Act with respect to real property may be delivered if the average annual payments on such contract exceed 7.5 percent of the governmental fund revenues of the municipality for the calendar year preceding the delivery of such contract plus any available special county 1 percent sales and use tax proceeds collected pursuant to O.C.G.A. § 48-8-111 or the outstanding principal balance on the aggregate of all such outstanding contracts exceeds \$25,000,000.

The Project

The proceeds of the Series 2009 Certificates will be used to finance the costs of (i) acquiring, constructing, renovating and equipping various public purpose projects in the City, including an approximately 21,000 square foot city hall complex to house its main administrative offices, including that of the Mayor and Council, City Manager, Municipal Clerk and court services, an approximately 40,000 square foot community center to house community meeting spaces, recreational spaces for musical and cultural arts, indoor athletic events and receptions, and an approximately 45,000 square foot public plaza and amphitheater, and acquiring certain equipment to be owned by GMA and leased to the City; (ii) funding a debt service reserve fund for the Series 2009 Certificates; and (iii) paying certain costs incurred in connection with the execution and delivery of the Series 2009 Certificates, including the municipal bond insurance premium. The City shall lease certain equipment (the “Equipment”), certain real estate located in the City (the “Site”) to be owned by GMA and certain facilities (the “Facilities”) to be acquired, constructed and installed by GMA on the Site (collectively, the “Project”).

Sources and Uses of Funds

The table below sets forth the estimated uses of the proceeds of the Series 2009 Certificates:

SOURCES OF FUNDS

Principal Amount of the Series 2009 Certificates	\$19,425,000.00
Net Original Issue Premium	272,078.30
TOTAL SOURCES:	<u>\$19,697,078.30</u>

USES OF FUNDS

Project Costs ¹	\$19,005,918.95
Costs of Issuance ²	691,159.35
TOTAL USES:	<u>\$19,697,078.30</u>

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¹ Includes capitalized interest on the Series 2009 Certificates through May 1, 2009.

² Includes underwriting discount, bond insurance premium, reserve fund insurance policy premium, rating agency fees, initial fees of Trustee, legal fees, validation court costs, printing costs and other costs of issuance.

Annual Base Rentals

The following table shows the annual lease payments for the Series 2009 Certificates:

<u>Period Ending</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rentals</u>
5/1/2009	---	\$187,404.16	\$ 187,404.16
5/1/2010	\$1,740,000	843,318.76	2,583,318.76
5/1/2011	2,270,000	773,718.76	3,043,718.76
5/1/2012	2,345,000	682,918.76	3,027,918.76
5/1/2013	2,445,000	589,118.76	3,034,118.76
5/1/2014	2,540,000	491,318.76	3,031,318.76
5/1/2015	2,435,000	389,718.76	2,824,718.76
5/1/2016	140,000	292,318.76	432,318.76
5/1/2017	145,000	286,718.76	431,718.76
5/1/2018	150,000	280,918.76	430,918.76
5/1/2019	160,000	274,918.76	434,918.76
5/1/2020	165,000	268,518.76	433,518.76
5/1/2021	170,000	261,506.26	431,506.26
5/1/2022	180,000	253,856.26	433,856.26
5/1/2023	185,000	245,306.26	430,306.26
5/1/2024	195,000	236,056.26	431,056.26
5/1/2025	205,000	226,306.26	431,306.26
5/1/2026	215,000	215,287.50	430,287.50
5/1/2027	230,000	203,731.26	433,731.26
5/1/2028	240,000	191,368.76	431,368.76
5/1/2029	255,000	178,468.76	433,468.76
5/1/2030	270,000	164,762.50	434,762.50
5/1/2031	280,000	150,250.00	430,250.00
5/1/2032	300,000	135,200.00	435,200.00
5/1/2033	315,000	119,075.00	434,075.00
5/1/2034	330,000	101,750.00	431,750.00
5/1/2035	350,000	83,600.00	433,600.00
5/1/2036	370,000	64,350.00	434,350.00
5/1/2037	390,000	44,000.00	434,000.00
5/1/2038	410,000	22,550.00	432,550.00
Total	\$19,425,000	\$8,258,335.60	\$27,683,335.60

Transfer and Exchange

When the Series 2009 Certificates are not in book-entry form, upon surrender of any Certificate duly endorsed for transfer by the Owner thereof or its authorized attorney-in-fact and accompanied by a written instrument of assignment or transfer in a form approved by the Trustee, the Trustee will execute

and deliver in the name of the transferee one or more new registered Series 2009 Certificates for a like aggregate principal amount of such Series 2009 Certificates of other authorized denominations and of the same stated payment date. Additionally, the holder of any Certificate may at any time surrender any Certificate at the principal corporate trust office of the Trustee in exchange for an equal aggregate principal amount of Series 2009 Certificates and the Distributions bearing interest at the same rate or rates as borne by the Distributions on the Series 2009 Certificates so surrendered in the form of registered Series 2009 Certificates in any authorized denomination.

When in book-entry form, the Series 2009 Certificates are held by DTC or Cede & Co., as its nominee, or transferable as described under the caption “DTC AND BOOK-ENTRY” herein.

The Trustee will not be required to make any transfer or exchange of a Certificate during (i) the period from the Record Date for a Certificate Payment Date to such Certificate Payment Date, or (ii) the period after the mailing of notice calling such Certificate for prepayment has been given nor during the period of 15 days next preceding the giving of such notice of prepayment. Upon the loss, theft, destruction or mutilation of a Certificate, the Trustee will execute and deliver a replacement Certificate upon surrender of the mutilated Certificate or submission of proof of the loss, destruction or theft and indemnification satisfactory to the Trustee. The Trustee may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge.

The foregoing provisions of the Indenture are subject to the condition that, after an Event of Nonappropriation and termination or non-renewal of the Lease by the City for any reason, the Trustee will not be required to transfer or exchange any Series 2009 Certificates unless the Trustee receives an opinion of counsel satisfactory to it that such transfer or exchange is not subject to the registration requirements of the Securities Act of 1933, as amended, or otherwise complies with the requirements thereof.

Optional and Mandatory Prepayment

Optional Prepayment. The Series 2009 Certificates maturing on or after May 1, 2020, are subject to prepayment prior to their respective stated payment dates in whole or in part at any time on or after May 1, 2019. Prepayment will be made at prepayment price of 100% of the principal amount of the Series 2009 Certificates to be prepaid plus accrued interest thereon to the prepayment date.

Mandatory Sinking Fund Prepayment. The Series 2009 Certificates maturing on May 1, 2032, are subject to mandatory prepayment at the price of par plus accrued interest thereon to the prepayment date through the operation of a sinking fund on the Certificate Payment Dates in the following years and amounts:

Sinking Fund Prepayment Date	Principal Amount
5/1/2025	\$205,000.00
5/1/2026	215,000.00
5/1/2027	230,000.00
5/1/2028	240,000.00
5/1/2029	255,000.00
5/1/2030	270,000.00
5/1/2031	280,000.00
5/1/2032*	300,000.00

* Maturity.

The Series 2009 Certificates maturing on May 1, 2038, are subject to mandatory prepayment at the price of par plus accrued interest thereon to the prepayment date through the operation of a sinking fund on the Certificate Payment Dates in the following years and amounts:

Sinking Fund Prepayment Date	Principal Amount
5/1/2033	\$315,000.00
5/1/2034	330,000.00
5/1/2035	350,000.00
5/1/2036	370,000.00
5/1/2037	390,000.00
5/1/2038*	410,000.00

* Maturity.

Mandatory Prepayment in the Event of Damage, Destruction, Condemnation. The Series 2009 Certificates are subject to mandatory prepayment in whole or in part, from time to time, on such date as the Trustee shall determine in accordance with the provisions of the Indenture at the principal amount to be prepaid plus accrued interest thereon to the date fixed for prepayment, but without premium, in the event that (a)(i) the Project is destroyed in whole or in part, or taken in a condemnation proceeding or damaged by fire or other casualty or event, (ii) title to, or the temporary or permanent use of, the Project or any portion thereof or the estate of the City, GMA, or the Trustee in the Project or any portion thereof is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, (iii) a material defect in construction of the Project or any portion thereof becomes apparent, or (iv) title to or the use of all or any portion of the Project is lost by reason of a defect in title; (b) the Net Proceeds of any insurance policy (reduced by the amount withheld by reason of any deductible clause), or condemnation award made available by reason of one or more such occurrences, are insufficient to pay in full the cost of rebuilding or repairing the Project or any portion thereof; and (c) the City elects to apply such Net Proceeds to the prepayment of the then Outstanding Series 2009 Certificates in accordance with the Lease. In the event of such prepayment, the Series 2009 Certificates will be subject to prepayment on the next succeeding date for which timely notice

of prepayment may be given by the Trustee. See "SECURITY FOR THE SERIES 2009 CERTIFICATES--Insurance on the Project" herein for a description of the options of the City with respect to the application of such Net Proceeds.

Mandatory Prepayment After an Event of Nonappropriation or an Event of Default. The Series 2009 Certificates are subject to prepayment in whole or in part from time to time, on such date as the Trustee determines in accordance with the provisions of the Indenture, at the principal amount to be prepaid, plus accrued interest thereon to the prepayment date, but without premium, from the Net Proceeds of a sale or reletting of the Project or portion thereof, if the City's obligations under the Lease are terminated by reason of the occurrence of any Event of Nonappropriation or an Event of Default under the Lease, but only upon the prior written direction of the Insurer.

Partial Prepayment of Series 2009 Certificates. With respect to any partial prepayment of Distributions on the Series 2009 Certificates, the maturities of the Series 2009 Certificates to be prepaid in any order of maturity as directed by GMA and by lot within each maturity as selected by the Trustee. In the case of a partial prepayment of Distributions on Series 2009 Certificates when Series 2009 Certificates of denominations greater than \$5,000 are then Outstanding, each \$5,000 of face value will be treated as though it were a separate Certificate of the denomination of \$5,000 for all purposes in connection with such partial prepayment. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Certificate is to be called for prepayment, then upon notice of intention to prepay such \$5,000 unit or units (given by the Trustee), the Owner of such Certificate must forthwith surrender such Certificate to the Trustee (a) for payment of the prepayment price of the \$5,000 unit or units of face value called for prepayment and (b) for exchange, without charge to the Owner thereof, for a new Certificate or Series 2009 Certificates of the same series in an aggregate principal amount equal to the unpaid balance of the principal amount of the Distributions on such Certificate to be so prepaid. If the Owner of any such Certificate of a denomination greater than \$5,000 fails to present such Certificate to the Trustee for payment and exchange as aforesaid, the Distributions to be prepaid with respect to such Certificate will, nevertheless, become due and payable on the prepayment date to the extent of the \$5,000 unit or units of face value called for prepayment (and to that extent only); interest will cease to accrue on the portion of the principal component of the Distributions on such Certificate represented by such \$5,000 unit or units of face value on and after the prepayment date and (funds sufficient for the payment of the prepayment price having been deposited with the Trustee and being available for the prepayment of said unit or units on the prepayment date) such Certificate will not be entitled to the benefit or security of the Indenture to the extent of the portion of its principal amount (and accrued interest thereon) represented by such \$5,000 unit or units of face value nor will new Series 2009 Certificates be thereafter issued corresponding to said unit or units. Series 2009 Certificates will be prepaid only in the principal amount of \$5,000 each or any integral multiple thereof.

Notice of Prepayment. Upon the written direction of the Lessee, notice of the call for any prepayment, identifying the Series 2009 Certificates (or the portions thereof) to be prepaid and specifying the terms of such prepayment, will be mailed, by first-class mail, to the registered owner of each Certificate at their addresses appearing on the certificate register maintained by the Trustee not more than 60 days nor less than 30 days prior to the prepayment date; provided, however, that failure to give such notice, or any defect therein, will not affect the validity of the proceedings for the prepayment of any Certificate or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the registered Owner receives the notice.

If at the time of mailing of notice of prepayment there have not been deposited with the Trustee moneys sufficient to prepay all Series 2009 Certificates called for prepayment, which moneys are or will be available for prepayment of Series 2009 Certificates, such notice will state that it is conditional upon

the deposit of the prepayment moneys with the Trustee not later than the opening of business on the date established for prepayment, and such notice will be of no effect unless such moneys are so deposited.

On or prior to the date fixed for any prepayment of Series 2009 Certificates the moneys required for such prepayments are to be deposited by or on behalf of the City in accordance with the Lease. All Series 2009 Certificates called for prepayment will cease to bear interest after the specified prepayment date, provided that sufficient funds for prepayment are on deposit with the Trustee.

DTC AND BOOK-ENTRY

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2009 Certificates which for purposes of this discussion are referred to collectively as the “Book-Entry Series 2009 Certificates.” The Book-Entry Certificates will be issued as fully registered securities in the name of Cede & Co. (DTC’s partnership nominee). One or more fully registered Series 2009 Certificates will be issued for each maturity of the Book-Entry Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 securities that its participants (“DTC Participants”) deposit with DTC. DTC also facilitates the settlement among DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in DTC Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct DTC Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (“Indirect DTC Participants”). The rules applicable to DTC and its DTC Participants are on file with the Securities and Exchange Commission.

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

To facilitate subsequent transfers, all Book-Entry Certificates deposited by DTC Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Book-Entry Certificates with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Book-Entry Certificates; DTC’s records reflect only the identity of the Direct DTC Participants to whose account such Book-Entry

Certificates are credited, which may or may not be the Beneficial Owners. The DTC 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 DTC Participants, by Direct DTC Participants to Indirect DTC Participants, and by Direct DTC Participants and Indirect DTC 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.

Redemption notices will be sent to Cede & Co. If less than all of the Book-Entry Certificates are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct DTC Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Book-Entry Certificates. Under its usual procedures, DTC mails an Omnibus Proxy to GMA as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct DTC Participants to whose accounts the Book-Entry Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Book-Entry Certificates will be made to DTC. DTC's practice is to credit Direct DTC Participants' accounts, upon DTC's receipt of funds and corresponding detail information from GMA or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC, the Trustee or GMA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee; disbursement of such payments to Direct DTC Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect DTC Participants.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT GMA AND THE CITY BELIEVE TO BE RELIABLE, BUT GMA AND THE CITY TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER GMA, THE CITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY CERTIFICATES; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OR OWNERS OF BOOK-ENTRY CERTIFICATES; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY CERTIFICATES; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE BOOK-ENTRY CERTIFICATES.

So long as Cede & Co. is the registered owner of the Book-Entry Certificates, as nominee for DTC, reference herein to the registered owners of the Book-Entry Certificates (other than under the heading "TAX EXEMPTION" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Book-Entry Certificates.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by GMA or the Trustee to DTC only.

For every transfer and exchange of the Book-Entry Certificates, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or to other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2009 Certificates offered hereby at any time by giving reasonable notice to GMA or the Trustee. GMA, in its discretion and without the consent of any other person, may terminate the services of DTC as securities depository with respect to the Series 2009 Certificates offered hereby if GMA determines that it is in the best interest of the Beneficial Owners of the Series 2009 Certificates to be able to obtain certificated Series 2009 Certificates or in the event DTC is no longer willing to act as securities depository for the Series 2009 Certificates. In the event that no substitute securities depository is found by GMA or restricted registration is no longer in effect, Series 2009 Certificates will be printed and delivered as provided in the Resolution and registered in accordance with the instructions of the purchasers.

SECURITY FOR THE SERIES 2009 CERTIFICATES

General

The Series 2009 Certificates evidence assignments of proportionate and undivided interests in payments of Base Rentals due from the City under the Lease. The Series 2009 Certificates are secured by and payable from the Trust Estate created under the Indenture. The Trust Estate consists of (a) the Lease (except the right of payment of fees and expenses and certain rights to indemnification) and (b) all amounts held in the funds and accounts established under the Indenture (excluding any arbitrage rebate fund) and investment earnings thereon.

As additional security for the Series 2009 Certificates, GMA has granted a lien on and security interest in certain portions of the Project to the Trustee pursuant to the Security Agreement. The City may obtain a release from the lien of the Security Agreement on unimproved land comprising the Project without the consent of the Owners of the Series 2009 Certificates by exercising its option to purchase such land subject to the requirements set forth in the Lease, as described herein in Appendix C hereto, "SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE LEASE--Option to Purchase."

The scheduled payment portion of the Distributions representing the principal of and interest on the Series 2009 Certificates when due will be insured by a municipal bond insurance policy to be issued by Assured Guaranty Corp. simultaneously with the delivery of the Series 2009 Certificates. See "CERTIFICATE INSURANCE POLICY" herein.

Lease Term

The Initial Term of the Lease will commence on the date of delivery of the Certificates and will end on December 31, 2008. The Lease will automatically renew for twenty-nine additional and consecutive one-year Renewal Terms, commencing on January 1, 2009 and ending on December 31, 2037, and with an additional final Renewal Term commencing on January 1, 2038 and ending on May 1, 2038, or such later date as may be provided in connection with the issuance of Additional Certificates, subject to the City's right to terminate the Lease each year. Each renewal term of the Lease and the obligation of the City to pay Rentals in each succeeding Calendar Year after December 31, 2008 (at which time the Initial Term of the Lease expires) is subject to the appropriation by the Mayor and City Council of sufficient funds to pay the Rentals due under the Lease in each such succeeding Calendar Year.

The term of the Lease expires on the earlier of (i) the expiration of the existing Initial or Renewal Term during which an Event of Nonappropriation, if any, occurs with respect to the Lease, (ii) an Event of Default under the Lease and a termination of the term of such Lease or (iii) a discharge of the Indenture. For circumstances under which the Lease will be terminated. See Appendix C hereto, "SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE LEASE--Expiration or Termination of the Lease."

Lease Payments

So long as the Lease has not expired or been terminated and the Mayor and City Council annually appropriates sufficient funds to pay the Base Rentals coming due under the Lease for each Calendar Year, the City is required to pay semiannually to the Trustee specified Base Rentals for the Project which are designed to be sufficient, in both time and amount, to pay when due the Distributions with respect to the Series 2009 Certificates. The City has covenanted in the Lease to cause its budget officer to include in its budget for adoption, prepared in accordance with applicable law, a request for amounts necessary to pay the Base Rentals coming due on April 10 and October 10 in each Calendar Year and the reasonably estimated Additional Rentals in each Calendar Year (each taking into account any moneys then legally available for such purpose and each such Calendar Year being a Renewal Term of the Lease). During fiscal years 2010 through 2016 the City has covenanted to transfer from the City's special purpose local option sales tax account the maximum amount lawfully available therefrom for the purpose of paying Base Rentals. See "SECURITY FOR THE SERIES 2009 CERTIFICATES--Special Purpose Local Open Sales Tax as Available Source to Pay Rentals" herein. This covenant does not obligate the City to actually appropriate money in a particular year if it chooses to cancel the Lease. The City has covenanted to adopt its annual budget no later than 30 days after the end of its fiscal year ended each June 30. See Appendix C hereto, "SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE LEASE--Covenant to Request Appropriations."

In the event the City terminates the Lease or does not appropriate sufficient funds to pay the Rentals coming due under the Lease during any Calendar Year, and the Lease thereby expires by its terms at the end of the Initial Term or any Renewal Term, the City will have no further payment obligation under the Lease, except for the Rentals which are payable prior to the expiration of such Initial Term or Renewal Term. No judgment for money damages may be entered against the Lessee, nor the State of Georgia for failure to pay such Rentals, except as otherwise provided in the Lease. Upon such expiration, the Trustee may exercise one or more of the rights provided in the Lease, the Security Agreement and the Indenture, including an option to recover and liquidate, relet or sell the Project and apply the Net Proceeds of such liquidation, reletting or sale, if any, together with all moneys then on hand in all funds and accounts created under the Indenture (less certain funds due and payable to the Trustee), to the payment when due of the Distributions with respect to the Series 2009 Certificates or to the prepayment

of the Distributions with respect to the Series 2009 Certificates. The Trustee shall have all the rights and remedies with respect to the Base Rentals and the Trust Estate as GMA has against the Project under the Lease and subject to the limitations therein provided. *See* “THE SERIES 2009 CERTIFICATES--Optional and Mandatory Prepayment--*Mandatory Prepayment After an Event of Nonappropriation or an Event of Default*” herein. *See* also “CERTIFICATE OWNERS’ RISKS” herein.

Special Purpose Local Option Sales Tax as Available Source to Pay Rentals

Under Georgia law a one percent county special purpose local option sales and use tax (“SPLOST”) is authorized to be imposed in a county to cover the costs of certain capital outlay projects to be owned or operated by a county and one or more municipalities. The imposition of a SPLOST in the County was approved by the qualified voters in the County in a referendum election held on February 5, 2008 in conformance with the requirements of state law to raise an estimated \$305,000,000 for specific capital outlay projects. The SPLOST is to be effective for 24 quarters with collections beginning on January 1, 2009, or upon the early termination of the current SPLOST. The County, the City and various other municipalities located entirely or partially within the boundaries of the County entered into an Intergovernmental Agreement for the Use and Distribution of Proceeds from the 2008 Special Purpose Local Option Sales Tax For Capital Outlay Projects (the “Intergovernmental Agreement”).

Pursuant to the Intergovernmental Agreement, the first \$15,000,000 of the SPLOST proceeds is to be used to fund the construction of the planned juvenile justice center and thereafter 5.6% of the remaining SPLOST collections is to be paid directly to the City to fund its approved SPLOST projects. The gross SPLOST revenue estimated to be available for distribution to the City is \$16,240,000. Pursuant to the referendum election approval and the Intergovernmental Contract the City is required to establish a special fund designated as the “2008 City of Riverdale Special Purpose Local Option Sales Tax Fund” with a depository and custodian of its choosing. The City is obligated to apply its SPLOST funds to provide for certain approved SPLOST projects in the order and priority designated in the Intergovernmental Agreement all of which projects are to be completed within five (5) years following the termination or expiration of the SPLOST. The City and County agreed to an amendment to the Intergovernmental Contract in order to re-prioritize certain of the City’s SPLOST Projects (defined herein).

The City’s SPLOST Project includes, among other things, the acquisition, construction and installation of certain roadway improvements, streetscapes, park improvements, community center and parks and greenspaces (the “City’s SPLOST Projects”). A portion of the costs of the City’s SPLOST Project is being paid from the proceeds of the Series 2009 Certificates. Approximately 72.13% of the Project costs financed with the Series 2009 Certificates (including associated rental payments) are eligible, based upon the referendum authorization, to be paid from the City’s portion of SPLOST collections.

THERE CAN BE NO ASSURANCE THAT THE ANTICIPATED REVENUE AVAILABLE FROM THE SPLOST FOR DISTRIBUTION TO THE CITY WILL EQUAL ANY PROJECTED AMOUNTS. THE CITY’S OBLIGATION TO PAY RENTALS DUE UNDER THE LEASE, NOTWITHSTANDING ITS RECEIPT OF SPLOST PROCEEDS, IS NOT A DEBT OR OBLIGATION OF THE CITY BEYOND THE CALENDAR YEAR FOR WHICH THE MAYOR AND CITY COUNCIL HAS APPROPRIATED MONEYS TO PAY RENTALS.

OWNERS OF THE SERIES 2009 CERTIFICATES DO NOT HAVE A LIEN ON ANY PORTION OF THE SPLOST PROCEEDS.

The registered voters of the County approved the imposition of a sales and use tax on September 16, 2003 (the “Existing Sales and Use Tax”). The Existing Sales and Use Tax was authorized for a period of five years, effective January 1, 2004. The Existing Sales and Use Tax will expire on December 31, 2008, at which time the SPLOST authorized in the February 5, 2008 election will begin. The table below sets forth the special purpose local option sales tax receipts of the County for the calendar years 2004 through 2008⁽²⁾. These historical collections may be indicative of anticipation collections of the SPLOST; however, there can be no assurance that future collections of the SPLOST will equal or exceed past collections of the existing sales and use tax.

Year	Amount ⁽¹⁾
2004	\$39,197,000
2005	52,291,000
2006	55,235,000
2007	51,376,000
2008	48,496,859 ⁽²⁾

Source: Georgia Department of Revenue Statistical Reports

⁽¹⁾ Total taxes, including the County’s portions and each of the municipalities portion.

⁽²⁾ Through, November, 2008.

Reserve Fund

Pursuant to the terms of the Indenture, a Reserve Fund has been established with the Trustee. The Reserve Fund Requirement is equal to the least of (i) the maximum annual debt service with respect to the Certificates, (ii) ten percent (10%) of the proceeds of the Certificates or (iii) 125% of the average annual debt service with respect to the Certificates.

If the Lessee fails to timely pay Base Rentals to the Trustee in time to permit the Trustee to pay Distributions, as and when due, the Trustee will transfer available amounts from the Reserve Fund to the Certificate Payment Fund.

Pursuant to the Indenture, the obligation to fund the Reserve Fund may be fulfilled by depositing a Reserve Surety Bond which is rated by Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies (“S&P”), or Fitch IBCA, Inc. in its highest rating category, which has a term of not less than the final maturity date of the Certificates.

Insurance on the Project

The City has agreed in the Lease to keep the Project insured against theft, fire, damage and such other risks as may be customary for the Project. *See Appendix C hereto, “SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE LEASE--Insurance, and -- Damage Destruction and Condemnation.”*

If, during the term of the Lease, (i) the Project or any portion thereof is destroyed in whole or in part, or damaged by fire or other casualty or event; (ii) title to, or the temporary or permanent use of, the Project or any portion thereof or the estate of the City, GMA, or the Trustee in the Project or any portion thereof is taken under the exercise of the power of eminent domain by any governmental body; (iii) a material defect in construction of the Project or any portion thereof becomes apparent; or (iv) title to or the use of all or any portion of the Project is lost by reason of a defect in title; then, subject to the provisions in the Lease described in the second succeeding paragraph, the City is required to continue to

pay Rentals and to take such action as it deems necessary or appropriate to repair and replace the Project or any portion thereof.

In accordance with the Indenture, the Trustee will cause the Net Proceeds of any insurance policies received by the Trustee, or condemnation awards with respect to the Project or proceeds resulting from a default under a Construction Contract with respect to the Project, to be deposited into the Insurance Fund to be applied as provided in the Lease and Indenture, and all Net Proceeds so deposited will be applied to the prompt repair, restoration, modification, improvement or replacement of the Project or any portion thereof by the City, except as otherwise provided in the Lease as described in the following paragraph. The balance of any Net Proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed is to be deposited into the Certificate Payment Fund.

If an Event of Default or an Event of Nonappropriation exists, the Insurer will have the right to direct the application of the Net Proceeds. If the Net Proceeds received are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Project or any portion thereof, the City will, within 90 days after the occurrence of the event giving rise to such Net Proceeds, either:

(i) commence and thereafter complete the work and pay any cost in excess of the Net Proceeds, in which case the City agrees that it will not be entitled to any reimbursement from the Trustee or the Owners of the Series 2009 Certificates, nor will it be entitled to any diminution of the Rentals; or

(ii) discharge the obligation to repair or replace the Project or any such portion thereof which has been damaged, destroyed or condemned by causing such Net Proceeds to be deposited into the Redemption Fund for the purpose of causing the mandatory prepayment of all or a portion of the Series 2009 Certificates in accordance with the Indenture. *See "THE SERIES 2009 CERTIFICATES--Optional and Mandatory Prepayment--Mandatory Prepayment in the Event of Damage, Destruction or Condemnation."* If such Net Proceeds are sufficient to prepay all Outstanding Series 2009 Certificates, upon such deposit the Lease will no longer apply to the Project, and all obligations of the City with respect to such Project or any portion thereof will terminate.

CERTIFICATE INSURANCE POLICY

The following information is not complete and reference is made to Appendix E for a specimen of the financial guaranty insurance policy (the "Policy") of Assured Guaranty Corp. ("Assured Guaranty" or the "Insurer").

Assured Guaranty has made a commitment to issue the Policy relating to the Series 2009 Certificates, effective as of the date of issuance of such Series 2009 Certificates. Under the terms of the Policy, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of principal of and interest on the Series 2009 Certificates that becomes Due for Payment but shall be unpaid by reason of Nonpayment (the "Insured Payments"). Insured Payments shall not include any additional amounts owing by GMA solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. The Policy is non-cancelable for any reason, including without limitation the non-payment of premium.

“Due for Payment” means, when referring to the principal of the Series 2009 Certificates, the stated maturity date thereof, or the date on which such Series 2009 Certificates shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and, when referring to interest on such Series 2009 Certificates, means the stated dates for payment of interest.

“Nonpayment” means the failure of GMA to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on the Series 2009 Certificates. It is further understood that the term Nonpayment in respect of a Series 2009 Certificate also includes any amount previously distributed to the Holder (as such term is defined in the Policy) of such Series 2009 Certificate in respect of any Insured Payment by or on behalf of GMA, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. Nonpayment does not include nonpayment of principal or interest caused by the failure of the Trustee or the Paying Agent to pay such amount when due and payable.

Assured Guaranty will pay each portion of an Insured Payment that is Due for Payment and unpaid by reason of Nonpayment, on the later to occur of (i) the date such principal or interest becomes Due for Payment, or (ii) the business day next following the day on which Assured Guaranty shall have received a completed notice of Nonpayment therefor in accordance with the terms of the Policy.

Assured Guaranty shall be fully subrogated to the rights of the Holders of the Series 2009 Certificates to receive payments in respect of the Insured Payments to the extent of any payment by Assured Guaranty under the Policy.

The Policy is not covered by any insurance or guaranty fund established under New York, California, Connecticut or Florida insurance law.

The Insurer

Assured Guaranty Corp. (“Assured Guaranty”) is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty is subject to insurance laws and regulations in Maryland and in New York (and in other jurisdictions in which it is licensed) that, among other things, (i) limit Assured Guaranty’s business to financial guaranty insurance and related lines, (ii) prescribe minimum solvency requirements, including capital and surplus requirements, (iii) limit classes and concentrations of investments, (iv) regulate the amount of both the aggregate and individual risks that may be insured, (v) limit the payment of dividends by Assured Guaranty, (vi) require the maintenance of contingency reserves, and (vii) govern changes in control and transactions among affiliates. Certain state laws to which Assured Guaranty is subject also require the approval of policy rates and forms.

Assured Guaranty's financial strength is rated "AAA" (stable) by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), "AAA" (stable) by Fitch, Inc. ("Fitch") and "Aa2" (stable) by Moody's Investors Service, Inc. ("Moody's"). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Agreement to Acquire FSA

On November 14, 2008, AGL announced that it had entered into a definitive agreement with Dexia SA to purchase Financial Security Assurance Holdings Ltd. ("FSA"), the parent of financial guaranty insurance company, Financial Security Assurance, Inc. For more information regarding the proposed acquisition by AGL of FSA, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on November 17, 2008.

Ratings

On July 21, 2008, Moody's issued a press release stating that it had placed under review for possible downgrade the "Aaa" insurance financial strength rating of Assured Guaranty. In a press release dated November 14, 2008, Moody's responded to AGL's announcement of its agreement to acquire FSA, stating that "the potential impact of the proposed transaction on the ratings of Assured Guaranty and FSA will be considered in the context of its ongoing rating reviews of both companies; those reviews are now expected to conclude in the near term." Reference is made to the press releases for the complete text of Moody's comments; copies of such documents are available at www.moodys.com.

On November 21, 2008, Moody's issued a press release announcing that it had downgraded the insurance financial strength rating of Assured Guaranty to "Aa2" from "Aaa" and that the status of Assured Guaranty's insurance financial strength rating had been changed to "outlook stable" from "on review for possible downgrade." In the release, Moody's stated that "Today's rating action concludes a review for possible downgrade that was initiated on July 21, 2008, and primarily reflects Moody's updated views on Assured's exposure to weakness inherent in the financial guaranty business model. The outlook for the ratings is stable, and the announced acquisition of FSA's financial guaranty business is not expected to have a meaningful impact on the credit profile of [Assured Guaranty].... The rating agency added that the acquisition of FSA by [AGL] will, if completed as planned, create a combined entity with substantial financial resources and a strong market position." Reference is made to such release for the complete text of Moody's comments; a copy of such document is available at www.moodys.com.

Assured Guaranty's "AAA" (stable) financial strength ratings by S&P and by Fitch were affirmed on June 18, 2008 and December 12, 2007, respectively. On November 14, 2008, Fitch issued a press release responding to AGL's announcement of its agreement to acquire FSA, indicating that they do not expect the acquisition, as presented, to have a negative impact on Assured Guaranty's rating. Reference is made to the press release for the complete text of Fitch's comments; a copy of such press release is available at www.fitchratings.com. On November 17, 2008, S&P issued a press release responding to AGL's announcement of its agreement to acquire FSA, stating that the agreement "appears to pose limited rating risk" for Assured Guaranty. Reference is made to the press release for the complete text of

S&P's comments; a copy of such press release is available at www.ratingsdirect.com. There can be no assurance as to what impact, if any, Moody's downgrade or the proposed acquisition will have on the company's financial strength ratings from Fitch or S&P.

For more information regarding Assured Guaranty's insurance financial strength ratings, see AGL's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008 (which was filed by AGL with the SEC on November 7, 2008).

Capitalization of Assured Guaranty Corp.

As of September 30, 2008, Assured Guaranty had total admitted assets of \$1,767,134,629 (unaudited), total liabilities of \$1,341,373,221 (unaudited), total surplus of \$425,761,408 (unaudited) and total statutory capital (surplus plus contingency reserves) of \$1,106,199,863 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2007, Assured Guaranty had total admitted assets of \$1,361,538,502 (audited), total liabilities of \$961,967,238 (audited), total surplus of \$399,571,264 (audited) and total statutory capital (surplus plus contingency reserves) of \$982,045,695 (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. The Maryland Insurance Administration recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Code, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. No consideration is given by the Maryland Insurance Administration to financial statements prepared in accordance with accounting principles generally accepted in the United States in making such determinations.

Incorporation of Certain Documents by Reference

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2007 (which was filed by AGL with the SEC on February 29, 2008);
- The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 (which was filed by AGL with the SEC on May 9, 2008);
- The Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008 (which was filed by AGL with the SEC on August 8, 2008);
- The Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008 (which was filed by AGL with the SEC on November 7, 2008); and
- The Current Reports on Form 8-K filed by AGL with the SEC, as they relate to Assured Guaranty.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the Series 2009 Certificates shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under the heading “CERTIFICATE INSURANCE POLICY - The Insurer” shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC’s web site at <http://www.sec.gov> and at AGL’s web site at <http://www.assuredguaranty.com>, from the SEC’s Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the Series 2009 Certificates or the advisability of investing in the Series 2009 Certificates. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading “CERTIFICATE INSURANCE POLICY”.

RESERVE FUND INSURANCE POLICY

Assured Guaranty has made a commitment to issue a financial guaranty insurance policy for the reserve fund with respect to the Series 2009 Certificates (the “Reserve Fund Insurance Policy”), effective as of the date of issuance of such Series 2009 Certificates. Under the terms of the Reserve Fund Insurance, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of the scheduled principal and interest on the Series 2009 Certificates that becomes due for payment but shall be unpaid by reason of nonpayment by GMA (the “Insured Payments”).

Assured Guaranty will pay each portion of an Insured Payment that is due for payment and unpaid by reason of nonpayment by GMA to the Trustee or Paying Agent, as beneficiary of the Reserve Fund Insurance Policy on behalf of the holders of the Series 2009 Certificates on the later to occur of (i) the date such scheduled principal or interest becomes due for payment or (ii) the business day next following the day on which Assured Guaranty receives a demand for payment therefor in accordance with the terms of the Reserve Fund Insurance Policy.

No payment shall be made under the Reserve Fund Insurance Policy in excess of the Reserve Fund Requirement (as defined in the Indenture for the Series 2009 Certificates) (the “Reserve Fund Insurance Policy Limit”). Pursuant to the terms of the Reserve Fund Insurance Policy, the amount available at any particular time to be paid to the Trustee or Paying Agent shall automatically be reduced to the extent of any payment made by Assured Guaranty under the Reserve Fund Insurance Policy, provided, that, to the extent of the reimbursement of such payment to Assured Guaranty, the amount available under the Reserve Fund Insurance Policy shall be reinstated in full or in part, in an amount not to exceed the Reserve Fund Insurance Policy Limit.

The Reserve Fund Insurance Policy does not insure against nonpayment caused by the insolvency or negligence of the Trustee or Paying Agent.

The Reserve Fund Insurance Policy is not covered by any insurance or guaranty fund established under New York, California, Connecticut or Florida insurance law.

CERTIFICATE OWNERS' RISKS

General

The purchase of the Series 2009 Certificates involves certain investment risks which are discussed throughout this Official Statement. Certain of these risks are described below. Notwithstanding the commitment of the Insurer to issue the Policy with respect to the Series 2009 Certificates, the risk factors set forth below and discussed throughout this Official Statement affect each purchaser's investment decision. If the Insurer fulfills its obligations under the Policy, such risk should not affect the payment of the Distributions due with respect to the Series 2009 Certificates, although such risks could result in a prepayment of such Series 2009 Certificates. However, upon any failure of the Insurer to fulfill its obligations under the Policy, payment of the portion of the Distributions representing the principal and interest due with respect to the Insured Certificates would be subject to all of the various risks described below. Moreover, certain of the risks described below could affect each Certificate purchaser's investment decision, notwithstanding the presence of the Policy with respect to the Series 2009 Certificates. Accordingly, each prospective Certificate purchaser should make an independent evaluation of all of the information presented in this Official Statement, including the risk factors described below, in order to make an informed investment decision.

Limited Obligations

The Series 2009 Certificates represent proportionate and undivided ownership interests in GMA's right to receive the Base Rentals paid by the City under the Lease (which right is assigned to the Trustee pursuant to the Indenture). Neither the Series 2009 Certificates nor the City's obligation under the Lease constitutes a general obligation or other indebtedness of the City or the State of Georgia (the "State") or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation.

Factors Affecting Insurer

Recent developments which have been the subject of substantial discussion in the financial press and which affect the bond insurance business, including that of the Insurer, have had a serious adverse effect on the financial condition of a number of bond insurers, weakening their credit status as reflected in their credit ratings. Therefore, when making an investment decision on the Series 2009 Certificates, a prospective holder should look principally to GMA's ability to pay Distributions due with respect to the certificates (which is limited to amounts it receives from the City pursuant to the Lease as Rentals) and not simply to the Insurer's ability to pay claims under the Policy.

Factors Affecting Appropriations

The obligation of the City to pay the Rentals will be satisfied solely from the funds of the City which are appropriated annually from its operating budget for such use or other funds which are legally available for such use. Neither the Lease nor the Indenture restricts or limits the ability of the City to incur additional charges against its revenues. To the extent additional obligations are incurred by the City, the funds available to pay the Rentals will be decreased. There is no assurance that the City will, in its sole discretion, exercise its option to extend the term of the Lease for each of the Renewal Terms of

the Lease. Accordingly, the likelihood that the City will continue to appropriate funds to pay the Rentals during each Renewal Term of the Lease and that sufficient funds will be available to pay the Base Rentals under the Lease (representing the Distributions with respect to the principal of, premium, if any, and interest on the Series 2009 Certificates) depends upon a number of factors which are beyond the control of the Owners of the Series 2009 Certificates, including, but not limited to, (a) the continuing need of the City for the Project, (b) economic and demographic conditions in the City and the ability of the City to generate sufficient funds from property taxes, sales and use taxes and other sources to pay the Rentals coming due under the Lease and other obligations of the City, (c) the incurrence by the City of other obligations payable from its operating budget which, together with the amounts necessary to pay the Base Rentals under the Lease, would exceed the amount available from authorized tax levies for such purposes and thereby require the City to choose which of its obligations to pay within the authorized tax levies for its operating budget and (d) the value of the Project.

Accreditation of Public Schools

Effective September 1, 2008 the Clayton County Public School System (the "School System"), in which children in the City attending public schools are enrolled, lost its accreditation from the Southern Association of Colleges and Schools Council on Accreditation and Schools ("SACS CASI"). The School System has announced its intention to seek to regain its accreditation from SACS CASI. It is difficult to predict whether, or to what extent, the loss of the accreditation by the School System servicing the City may adversely affect property taxes, sales taxes and other sources of funds expected to be available to the City to pay Rentals. On October 6, 2008, the School System received accreditation from the Georgia Accrediting Commission which is expected to satisfy the accrediting requirements for public and private colleges and universities in the State of Georgia.

Proposed State Legislation Limiting Rate of Increased in Assessed Value of Residential and Non-Residential Property

On November 17, 2008 members of the House of Representatives of the Georgia General Assembly pre-filed legislation which, if approved by both houses of the Georgia General Assembly and the Governor of the State of Georgia, would place a cap on annual tax assessment increases on residential and non-residential property at the lesser of three percent of the previous years' assessment value or the rate of economic inflation, beginning in 2011. Under the proposed legislation, additions or improvements to the real property would be assessed at fair market value and added to the existing value. Also, in the event of sale or transfer, the property would be reassessed at fair market value. Limitations on annual increases in the assessed value of property subject to taxation in the City may limit the tax resources of the City.

Pending Litigation

It is a condition of closing that Special Counsel will be required to deliver its opinion in the form of Appendix D hereto, stating that under existing law the Lease has been duly authorized, executed and delivered by the City and constitutes a valid and binding obligation of the City enforceable against the City in accordance with its terms and that under existing law the Lease and the Series 2009 Certificates have been duly authorized, executed and delivered by GMA and constitute valid and binding limited obligations of GMA enforceable against GMA, solely from the proceeds of the Rentals, in accordance with their terms.

Limited Value of Project Upon Reletting or Sale

Upon the termination of the Lease as a result of an Event of Nonappropriation or an Event of Default by the City, the Trustee's sole remedy will be to repossess the Project as provided in the Lease and the Security Agreement.

In the event that the Trustee is entitled to repossess the Project for the reasons described in the preceding paragraph, the obligation of the City to pay the Rentals under the Lease and its right to use and operate the Project will continue through the Renewal Term then in effect, but not thereafter. In the event that the term of the Lease is terminated as described above, the Trustee will be entitled to repossess the Project and relet or sell the Project as provided in the Lease and the Indenture. However, the Project constitutes special purpose facilities to be used in connection with the provision of essential City services, and the facilities included in the Project may depreciate rapidly during normal use and may not be suitable for any other purpose. No assurance can be given that the Trustee could relet or sell the Project for the amount necessary to pay the Distributions due with respect to the principal of, premium, if any, and interest on the Series 2009 Certificates. Furthermore, no assurance can be given that any amount realized upon any liquidation of the Project will be available to provide for the payment of the portion of the Distributions representing the principal of, premium, if any, and interest on the Series 2009 Certificates on a timely basis.

Limitation on Remedies

Termination of the City's right of possession of the Project under the Lease as a result of an Event of Default under the Lease or expiration of the term of the Lease at the end of any Renewal Term will give the Trustee the right to repossess, and the right to relet or foreclose upon and sell, the Project in accordance with the provisions of the Lease and the Indenture. However, the enforceability of the Lease, the Indenture and the Security Agreement is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditor's rights generally and liens securing such rights, the police powers of the State, the exercise of judicial authority by state or federal courts and the exercise by the United States of America of the powers delegated to it by the federal Constitution. *See* "ENFORCEABILITY OF REMEDIES" herein. Because of the essential governmental use of Project and the delays inherent in obtaining foreclosure upon real property and other judicial remedies, no assurance can be given that any moneys realized by the Trustee upon an exercise of any remedies would be sufficient to pay the principal and interest due with respect to the Series 2009 Certificates. Any delays in the ability of the Trustee to obtain possession of the Project, of necessity, will result in delays in any payment of the portion of the Distributions representing principal or interest with respect to the Series 2009 Certificates.

Depreciation and Lack of Residual Value

Certain portions or components of the Project which have relatively short useful lives may depreciate in value during the time that the Series 2009 Certificates are Outstanding. In addition, various components of the Project may be difficult to remove from their points of service or use. Consequently, following an Event of Default under the Lease or Indenture or termination of the Lease for any reason, it is possible that (a) there would not be sufficient revenues from any sale of the Project to pay in full the Distributions payable with respect to all Outstanding Series 2009 Certificates and (b) if the Trustee were to lease the Project, the rentals available from such leasing may not be sufficient to pay in full the Distributions payable with respect to all Outstanding Series 2009 Certificates.

Destruction of Project

The Lease requires the components of the Project to be insured by policies of insurance (including casualty and property damage insurance). See “SECURITY FOR THE SERIES 2009 CERTIFICATES--Insurance on Project” herein and “SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE LEASE--Insurance, and -- Damage, Destruction and Condemnation” in Appendix C hereto. In the event of damage to or destruction of any of the components of the Project, the City is nevertheless required to continue to pay Rentals under the Lease during the Renewal Term for which the City had appropriated moneys. In such event, the City will determine whether the proceeds from available insurance (and any other legally available source) are sufficient to repair or replace such portion of the Project or whether to apply the available proceeds to prepayment of all or a portion of the Series 2009 Certificates. If the Net Proceeds from insurance or certain other sources are insufficient to repair or replace such portions of the Project, the City may cause such proceeds to be deposited into the Redemption Fund and applied to the mandatory prepayment of all or a portion of the Series 2009 Certificates. If such Net Proceeds are sufficient to prepay all Outstanding Series 2009 Certificates, the Lease will terminate. See “THE SERIES 2009 CERTIFICATES--Mandatory Prepayment--*Mandatory Prepayment in the Event of Damage, Destruction or Condemnation*” herein. There can be no assurance either as to the adequacy of or timely payment under property damage insurance if effected at that time.

Release of Portions of Project

Under the Lease, the City may obtain the release from the lien of the Security Agreement, without the consent of the Owners of the Series 2009 Certificates, of certain unimproved land comprising the Project subject to requirements set forth in the Lease, as described in Appendix C hereto, “SUMMARIES OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE LEASE--Option to Purchase Unimproved Land.” In such event, the City must certify that the release of such unimproved land will not have a material adverse effect on the operations of the Project.

Collateral Consequences of Termination of Lease; Continuing Compliance with Certain Covenants

Special Counsel is not rendering an opinion with respect to the tax-exempt status of the interest component of the Base Rentals distributable to Certificate Owners subsequent to the termination of the Lease for any reason (including an Event of Default or an Event of Nonappropriation under the Lease), including any payments to be made by the Insurer. No assurance can be given that, after termination of the Lease, payments made to the Certificate Owners designated as interest will be excludable from gross income for federal income tax purposes.

Failure by the City to comply with certain covenants in the Lease on a continuous basis, so long as any of the Series 2009 Certificates are Outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in the interest with respect to such Series 2009 Certificates becoming includable in gross income for federal income tax purposes, retroactive to the date of their original execution and delivery. Interest on such Series 2009 Certificates, shall not be increased in such event. See “TAX EXEMPTION” herein.

GEORGIA MUNICIPAL ASSOCIATION, INC.

GMA is a nonprofit corporation, organized and existing under the laws of the State, particularly the Georgia Nonprofit Code. GMA was organized for the purpose of promoting and assisting municipalities in the State. GMA may exercise all power not prohibited to nonprofit corporations by the

laws for the State and may engage in any activity related to or necessary and convenient to the carrying out of its purposes, including the acquisition and construction of buildings, facilities and equipment for use by municipalities in the State. GMA is governed by a Board of Directors in accordance with its constitution and bylaws, which have been adopted by its member cities. Each year the membership elects a President and First, Second and Third Vice-Presidents. In addition, cities from each of GMA's 12 districts are represented on its board. GMA maintains a professional staff and headquarters in Atlanta, Georgia to serve the needs of municipal officials, conduct its affairs and promote the policies adopted by the membership.

GMA will enter into the Lease and the Indenture solely for the purpose of facilitating the financing of the Project. GMA is not liable for payment of the Rentals under the Lease, and the Certificate owners will have no right to look to it for payment of the Series 2009 Certificates. THE SERIES 2009 CERTIFICATES ARE LIMITED OBLIGATIONS OF GMA PAYABLE SOLELY FROM THE RENTALS PAID BY THE CITY AND THE OTHER AMOUNTS PLEDGED UNDER THE INDENTURE. THE SERIES 2009 CERTIFICATES DO NOT CONSTITUTE A GENERAL OBLIGATION OF GMA OR A CHARGE AGAINST ANY OF ITS PROPERTY OTHER THAN THE PROPERTY PLEDGED UNDER THE INDENTURE. *See* Appendix C, "SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS--THE INDENTURE." GMA has no responsibility as to the use of the proceeds from the sale of the Series 2009 Certificates or the sufficiency of funds available for repayment of the Series 2009 Certificates.

GMA will receive a one-time upfront fee equal to \$15,000 in connection with the financing.

THE TRUSTEE

Wells Fargo Bank, National Association, Atlanta, Georgia, will be the Trustee under the Indenture. The Trustee may consult with counsel, and the advice or opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such advice or opinion.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee, GMA or the Owners of the Series 2009 Certificates upon an Event of Default or Event of Non-Appropriation under the Indenture or the Lease or upon nonpayment by the Insurer, under the Policy are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Indenture and the Lease may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2009 Certificates, the Indenture, the Lease and the Policy will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

RATINGS

The Series 2009 Certificates have been assigned ratings of "AAA" and "Aa2," respectively, by Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies, Inc. ("S&P") and Moody's Investors Service ("Moody's") based upon the Policy of the Insurer, and such rating agencies' willingness to assign such ratings based on the understanding that the Insured Certificates will be insured upon their issuance by the Insurer. The Series 2009 Certificates have been assigned an underlying rating of "A+" by S&P and an underlying rating of "A3" by Moody's. Any desired explanation of the

significance of such ratings should be obtained from such rating agencies. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the City to both rating agencies. Generally, the rating agencies base their respective rating on the information and materials so furnished and on their respective investigations, studies and assumptions.

There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of S&P or Moody's, as the case may be, circumstances so warrant. Any such change in or withdrawal of such rating could have an adverse effect on the market price or the marketability of the Series 2009 Certificates.

FINANCIAL ADVISOR

Public Financial Management, Inc., Atlanta, Georgia, serves as Financial Advisor to the City.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the “Code”) contains a number of requirements and restrictions which apply to the Lease and the Certificates, including investment restrictions, requirements regarding the proper use of Certificate proceeds and the facilities financed therewith and certain other matters. The City has covenanted to comply with all requirements of the Code that must be satisfied in order for the portion of the Base Rentals identified in the Lease as the interest component of such Base Rentals (the “Interest Component”) to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause the Interest Component to become includable in gross income for federal income tax purposes retroactive to the date of execution of the Lease and the date of execution and delivery of Certificates, regardless of the date on which such non-compliance occurs or is ascertained.

Subject to the condition that the City comply with the above-referenced covenants, under present law, in the opinion of Smith, Gambrell & Russell, LLP, acting in its capacity as Special Counsel, the Interest Component received by the holders of the Certificates (including any original issue discount properly allocable to the holders thereof) will not be includable in the gross income of the holders thereof for federal income tax purposes, and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), the Interest Component is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. Special Counsel will not express any opinion for federal tax purposes as to moneys received in payment of or with respect to the Certificates subsequent to expiration or termination of the Lease upon occurrence of an Event of Nonappropriation or an Event of Default thereunder. No additional opinion will be expressed with respect to any state federal tax consequences to the holders of the Certificates.

Ownership of the Certificates may result in other collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, foreign corporations which conduct a trade or business in the United States, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Certificates. Purchasers of the Certificates should consult their tax advisers as to the applicability of any such collateral consequences.

The foregoing is a general discussion of certain federal income tax consequences of original issue discount and does not propose to deal with all tax questions that may be relevant to particular investors or circumstances. Holders of the Certificates should consult their own tax advisers with respect to the apportionment for federal income tax purposes of accrued tax-exempt interest upon sale or exchange (including redemption) and with respect to the state and local tax consequences of original issue discount.

In the opinion of Smith, Gambrell & Russell, LLP, the Interest Component is exempt from State income taxation under existing statutes. The Interest Component may or may not be subject to state or local income taxation in jurisdictions other than the State under applicable state or local laws. Each purchaser of the Certificates should consult their tax advisers as to the tax-exempt status of the Interest Component in a particular state or local jurisdiction other than the State.

SPECIAL COUNSEL WILL NOT EXPRESS ANY OPINION FOR FEDERAL TAX PURPOSES AS TO MONEYS RECEIVED IN PAYMENT OF OR WITH RESPECT TO THE CERTIFICATES SUBSEQUENT TO EXPIRATION OR TERMINATION OF THE LEASE UPON OCCURRENCE OF AN EVENT OF NONAPPROPRIATION OR AN EVENT OF DEFAULT THEREUNDER.

CONTINUING DISCLOSURE UNDERTAKING

General

The City has undertaken in the Continuing Disclosure Agreement to comply with the provisions of rule 15c2-12 (the “Rule”), promulgated by the Municipal Securities Rulemaking Board (the “MSRB”), by providing certain annual financial information and material event notices required by the Rule.

As of the date of this Official Statement, (1) the Securities and Exchange Commission (the “SEC”) has recognized the following entities as a nationally recognized municipal securities information repository (“NRMSIR”):

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: 609-279-3225
Fax: 609-279-5962
EEmail: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Telephone: 201-346-0701
Fax: 201-947-0107
EEmail: nrmsir@dpccdata.com

Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Telephone: 212-771-6999; 800-689-8466
Fax: 212-771-7390
EEmail: nrmsir@interactivedata.com

Standard & Poor’s Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, New York 10041
Telephone: 212-438-4595
Fax: 212-438-3975
EEmail: nrmsir_repository@sandp.com

It is expected that on or after July 1, 2009 that the MSRB’s Electronic Municipal Market Access (EMMA) system will be the sole NRMSIR for filings.

(2) no state information depository ("SID") has been created for the State of Georgia. If, however, a SID is hereafter created for the State of Georgia, the City is obligated to make filings and provide notices to the SID as required by the Rule. Investors and other interested parties may contact any NRMSIR for additional information concerning its services. The City makes no representation as to the scope of the services provided to the secondary market by any NRMSIR or as to the costs for the provision of such services by any NRMSIR.

Annual Filings

(1) The City shall annually provide certain financial information and operating data, as follows:

(i) the financial information with respect to the City of the type described in the statistical tables in Appendix A of this Official Statement under the headings entitled "CITY DEBT STRUCTURE--Direct and Overlapping Debt; --Outstanding Debt; Computation of Legal Debt Limit;" and "CITY FINANCIAL INFORMATION--Assessed Valuation, --Millage Rates; -- and -- Principal Property Taxpayers," but only to the extent such items are not included in the audited Financial Statements referred to in (iii) below.

(ii) the operating data with respect to the City of the type described in the statistical tables in Appendix A of this Official Statement under the headings entitled "DEMOGRAPHIC INFORMATION--Largest Principal Employers" but only to the extent such items are not included in the Audited Financial Statements referred to in (iii) below.

(iii) audited financial statements, prepared in accordance with generally accepted accounting principles ("GAAP");

(2) In each of the City's fiscal years (as determined by resolution of the City, duly adopted and continuing in full force and effect, initially the 12-month period commencing on July 1 of each calendar year and ending on June 30 of the immediately succeeding calendar year), the City shall provide the financial information and operating data described above (the "Continuing Disclosure") on or before the date that is 210 days after the last day of each such fiscal year (commencing in the fiscal year ending June 30, 2009, to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information depository ("SID"), if any is hereafter created.

(3) Any of the Continuing Disclosure may be included by specific reference to other documents previously provided to each NRMSIR and to the appropriate SID, if any is hereafter created, or filed with the SEC, provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(4) The City shall provide in a timely manner to each NRMSIR or the MSRB and to the appropriate SID, if any is hereafter created, notice specifying any failure of the City to provide the Continuing Disclosure by the date specified, in substantially the form attached as an exhibit to the Continuing Disclosure Agreement.

(5) The City promptly shall file a notice of any change in its fiscal year with each NRMSIR and each SID, if any is hereafter created.

Event Disclosure

The City shall provide in a timely manner to each NRMSIR and with the appropriate SID, if any is hereafter created, notice of the occurrence of any of the following events with respect to the Series 2009 Certificates, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Series 2009 Certificates;
- (g) modifications to rights of Certificateholders;
- (h) bond calls;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Series 2009 Certificates; and
- (k) rating changes.

Termination

The covenants and obligations of the City specified above will terminate upon the redemption, defeasance within the meaning of the Rule or payment in full of all of the Series 2009 Certificates.

Amendment

The City reserves the right to modify its obligations described above, without Certificateholder consent, provided that such modification complies with the Rule as it exists at the time of modification and satisfies the following conditions as applicable:

(i) The amendment may only be 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, or type of business conducted;

(ii) The undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) The amendment does not materially impair the interests of the holders (within the meaning of the Rule) of the Series 2009 Certificates then outstanding, as determined either by parties unaffiliated with the City or any obligated person (such as the Trustee or special counsel), or by the

approving vote of Certificateholders pursuant to the terms of the governing instrument at the time of the amendment; and

(iv) The annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If the City modifies its obligations as described above, then the City covenants as follows:

(i) The annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(ii) If an amendment is made to an undertaking specifying the accounting principles to be followed in preparing financial statements, then the annual financial information for the year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must also include a qualitative discussion of the differences in the accounting principles and the impact of the change in accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City or obligated person to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles will be sent to the NRMSIRs or the MSRB, and the appropriate SID, if any is hereafter created. No amendment in the undertaking shall be necessary to permit the City to prepare and deliver financial statements and other data reflecting changes in generally accepted accounting principles promulgated by the Government Accounting Standards Board adopted subsequent to the date of the undertaking.

(iii) The City shall in a timely manner send notice of any such modification to each NRMSIR and to the appropriate SID, if any is hereafter created.

Defaults

If the City fails to comply with any covenant or obligation specified above, any holder (within the meaning of the Rule) of the Series 2009 Certificates then outstanding may, by notice to the City, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the City's covenant to provide financial information and operating data.

Notwithstanding anything herein to the contrary, any failure of the City to comply with any covenant or obligation specified above shall not be deemed to constitute a "Default" under the Loan Agreement or the Indenture.

Additional Disclosure

The City may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the City shall not incur any obligation to continue to provide, or to update, such additional information or data.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and validity of the Series 2009 Certificates will be subject to the approving opinion of Smith, Gambrell & Russell, LLP, Atlanta, Georgia, Special Counsel, which will be furnished to the City and GMA upon delivery of the Series 2009 Certificates, and

copies of which will be available at the time of delivery of the Series 2009 Certificates (the “Approving Opinion”). The proposed form of the Approving Opinion is included in Appendix D hereto. The Approving Opinion will be limited to matters relating to the authorization and validity of the Series 2009 Certificates and to the tax-exempt status of the Interest Component received by the holders of the Series 2009 Certificates as described under “TAX EXEMPTION” herein. Special Counsel has not been engaged to investigate the financial resources of the City, GMA or the Insurer or their ability to provide for payment of the Series 2009 Certificates, and the Approving Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or of any other information that may have been relied on by anyone in making the decision to purchase the Series 2009 Certificates.

Certain legal matters will be passed upon for the City by Insley and Race, LLC, Atlanta, Georgia, for GMA by its General Counsel Susan Moore, Esq., and for the Underwriter by its counsel, Hunton & Williams LLP, Atlanta, Georgia.

LITIGATION

It is a condition of closing that Special Counsel will be required to deliver its opinion in the form of Appendix D hereto, stating that under existing law the Lease has been duly authorized, executed and delivered by the City and constitutes a valid and binding obligation of the City enforceable against the City in accordance with its terms and that under existing law the Lease and the Series 2009 Certificates have been duly authorized, executed and delivered by the Corporation and constitute valid and binding limited obligations of the Corporation enforceable against the Corporation in accordance with their terms.

It is a condition of closing that the City certify that, other than the pending litigation described above, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the City nor to the best knowledge of the City is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Lease or any other agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the Lease.

A non-litigation certificate executed by the City, dated the date of closing, will be provided stating, among other things, that there is no action, suit, proceeding, inquiry or any other litigation or investigation, at law or in equity, before or by any court, public board or body, which is pending or threatened, challenging the creation, organization or existence of the City, or the titles of its officers to their respective offices, or, other than the pending litigation described above, seeking to restrain or to enjoin the execution, sale or delivery of the Series 2009 Certificates or the execution, delivery or performance of the Lease, or for the purpose of restraining or enjoining the levy and collection of taxes or assessments by the City or appropriations to pay Rentals, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2009 Certificates are executed and delivered or the Lease is authorized, executed and delivered.

FINANCIAL STATEMENTS

The basic financial statements of the City as of June 30, 2008 included in Appendix B to this Official Statement have been audited by Mauldin & Jenkins, LLC, Macon, Georgia, independent certified public accountants, to the extent and for the period indicated in their report. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC.

UNDERWRITING

The Series 2009 Certificates will be purchased from the City by Wachovia Bank, National Association. The Underwriter has agreed to purchase the Series 2009 Certificates at a purchase price of \$19,502,828.30 (representing the par amount of the Series 2009 Certificates, plus net original issue premium of \$272,078.30, and less an Underwriter's discount of \$194,250.00).

Subject to the terms and conditions of the Certificate Purchase Agreement, GMA has agreed to sell to Wachovia Bank, National Association's Municipal Bank Dealer (the "Underwriter"), a separately identifiable department of Wachovia Bank, National Association and a subsidiary of Wells Fargo & Company and the Underwriter has agreed to purchase from GMA the Series 2009 Certificates. Wells Fargo & Company conducts certain of its investment banking, institutional and retail securities, and capital markets business through its various bank, broker-dealer, and non-bank subsidiaries including Wachovia Bank, National Association's Municipal Group under the trade name of Wachovia Securities.

The obligation of the Underwriter to purchase the Series 2009 Certificates is subject to a number of terms and conditions set forth in a Certificate Purchase Agreement among the City, GMA and the Underwriter.

The Underwriter has advised the City that it intends to make a public offering of the Series 2009 Certificates at the prices set forth on the cover page hereof. Such prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2009 Certificates to certain dealers (including dealers depositing the Series 2009 Certificates into investment trusts) and others at prices lower than the offering prices stated on the cover page hereof.

Although the Underwriter expects to maintain a secondary market in the Series 2009 Certificates after the initial offering, no guarantee or assurance can be made that such a market will develop or be maintained by the Underwriter or others.

ADDITIONAL INFORMATION

All of the summaries of the statutes, resolutions, opinions, contracts, agreements, articles of incorporation, financial and statistical data and other related documents described in this Official Statement and the appendices hereto are made subject to the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are publicly available for inspection during normal business hours at the office of the Trustee in Atlanta, Georgia.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Underwriter and the purchasers or Owners of any of the Series 2009 Certificates.

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APPROVAL OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been duly authorized by the City and GMA.

GEORGIA MUNICIPAL ASSOCIATION, INC.

By: /s/ Jim Higdon
Executive Director

Approved:

CITY OF RIVERDALE, GEORGIA

By: /s/ Dr. Evelyn Wynn-Dixon
Mayor

By: /s/ Ann Lashelle Smith
Finance Director

APPENDIX A

CERTAIN INFORMATION CONCERNING THE CITY OF RIVERDALE, GEORGIA

All of the information in this Official Statement under the caption “APPENDIX A — CERTAIN INFORMATION CONCERNING THE CITY OF RIVERDALE, GEORGIA,” has been provided by the City, unless another source is expressly stated herein. None of the information under this caption has been independently verified by the Underwriter. None of the information under this caption specified as from a source other than the City has been independently verified by the City.

Introduction

The City of Riverdale (the “City”), originally incorporated in 1908 celebrated its centennial in 2008, is located in Clayton County, Georgia (the “County”) and lies within the Metropolitan Atlanta area approximately ten miles south of the City of Atlanta and approximately five miles south of Atlanta’s Hartsfield-Jackson International Airport. The City is the second largest of six cities in the County. The City is a municipal corporation created by and chartered in 1956 through, the laws of the State of Georgia (Ga. Laws 1956, page 2205, as amended (the “Charter”)). On January 3, 1996 the City of Riverdale received its status as a Certified City by the State of Georgia Department of Community Affairs and it has been recognized by the International City/County Management Association as a Council-Manager form of government since 1970.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; sanitation; planning and zoning; and recreational activities and cultural events.

City Administration and Officials

A Mayor and City Council, composed of four members, govern and direct the legislative affairs of the City. The Mayor is elected at large, without regard to specific residency within a specific City district. Each member of Council is required to reside within the ward from which he/she seeks election but all citizens who are eligible to vote, may vote for any and all members of Council, as well as the Mayor.

In a manner consistent with the principles and practices of a Council-Manager form of government, the legislative policies and daily operations of the City are executed and/or administered by an appointed City Manager. The City Manager is vested with the authority and responsibility to provide for the effective and efficient delivery of municipal services and to attend to the management of municipal affairs within legislative and legal parameters established by federal, state and local laws and regulations.

The Mayor, Mayor Pro-Tem and members of Council, their terms and principal occupations are listed below:

Name	Expiration of Term	Principal Occupation
Dr. Evelyn-Wynn Dixon, Mayor	12/31/2011	Director of Community Relations/Case Management for Hospice
Rick Scoggins, Councilmember - Ward 1	12/31/2009	Retired Postal Worker/Real Estate Worker
Wayne Franklin Hall, Councilmember - Ward 2	12/31/2011	Retired Firefighter
Wanda Wallace, Councilmember - Ward 3 and Mayor Pro-Tem	12/31/2009	Medical Care Provider
Kenneth Ruffin, Councilmember - Ward 4	12/31/2011	Computer Engineer

City Officials

Iris B. Jessie, City Manager. Iris B. Jessie was appointed as the Riverdale City Manager in June 2004 to direct the day to day activities of the local government. Ms. Jessie has worked in local government for over 20 years, including serving as Assistant City Manager for the City of Norfolk Virginia for eight years and Assistant City Manager for the Columbus Consolidated Government in Columbus, Georgia for six years. Ms. Jessie earned a Master's Degree in Public Affairs from the Indiana University in Bloomington, Indiana and a Bachelor of Arts degree in Political Science from Gustavus Adolphus College in St. Peter, Minnesota.

Douglas G. Manning, Community Development and General Services Director. Douglas G. Manning has served as the Director of Community Development & General Services of the City of Riverdale since 2005. In this role, Mr. Manning is responsible for administering and managing the housing, occupational tax, permitting, planning, zoning, and code enforcement activities for the City. Mr. Manning has held various positions in local government and development including Program Administrator for the Augusta (Georgia) Housing and Economic Development Department and as Director of various community development corporations. Mr. Manning holds a Bachelor of Science degree from Queens College in Flushing, New York, a Masters Degree in Urban Studies from Hunter College in New York, New York and a degree in the Program for Senior Executives in State and Local Government from Harvard University in Cambridge, Massachusetts.

Ann L. Smith, Finance Director. Ann L. Smith was appointed Finance Director in 2007. Ms. Smith manages all core financial functions for the City of Riverdale, including all accounting, budgeting, auditing and is responsible for producing the consolidated annual financial report (CAFR) for the City. Ms. Smith has over 23 years experience in governmental finance. Prior to coming to the City, Ms. Smith served as a Treasurer/Collector for the Town of Lancaster, Massachusetts, a Grants Manager for the University of Massachusetts Medical School, Retirement Plan Manager for Fidelity Investments in Marlborough, Massachusetts, a Special Projects Analyst to the City Auditor for the City of Boston, Massachusetts and a Legislative Fiscal Analyst to the Minnesota Senate. Ms. Smith is also a licensed English teacher in the State of Massachusetts and she holds a Bachelor of Arts degree in Public Finance from George Washington University.

DEMOGRAPHIC INFORMATION

Demographic and Economic Statistics

The following table shows the demographic and economic statistics for the City in each of the last five fiscal years:

**Demographic And Economic Statistics
Last Five Fiscal Years**

Fiscal Year	Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	Unemployment Rate ⁽³⁾	School Enrollment ⁽⁴⁾
2004	15,467	\$39,530	29.50	4.10%	4,503
2005	15,340	39,530	29.50	5.30	4,292
2006	15,398	39,530	29.50	5.30	4,373
2007	15,345	39,530	29.50	5.95	4,481
2008	N/A*	39,560	29.50	6.01	4,458

Sources:

⁽¹⁾ U.S. Census Bureau.

⁽²⁾ City of Riverdale 2008 Comprehensive Annual Financial Report.

⁽³⁾ State of Georgia Department of Labor.

⁽⁴⁾ Clayton County Board of Education.

* Not available.

Population

Set forth below is the City's and County's population estimates for the last five years:

Year	City of Riverdale⁽¹⁾	Clayton County⁽¹⁾
2003	15,800	258,326
2004	15,467	262,812
2005	15,340	265,449
2006	15,398	269,215
2007	15,345	272,217

Source:

⁽¹⁾ U.S. Census Bureau.

Note: 2008 population estimates not yet available.

Largest Principal Employers

Set forth below are the ten largest principal employers located in the City and their approximate number of employees for the last three fiscal years:

Ten Largest Principal Employers Last Three Fiscal Years

Business	2008			2007			2006		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Wal-Mart Super Center	332	1	0.23%	341	1	0.23%	380	1	0.26%
Riverdale Senior High School	141	2	0.10	143	2	0.10	150	2	0.10
Kroger	130	3	0.09	126	3	0.09	130	3	0.09
City of Riverdale	128	4	0.09	123	4	0.08	120	4	0.08
Publix	103	5	0.07	-	-	-	-	-	-
Home Depot	102	6	0.07	118	5	0.08	117	5	0.08
Church Street Elementary School	92	7	0.06	100	6	0.07	110	6	0.08
Lowes	96	8	0.07	105	7	0.07	103	7	0.07
Cattle Exchange, Inc.	99	9	0.07	106	8	0.07	-	-	-
Riverdale Elementary School	88	10	0.06	92	9	0.06	95	9	0.07
County Fresh Meats	-	-	-	-	-	-	100	8	0.07

Note: Information prior to 2006 was not available.

Source: City of Riverdale 2007 and 2008 Comprehensive Annual Financial Report.

Labor Statistics

Set forth below are the labor statistics for the County, the State and the United States for the past five years:

	2003	2004	2005	2006	2007
County Labor Force ⁽¹⁾	132,899	133,098	136,765	135,792	139,147
County Unemployment Rate ⁽¹⁾	5.8%	5.8%	6.5%	5.6%	5.4%
State Unemployment Rate ⁽²⁾	4.8%	4.7%	5.2%	4.6%	4.4%
United States Unemployment Rate ⁽²⁾	6.0%	5.5%	5.1%	4.6%	4.6%

Sources:

⁽¹⁾ Georgia Department of Labor, Workforce Information & Analysis.

⁽²⁾ U.S. Bureau of Labor Statistics.

Banking Deposits

Set forth below is information concerning banking deposits in the City for the past five years:

Year	Total Deposits as of June 30
2003	\$256,667,000
2004	243,684,000
2005	234,219,000
2006	248,933,000
2007	245,057,000

Source: State of Georgia Department of Banking and Finance.

Industry Mix

The following table shows the yearly average industry mix for Clayton County for 2007. The table is intended to provide information regarding the types of industries employing residents of the County and the compensation paid to those employees. The table does not provide information with respect to all industries and firms. It is based upon and includes only those industries and firms that participate in the State Unemployment Insurance Program.

Industry	2007 Average Number of Establishments	2007 Average Monthly Employment	2007 Average Weekly Wages
Goods-Producing	480	8,363	\$ 854
Service-Providing	3,658	89,286	1,010
Unclassified (Industry not assigned)	60	64	677
Total - Private Sector	4,198	97,713	997
Total - Government (federal, state and local)	152	16,492	710
All Industries	4,350	114,205	955

Source: Georgia Department of Labor, Labor Market Information.

Building Permits

The following table shows the building permits issued by the City for the years 2005-2008.

	2005	2006	2007	2008
Commercial Building	2	4	1	14
Residential Building	55	42	14	2
Commercial Remodel	23	36	24	44
Residential Remodel	16	23	6	37

City Amenities

The City owns approximately 57 acres of greenspace and approximately 17.3 acres of vacant undeveloped land. The City intends to design, develop and construct a new regional park on the currently vacant undeveloped land. The City owns an existing small neighborhood park ("Riverdale Park") which offers walking/exercise and recreational activities for young children. The City wishes to connect the walking trail of "Riverdale Park" with the new park, so that the size and length of the walking and bike trails within the City can be measurably increased. The primary source of medical care in the County and for the City is Southern Regional Medical Center, a 406-bed medical/surgical facility located just outside the City limits. Public schools in the City are operated by the Clayton County Board of Education. The schools in the City include two elementary schools, one middle school and one high school. The Clayton County Library System maintains a 12,000 square foot library facility in the City.

City Services and Facilities

As of August, 2008, the City employed approximately 130 people on a full-time basis, which figure includes elected officials and department heads. Services provided include police, fire, emergency communications, court, community development, highways and streets, sanitation, public improvements, planning and zoning and general administrative services.

General government buildings owned by the City include, City Hall, a Public Works Building and two Fire and Police Buildings. Water, sewer and wastewater treatment services for the City are provided through intergovernmental agreements with the Clayton County Water Authority (“CCWA”). Storm water management for the City is handled by the CCWA. The City acquired 17.3 acres of land in February 2008 which will adjoin 57 acres of existing City-owned park land to facilitate the development of a multipurpose park with walking trails, athletic fields and picnic areas.

CITY DEBT STRUCTURE

Summary of City Payment Obligations by Category

Set forth below is information concerning the debt, and other long-term payment obligations of the City, including those obligations subject to annual appropriation as of June 30, 2008 and as of the date of issuance of the Series 2009 Certificates. The City has no authorized but unissued debt. The information set forth below should be read in conjunction with the City's audited financial statements included as **Appendix "B"** hereto. As of June 30, 2008, the City had \$1,169,339 in outstanding debt consisting of the following:

Outstanding Debt

	<u>Balance</u>
Governmental Activities -	
Construction note payable	\$ 97,168
Capital lease	50,171
Certificates of Participation	1,022,000
Total	<u>\$ 1,169,339</u>

Direct and Overlapping Debt

Property owners in the City are responsible for both the City's debt obligations and any debt obligations of other taxing entities in the proportion to which the jurisdiction of the City overlaps such entities. Set forth below is the total direct and overlapping general obligation debt and overlapping property tax supported or guaranteed revenue debt of the City as of June 30, 2008. Although the City has attempted to obtain accurate information as to the overlapping debt, it does not guarantee its completeness or accuracy, as there is no central reporting entity that has this information available, and the amounts are based on information supplied by others.

Presented below is the outstanding direct debt, notes payable, and capital leases for the City and overlapping debt within Clayton County. Also shown below is such information on a per capita basis.

Direct Debt:

Certificates of Participation	\$ 1,022,000	
Capital Leases	50,171	
Notes Payable	97,168	
Total Direct Debt	<u> </u>	<u>\$ 1,169,339</u>

Overlapping Debt:

Clayton County, Georgia	27,443,000	
Clayton County School District	24,793	
Total Overlapping Debt	<u> </u>	<u>27,467,793</u>

Total Direct and Overlapping Debt	<u>28,637,132</u>
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Debt Applicable to City of Riverdale Per Capita

(% applicable to City):

Direct Debt (100%)	1,169,339	
Overlapping Debt (6.34%)	1,740,410	
Total Debt applicable to Riverdale	<u> </u>	<u>\$2,909,749</u>
Total Debt per Capita		<u>\$ 189.62*</u>

*Based on 2007 population numbers.

**Outstanding Debt
Last Four Fiscal Years**

Fiscal Year	Certificates of Participation	Notes Payable	Capital Leases	Total	Per Capita
2005	\$1,022,000	\$440,382	\$ 2,074	\$1,464,456	\$95.47
2006	1,022,000	330,584	0	1,352,584	87.84
2007	1,022,000	216,236	78,497	1,316,733	85.80
2008	1,022,000	97,168	50,171	1,169,339	N/A*

Note: Information prior to fiscal year 2004 was not available.

Source: City of Riverdale 2007 and 2008 Comprehensive Annual Financial Report, with U.S. Census Bureau population statistics.

* Not available.

Status of the City's Economy

- The unemployment rate for the City is currently 6.01 percent, which is reasonable when compared to the national rate of 6.4 percent.
- Inflationary trends in the region compare favorably to national indices.
- Building permits, both commercial and residential, remain steady.
- The occupancy rate of the City's central business district remains high.
- Sales tax receipts continue to show strong growth.

The closing of Ft. McPherson, Ft. Gillem, a Ford plant in Hapeville and financial difficulties being experienced by Delta Airlines will affect the City's tax base in the coming year. The strong economic development occurring in the City such as the Lowe's, Home Depot and a new hotel, the results of the Livable Center's Initiative Study for a new Town Center, as well as new programs such as in-house probation and the Red Light Camera Safety Initiative should mitigate the loss of revenue because of these closings.

The City's focus on diversifying the economic base over the past two years has begun to show results. During Fiscal Year 2008, several business establishments were completed and added to the tax digest. These include a national hotel franchise, an automobile parts dealer, car wash, three new restaurants and an expanded automobile dealership and general purpose retail store.

With the favorable economic conditions and the City's available fund balance, it is anticipated that the City will be able to avoid the need to raise taxes during 2009.

Limitations on City Debt

Article IX, § V, Paragraph 1(a) of the Constitution of the State of Georgia provides that the City may not incur long-term debt (other than refunding debt) payable out of general property taxes without the approval of a majority of the qualified voters of the City voting at an election called to approve the debt. In addition, under the Constitution of the State of Georgia, the City may not incur long-term debt payable out of general property taxes in excess of 10 percent of the assessed value of all taxable property within the City. The Series 2009 Certificates are not considered debt of the City for purposes of the foregoing constitutional limitations. Therefore, no vote was held with respect to the Series 2009 Certificates and the Series 2009 Certificates do not count against the City's constitutional debt limitation.

Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations are not subject to the legal limitations described above. As computed in the table below, based upon assessed values as of January 1, 2007 the City could incur, as of June 30, 2008 (upon necessary voter approval), approximately \$37,263,390 of long-term obligations payable out of general property taxes.

Computation of Legal Debt Margin (Unaudited)

Assessed Value of Taxable Property for General	
Obligation Bonds as of January 1, 2007	\$ 372,633,902
Debt Limit (10% of Assessed Value)	<u>37,263,390</u>
Amount of Outstanding Applicable to Debt Limit	<u>-0-</u>
Legal Debt Margin	<u>\$ 37,263,390</u>

Source: City of Riverdale Finance Department.

CITY FINANCIAL INFORMATION

Ad Valorem Taxation Generally

An important source of revenue to fund the operations of the City is ad valorem property taxes. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

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

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each respective tax jurisdiction according to 40 percent of the property's fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes and requires certain agricultural, timber, and environmentally sensitive real property and certain single-family real property located in transitional developing areas to be valued at their current uses.

Assessed Valuation

The following table reflects the assessed value of the taxable property in the City in each of the last five fiscal years:

Tax/Fiscal Year	Real and Personal Property	Motor Vehicle	Public Utility	Less: Tax Exempt Real Property	Total Assessed Value⁽¹⁾
2003/04	\$293,267,647	\$23,542,870	\$3,253,383	\$(723,880)	\$319,340,020
2004/05	296,516,069	23,542,870	3,345,333	(723,880)	322,680,392
2005/06	312,555,583	22,912,020	3,360,807	(792,551)	338,035,859
2006/07	336,047,298	21,153,260	3,654,056	(756,414)	360,098,200
2007/08	347,088,353	23,187,360	3,156,395	(798,206)	372,633,902

⁽¹⁾ Assessed Value is Calculated at 40% of Estimated Actual Value.

Source: Clayton County Tax Commissioner.

Millage Rates

Set forth below is information concerning the rate of levy or property taxes per \$1,000 of assessed value, or millage rates, of the City, the County (incorporated), the School District and the State of Georgia for the past five fiscal years:

Tax/Fiscal Years	City	Clayton County	School District	State of Georgia	Total
2003/04	7.50	7.78	18.92	0.250	34.45
2004/05	7.50	7.78	18.92	0.250	34.45
2005/06	7.50	8.76	18.92	0.250	35.43
2006/07	7.50	8.76	18.92	0.250	35.43
2007/08	7.50	13.45	20.00	0.250	41.20

Source: Clayton County Tax Commissioner.

Principal Property Taxpayers

Set forth below are the principal property taxpayers of the City as of June 30, 2008. A determination of the largest taxpayers within the City can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the City. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers.

Principal Property Taxpayers Current Year and Eight Years Ago (amounts expressed in thousands)

Taxpayer	2008			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chateau Forest Associates	\$ 8,064	1	2.32%	\$ 5,122	1	2.4%
Edward C. & Clarice B. Ellis	6,459	2	1.86	3,906	2	1.8
IPF/Merchants LP	4,902	3	1.41			
H/S Riverlo LLC	4,373	4	1.26			
Brookscrossing Apts.	4,324	5	1.24	3,858	3	1.8
Wal-Mart Supercenter	3,447	6	0.99			
Lowes of Riverdale	2,776	7	0.80			
Home Depot	2,464	8	0.71			
Wrens Crossing LLC	2,234	9	0.64	3,150	4	1.5
Kroger	895	10	0.26	2,319	5	1.1
Georgia Power Company				1,593	9	0.7
Devin Quail Run Ltd				2,317	6	1.1
Morton Realty Company				1,838	7	0.9
Riverdale Place LLC				1,633	8	0.8
Heritage Entrepreneurs				1,533	10	0.7
Totals	\$39,938		11.49%	\$ 27,269		12.8%

Source: City of Riverdale Tax Records.

Tax Revenues by Source

Set forth below are the total tax collections by the City for the last five fiscal years.

Governmental Activities Tax Revenues by Source Last Five Fiscal Years (accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupational Tax*	Insurance Premium Tax	Alcoholic Beverage Tax	Other Tax	Total
2004	\$2,190,570	\$2,613,731	\$526,519	\$469,768	\$535,994	\$394,605	\$ 99,614	\$6,830,801
2005	2,344,313	2,703,653	626,884	511,688	580,872	391,749	71,101	7,230,260
2006	2,444,245	3,045,895	591,386	508,156	624,942	382,259	89,031	7,685,914
2007	2,752,436	3,007,401	680,563	--	653,845	413,326	1,095,497	8,603,068
2008	2,986,777	3,010,800	697,891	--	682,034	403,651	782,583	8,563,736

*Note: For fiscal years 2007 and 2008, Occupational Taxes are included in the caption "Other Tax."

Charges for Services

Governmental operations of the City are funded partially from charges for services which include emergency services, solid waste sanitation and recycling services, public safety and courts, highways and streets, and community development.

Five Year Operating History

Set forth on the page which follows is a historical, comparative summary of the revenues, expenditures, and changes in fund balance of the City's General Fund for the past five fiscal years. Information in the following table has been extracted from the City's Comprehensive Annual Financial Reports. For more complete information, reference is made to the audited financial statements, copies of which are available from the City upon request.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND FOR THE FISCAL YEARS ENDED JUNE 30

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<u>Revenues</u>					
Property taxes	\$ 2,061,093	\$ 2,169,909	\$ 2,292,545	\$ 2,661,681	\$ 2,767,303
Sales taxes	--	--	--	--	3,010,800
Other taxes ⁽¹⁾	4,799,077	5,019,288	5,419,050	4,779,327	1,839,020
Charges for services	206,546	70,405	115,970	95,715	233,400
Licenses and permits	273,213	257,641	323,348	373,705	324,787
Intergovernmental	175,708	137,606	298,132	81,932	10,310
Franchise fees	--	--	--	680,563	697,891
Fines and forfeitures	2,289,700	1,673,108	2,144,471	1,630,705	1,739,353
Interest revenue ⁽²⁾	55,177	79,367	96,383	103,547	68,277
Other revenues ⁽³⁾	60,276	38,972	42,030	25,125	101,581
Total revenues	<u>9,920,790</u>	<u>9,446,296</u>	<u>10,731,929</u>	<u>10,432,300</u>	<u>10,792,722</u>
<u>Expenditures</u>					
Current:					
General government	1,535,511	1,636,804	1,860,019	2,387,395	2,838,844
Judicial ⁽⁴⁾	891,283	812,225	825,046	454,913	514,076
Public safety	6,278,322	5,473,085	5,136,440	4,541,381	4,923,452
Public works ⁽⁵⁾	1,081,953	1,062,864	921,828	569,131	406,160
Culture and recreation ⁽⁶⁾	2,500	--	27,535	617,083	1,100,065
Economic development ⁽⁷⁾	323,903	347,536	361,631	--	--
Capital Outlay	537,190	132,076	25,656	--	--
Debt Service:					
Principal	108,412	111,495	111,872	114,348	119,068
Interest	25,444	20,907	15,961	11,306	6,586
Total expenditures	<u>10,784,518</u>	<u>9,596,992</u>	<u>9,285,988</u>	<u>8,695,557</u>	<u>9,908,251</u>
Excess (deficiency) of revenues over expenditures	<u>(863,728)</u>	<u>(150,696)</u>	<u>1,445,941</u>	<u>1,736,743</u>	<u>884,471</u>
<u>Other financing sources (uses)</u>					
Transfers in	--	--	--	--	--
Transfers out	(639,804)	(529,397)	(478,392)	(1,045,724)	(1,372,901)
Other Sources	--	--	116,553	--	--
Total other financing sources (uses)	<u>(639,804)</u>	<u>(529,397)</u>	<u>(361,839)</u>	<u>(1,045,724)</u>	<u>(1,372,901)</u>
Net change in fund balances	<u>(1,503,532)</u>	<u>(680,093)</u>	<u>1,084,102</u>	<u>691,019</u>	<u>(488,430)</u>
Fund balances, beginning of year	<u>5,059,661</u>	<u>3,556,129</u>	<u>2,983,378</u>	<u>4,067,480</u>	<u>4,758,499</u>
Prior Period Adjustment	<u>--</u>	<u>107,342</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, end of year	<u>\$ 3,556,129</u>	<u>\$ 2,983,378</u>	<u>\$ 4,067,480</u>	<u>\$ 4,758,499</u>	<u>\$ 4,270,069</u>

(1) "Other taxes" includes Sales Taxes in FY 2004-2007, inclusive.

(2) "Interest Revenue" category referred to as "Investment Income" in 2006 CAFR and 2005 CAFR, and also referred to as "Sale of Fixed Assets" in 2004 CAFR.

(3) "Other Revenues" category referred to as "Miscellaneous" in 2006 CAFR, 2005 CAFR and 2004 CAFR.

(4) "Judicial Expenditures" category referred to as "Municipal Court" in 2006 CAFR, 2005 CAFR and 2004 CAFR.

(5) "Public Works Expenditures" category referred to as "Highways and Streets" in 2005 CAFR and 2004 CAFR.

(6) "Culture and Recreation Expenditures" category referred to as "Parks/Recreation" in 2006 CAFR and 2004 CAFR.

(7) "Economic Development Expenditures" category referred to as "Community Development" in 2006 CAFR, and also referred to as "Planning and Zoning" in 2005 CAFR.

Budgetary Process

The annual budget serves as the foundation for the City's financial planning and control. All funds and departments of the City are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to the Council for review prior to June 15. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. Department supervisors may make transfers of appropriations within a department. Transfers of appropriations between departments or an increase in any salary category require the special approval of the governing council. Budget to actual comparisons are provided in this report for the general fund and each special revenue fund for which an appropriated annual budget has been adopted.

Annual appropriated budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles except that encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. Budgets are prepared for the Capital Project fund on a project basis, which usually covers two or more fiscal years. Budgets are adopted in the proprietary funds strictly for management purposes.

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

(i) Any increase in appropriation in any Fund for a department of the City, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments shall require the approval of the Council; and

(ii) Transfers of appropriations in any Fund among the various accounts within a department shall, up to certain limits, require only the approval of the Chief Administrative Officer, except that transfers of appropriations within a department that increase or decrease the salary appropriation shall require the approval of the Council.

Management's Discussion and Analysis

The City's General Fund balance has historically varied in range. From 1998 to 2007, the City's portion of the general real property tax levy increased significantly from \$166,308 in 1998 to \$2,343,613 in 2007. The increase in real property taxes levied was made possible by strong economic growth in the City. Given its proximity to Atlanta, the City has seen a significant increase in new commercial developments as well as residential growth in the past 10 years. While property tax revenues began to level off in 2005, the City has continued to add to the fund balance. The increase in fund balance has been made possible by strong growth in sales tax receipts resulting from new retail shopping centers in the City. In recent years the City has attracted developers to construct new shopping centers. These new centers have contributed to an annual increase in sales tax receipts of approximately \$700,000 since 2003. The increases in property taxes along with the sales taxes have allowed the City to maintain a strong fund balance. Since 2004, the City's fund balance has increased by approximately \$713,940 despite a decline in fund balance in fiscal year 2005.

As of June 30, 2004, the City's General Fund balance was \$3.6 million or 35.84% of revenues and the City's unreserved General Fund balance was \$2.9 million. Overall the City's General Fund expenditures exceeded its revenue by approximately \$864,000. The reduction in the City's fund balance resulted in a net decrease in revenues of approximately \$700,000. This net reduction in revenues was due mainly to a decrease in charges for services, building permits, and fine revenue which collectively decreased by about \$2.4 million over the amount received in fiscal year 2003. The City issued 4,800 fewer tickets in 2004 as compared to 2003 resulting in a decrease of fine revenue of approximately \$800,000. The City also experienced a decline with the issuance of building permits which resulted in another \$800,000 revenue reduction over the prior year. The City offset some of this revenue loss with increases in property and sales tax revenues which accounted for an \$800,000 increase over

the prior year. The City also realized an increase in the amount of other taxes received by about \$400,000. Other taxes collected by the City consist of motor vehicle taxes, public utility franchise taxes, alcoholic beverage taxes, and hotel/motel taxes.

As of June 30, 2005, the City's General Fund balance was \$2.98 million or 31.58% of revenues and the City's unreserved General Fund balance was \$2.5 million. During fiscal year 2005, the fund balance of the City's general fund decreased by \$680,093. Although the revenues decreased by \$474,494 or 4.8%, the expenditures decreased by \$1,187,526 or 11% resulting in an excess of expenditures over revenues of \$150,696. In addition the General Fund transferred \$192,611 to the Capital Projects Fund to finance debt service requirements related to the certificates of participation. The General Fund also transferred \$525,443 to the E-911 Fund to subsidize the operations of the City's emergency dispatch services.

As of June 30, 2006, the City's General Fund balance was \$4.07 million or 37.90% of revenues and the City's unreserved General Fund balance was \$3.6 million. During fiscal year 2006, the fund balance of the City's General Fund increased by \$1,084,102. The revenues increased by \$1,297,197 or 13.8%. The increase in revenues was the result of strong economic development within the city limits including the opening of two home improvement warehouses as well as the City piloting new programs such as in-house probation and the Red Light camera initiative. The addition of the new stores in the City added significantly to the City's sales tax base resulting in an increase in sales tax revenue of approximately \$300,000. Further the Red Light camera initiative resulted in an increase in fine revenue of approximately \$500,000. The City also reduced expenditures by approximately \$300,000 mainly by reducing capital outlay expenditures and a continued effort to reduce expenditures related to the public works department. In addition, the General Fund transferred \$213,700 to the Capital Projects Fund to finance debt service requirements related to the certificates of participation. The General Fund also transferred \$431,515 to the E-911 Fund to subsidize the operations of the City's emergency dispatch services.

As of June 30, 2007, the City's General Fund balance was \$4.76 million or 45.62% of revenues and the City's unreserved General Fund balance was \$4.5 million. During fiscal year 2007, the fund balance of the City's General Fund continued its upward trend resulting in an increase of \$691,019. The revenues decreased by \$299,629 or 2.8%. This decrease in revenues was the result of the creation of the Red Light Enforcement Fund which resulted in the General Fund fine revenue being decreased by approximately \$500,000 and \$200,000 decrease in intergovernmental revenue. These decreases were offset by slightly higher property tax receipts as well as increase in other taxes received. The City also continued to reduce expenditures in the public works department and community development. The City also reduced expenditures in the public safety department by approximately \$600,000. All of these cutbacks were significant enough to allow the City to continue its positive trend of increasing and maintaining a strong fund balance. In addition, the General Fund transferred approximately \$1.04 million to the Capital Projects Fund and E-911 Fund to finance debt service requirements related to the certificates of participation and subsidize the operations of the City's emergency dispatch services.

At June 30, 2008, the City's governmental funds reported combined ending balances of \$6,594,722, an increase of \$56,780 in comparison to the prior year. Of this amount, \$6,414,329 (97.0 percent) is unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been reserved for prepaid expenses which are not available for current City's spending discretion (\$180,393).

The general fund is the City's chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,089,676 while the total fund balance totaled \$4,270,069. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 41.0 percent of the total general fund expenditures, while total fund balance represents 43.8 percent of that same amount.

During the current fiscal year, the fund balance of the City's general fund decreased by \$488,430. The revenues increased by \$360,422 or 3.0 percent and the expenditures increased by \$1,212,694 or 13.95% resulting in an excess of revenues over expenditures of \$884,471. In addition, the General Fund transferred \$997,901 to the Capital Projects Fund to finance debt service requirements related to the certificates of participation, and \$375,000 to the Emergency Communications Fund to subsidize the operations of the City's emergency dispatch services.

Insurance Coverage and Governmental Immunity

The General Assembly of the State of Georgia has declared, in Section 36-33-1 of the *Official Code of Georgia Annotated*, that it is the public policy of the State of Georgia that there is no waiver of the sovereign immunity of municipal corporations and that municipal corporations shall be immune from liability for damages. The City, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the City in the exercise of its delegated powers. Section 36-33-1 of the *Official Code of Georgia Annotated* also provides that a municipal corporation shall not waive its immunity by the purchase of liability insurance, except for vehicular liability insurance or unless the insurance policy covers an occurrence for which the defense of sovereign immunity is available, but the waiver is limited to the extent of the limits of the insurance policy. Section 36-33-1 of the *Official Code of Georgia Annotated* also provides that municipal corporations are not liable for failure to perform or for errors in performing their legislative or judicial powers, but are liable for neglect to perform or improper or unskillful performance of their ministerial duties.

The City carries liability insurance for the types of claims and in amounts that are customary for similar entities for those categories of claims that are not subject to the defense of sovereign immunity. The City also carries property and casualty damage insurance on buildings and other physical assets.

APPENDIX B

**AUDITED GENERAL PURPOSE
FINANCIAL STATEMENTS OF THE CITY - JUNE 30, 2008**

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CITY OF RIVERDALE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2008

Prepared by Ann Lashelle Smith, Finance Director

CITY OF RIVERDALE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

INTRODUCTORY SECTION

Page

Letter of Transmittal	i-iv
Organizational Chart.....	v
List of Principal Officials.....	vi
Certificate of Achievement for Excellence in Financial Reporting	vii

FINANCIAL SECTION

Independent Auditor's Report	1 and 2
Management's Discussion and Analysis.....	3 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
In Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – General Fund.....	16 and 17
Statement of Net Assets – Proprietary Funds.....	18
Statement of Revenues, Expenses, and Changes in	
Fund Net Assets – Proprietary Funds.....	19
Statement of Cash Flows – Proprietary Funds	20
Notes to Financial Statements.....	21 - 42
Combining Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	43 and 44
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Nonmajor Governmental Funds	45 and 46
Schedule of Revenues, Expenditures, and Changes in Fund	
Balance – Budget and Actual:	
Emergency Communication Fund	47
Hotel/Motel Tax Fund	48
Confiscated Assets Fund.....	49
Red Light Enforcement Fund	50



CITY OF RIVERDALE

6690 CHURCH STREET
RIVERDALE, GEORGIA 30274

EMERGENCY DIAL 911
Police – 770-996-3382
Fire – 770-996-1912
City Hall – 770-997-8989

December 23, 2008

To the Honorable Mayor, Distinguished Members of City Council
and the Citizens of the City of Riverdale:

Ladies and Gentlemen:

State law requires that all general-purpose local governments 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 by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the comprehensive annual financial report of the City of Riverdale, Georgia for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City of Riverdale, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Riverdale 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 City of Riverdale's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Riverdale'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, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Riverdale's financial statements have been audited by Mauldin & Jenkins, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Riverdale for the fiscal year ended June 30, 2008, are free of material misstatement. 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 unqualified opinion that the City of Riverdale's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Government Auditing Standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. This report is available under a separate cover. The City is not required to undergo a single audit, which is designed to meet the special needs of federal grantor agencies, since the City does not receive federal funding at a level which requires a single audit.

Profile of the Government

The City of Riverdale, incorporated in 1908, is located in Clayton County, Georgia, and lies within the Metropolitan Atlanta area approximately five miles south of Atlanta-Hartsfield International Airport. The City is a municipal corporation created by and chartered through, the laws of the State of Georgia. A Mayor and City Council, composed of four members, govern and direct the legislative affairs of the City. The Mayor is elected at large, without regard to specific residency within the City. Each member of Council is required to reside within the ward from which he/she seeks election, but all citizens who are eligible to vote, may vote for any and all members of Council, as well as the Mayor.

In a manner consistent with the principles and practices of a Council-Manager form of government, the legislative policies and daily operations of the City are executed and/or administered by an appointed City Manager. The City Manager is vested with the authority and responsibility to provide for the effective and efficient delivery of municipal services and to attend to the management of municipal affairs within legislative and legal parameters established by federal, state and local laws and regulations.

The City of Riverdale provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; sanitation; planning and zoning; and recreational activities and cultural events. Additional information on the individual funds which perform these services can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City of Riverdale's financial planning and control. All funds and departments of the City are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to June 15. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Riverdale's fiscal year. The appropriated budget is prepared by fund and department. Department supervisors may make transfers of appropriations within a department. Transfers of appropriations between departments or an increase in any salary category require the special approval of the governing council. Budget to actual comparisons are provided in this report for the general fund and each special revenue fund for which an appropriated annual budget has been adopted. These comparisons are presented beginning on page 17 of the basic financial statements.

On January 3, 1996 the City of Riverdale received its status as a Certified City by the State of Georgia Department of Community Affairs and it has been recognized by the International City / County Management Association as a Council-Manager form of government since 1970.

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 City of Riverdale operates.

Local Economy. The continuing expansion of the City of Riverdale's economic base has had a positive impact on the growth occurring in the central business district. During Fiscal Year 2008 several business establishments were completed and added to the tax rolls. These

include Advanced Auto Parts, \$3 Car Wash, Expanded Dollar Tree and Expanded Automobile Dealership and three new restaurants. There were multiple businesses under construction including a new Walgreens and a second \$3 Car Wash which will open by year's end. Sleep Inn, a national hotel, was added to the tax digest in January 2008.

The economic outlook for the City continues to be positive.

Long-term Financial Planning. The City's long term financial status is dependent on continuing growth and diversification of the City's tax base.

Cash Management Policies and Practices. Cash is invested in demand deposits, certificates of deposit, guaranteed investment contracts, direct and agency obligations of the U. S. Government and the State of Georgia Local Government Investment Pool. Earnings on the City's investments depend on the amount of the investment and the length of maturity. The City reported investment income of \$1,728,754 on cash and investments for the fiscal year ended June 30, 2008. Investment income includes changes in the fair value of investments.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held by the Federal Reserve Bank or a third party bank in the City's name.

Risk Management. The City of Riverdale maintains insurance policies for all material known identified risks. Losses are insured in excess of the City's deductible of \$1,000 to \$10,000 for auto liability, general liability, errors and omissions, property damage/loss, and other lines of insurance. The City has \$1,000,000 worth of coverage on each of these lines with the exception of property which is covered at 100% of the value of City holdings.

The City is self insured for workers compensation purposes. However, the City does maintain insurance policies through private insurance carriers for workers compensation claims exceeding \$225,000 per incident.

Employee Benefit Plans. The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees and permits them to defer a portion of their salary until future years.

The City provides pension benefits for all of its full time employees through a defined contribution plan. Under the terms of the plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution to the plan ranges between 4% and 7.0% of a participant's eligible salary depending upon each participant's salary reduction amount under the Deferred Compensation Plan.

Management Discussion and Analysis

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement For Excellence in Financial Reporting to the City of Riverdale for its comprehensive annual financial report for the year ended June 30, 2007. This was the seventh consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievements Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Director and staff of the finance department. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report.

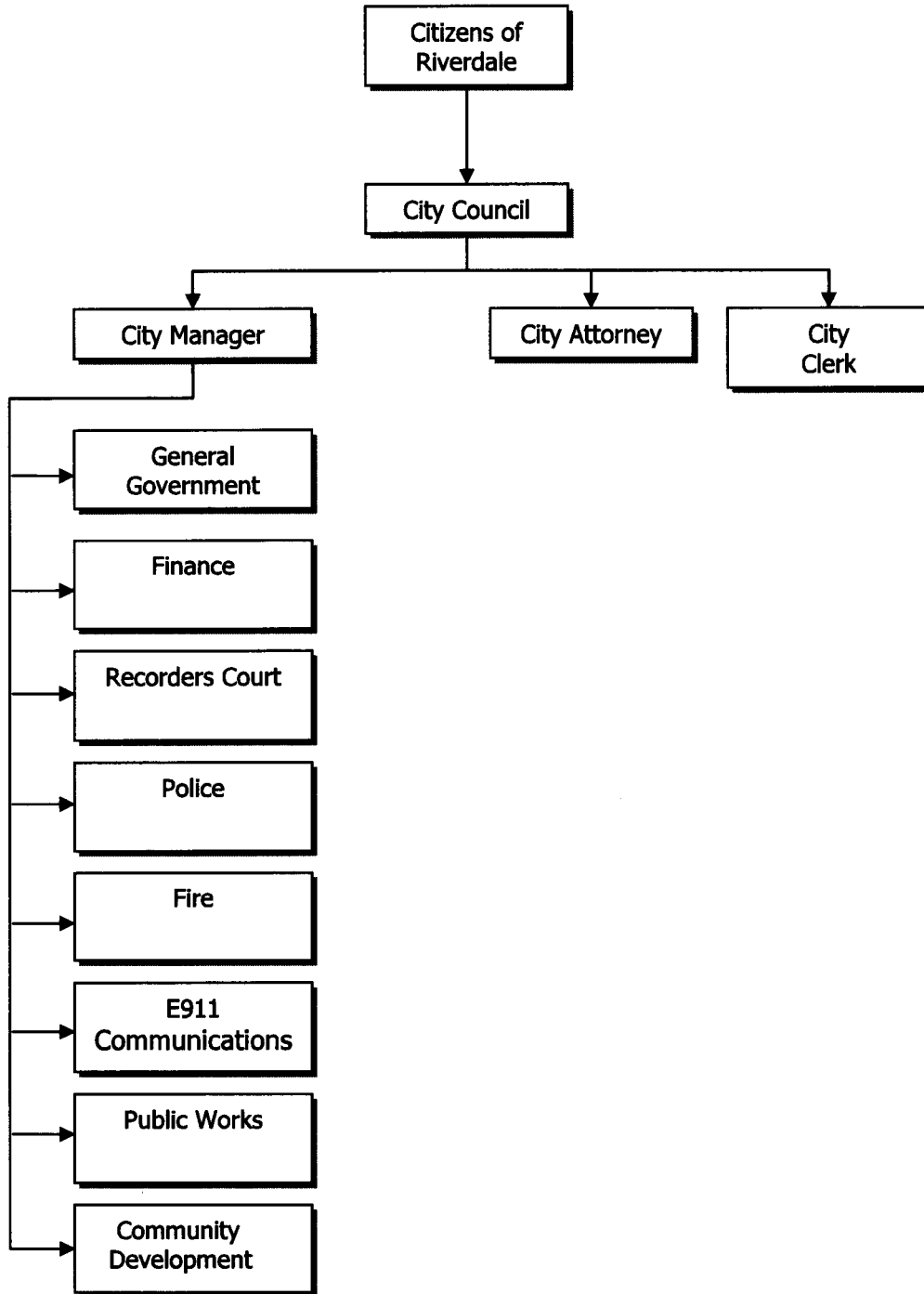
I also thank the finance director, mayor and members of City Council for their interest and support in planning and conducting the financial operations of the City in a professional, responsible and progressive manner.

Respectfully submitted,


Iris Jessie, City Manager

CITY OF RIVERDALE, GEORGIA

ORGANIZATIONAL CHART JUNE 30, 2008



CITY OF RIVERDALE, GEORGIA

PRINCIPAL OFFICIALS JUNE 30, 2008

LEGISLATIVE BRANCH

CITY COUNCIL

Dr. Evelyn Wynn-Dixon	Mayor
Wanda Wallace	Mayor Pro Tem
Rick Scoggins	Council Member
Wayne Hall	Council Member
Kenneth Ruffin	Council Member

OFFICERS OF THE COUNCIL

Deana Johnson	City Attorney
Stephanie Thomas	City Clerk

JUDICIAL BRANCH

Ronald Freeman, Sr.	Municipal Court Judge
Jerry Patrick	City Solicitor
Nathanial Mingo	Court Clerk Administrator

EXECUTIVE BRANCH

Iris Jessie	City Manager
Ann Lashelle Smith	Finance Director
Samual Patterson	Chief of Police
William D. Hayes	Fire Chief
Douglas Manning	Community Development Director
Michael Lockett	IT Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Riverdale
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

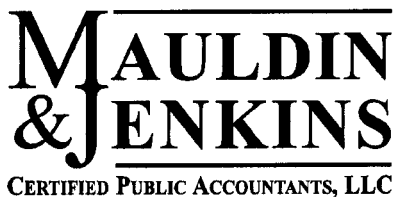


A handwritten signature in black ink, appearing to read "K. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title "Executive Director".

Executive Director



INDEPENDENT AUDITOR'S REPORT

**To the Mayor and Members
of the City Council
Riverdale, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Riverdale, Georgia** (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Riverdale, Georgia's, management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Riverdale Downtown Development Authority which represent 100% of the assets and revenues of the City's component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Riverdale Downtown Development Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Riverdale, Georgia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2008, on our consideration of the City of Riverdale, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 – 10) is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mauldin & Jenkins, LLC

Macon, Georgia
December 29, 2008

CITY OF RIVERDALE, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Riverdale, we offer readers of the City of Riverdale's financial statements this narrative overview and analysis of the financial activities of the City of Riverdale for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the City of Riverdale exceeded its liabilities at June 30, 2008 by \$10,913,190. Of this amount unrestricted net assets of \$6,657,478 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net assets increased by \$727,404. Of this amount an increase of \$592,234 was associated with governmental activities and an increase of \$135,170 was associated with business-type activities.
- As of the close of the current fiscal year, the City of Riverdale's governmental funds reported combined ending fund balances of \$6,594,722, an increase of \$56,780 in comparison with the prior year. Of this amount \$6,414,329 is unreserved and available for spending and \$180,393 is reserved for other specific future uses.
- At the end of the current year, unreserved fund balance for the general fund was \$4,089,676 or 41.1 percent of total General Fund expenditures.
- The City of Riverdale's total debt obligations (including accrued compensated absences) decreased by the net of \$237,449. This decrease is due to the continued debt service of the construction note payable related to the construction of the public works building. Accrued compensated absences did decrease approximately \$90,055 or 10.39 percent.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Riverdale's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Riverdale include general government, public safety and courts, highways and streets, parks and recreation, community development, and debt service. The business-type activity of the City is solid waste management.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Riverdale can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains two major governmental funds. The City's major governmental funds are the General Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds.

The City of Riverdale adopts an annual budget for all of its governmental funds. Budgetary comparison statements have been provided for each of the governmental funds to demonstrate compliance with the FY 08 budget. A project length budget has not been adopted for the Capital Projects Fund since the life of the fund is 29 years and the City uses these assets on an as needed basis.

Proprietary funds. The City of Riverdale maintains two different types of proprietary funds. Enterprise funds (a component of proprietary funds) are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Solid Waste Management Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its Workers Compensation Insurance Fund.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste Management Fund and the Workers Compensation Insurance Fund, both of which are considered to be major funds of the City of Riverdale.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of individual fund financial statements with prior year comparisons.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2008, the City's assets exceeded liabilities by \$10,913,190. The City's net assets reflects its investment in capital assets (39.34 percent), less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the total net assets, \$6,657,478 is unrestricted.

	City of Riverdale's Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 7,880,406	\$ 7,389,454	\$ 697,699	\$ 509,417	\$ 8,578,105	\$ 7,898,871
Capital assets	5,412,291	5,343,522	12,760	13,583	5,425,051	5,357,105
Total assets	13,292,697	12,732,976	710,459	523,000	14,003,156	13,255,976
Current liabilities	1,291,653	553,674	385,199	332,910	1,676,852	886,584
Long-term liabilities	1,413,114	2,183,606	-	-	1,413,114	2,183,606
Total liabilities	2,704,767	2,737,280	385,199	332,910	3,089,966	3,070,190
Net assets:						
Invested in capital assets, net of related debt	4,242,952	7,017,066	12,760	13,583	4,255,712	7,030,649
Restricted	-	45,030	-	-	-	45,030
Unrestricted	6,344,978	2,933,600	312,500	176,507	6,657,478	3,110,107
Total net assets	\$ 10,587,930	\$ 9,995,696	\$ 325,260	\$ 190,090	\$ 10,913,190	\$ 10,185,786

In the current year there is no portion of the net assets that are subject to external restrictions on how they may be used. The balance of unrestricted net assets (\$6,657,478) may be used to meet the government's ongoing obligations to citizens and creditors.

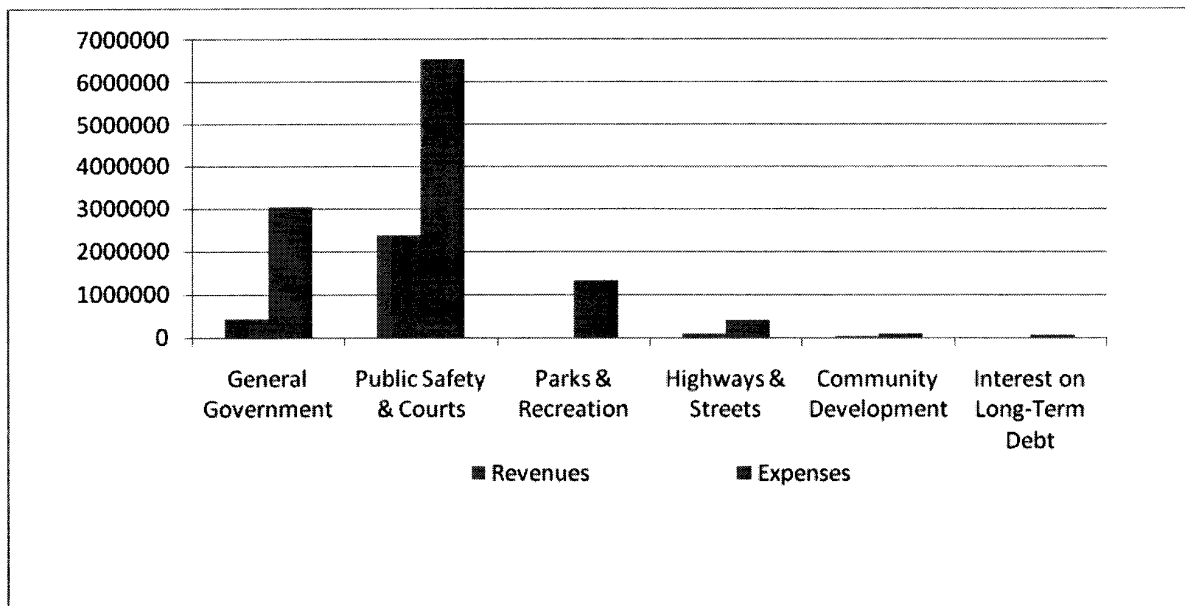
Governmental activities. Governmental activities increased the City of Riverdale's net assets by \$592,234, thereby accounting for 81.47% of the total increase in the net assets of the City of Riverdale. Key elements of this increase are as follows:

City of Riverdale's Change in Net Assets

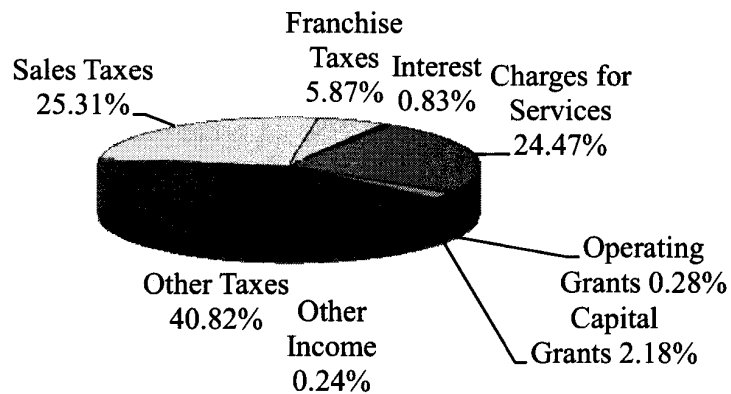
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues -						
Charges for services	\$ 2,910,839	\$ 2,637,153	\$ 669,517	\$ 680,560	\$ 3,580,356	\$ 3,317,713
Operating grants and contributions	32,981	81,932	-	-	32,981	81,932
Capital grants and contributions	259,350	75,040	-	-	259,350	75,040
General Revenues-						
Property taxes	2,986,777	2,752,436	-	-	2,986,777	2,752,436
Other taxes	5,576,959	5,850,632	-	-	5,576,959	5,850,632
Investment earnings	98,134	156,927	-	-	98,134	156,927
Other	28,390	25,125	-	-	28,390	25,125
Total Revenues	11,893,430	11,579,245	669,517	680,560	12,562,947	12,259,805
Expenses:						
General government	3,018,326	2,452,383	-	-	3,018,326	2,452,383
Judicial	526,835	469,683	-	-	526,835	469,683
Public safety	5,920,902	5,541,456	-	-	5,920,902	5,541,456
Parks and recreation	389,957	623,675	-	-	389,957	623,675
Highways and streets	1,314,469	717,264	-	-	1,314,469	717,264
Economic development	74,717	4,600	-	-	74,717	4,600
Interest on long-term debt	55,990	63,059	-	-	55,990	63,059
Solid waste	-	-	534,347	517,686	534,347	517,686
Total Expenses	11,301,196	9,872,120	534,347	517,686	11,835,543	10,389,806
Increase in net assets before transfers	592,234	1,707,125	135,170	162,874	727,404	1,869,999
Transfers	-	(100)	-	100	-	-
Increase (decrease) in net assets	592,234	1,707,025	135,170	162,974	727,404	1,869,999
Net assets - beginning of year	9,995,696	8,288,671	190,090	27,116	10,185,786	8,315,787
Net assets - end of year	\$ 10,587,930	\$ 9,995,696	\$ 325,260	\$ 190,090	\$ 10,913,190	\$ 10,185,786

- Fines and forfeitures decreased by approximately \$204,488 or 10.13%. Public Safety expenditures increased by 6.85% or \$379,446.
- Revenues from building permits also decreased from \$373,705 in FY 2007 to \$324,787 in FY 2008, a 15.06% decrease.
- Property taxes did increase 3.82% or \$105,622. This increase was the result of an increase in assessed values. The millage rate of 7.5 mills remained the same as the previous year.
- In addition, local option sales taxes showed a decrease of approximately \$15,084 from previous fiscal year.

Expenses and Program Revenues-Governmental Activities For F/Y/E 2008

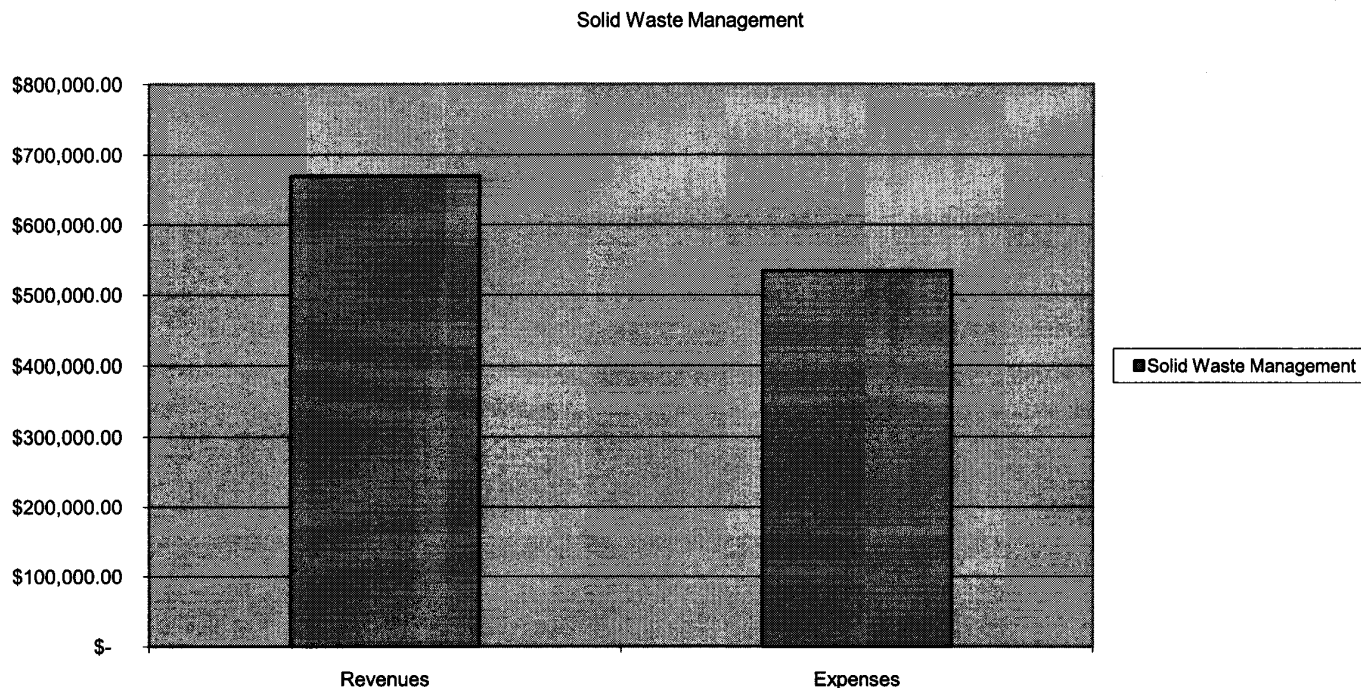


Revenue by Source-Governmental Activities For F/Y/E 2008



Business-type activities. Business-type activities increased the City's net assets by \$135,170. In FY 09, the City will once again contract with an outside vendor for solid waste collection services.

Expenses and Program Revenues-Business-Type Activities for F/Y/E 2008



Financial Analysis of the Government's Funds

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

Governmental Funds. The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2008 the City's governmental funds reported combined ending balances of \$6,594,722, an increase of \$56,780 in comparison to the prior year. Of this amount, \$6,414,329 (97.0 percent) is unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been reserved for prepaid expenses which are not available for current government's spending discretion (\$180,393).

The general fund is the City's chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,089,676 while the total fund balance totaled \$4,270,069. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 41.0 percent of the total general fund expenditures, while total fund balance represents 43.8 percent of that same amount.

During the current fiscal year, the fund balance of the City's general fund decreased by \$488,430. The revenues increased by \$360,422 or 3.0 percent and the expenditures increased by \$1,212,694 or 13.95 % resulting in an excess of revenues over expenditures of \$884,471. In addition, the General Fund transferred \$997,901 to the Capital Projects Fund to finance debt service requirements related to the certificates of participation, and \$375,000 to the Emergency Communications Fund to subsidize the operations of the City's emergency dispatch services.

The Capital Project Fund has a total fund balance of \$1,032,875, all of which is to be for purchases of major pieces of machinery and equipment and for debt service requirements.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the solid waste fund at the end of the year were \$312,500. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Original to Amended budget: Difference was a 90.2% (\$1,019,106) reduction in intergovernmental revenue to make a correction for two grants (\$750,000 HUD Grant and \$250,000 CDBG) that the City expected to receive, but were not awarded. In addition, fines and forfeiture revenues were increased by \$761,023 due to bringing probations in-house and the installation of a red light camera. Budgeted expenses decreased by 8% (\$840,153) due in most part to offset the expense of the two grants mentioned above. Lastly, transfers of \$324,551 (911 and solid waste) were not budgeted in the Original Budget. Actual to Amended Budget: Difference was immaterial.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2008 amounts to \$5,425,051 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles and equipment, sidewalks, bridges and roads.

Major capital asset events during the current fiscal year included the following:

- \$175,000 for the red light camera system financed through a grant from the State of Georgia Dept of Transportation
- \$19,400 was spent for vehicles, including related equipment, for Public Safety
- \$45,000 was spent on office equipment and other improvements

Additional information on the City's capital assets can be found in note 5.

Long-term debt. At the end of the current fiscal year, the City had \$1,946,157 in outstanding debt consisting of the following:

	<u>Balance</u>
Governmental Activities -	
Construction note payable	\$ 97,168
Capital lease	50,171
Certificates of Participation	1,022,000
Accrued compensated absences	<u>776,818</u>
 Total	 <u>\$ 1,946,157</u>

The City's total debt decreased by \$237,449. Additional information on the City's long-term debt can be found in Note 6.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Riverdale is \$37,263,390, which is significantly in excess of the City of Riverdale's outstanding general obligation debt.

Status of the City of Riverdale's Economy

- The unemployment rate for the City of Riverdale is currently 6.01 percent, which is reasonable when compared to the national rate of 6.4 percent.
- Inflationary trends in the region compare favorably to national indices.
- Building permits, both commercial and residential, remain steady.
- The occupancy rate of the City's central business district remains high.
- Sales tax receipts continue to show strong growth.

All of these factors were considered in preparing the City of Riverdale's budget for FY 2009. With the favorable economic conditions and the City's available fund balance, it is anticipated that the City will be able to avoid the need to raise taxes during fiscal year 2009.

Requests for Information

This financial report is designed to provide a general overview of the City of Riverdale's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (770) 909-5500 or at the following address:

City of Riverdale
Finance Department
6690 Church Street
Riverdale, GA 30274

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CITY OF RIVERDALE, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2008

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total Primary Government	Downtown Development Authority
Cash and cash equivalents	\$ 5,273,795	\$ 34,365	\$ 5,308,160	\$ 251,442
Investments	859,841	-	859,841	-
Taxes receivable	824,537	-	824,537	-
Accounts receivable	575,650	24,660	600,310	19,500
Internal balances	(638,674)	638,674	-	-
Due from component unit	735,750	-	735,750	-
Prepaid items	205,526	-	205,526	-
Other assets	43,981	-	43,981	-
Capital assets:				
Nondepreciable	1,056,867	-	1,056,867	509,811
Depreciable, net of accumulated depreciation	4,355,424	12,760	4,368,184	-
Total assets	<u>13,292,697</u>	<u>710,459</u>	<u>14,003,156</u>	<u>780,753</u>
LIABILITIES				
Accounts payable	477,260	46,805	524,065	6,118
Accrued liabilities	274,046	-	274,046	-
Due to primary government	-	-	-	735,750
Unearned revenues	7,304	338,394	345,698	-
Certificates of participation due in more than one year	1,022,000	-	1,022,000	-
Capital leases due within one year	29,645	-	29,645	-
Capital leases due in more than one year	20,526	-	20,526	-
Notes payable due within one year	97,168	-	97,168	-
Compensated absences due within one year	406,230	-	406,230	-
Compensated absences due in more than one year	370,588	-	370,588	-
Total liabilities	<u>2,704,767</u>	<u>385,199</u>	<u>3,089,966</u>	<u>741,868</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,242,952	12,760	4,255,712	-
Unrestricted	6,344,978	312,500	6,657,478	38,885
Total net assets	<u>\$ 10,587,930</u>	<u>\$ 325,260</u>	<u>\$ 10,913,190</u>	<u>\$ 38,885</u>

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

CITY OF RIVERDALE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Unit Downtown Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,018,326	\$ 415,245	\$ 15,238	\$ -	\$ (2,587,843)	\$ -	\$ (2,587,843)	\$ -
Judicial	526,835	-	-	-	(526,835)	-	(526,835)	-
Public safety	5,920,902	2,373,397	6,645	-	(3,540,860)	-	(3,540,860)	-
Public works	389,957	94,039	6,547	-	(289,371)	-	(289,371)	-
Parks and recreation	1,314,469	-	4,551	259,350	(1,050,568)	-	(1,050,568)	-
Economic development	74,717	28,158	-	-	(46,559)	-	(46,559)	-
Interest on long-term debt	55,990	-	-	-	(55,990)	-	(55,990)	-
Total governmental activities	11,301,196	2,910,839	32,981	259,350	(8,098,026)	-	(8,098,026)	-
Business-type activities:								
Solid waste management	534,347	669,517	-	-	-	135,170	135,170	-
Total business-type activities	534,347	669,517	-	-	-	135,170	135,170	-
Total primary government	\$ 11,835,543	\$ 3,580,356	\$ 32,981	\$ 259,350	(8,098,026)	135,170	(7,962,856)	-
Component unit:								
Downtown Development Authority	\$ 30,615	\$ 19,500	\$ -	\$ -				\$ (11,115)
General revenues:								
Property taxes					2,986,777	-	2,986,777	-
Sales taxes					3,010,800	-	3,010,800	-
Insurance premium tax					682,034	-	682,034	-
Alcoholic beverage taxes					403,651	-	403,651	-
Other taxes					782,583	-	782,583	-
Franchise taxes					697,891	-	697,891	-
Unrestricted investment earnings					98,134	-	98,134	-
Gain on sale of assets					28,390	-	28,390	-
Total general revenues					8,690,260	-	8,690,260	-
Change in net assets					592,234	135,170	727,404	(11,115)
Net assets, beginning of year					9,995,696	190,090	10,185,786	50,000
Net assets, end of year					\$ 10,587,930	\$ 325,260	\$ 10,913,190	\$ 38,885

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

CITY OF RIVERDALE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2008

ASSETS	General	Capital Projects	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	\$ 3,248,274	\$ 908,671	\$ 1,110,888	\$ 5,267,833
Investments	341,779	518,062	-	859,841
Taxes receivable	793,402	-	31,135	824,537
Accounts receivable	391,704	181,344	2,602	575,650
Due from component unit	735,750	-	-	735,750
Due from other funds	512,680	-	174,169	686,849
Prepaid items	180,393	-	-	180,393
Total assets	<u>\$ 6,203,982</u>	<u>\$ 1,608,077</u>	<u>\$ 1,318,794</u>	<u>\$ 9,130,853</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 395,312	72,974	\$ 4,390	\$ 472,676
Accrued liabilities	240,392	-	12,174	252,566
Deferred revenues	485,366	-	-	485,366
Due to other funds	812,843	502,228	10,452	1,325,523
Total liabilities	<u>1,933,913</u>	<u>575,202</u>	<u>27,016</u>	<u>2,536,131</u>
FUND BALANCES				
Fund balances:				
Reserved for:				
Prepaid expenditures	180,393	-	-	180,393
Unreserved, reported in:				
General fund	4,089,676	-	-	4,089,676
Special revenue funds	-	-	976,928	976,928
Capital projects funds	-	1,032,875	314,850	1,347,725
Total fund balances	<u>4,270,069</u>	<u>1,032,875</u>	<u>1,291,778</u>	<u>6,594,722</u>
Total liabilities and fund balances	<u>\$ 6,203,982</u>	<u>\$ 1,608,077</u>	<u>\$ 1,318,794</u>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				5,412,291
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				478,062
Debt issuance costs are considered other financing uses in governmental funds in the year incurred, but are deferred costs and are amortized over the life of the related debt in the statement of net assets.				43,981
Internal service funds are used by management to charge the costs of workers' compensation insurance to individual funds.				
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.				5,031
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.				<u>(1,946,157)</u>
Net assets of governmental activities				<u>\$ 10,587,930</u>

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

CITY OF RIVERDALE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Governmental Funds	Totals Governmental Funds
Revenues				
Property taxes	\$ 2,767,303	\$ -	\$ -	\$ 2,767,303
Sales taxes	3,010,800	-	-	3,010,800
Other taxes	1,839,020	-	29,248	1,868,268
Charges for services	233,400	-	280,094	513,494
Licenses and permits	324,787	-	-	324,787
Intergovernmental	10,310	259,350	3,813	273,473
Franchise fees	697,891	-	-	697,891
Fines and forfeitures	1,739,353	-	278,872	2,018,225
Interest revenue	68,277	29,577	280	98,134
Other revenues	101,581	-	-	101,581
Total revenues	<u>10,792,722</u>	<u>288,927</u>	<u>592,307</u>	<u>11,673,956</u>
Expenditures				
Current:				
General government	2,838,844	-	-	2,838,844
Judicial	514,076	-	-	514,076
Public safety	4,923,452	-	804,258	5,727,710
Public works	406,160	-	1,857	408,017
Culture and recreation	1,100,065	-	-	1,100,065
Economic development	-	-	92,500	92,500
Capital outlay	-	730,447	-	730,447
Debt service:				
Principal	119,068	28,326	-	147,394
Interest	6,586	51,537	-	58,123
Total expenditures	<u>9,908,251</u>	<u>810,310</u>	<u>898,615</u>	<u>11,617,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>884,471</u>	<u>(521,383)</u>	<u>(306,308)</u>	<u>56,780</u>
Other financing sources (uses)				
Transfers in	-	1,111,901	375,000	1,486,901
Transfers out	(1,372,901)	-	(114,000)	(1,486,901)
Total other financing sources (uses)	<u>(1,372,901)</u>	<u>1,111,901</u>	<u>261,000</u>	<u>-</u>
Net change in fund balances	(488,430)	590,518	(45,308)	56,780
Fund balances, beginning of year	<u>4,758,499</u>	<u>442,357</u>	<u>1,337,086</u>	<u>6,537,942</u>
Fund balances, end of year	<u>\$ 4,270,069</u>	<u>\$ 1,032,875</u>	<u>\$ 1,291,778</u>	<u>\$ 6,594,722</u>

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

CITY OF RIVERDALE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Net change in fund balances - total governmental funds	\$	56,780
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		68,769
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		219,474
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		147,394
Internal service funds are used by management to charge costs of various services and benefits to individual funds. The net revenues (expenses) of certain activities of internal service funds are reported with governmental activities.		7,629
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		92,188
	\$	<u>592,234</u>

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

CITY OF RIVERDALE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 2,887,747	\$ 3,437,051	\$ 2,767,303	\$ (669,748)
Sales taxes	3,000,000	2,908,387	3,010,800	102,413
Other taxes	1,742,375	1,847,082	1,839,020	(8,062)
Charges for services	139,050	186,489	233,400	46,911
Licenses and permits	383,306	315,449	324,787	9,338
Intergovernmental	-	-	10,310	10,310
Franchise fees	698,330	697,062	697,891	829
Fines and forfeitures	1,662,177	1,877,620	1,739,353	(138,267)
Interest revenue	79,096	66,169	68,277	2,108
Other revenues	177,930	79,787	101,581	21,794
Total revenues	10,770,011	11,415,096	10,792,722	(622,374)
Expenditures:				
Current:				
General government:				
Mayor / Commission	123,798	123,876	130,066	(6,190)
General administration	1,023,733	1,023,733	1,067,894	(44,161)
Finance	1,508,294	1,506,714	1,640,884	(134,170)
Total general government	2,655,825	2,654,323	2,838,844	(184,521)
Judicial:				
Municipal court	477,315	477,315	514,076	(36,761)
Public safety:				
Police	2,782,304	2,782,305	2,934,626	(152,321)
Fire	1,866,550	1,866,550	1,988,826	(122,276)
Total public safety	4,648,854	4,648,855	4,923,452	(274,597)
Public works:				
Administration	386,078	385,699	406,160	(20,461)
Total public works	386,078	385,699	406,160	(20,461)
Parks and recreation	1,615,411	1,613,546	1,100,065	513,481
Debt service	115,183	109,156	125,654	(16,498)
Total expenditures	9,898,666	9,888,894	9,908,251	(19,357)
Excess of revenues over expenditures	871,345	1,526,202	884,471	(641,731)

(Continued)

CITY OF RIVERDALE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other financing (uses)				
Transfers out	\$ (1,694,571)	\$ (1,925,341)	\$ (1,372,901)	\$ 552,440
Total other financing (uses)	<u>(1,694,571)</u>	<u>(1,925,341)</u>	<u>(1,372,901)</u>	<u>552,440</u>
Net change in fund balances	(823,226)	(399,139)	(488,430)	(89,291)
Fund balances, beginning of year	<u>4,758,499</u>	<u>4,758,499</u>	<u>4,758,499</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,935,273</u>	<u>\$ 4,359,360</u>	<u>\$ 4,270,069</u>	<u>\$ (89,291)</u>

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

CITY OF RIVERDALE, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2008

	Business-type Activities - Enterprise Fund Solid Waste Management	Governmental Activities - Internal Service Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 34,365	\$ 5,962
Accounts receivable, net of allowance for uncollectible accounts	24,660	-
Prepaid items	-	25,133
Due from other funds	638,674	-
Capital assets - depreciable, net	12,760	-
Total current assets	<u>710,459</u>	<u>31,095</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	46,805	4,584
Accrued liabilities	-	21,480
Deferred revenues	338,394	-
Total current liabilities	<u>385,199</u>	<u>26,064</u>
NET ASSETS		
Invested in capital assets	12,760	-
Unrestricted	312,500	5,031
Total net assets	<u>\$ 325,260</u>	<u>\$ 5,031</u>

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

CITY OF RIVERDALE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Fund Solid Waste Management	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 669,517	\$ -
Other	-	115,153
Total operating revenues	<u>669,517</u>	<u>115,153</u>
OPERATING EXPENSES		
Purchased or contracted services	533,524	49,358
Claims expense	-	58,165
Depreciation	823	-
Total operating expenses	<u>534,347</u>	<u>107,524</u>
Change in net assets	135,170	7,629
NET ASSETS (DEFICIT), beginning of year	<u>190,090</u>	<u>(2,598)</u>
NET ASSETS, end of year	<u><u>\$ 325,260</u></u>	<u><u>\$ 5,031</u></u>

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

CITY OF RIVERDALE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Fund Solid Waste Management	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 520,984	\$ -
Receipts from interfund services provided	-	115,153
Payments to suppliers	(486,719)	(119,529)
Net cash provided by (used in) operating activities	<u>34,265</u>	<u>(4,376)</u>
Increase (decrease) in cash and cash equivalents	34,265	(4,376)
Cash and cash equivalents:		
Beginning of year	<u>100</u>	<u>10,338</u>
End of year	<u><u>\$ 34,365</u></u>	<u><u>\$ 5,962</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 135,170	\$ 7,629
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	823	-
Changes in assets and liabilities:		
Decrease in accounts receivable	7,948	-
Decrease in prepaid insurance	-	6,791
Increase in due from other funds	(161,965)	-
Increase (decrease) in accounts payable	46,805	(12,398)
Increase (decrease) in deferred liabilities	5,484	(6,398)
Net cash provided by (used in) operating activities	<u><u>\$ 34,265</u></u>	<u><u>\$ (4,376)</u></u>

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

**CITY OF RIVERDALE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

The City was incorporated in 1908 and is located in the northern part of Clayton County approximately 10 miles south of Atlanta. The City provides a full range of services to approximately 15,800 residents and a service population of 70,000. These services are provided in whole by the City and include public safety (police, fire, and emergency communications); community development; highways and streets; sanitation; public improvements; planning and zoning; and general administrative services.

Governmental Accounting Standards Board (GASB) Statement 14, as amended by GASB Statement 39, defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. At June 30, 2008, the City's only component unit is the Riverdale Downtown Development Authority.

The Riverdale Downtown Development Authority (the "Downtown Development Authority") was created to revitalize and redevelop the City's central business district. Board members are appointed by the City of Riverdale. Separate financial statements are prepared for the Downtown Development Authority and may be obtained from Riverdale's City Hall, 6690 Church Street, Riverdale, Georgia 30274.

B. Government-wide and Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

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

The **Capital Projects fund** accounts for the proceeds from the issuance of Certificates of Participation used for financing the purchase of major items of machinery and equipment, and for the proceeds from grant revenues used for construction of major capital facilities.

The City reports the following major proprietary fund:

The **Solid Waste Management fund** accounts for the revenues generated from the charges for sanitation and recycling services provided to the residential and commercial users of the City. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

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

The **capital projects funds** are used to account for the acquisition and construction of major capital outlays other than those financed by proprietary funds.

The **Workers' Compensation internal service fund** is used by management to charge costs associated with providing workers' compensation insurance benefits to other departments or funds of the City on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided.

Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budget requests are completed in April.
2. Proposed budgets are reviewed and prepared by the Finance Director for submission to the City Manager, Mayor and the City Council in May.
3. Public hearings on the proposed budget are held in May and June.
4. The budget is legally adopted by the Mayor and City Council prior to June 30.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of \$5,000 between departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any department or fund must be approved by the City Council. The City Council made several immaterial supplemental budget appropriations during the year.
6. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise fund. Budgets for the enterprise funds are prepared for planning and control purposes only.
7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City's investments other than for the Capital Projects Fund include State of Georgia's Georgia Fund 1, certificates of deposit with a maturity date greater than three months from the date of purchase and direct and agency obligations of the U.S. Government. Investments in the Capital Projects Fund consist of guaranteed investment contracts. For reporting purposes, all investments are recorded at fair value.

In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of June 30, 2008:

1. Fair value is based on quoted market prices as of the valuation date;
2. The investment portfolio did not hold investments in any of the following: a) items required to be reported at amortized costs; b) items subject to involuntary participation in an external investment pool; and, c) items associated with a fund other than the fund to which the income is assigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Prepaid Items

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of June 30.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net assets. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net assets as "internal balances." In the fund financial statements, these receivables and payable are classified as "due from other funds" and "due to other funds".

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$3,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. In accordance with GASB 34, the City has elected not to include infrastructure acquired or constructed prior to July 1, 2003. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. No interest was capitalized during the fiscal year ended June 30, 2008.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings and improvements	30-40 years
Improvement other than buildings	20-40 years
Furniture and equipment	5-15 years
Infrastructure	40-50 years
Vehicles	5-10 years

I. Long-Term Liabilities

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

City employees accrue vacation in different amounts, according to the number of years of service. Employees under five years of service accrue two weeks of vacation each year. Upon reaching five years of service, employees can accrue three weeks per year. These days can be taken either through time off or by payment upon termination. Upon reaching 10 years, employees can accrue 20 days. For 20 years of service and over, an employee can accrue 25 days.

City employees may carry over no more than 250 hours of accrued annual leave to the following year. Annual leave accrued by City employees in excess of the 250 hours limit will be lost if not used by the end of the fiscal year in which the hours are accumulated.

Employees earn sick leave in proportion to actual hours worked. Sick leave, however, is not paid upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

K. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is not employed by the City.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “certain liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,946,157 difference are as follows:

Capital leases	\$ (50,171)
Notes payable	(97,168)
Certificates of participation	(1,022,000)
Compensated absences	<u>(776,818)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ (1,946,157)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$68,769 difference are as follows:

Capital outlay	\$ 613,568
Depreciation expense	<u>(544,799)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 68,769</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this \$147,394 difference are as follows:

Principal repayments:	
Note payable	\$ 119,068
Capital lease	<u>28,326</u>
Net adjustment to increase <i>net changes in fund balances - total</i> <i>governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ 147,394</u>

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$92,188 difference are as follows:

Change in accrued interest	\$ 4,398
Amortization of debt issuance costs	(2,265)
Change in compensated absences	<u>90,055</u>
Net adjustment to increase <i>net changes in fund balances - total</i> <i>governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ 92,188</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2008, are summarized as follows:

As reported in the Statement of Net Assets:	
Cash and cash equivalents	\$ 5,308,160
Investments	859,841
	<u>\$ 6,168,001</u>
Cash deposited with financial institutions	\$ 4,439,247
Guaranteed Investment Contract	518,062
Money Market funds	868,913
Cash deposited with Georgia Fund 1	341,779
	<u>\$ 6,168,001</u>

Credit risk. The City's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, and the local government investment pool established by state law.

At June 30, 2008, the City had the following investments:

Investment	Fair Value	Investment Maturities (in Years)	
		Less than 1	More than 20
Guaranteed Investment Contract	\$ 518,062	\$ -	\$ 518,062
Georgia Fund 1	341,779	341,779	-
Total	<u>\$ 859,841</u>	<u>\$ 341,779</u>	<u>\$ 518,062</u>

As of June 30, 2008, the City's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's and the City's investment in the Guaranteed Investment Contract was rated AA by Standard & Poor's.

Georgia Fund 1 was created under OCGA 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The fair value of the City's position in the pool is the same as the value of

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

pool shares (\$1 per share value). The pool is regulated by the Georgia Office of Treasury and Fiscal Services. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1.00 per share.

Interest rate risk. The City has a formal investment policy that limits investment maturities to 18 months from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates.

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. As of June 30, 2008, all of the City's bank balances were covered by either federal depository insurance or by collateral held by the City's agent in the City'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 City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

Concentration of Credit Risk. The City's investment policy sets a maximum percentage of certain investments to total investments on the following investment types: 1) repurchase agreements 25%; 2) certificates of deposit 75%; and 3) state investment pools 10%. As of June 30, 2008, approximately 40% of the City's investments were in the State of Georgia's investment pool. In addition, approximately 60% of the City's investments were in repurchase agreements (the guaranteed investment contract). However, the repurchase agreement was obtained in connection with the issuance of the certificates of participation and was approved by the City Council.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Receivables as of June 30, 2008, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Solid Waste Management Fund</u>
Receivables:				
Taxes	\$ 798,402	\$ -	\$	\$ -
Accounts	766,704	181,344		49,316
	<u>1,565,106</u>	<u>181,344</u>		<u>49,316</u>
Less: Allowance for uncollectible accounts	<u>(380,000)</u>	<u>-</u>		<u>(24,656)</u>
	<u>\$ 1,185,106</u>	<u>\$ 181,344</u>	<u>\$</u>	<u>\$ 24,660</u>

Property Taxes

Property taxes were levied on September 15, 2007, (Levy Date) based upon property values assessed as of January 1. The City's millage rate is levied on taxable property, which is assessed at 40% of estimated fair market value. Tax bills were mailed on September 15, 2007, and payable on or before November 15, 2007, for the fiscal year 2008 tax. Taxes not paid within 30 days of the November 15th due date are subject to property tax liens on February 15, 2008. Property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate levied during fiscal year 2008 for the City's operations was 7.5 mills (mill equals \$1 per thousand dollars of assessed value).

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,056,867	\$ -	\$ -	\$ -	\$ 1,056,867
Total capital assets, not being depreciated	<u>1,056,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,056,867</u>
Capital assets, being depreciated:					
Buildings and improvements	3,737,317	50,000	-	(57,864)	3,729,453
Improvements other than buildings	17,813	-	-	57,864	75,677
Infrastructure	505,334	130,994	-	-	636,328
Vehicles and related equipment	2,822,609	280,446	222,780	103,748	2,984,023
Furniture and other equipment	2,972,083	152,128	-	(103,748)	3,020,463
Total capital assets, being depreciated	<u>10,055,156</u>	<u>613,568</u>	<u>222,780</u>	<u>-</u>	<u>10,445,944</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,520,312)	(89,308)	-	57,864	(1,551,756)
Improvements other than buildings	(5,414)	(809)	-	(57,864)	(64,087)
Infrastructure	(101,404)	(13,180)	-	-	(114,584)
Vehicles and related equipment	(2,609,427)	(122,273)	(222,780)	(98,535)	(2,607,455)
Furniture and other equipment	(1,531,944)	(319,229)	-	98,535	(1,752,638)
Total accumulated depreciation	<u>(5,768,501)</u>	<u>(544,799)</u>	<u>(222,780)</u>	<u>-</u>	<u>(6,090,520)</u>
Total capital assets, being depreciated, net	<u>4,286,655</u>	<u>68,769</u>	<u>-</u>	<u>-</u>	<u>4,355,424</u>
Total capital assets, net	<u>\$ 5,343,522</u>	<u>\$ 68,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,412,291</u>

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

Governmental activities:	
General government	\$ 53,377
Judicial	14,002
Public safety	302,042
Public works	161,690
Parks and recreation	4,860
Economic development	<u>8,828</u>
Total depreciation expense - governmental activities	<u>\$ 544,799</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Buildings, grounds, and improvements	\$ 16,464	\$ -	\$ -	\$ 16,464
Total capital assets, being depreciated	16,464	-	-	16,464
Less accumulated depreciation for:				
Buildings, grounds, and improvements	(2,881)	(823)	-	(3,704)
Total accumulated depreciation	(2,881)	(823)	-	(3,704)
Total capital assets, being depreciated, net	13,583	(823)	-	12,760
Total capital assets, net	\$ 13,583	\$ (823)	\$ -	\$ 12,760

NOTE 6. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	\$ 216,236	\$ -	\$ (119,068)	\$ 97,168	\$ 97,168
Capital lease	78,497	-	(28,326)	50,171	29,645
Certificates of participation	1,022,000	-	-	1,022,000	-
Compensated absences	866,873	359,794	(449,849)	776,818	370,588
Governmental activity					
Long-term liabilities	\$ 2,183,606	\$ 359,794	\$ (597,243)	\$ 1,946,157	\$ 497,401

Compensated absences are generally liquidated by the General Fund.

Note Payable. During the fiscal year ended June 30, 2000, the City entered into an agreement with a bank to borrow \$950,000. The proceeds from the loan were used to construct the new Public Works building. The note bears interest at 4.0% and the rate is adjusted annually to the 10 year treasury rate. The note matures on November 17, 2009 and is secured by land and building with a book value of approximately \$1,100,000. The note is being repaid in equal monthly principal installments of approximately \$9,000 plus accrued interest. The balance on the note as of June 30, 2008 was \$97,168.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the note payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 97,168	\$ 2,218	\$ 99,386

Capital Lease. During the fiscal year ended June 30, 2007, the City entered into an agreement with a bank to borrow \$87,856. The proceeds from the loan were used to purchase public safety vehicles. The note bears interest at 4.56%. The lease matures on March 15, 2009. The lease is being repaid in equal monthly principal installments of approximately \$2,600 plus accrued interest. The balance on the capital lease as of June 30, 2008 was \$50,171.

Annual debt service requirements to maturity for the capital lease are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 29,645	\$ 1,673	\$ 31,318
2010	20,526	355	20,881
	<u>\$ 50,171</u>	<u>\$ 2,028</u>	<u>\$ 52,199</u>

Certificates of Participation. The City has entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating governments with the City's participation totaling \$1,022,000. The lease pool agreement with the Association provides that the City owns their portion of the assets invested in the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal of \$1,022,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from the Association. The lease pool agreement requires the City to make lease pool payments back to its investment account to fund the principal and interest requirements of the 1998 Georgia Municipal Association Certificates of Participation.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

The City's Capital Project Fund has been created to account for the activities related to the issuance and repayment of the Certificates of Participation. The City's General Fund is required to repay the Capital Projects Fund for equipment purchased with the proceeds from the Certificates. The repayment period is determined by the estimated useful life of the asset purchased.

Annual repayment requirements under the certificates of participation are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 48,545	\$ 48,545
2010	-	48,545	48,545
2011	-	48,545	48,545
2012	-	48,545	48,545
2013	-	48,545	48,545
2014 - 2018	-	242,725	242,725
2019 - 2023	-	242,725	242,725
2024 - 2028	1,022,000	242,725	1,264,725
	<u>\$ 1,022,000</u>	<u>\$ 970,900</u>	<u>\$ 1,992,900</u>

NOTE 7. EMPLOYEE BENEFIT PLANS

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all City employees permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency (as defined by IRS regulations). This plan is not reported in these financial statements.

Defined Contribution Plan

As authorized by City Council, the City provides pension benefits for all of its full-time employees through a defined contribution plan, City of Riverdale Pension Plan. Under the terms of the plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The plan is administered by ICMA Retirement Corporation. A complete report of the pension plan can be obtained from the City Clerk's office. Contributions to the plan are established and may be amended by the City Council. The City's contribution to the plan depends upon each participant's salary.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFIT PLANS (CONTINUED)

Defined Contribution Plan (Continued)

The City's contribution to the plan is based on the following formula:

<u>Participant's Salary Reduction Amount</u>	<u>City's Contribution</u>
2% of employee's regular bi-weekly wages	4% of employee's regular bi-weekly wages

Employees who are participants in the Police Officers' Annuity and Benefit Fund of the State of Georgia or the Georgia Fireman's Pension Fund shall have the first \$10 and \$15, respectively, of the City's contribution contributed to such funds. The City's contribution for each employee vests in accordance with the following schedule:

<u>Completed Years Of Service</u>	<u>Vested Percentage</u>
1	20%
2	40%
3	60%
4	80%
5	100%

A terminated participant who is not 100% vested shall forfeit the nonvested portion of the City's contribution. Such forfeiture shall be used to reduce the City's future contributions under the plan. The City's required and actual contribution to the plan for the year ended June 30, 2008 was \$192,366. This contribution represented approximately 4.00% of the City's current year payroll for all eligible employees which was approximately \$5,728,687. Contributions from employees were approximately \$100,216 representing 2.00% of covered payroll.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS

As authorized by City Council, the City provides post-employment health care and dental benefits to all retirees, who have reached age 55 and who had been employed by the City for at least 15 years. The City pays 100% of the base HMO policy for each retiree's health and dental insurance premium for up to three years or age 65, whichever occurs first. The City will pay up to the Social Security Medicare rate if the retiree elects a Medicare supplement, for the remainder of the three year period. There are six individuals who are grandfathered into the prior plan which does not have a cap on the length of this benefit. The City finances the plan on a pay-as-you-go basis. The amount paid for these benefits for the year ended June 30, 2007 was \$17,452. Five individuals are currently eligible to receive these benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

A. Excess of Expenditures over Appropriations

For the year ended June 30, 2008, expenditures exceeded budget appropriations, as follows:

<u>Fund</u>	<u>Excess</u>
General Fund	
Mayor/Commission	\$ 6,190
General administration	44,161
Finance	134,170
Municipal court	36,761
Police	152,321
Fire	122,276
Public works	20,461
Debt service	16,498
Hotel/Motel Tax Fund	18,350
Confiscated Assets Fund	1,693

These overexpenditures were funded by greater than anticipated revenues and by available fund balance.

B. Deficit Fund Equity

The Multiple Grant Fund had a deficit fund balance of \$1,309 at June 30, 2008. This deficit will be eliminated through future grant revenues.

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2008, are as follows:

<u>Due To</u>	<u>Due From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	
General Fund	\$ -	\$ 502,228	\$ 10,452	\$ 512,680
Nonmajor Governmental Funds	174,169	-	-	174,169
Solid Waste Management Fund	638,674	-	-	638,674
Total	<u>\$ 812,843</u>	<u>\$ 502,228</u>	<u>\$ 10,452</u>	<u>\$ 1,325,523</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

The outstanding balances between funds results from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. These amounts also include the amount of working capital loans made to the General Fund that the general fund expects to repay in the subsequent year.

Interfund transfers for the year ended June 30, 2008, consisted of the following:

<u>Transfer from</u>	<u>Transfer to</u>		<u>Total</u>
	<u>Nonmajor Governmental</u>	<u>Capital Projects Fund</u>	
General Fund	\$ 375,000	\$ 997,901	\$ 1,372,901
Nonmajor Governmental Funds	-	114,000	114,000
Total	<u>\$ 375,000</u>	<u>\$ 1,111,901</u>	<u>\$ 1,486,901</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that the statute or budget requires to expend them and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City carries commercial insurance coverage for these risks to the extent deemed prudent by management. Settled claims in the past three years have not exceeded the coverages.

On March 21, 1997, the City established its Workers' Compensation Insurance Internal Service Fund Workers' Compensation claims exceeding \$225,000 through private insurance carriers, whereas claims below \$225,000 are funded by premiums from other funds.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (Continued)

Changes in the balance of claims liabilities during the fiscal year are as follows:

	June 30,	
	2008	2007
Balance - beginning of year	\$ 27,878	\$ 19,089
Current year claims and changes in estimates	51,767	62,691
Claim payments	(58,165)	(53,902)
Balance - end of fiscal year	\$ 21,480	\$ 27,878

NOTE 12. HOTEL/MOTEL LODGING TAX

The City has levied a 3% lodging tax. For the fiscal year ended June 30, 2008, \$29,248 of hotel/motel tax was collected. Of the total collected, \$18,350 was used for the promotion of tourism within the City and was considered to be in compliance with the state laws regulating hotel/motel taxes and the related expenditures as of June 30, 2008. The remaining collections will be used in the subsequent year for promotion of tourism.

NOTE 13. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC). During its year ended June 30, 2008, the City's membership dues were paid by Clayton County, Georgia on the City's behalf. Membership in an ARC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from: Atlanta Regional Commission, 3715 Northside Parkway, 200 North Creek Suite 300, Atlanta, Georgia 30327.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES

The City is involved in various claims and matters of litigation resulting from normal operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**CITY OF RIVERDALE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

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

The **Emergency Communication Fund** accounts for the fee collection and operations of the Emergency 911 system within the City.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel tax receipts and distributions of funds used to promote tourism within the City.

The **Confiscated Assets Fund** accounts for the collection and use of funds confiscated from convicted offenders.

The **Multiple Grant Fund** accounts for the collection and use of grant funds received for various projects.

The **Red Light Enforcement Fund** accounts for the collection and use of funds related to red light violation citations.

CAPITAL PROJECTS FUNDS

The **Economic Development Fund** accounts for activities that are directed toward economically developing the area encompassed by the government and providing assistance to and opportunity for economically disadvantaged persons and businesses.

The **Capital Budget Reserve Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities.

CITY OF RIVERDALE, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2008

	Special Revenue Funds				
	Emergency Communication Fund	Hotel/ Motel Tax Fund	Confiscated Assets Fund	Multiple Grant Fund	Red Light Enforcement Fund
ASSETS					
Cash and cash equivalents	\$ 25,762	\$ 22,939	\$ 198,700	\$ 5,441	\$ 543,196
Taxes receivable	31,135	-	-	-	-
Accounts receivable	-	2,602	-	-	-
Due from other funds	141,255	11,594	21,320	-	-
Total assets	<u>\$ 198,152</u>	<u>\$ 37,135</u>	<u>\$ 220,020</u>	<u>\$ 5,441</u>	<u>\$ 543,196</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,390
Accrued expenses	12,174	-	-	-	-
Due to other funds	-	-	-	6,750	3,702
Total liabilities	<u>12,174</u>	<u>-</u>	<u>-</u>	<u>6,750</u>	<u>8,092</u>
FUND BALANCES (DEFICIT)					
Unreserved	185,978	37,135	220,020	(1,309)	535,104
Total fund balances (deficits)	<u>185,978</u>	<u>37,135</u>	<u>220,020</u>	<u>(1,309)</u>	<u>535,104</u>
Total liabilities and fund balances (deficits)	<u>\$ 198,152</u>	<u>\$ 37,135</u>	<u>\$ 220,020</u>	<u>\$ 5,441</u>	<u>\$ 543,196</u>

Capital Project Funds		
Capital Budget Reserve Fund	Economic Development Fund	Totals
\$ 289,000	\$ 25,850	\$ 1,110,888
-	-	31,135
-	-	2,602
-	-	174,169
<u>\$ 289,000</u>	<u>\$ 25,850</u>	<u>\$ 1,318,794</u>
\$ -	\$ -	\$ 4,390
-	-	12,174
-	-	10,452
<u>-</u>	<u>-</u>	<u>27,016</u>
289,000	25,850	1,291,778
<u>289,000</u>	<u>25,850</u>	<u>1,291,778</u>
<u>\$ 289,000</u>	<u>\$ 25,850</u>	<u>\$ 1,318,794</u>

CITY OF RIVERDALE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Special Revenue Funds				
	Emergency Communication Fund	Hotel/ Motel Tax Fund	Confiscated Assets Fund	Multiple Grant Fund	Red Light Enforcement Fund
Revenues:					
Other taxes	\$ -	\$ 29,248	\$ -	\$ -	\$ -
Charges for services	280,094	-	-	-	-
Fines and forfeitures	-	-	16,182	-	262,690
Interest revenue	280	-	-	-	-
Intergovernmental	-	-	-	3,813	-
Total revenues	<u>280,374</u>	<u>29,248</u>	<u>16,182</u>	<u>3,813</u>	<u>262,690</u>
Expenditures:					
Current:					
Public safety	587,076	-	18,186	-	198,996
Public works	-	-	-	1,857	-
Economic development	-	18,350	-	-	-
Total expenditures	<u>587,076</u>	<u>18,350</u>	<u>18,186</u>	<u>1,857</u>	<u>198,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(306,702)</u>	<u>10,898</u>	<u>(2,004)</u>	<u>1,956</u>	<u>63,694</u>
Other financing sources (uses)					
Transfers in	375,000	-	-	-	-
Transfers out	-	-	-	-	(114,000)
Total other financing sources (uses)	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,000)</u>
Net change in fund balances	68,298	10,898	(2,004)	1,956	(50,306)
Fund balances (deficit), beginning of year	<u>117,680</u>	<u>26,237</u>	<u>222,024</u>	<u>(3,265)</u>	<u>585,410</u>
Fund balances (deficit), end of year	<u>\$ 185,978</u>	<u>\$ 37,135</u>	<u>\$ 220,020</u>	<u>\$ (1,309)</u>	<u>\$ 535,104</u>

Capital Project Funds		
Capital Budget Reserve Fund	Economic Development Fund	Totals
\$ -	\$ -	\$ 29,248
-	-	280,094
-	-	278,872
-	-	280
-	-	3,813
-	-	592,307
-	-	804,258
-	-	1,857
-	74,150	92,500
-	74,150	898,615
-	(74,150)	(306,308)
-	-	375,000
-	-	(114,000)
-	-	261,000
-	(74,150)	(45,308)
289,000	100,000	1,337,086
<u>\$ 289,000</u>	<u>\$ 25,850</u>	<u>\$ 1,291,778</u>

**CITY OF RIVERDALE, GEORGIA
EMERGENCY COMMUNICATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Charges for services	\$ 250,000	\$ 250,000	\$ 280,094	\$ 30,094
Interest revenue	-	-	280	280
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>280,374</u>	<u>30,374</u>
Expenditures				
Public safety	<u>625,000</u>	<u>625,000</u>	<u>587,076</u>	<u>37,924</u>
Total expenditures	<u>625,000</u>	<u>625,000</u>	<u>587,076</u>	<u>37,924</u>
Deficiency of revenues under expenditures	<u>(375,000)</u>	<u>(375,000)</u>	<u>(306,702)</u>	<u>68,298</u>
Other financing sources:				
Transfers in	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>	-
Total other financing sources	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>	-
Net change in fund balance	-	-	68,298	68,298
Fund balances, beginning of year	<u>117,680</u>	<u>117,680</u>	<u>117,680</u>	-
Fund balances, end of year	<u>\$ 117,680</u>	<u>\$ 117,680</u>	<u>\$ 185,978</u>	<u>\$ 68,298</u>

**CITY OF RIVERDALE, GEORGIA
HOTEL/MOTEL TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Other taxes	\$ 13,800	\$ 13,800	\$ 29,248	\$ 15,448
Total revenues	<u>13,800</u>	<u>13,800</u>	<u>29,248</u>	<u>15,448</u>
Expenditures				
Economic development	-	-	18,350	(18,350)
Total expenditures	<u>-</u>	<u>-</u>	<u>18,350</u>	<u>(18,350)</u>
Net change in fund balance	13,800	13,800	10,898	(2,902)
Fund balances, beginning of year	<u>26,237</u>	<u>26,237</u>	<u>26,237</u>	<u>-</u>
Fund balances, end of year	<u>\$ 40,037</u>	<u>\$ 40,037</u>	<u>\$ 37,135</u>	<u>\$ (2,902)</u>

**CITY OF RIVERDALE, GEORGIA
CONFISCATED ASSETS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Fines and forfeitures	\$ -	\$ 200,390	\$ 16,182	\$ (184,208)
Total revenues	-	200,390	16,182	(184,208)
Expenditures				
Public safety	-	16,493	18,186	(1,693)
Total expenditures	-	16,493	18,186	(1,693)
Net change in fund balance	-	183,897	(2,004)	(185,901)
Fund balances, beginning of year	-	222,024	222,024	-
Fund balances, end of year	\$ -	\$ 405,921	\$ 220,020	\$ (185,901)

**CITY OF RIVERDALE, GEORGIA
RED LIGHT ENFORCEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Fines and forfeitures	\$ 500,000	\$ 500,000	\$ 262,690	\$ (237,310)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>262,690</u>	<u>(237,310)</u>
Expenditures				
Public safety	<u>272,444</u>	<u>272,444</u>	<u>198,996</u>	<u>73,448</u>
Total expenditures	<u>272,444</u>	<u>272,444</u>	<u>198,996</u>	<u>73,448</u>
Excess of revenues over expenditures	<u>227,556</u>	<u>227,556</u>	<u>63,694</u>	<u>(163,862)</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(114,000)</u>	<u>(114,000)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(114,000)</u>	<u>(114,000)</u>
Net change in fund balance	<u>227,556</u>	<u>227,556</u>	<u>(50,306)</u>	<u>(277,862)</u>
Fund balances, beginning of year	<u>585,410</u>	<u>585,410</u>	<u>585,410</u>	<u>-</u>
Fund balances, end of year	<u>\$ 812,966</u>	<u>\$ 812,966</u>	<u>\$ 535,104</u>	<u>\$ (277,862)</u>

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APPENDIX C

SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS RELATING TO

GEORGIA MUNICIPAL ASSOCIATION, INC. CERTIFICATES OF PARTICIPATION (CITY OF RIVERDALE, GEORGIA PUBLIC PURPOSE PROJECT), SERIES 2009 EVIDENCING PROPORTIONATE AND UNDIVIDED INTERESTS IN BASE RENTALS TO PAID BY THE CITY OF RIVERDALE, GEORGIA

CERTAIN DEFINITIONS

The following words and phrases shall have the following meanings for all purposes of the Official Statement and this Summary:

“Acquisition Fund” shall mean the fund created by the Indenture.

“Additional Accounts” shall mean additional accounts that may be created in the Certificate Payment Fund in connection with the issuance of Additional Certificates as provided in the Indenture.

“Additional Base Rentals” shall mean additional Base Rentals to be scheduled in connection with the issuance of any series of Additional Certificates by supplement to the Lease.

“Additional Rentals” shall mean the amount or amounts payable by the Lessee pursuant to the Lease.

“Additional Certificates” shall mean any series of Certificates issued pursuant to the provisions of the Indenture, in addition to the Series 2009 Certificates.

“Agency Agreement” shall mean that certain Agency Agreement, dated as of even date with the Lease and the Indenture, between the Lessor and the Lessee, designating the Lessee as the Lessor’s agent for purposes of causing the acquisition and construction of the Facilities on the Site or the acquisition of Equipment.

“Authorized Lessee Representative” shall mean the person or persons at the time designated, by written certificate furnished to the Lessor and the Trustee, as the person or persons authorized to act on behalf of the Lessee. Such certificate shall contain the specimen signature of such person or persons, shall be signed on behalf of the Lessee by the Mayor and may designate an alternate or alternates. The Authorized Lessee Representative may, but need not be, an employee of the Lessee.

“Authorized Lessor Representative” shall mean the person or persons at the time designated, by written certificate furnished to the Lessee and the Trustee, as the person or persons authorized to act on behalf of the Lessor. Such certificate shall contain the specimen signature of such person or persons, shall be signed on behalf of the Lessor by its Executive Director, and may designate an alternate or alternates. The Authorized Lessor Representative may, but need not be, an employee of the Lessor.

“Base Rental Payment Commencement Date” shall mean April 10, 2009, which is the date on which the Lessee becomes obligated to commence payment of Base Rentals pursuant to the Lease.

“Base Rental Payment Dates” shall mean each and every date on which any Base Rentals are payable pursuant to the Lease.

“Base Rentals” shall mean the Series 2009 Base Rentals and any Additional Base Rentals.

“Beneficial Owner” means an individual or entity which has acquired beneficial ownership of the Certificates.

“Book-Entry System” means the system maintained by DTC described in the Indenture.

“Business Day” shall mean a day of the year on which banks located in the city in which the designated corporate trust office of the Trustee is located are not required or authorized to remain closed.

“Calendar Year” shall mean the twelve-month period extending from January 1 to the next succeeding December 31.

“Capitalized Interest Account” shall mean the account by that name in the Certificate Payment Fund.

“Certificate” shall mean any of, and “Certificates” shall mean all of, the Series 2009 Certificates and any Additional Certificates authenticated and delivered and outstanding under the Indenture. The term “outstanding” when used with reference to Certificates shall mean, as of any particular time, all Certificates delivered by the Trustee under the Indenture and secured by the Indenture, except:

(a) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Certificates which are deemed to have been paid in accordance with the Indenture;

(c) Certificates for the payment or prepayment of which moneys in the necessary amount shall have been deposited in trust with the Trustee; provided, that if such Certificates are to be prepaid prior to the scheduled payment date thereof, notice of such prepayment shall have been given as in the Indenture provided, or provision satisfactory to the Trustee shall have been made for giving such notice; and

(d) Certificates in lieu of or in substitution for which other Certificates shall have been delivered pursuant to the terms of the Indenture.

“Certificate Payment Dates” shall mean May 1 and November 1 of each year, so long as any Certificates are outstanding under the Indenture, on which any Distribution is payable pursuant to the Certificates.

“Certificate Payment Fund” shall mean the fund created by the Indenture.

“Certificateholder” or “holder” or “owner” shall mean a Person in whose name a Certificate is registered in the Register.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and any applicable regulations thereunder.

“Completion Certificate” shall mean the certificate delivered by the Authorized Lessee Representative pursuant to the Indenture evidencing completion of the Project, and certain other matters.

“Completion Date” shall mean the date of completion of the acquisition, construction, and improvement of the Project, as evidenced by the delivery of the Completion Certificate.

“Construction Contract” shall mean any construction or similar contract or contracts between the Lessee (acting in its capacity as the Lessor’s agent pursuant to the Agency Agreement) and any contractor and between any contractor or subcontractor and his immediate subcontractor regarding construction of the Facilities and/or acquisition of Equipment, a copy of each of which is or will be on file with the Lessee.

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement by and between the Lessee and the Trustee, dated the date of issuance and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Construction” shall mean all costs which the Lessee, in its capacity as agent to the Trustor pursuant to the Agency Agreement, or the Trustor shall be required to pay under the terms of any contract or contracts for the acquisition, construction, and improvement of the Project, including but not limited to the following:

- (a) obligations of the Lessee or the Trustor incurred for labor and materials in connection with the acquisition, construction, and improvement of the Project;
- (b) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during the course of construction of the Project;
- (c) all costs of engineering and architectural services, including the costs incurred by the Lessee or the Trustor for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper construction of the Project, including costs of preparing and securing all Project Documents and site preparation;
- (d) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a Construction Contract;
- (e) payment of all other costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles and which will not affect the exemption from federal income taxation of the interest component of the Base Rentals payable by the Lessee under the Lease and assigned pursuant to the Indenture;
- (f) all costs which shall be required to be paid under the terms of any Construction Contract;
- (g) the cost of the acquisition of the Site and title insurance therefor;
- (h) the cost of the acquisition, construction and installation of the Facilities; and

(i) any sums required to reimburse the Trustor or the Lessee for advances by either of them for any of the above items or for any other costs incurred and for work done by either of them which are properly chargeable to the Project, provided such costs were incurred after the issuance of the Certificates.

“Council” shall mean the Mayor and Council of City of Riverdale, Georgia.

“Debt Service Requirement” shall mean the total principal and interest remaining to be paid over the term of a Series of Certificates. If Additional Certificates should be issued in the form of variable rate or balloon obligations, the method for determining the Debt Service Requirement applicable thereto shall be established by Supplemental Indenture.

“Delivery Costs” shall mean all items of expense directly or indirectly payable by or reimbursable to the Trustor, the Lessor or the Lessee relating to the financing of the Project under the Indenture, including, but not limited to, all costs paid or incurred by the Lessee or the Trustor under the Lease at any time prior to or after delivery of the Certificates with respect to the issuance, sale, and delivery of the Certificates, including, but not limited to, initial or acceptance fees and expenses of the Trustee, legal, accounting, financial (not including compensation to Purchaser), premium for title insurance, rating agency and project supervisor’s fees and expenses, recording and filing fees, fees and expenses of the Trustor, printing and engraving, and other fees and costs in connection therewith.

“Delivery Costs Fund” shall mean the fund created by the Indenture.

“Determination of Taxability” shall mean a determination that the interest income on the Certificates is subject to federal income taxation following an Event of Nonappropriation. A Determination of Taxability shall be deemed to have occurred following an Event of Nonappropriation on the date when any ruling, proposed deficiency or assessment of the Internal Revenue Service or opinion of any court shall have been rendered with respect to the taxability of interest on the Certificates, which in the opinion of Smith, Gambrell & Russell, LLP or other nationally recognized law firm would preclude the owner from excluding for federal income tax purposes interest on the Certificates from its gross income.

“Distributions” shall mean those amounts payable pursuant to the Certificates on each Certificate Payment Date representing the principal and interest components of the Base Rentals (the Series 2009 Base Rentals in the case of the Series 2009 Certificates, and the Additional Base Rentals in the case of any Additional Certificates) to be made by the Lessee pursuant to the Lease on each corresponding Base Rental Payment Date and premium, if any, on the Certificates.

“DTC” shall mean The Depository Trust Company.

“Equipment” shall mean furniture, furnishings and equipment for the Facilities as described in the plans and specifications therefor or otherwise specified in writing by the Lessee in a requisition to the Acquisition Fund.

“Event of Default” shall, as used in the section of this Summary describing the Indenture, mean one or more of the events described in the Indenture.

“Event of Default” shall, as used in the section of this Summary describing the Lease, mean one or more of the events described in the Lease.

“Event of Nonappropriation” shall have the meaning specified in the Lease.

“Facilities” shall mean the public buildings, related public facilities, and appurtenances necessary or convenient thereto and equipment, generally described on Exhibit A attached to Lease, and any restoration, addition, or replacement thereof.

“Fiscal Year” shall mean the twelve-month period extending from July 1 to the next succeeding June 30.

“Ground Lease” means the Ground Lease of even date with the Indenture and the Lease between the Lessee, as owner and ground lessor, and the Trustor, as ground lessee, with respect to the Site, and any amendments or supplements thereto.

“Indenture” shall mean that certain Indenture of Trust and Assignment of Public Purpose Master Lease, dated as of even date with the Lease, between the Georgia Municipal Association, Inc., as Trustor, and Wells Fargo Bank, National Association, as Trustee, and any amendments and supplements thereto as therein permitted.

“Initial Term” shall have the meaning specified in the Lease.

“Insurance Fund” shall mean the fund created by the Indenture.

“Interests Hereby Secured” shall mean the Certificates and the portion of the Distributions representing the principal component thereof and the portion of the Distributions representing the interest component thereon and premium thereon, if any, and all additional amounts and other sums at any time due and owing from or required to be paid by or on behalf of the Trustor, including all amounts owed to the Trustee, under the terms of the Certificates, the Indenture or the Purchase Agreement.

“Lease” shall mean that certain Public Purpose Master Lease, dated of even date with the Indenture, between the City of Riverdale, Georgia and the Georgia Municipal Association, Inc. with respect to the City of Riverdale, Georgia’s leasing of the Project described therein from the Georgia Municipal Association, Inc. and any amendments or supplements thereto, and shall include the Exhibits and Schedules attached thereto and incorporated therein.

“Lessee” shall mean City of Riverdale, Georgia, in its capacity as lessee under the Lease, and any body which succeeds to its powers, duties, or functions.

“Lessor” shall mean Georgia Municipal Association, Inc., or its successor or assign.

“Lien” shall mean any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes.

“Net Proceeds” when used with respect to any performance or payment bond proceeds, or proceeds from policies of insurance required by the Lease, or any condemnation award, or any proceeds resulting from default under a Construction Contract, with respect to the Project, or proceeds from any re-letting or sale of the Project, means the amount remaining after deducting all reasonable expenses (including fees and expenses of the Trustee and attorneys’ fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

“Officer’s Certificate” when used with respect to the Lessee shall mean a certificate signed by the Authorized Lessee Representative or, when used with respect to the Trustor, the Authorized Lessor Representative, and delivered to the Trustee.

“Operative Agreements” shall mean the Purchase Agreement, the Lease, the Certificates, the Security Agreement, the Ground Lease and the Indenture.

“Option Price” shall mean the price as specified in Schedule II attached to the Lease, as amended or supplemented.

“Optional Payment Date” shall mean any May 1 during the term of the Lease upon which the Lessee may purchase the Project for the then applicable Option Price in accordance with the Lease.

“Participant” means one of the entities which is a member of DTC and deposits securities, directly or indirectly, in the Book-Entry System.

“Permitted Encumbrances” shall mean, as of any particular time, (i) liens for taxes and assessments not then delinquent or which the Lessee may, pursuant to the provisions of the Lease, permit to remain unpaid; (ii) the Lease, the Indenture and the Security Agreement and any financing statements naming the Lessor or the Lessee as debtor and naming the Lessor or the Trustee as secured party now or hereafter filed to perfect the security interests granted by the Indenture or the Security Agreement; and (iii) utility, access, and other easements and rights of way, restrictions, and exceptions that an Authorized Lessee Representative certifies to the Trustee will not interfere with or impair the Project.

“Person” shall mean an individual, estate, partnership, corporation, trust or unincorporated organization, and a government or agency or municipal corporation.

“Plans and Specifications” shall mean the plans and specifications prepared for and showing the Project, as and when they are approved by the Lessee, the same being duly certified by an Authorized Lessee Representative, which plans and specifications shall be on file at the City of Riverdale administrative offices, and shall be available for reasonable inspection by the Lessor, the Trustee, and their duly authorized representatives.

“Project” shall mean the Facilities, any Equipment and the Site, collectively.

“Project Documents” shall mean (i) the Plans and Specifications, including changes (if any) as permitted by the Lease; (ii) a survey of the Site, prepared by a registered land surveyor in accordance with standard requirements for land title surveys, showing the location of all improvements, easements, encroachments and other encumbrances on the Site; (iii) any necessary permits for construction of the Facilities, including any building permits and certificates of occupancy; (iv) the Construction Contracts; (v) policies of title, casualty, public liability and workers’ compensation insurance, or certificates thereof, as required by the Lease with respect to the Project; (vi) performance and payment bonds with respect to the Facilities; (vii) the executed contract with the architect hired by the Lessee in connection with the preparation of the Plans and Specifications; and (viii) any and all other documents executed by or furnished to the Lessee in connection with the construction, acquisition, equipping or installing of the Project.

“Property” shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Purchase Agreement” shall mean the arrangement (the “Purchase Agreement”) made between the Trustor and the Purchaser, providing for the commitment of the Purchaser to purchase on the delivery date as designated pursuant to the Purchase Agreement, the Series 2009 Certificates as provided herein, in the aggregate principal amount of [\$AMOUNT] evidencing assignments of proportionate undivided ownership interests in the Base Rentals.

“Purchaser” shall mean Wachovia Bank, National Association.

“Ratably to the Accounts” shall have the meaning described below. So long as there is only one series of Certificates outstanding, such phrase shall mean “entirely to the account” in the pertinent fund relating to the Series of Certificates outstanding. If Additional Certificates shall have been issued and more than one Series of Certificates is outstanding, such phrase shall mean that the amounts described shall be apportioned among and paid into the respective accounts within the pertinent fund relating to the Series of Certificates outstanding, in the same proportion that the respective amount then due and payable from such fund on the related Series of Certificates (or if no amount is then due and payable from such fund, then the Debt Service Requirement of such Series) bears to the total amount due and payable from such fund on all Certificates outstanding (or if no amount is then due and payable from such fund, then the total Debt Service Requirement of all Certificates outstanding).

“Record Date” shall mean, with respect to any Certificate Payment Date, the fifteenth day of the month preceding the Certificate Payment Date.

“Redemption Fund” shall mean the fund created by the Indenture.

“Register” is defined in the Indenture.

“Renewal Term” shall have the meaning specified in the Lease.

“Rentals” shall mean the total amount of the Base Rentals and the Additional Rentals payable during each Renewal Term under the Lease.

“Reserve Fund” shall mean the fund created in the Indenture.

“Reserve Fund Requirement” shall mean, as of the date of any calculation, the least of (i) the maximum annual debt service with respect to the Certificates, (ii) ten percent (10%) of the proceeds of the Certificates or (iii) 125% of the average annual debt service with respect to the Certificates.

“Reserve Surety Bond” means a surety bond or irrevocable letter of credit credited to the Reserve Fund in lieu of or in partial substitution for moneys and securities on deposit therein.

“Security Agreement” shall mean that certain Deed to Secure Debt and Security Agreement, dated of even date with the Indenture and the Lease, between Trustor and the Trustee, constituting a leasehold deed to secure debt and security agreement.

“Series” refers to the Series 2009 Certificates or any series of Additional Certificates.

“Series 2009 Account” means the account by that name in the Certificate Payment Fund created by the Indenture.

“Series 2009 Base Rentals” shall mean the total of amounts initially payable by the Lessee as Base Rentals pursuant to the Lease.

“Series 2009 Certificates” shall mean the certificates of participation initially authorized under the Indenture.

“Site” shall mean those certain parcels of land situated in City of Riverdale, Georgia, as more particularly described on Exhibit B attached to the Lease on which the Facilities will be constructed.

“Supplemental Indenture” means a supplement to the Indenture authorized pursuant to the Indenture.

“Surety” shall mean the provider of any Reserve Surety Bond.

“Taxable Rate” shall mean the interest rate borne by the Certificates following a Determination of Taxability, which interest rate will be equal to the interest rate borne by the Certificates before such Determination of Taxability plus 1% per annum.

“Term of the Lease” shall have the meaning specified in the Lease.

“Trust Estate” shall mean (i) All right, title, interest, claims and demands of the Trustor in and to the Lease (except for its right to receive Base Rentals which have been or are to be absolutely assigned as provided above and for its right to certain notices and fees and expense reimbursements provided for in the Lease, and indemnification as provided in the Lease) and (ii) any and all other moneys and obligations which at such time are deposited or are required to be deposited with, or are held or are required to be held by or on behalf of, the Trustee in trust under any of the provisions of the Indenture, including without limitation moneys required to be deposited with the Trustee as Additional Rentals pursuant to the Lease, and any other right, title, and interest which at such time is subject to the lien of the Indenture.

“Trustee” shall mean Wells Fargo Bank, National Association, Atlanta, Georgia, and its successors and any corporation resulting from or surviving any consolidation or merger which it or its successors and any successor trustee at the time serving as successor trustee under the Indenture.

“Trustor” shall mean Georgia Municipal Association, Inc., a Georgia nonprofit corporation, or any successor nonprofit corporation to the duties or functions of the Trustor.

Issuance of Additional Certificates

Subject to receipt by the Trustee of certain documents as set forth in the Indenture, there may be issued one or more Series of Additional Certificates (a) to pay additional costs to complete the Project, (b) to expand or improve the Project, (c) to refund all or a portion of any Series of Certificates or (d) for any combination of such purposes. Each such Series of Additional Certificates shall be issued pursuant to a Supplemental Indenture and a supplement to the Lease and shall represent the assignment of the Additional Base Rentals provided for in the related supplement to the Lease and shall be equally and ratably secured under the Indenture with the Series 2009 Certificates and any Additional Certificates issued pursuant to the Indenture, without preference, priority or distinction of any Certificates over any other Certificates. Unless provided otherwise in a Supplemental Indenture, all such Additional Certificates shall be in substantially the same form as the Series 2009 Certificates, but shall bear such date or dates, bear interest at such rate or rates, have such maturity amount or amounts and date or dates, and redemption dates and redemption premiums, contain an appropriate series designation, and be issued at

such prices as shall be approved by the Trustor. The application of proceeds of Additional Bonds shall be provided by Supplemental Indenture.

Execution and Delivery of Additional Certificates

The Trustee will authenticate and deliver Additional Certificates upon receipt of the following:

1. An original duly executed counterpart of a supplement to the Lease providing for Additional Base Rentals sufficient to pay Distributions on the Additional Certificates.

2. A certificate of the Lessee, dated as of the date of delivery of such Additional Certificates and signed by an Authorized Lessee Representative stating that the amount of Base Rentals due with respect to the Additional Base Rentals during the Calendar Year of their issuance has been appropriated by the Lessee and that either (1) to the best of his or her knowledge as of the date of such certificate, no event or condition is happening or existing which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default or (2) if any such event or condition is happening or existing, specifying such event or condition and stating that such event or condition will be corrected promptly after the issuance of such Additional Certificates.

3. A certificate of the Trustor, dated as of the date of delivery of such Additional Certificates and signed by an authorized representative of the Trustor, stating that either (1) to the best of his or her knowledge as of the date of such certificate, no event or condition is happening or existing which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default or (2) if any such event or condition is happening or existing, specifying such event or condition and stating that such event or condition will be corrected promptly after the issuance of such Additional Certificates.

4. A certified copy of a resolution or resolutions of Lessee (1) authorizing the execution and delivery of a Supplemental Indenture and a supplement to the Lease, (2) approving the interest rate or rates, maturity date or dates, amounts maturing on such date or dates and redemption provisions for the Additional Certificates and (3) stating (i) the additional Costs of construction, or (ii) the Costs of additions to the Project for which the Additional Certificates are to be issued and the amount of capitalized interest, if any, prior to construction and during construction.

5. A certified copy of a resolution or resolutions of the Council authorizing the execution and delivery of a supplement to the Lease and such other documents as may be deemed necessary to issue the Additional Certificates.

6. An original executed counterpart of a Supplemental Indenture authorizing the issuance and providing for the details of such Additional Certificates and supplementing Schedules I and II to the Lease hereto to provide for additional Base Rental payments sufficient to pay principal of and interest on such Additional Certificates.

7. If such Additional Certificates are for the purpose of refunding all or part of one or more Series of Certificates:

(a) Irrevocable instructions from the Trustor, at the direction of the Lessee, to prepay at maturity all obligations to be refunded; and

(b) For refundings in which the refunded Certificates will not be paid on the day of issuance of Additional Certificates, computations, either prepared by or on behalf of the Lessee and verified

by an independent certified public accountant or prepared by an independent certified public accountant, showing that the proceeds (excluding accrued interest) of such Additional Certificates, together with any other moneys deposited with the Trustee for such purpose, shall be sufficient to provide for the payment of the obligations to be refunded either at maturity or upon earlier redemption and the expenses incident to such refunding.

8. Additional funding of the Reserve Fund in an amount equal to the portion of the Reserve Requirement attributable to the Additional Certificates to be issued.

9. An opinion of counsel for the Trustor as to the due authorization, execution, delivery and enforceability of the documents required to be executed by the Trustor.

10. An opinion of the City Attorney as to the due authorization, execution, delivery and enforceability of the documents required to be executed by the Lessee.

11. An opinion of Smith, Gambrell & Russell, LLP or another firm of attorneys nationally recognized in the area of the exclusion of interest on obligations from gross income for federal income taxation purposes, subject to the customary exceptions and qualifications, (1) as to the validity of the Additional Certificates, (2) that the interest portion of the Distributions payable on such Additional Certificates will be excludable from gross income for Federal income tax purposes, (3) that the issuance of such Additional Certificates is permitted under the terms of the Indenture and (4) that the issuance of such Additional Certificates does not affect adversely the exclusion of the interest component of the Distributions on the Series 2009 Certificates or any other outstanding Series of Certificates from gross income for federal income tax purposes.

Source of Payment of Series 2009 Certificates

The Series 2009 Certificates represent undivided interests in Trustor's interest in the Lease, including the right to receive Series 2009 Base Rentals or other amounts received or deemed received pursuant to the Trustor's interest in the Lease, and do not constitute independent payment obligations of the Trustee or the Trustor. The Series 2009 Base Rentals that the Lessee is required to pay in accordance with the Lease have been absolutely assigned to the Trustee and are to be remitted directly to the Trustee and deposited into the Certificate Payment Fund in accordance with the Indenture.

Creation of Funds and Accounts

The Indenture establishes with the Trustee the following trust funds and accounts:

1. "Public Purpose Certificate Payment Fund," which shall be used to pay the Distributions on the Certificates and as part of the Certificate Payment Fund separate and segregated accounts to be designated "Series 2009 Account" and "Capitalized Interest Account"; and

2. "Public Purpose Acquisition Fund" which shall be expended in accordance with the provisions of the Lease and the Indenture; and

3. the Public Purpose Reserve Fund (the "Reserve Fund"); and

4. the Public Purpose Insurance and Condemnation Fund (the "Insurance Fund"); and

5. the Public Purpose Delivery Costs Fund (the "Delivery Costs Fund").

Additional Accounts may be created in connection with the issuance of Additional Certificates, and shall receive and pay such amounts as specified herein and by Supplemental Indenture.

Payments into Certificate Payment Fund

There shall be deposited into the Series 2009 Account of Certificate Payment Fund, as and when received, the following:

- (a) any accrued interest specified in the Indenture;
- (b) any amount in the Acquisition Fund to be paid into the Series 2009 Account of Certificate Payment Fund in accordance with the Indenture;
- (c) all Additional Base Rentals specified in the Lease, except as otherwise provided in the Indenture;
- (d) the proceeds of the sale or re-letting of the Project or any portion thereof in the event that the Certificates are not prepaid in accordance with the Indenture;
- (e) any other amount to be deposited therein pursuant to any other provisions of the Indenture; and
- (f) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease which are required or which are accompanied by directions that such moneys are to be paid into the Series 2009 Account of Certificate Payment Fund.

There shall be deposited into the Capitalized Interest Account (i) the amount specified in the Indenture, (ii) earnings prior to the Completion Date on investments of moneys in the Capitalized Interest Account, and (iii) all other moneys received by the Trustee under and pursuant to any provisions of the Indenture which are required or which are accompanied by directions that such moneys are to be paid into the Capitalized Interest Account. The Trustee shall use such moneys for the payment of the interest component of the Distributions until all moneys in the Capitalized Interest Account on the date of the Completion Certificate is delivered shall be immediately deposited into the Series 2009 Account of Certificate Payment Fund for use as provided for moneys held in such fund.

Use of Moneys in Certificate Payment Fund

Except as provided in the Indenture, moneys in the Certificate Payment Fund shall be used solely for the payment of the Distributions on the Certificates.

Notice of Nonpayment of Base Rentals

The Trustee shall give written notice as soon as practicable, but in no event later than five (5) days after the applicable Base Rental Payment Date, to the Lessee in the event any Base Rentals, or portion thereof, are not paid when due on the applicable Base Rental Payment Date (including for this purpose any grace period provided under the Lease) and shall specify the amount of the Base Rentals not so paid.

Use of Moneys in Reserve Fund

The moneys available in the Reserve Fund shall be transferred into the Certificate Payment Fund and the accounts therein on any Certificate Payment Date to the extent necessary to have on deposit therein the full amount of the Distributions payable on such date. No amount held in the Reserve Fund shall be available or used to fund a deficiency (or for any other purpose) in any fund or account other than the Certificate Payment Fund and the accounts therein, except as otherwise expressly provided in the Indenture. When the amount on deposit in the Reserve Fund is insufficient, the Trustee will ascertain the necessity for a claim upon any Reserve Surety Bond and to provide notice to the Surety in accordance with the terms of the Reserve Surety Bond at least five business days prior to each date upon which interest or principal is due on the Certificates. All cash and investments in the Reserve Fund will be transferred to the Certificate Payment Fund and the accounts therein for payment of debt service on Certificates before any drawing may be made on any Reserve Surety Bond. Draws on all Reserve Surety Bonds on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund.

Any balance remaining in the Reserve Fund on the Certificate Payment Date on which the final Distribution is to be paid shall be transferred into the Certificate Payment Fund. If, but only so long as, the amounts available, in the Certificate Payment Fund and Reserve Fund are equal at any time to the amount of the Distributions to be payable under the Indenture, the Trustee shall transfer all such amounts then held in such Reserve Fund into the Certificate Payment Fund, and the Lessee shall be deemed to have paid the Distributions.

Upon receipt by the Trustee of any late Base Rentals for which moneys had theretofore been withdrawn from the Reserve Fund and deposited into the Certificate Payment Fund as provided in the Indenture, the Trustee will deposit a portion or all of such Base Rentals into the Reserve Fund in an amount equal to the amount so withdrawn therefrom.

Prior to receipt of the Completion Certificate, the Trustee will, upon the valuation of the Reserve Fund pursuant to the Indenture, transfer any moneys in the Reserve Fund in excess of the Reserve Fund Requirement into the Acquisition Fund, and after receipt of the Completion Certificate the Trustee shall, upon the valuation of the Reserve Fund pursuant to the Indenture, transfer any moneys in the Reserve Fund in excess of the Reserve Fund Requirement Ratably to the accounts in the Certificate Payment Fund.

The obligation to fund the Reserve Fund may be fulfilled by depositing a Reserve Surety Bond which is rated by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies ("S&P") or Fitch IBCA, Inc. in its highest rating category, which has a term not less than the final maturity date of the Certificates (or may be drawn upon in full upon its expiration date if a substitute letter of credit or surety bond is not in place prior to its expiration date) which it is given to secure and which is payable on any Certificate Payment Date in an amount equal to any portion of the balance then required to be maintained within the Reserve Fund. Before any such Reserve Surety Bond is substituted for cash or deposited in lieu of cash in the Reserve Fund, there shall be filed with the Trustee (i) an opinion of nationally recognized bond counsel to the effect that such substitution or deposit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any outstanding Certificates; (ii) a certificate evidencing that at least thirty days prior notice of the proposed substitution or deposit of such surety bond or letter of credit was given to Moody's and S&P, including a description of such surety bond or letter of credit and the proposed date of substitution or deposit; and (iii) the surety bond or letter of credit issued to fulfill the obligation to fund the Reserve Fund, together with an opinion of counsel to the issuer of the surety bond or letter of credit to

the effect that the surety bond or letter of credit is valid and enforceable in accordance with its terms. The Indenture may be amended without notice to or the consent of the owners of the Certificates to provide for any additional provisions required by the issuer(s) of such surety bond or letter of credit; provided, however, that there shall be first delivered to the Trustee an opinion of national recognized bond counsel to the effect that such additional provisions are not materially adverse to the rights or security of the owners of the Certificates.

Use of Moneys in Insurance Fund

All Net Proceeds of performance or payment bonds, proceeds from policies of insurance required by the Lease, or condemnation awards, or any proceeds resulting from a default under a Construction Contract with respect to the Project under the Lease which are received by the Trustee will be deposited into the Insurance Fund. If an Event of Default or an Event of Nonappropriation exists, the Trustee will apply the Net Proceeds to the prepayment of Base Rentals and the Certificates. Otherwise, the Lessee in accordance with the Lease shall file an Officer's Certificate with the Trustee, within ninety (90) days after the occurrence of the event giving rise to such Net Proceeds, directing the application and disbursement of such funds as follows:

(a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Project if such Officer's Certificate states that such Net Proceeds, together with any other funds lawfully available to the Lessee for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification, or improvement, and the Trustee is authorized to disburse moneys from such Insurance Fund as so directed by such Authorized Lessee Representative upon receipt of a written requisition in substantially the form described in the Indenture; or

(b) to the prepayment, in whole or in part, of the Base Rentals and the Certificates in accordance with the Indenture, and the Trustee is authorized to withdraw moneys from such Insurance Fund and deposit them Ratably to the accounts in the Redemption Fund (established in the Indenture) to be applied to such prepayment as directed by the Lessee in accordance with the Lease.

Disbursements from Delivery Costs Fund

Moneys in the Delivery Costs Fund will be disbursed upon written instructions from the Lessee to the Trustee describing in reasonable detail the applications for such funds to pay the Delivery Costs and the persons to whom payment therefrom is to be made.

Prepayments

No prepayment of any Certificate shall be made except to the extent and in the manner expressly permitted by the Indenture. Such prepayments shall represent Distributions received or deemed received under the Lease.

Mandatory Prepayment in the Event of Damage, Destruction, Condemnation

The Certificates are subject to mandatory prepayment in whole or in part from time to time, on such date as the Trustee shall determine, at the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, but without premium, in the event that (i) the Project is damaged or destroyed, in whole or in part, or taken in a condemnation proceeding, or certain events occur with respect to the Project as described in the Lease, and (ii) the Net Proceeds of any insurance policy (reduced

by the amount withheld by reason of any deductible clause), performance bond or condemnation award, or the Net Proceeds received as a consequence of defaults under any Construction Contract, made available by reason of one or more such occurrences, shall be insufficient to pay in full the cost of rebuilding or repairing the Project, and (iii) the Lessee elects to apply such Net Proceeds to the prepayment of the then outstanding Certificates in accordance with the Lease. If called for prepayment for any of the events described in this Section, the Certificates shall be subject to prepayment on the next date for which timely notice of prepayment may be given by the Trustee. If more than one series of Certificates is outstanding, the Net Proceeds shall be paid Ratably to the accounts in the Redemption Fund and shall be applied respectively to the redemption of the Certificates of the corresponding Series.

Mandatory Prepayment After an Event of Nonappropriation or an Event of Default

The Certificates are subject to prepayment in whole or in part from time to time, on any date as the Trustee shall determine, at the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, but without premium, from the Net Proceeds of a sale or re-letting of the Project or any portion thereof upon the occurrence of any Event of Nonappropriation or an Event of Default. Upon the occurrence of an Event of Nonappropriation or such an Event of Default, the Trustee will commence proceedings to relet or sell the Project or any portion thereof as provided in the Lease and the Indenture. If called for prepayment pursuant to this Section, the Certificates will be subject to prepayment on the next date for which timely notice of prepayment may be given by the Trustee; provided, however, that nothing herein shall be construed to terminate the obligations of the Trustee with respect to the holders of the Certificates and the receipt and disbursement of funds, which shall continue until the lien of the Indenture is discharged.

Partial Prepayment of Certificates

With respect to any partial prepayment of Distributions on the Certificates, the particular Certificates to be prepaid shall be prepaid in any order of maturity as directed by the Trustor and by lot within each maturity as selected by the Trustee. In the case of a partial prepayment of Distributions on the Certificates when Certificates of denominations greater than \$5,000 are then outstanding, then for all purposes in connection with such partial prepayment, each \$5,000 of face value will be treated as though it were a separate Certificate of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any fully registered Certificate is to be called for prepayment, then upon notice of intention to prepay such \$5,000 unit or units (given by the Trustee), the owner of such fully registered Certificate shall forthwith surrender such Certificate to the Trustee (a) for payment of the prepayment price (including the premium, if any, and interest to the date fixed for prepayment) of the \$5,000 unit or units of face value called for prepayment and (b) for exchange, without charge to the owner thereof, for a new Certificate or Certificates of the same Series of the aggregate principal amount of the unpaid balance of the principal amount of the Distributions on such Certificate. If the owner of any such Certificate of a denomination greater than \$5,000 fails to present such Certificate to the Trustee for payment and exchange as aforesaid, the Distributions to be prepaid on such Certificate will, nevertheless, become due and payable on the prepayment date to the extent of the \$5,000 unit or units of face value called for prepayment (and to that extent only); interest will cease to accrue on the portion of the principal amount of the Distributions on such Certificate represented by such \$5,000 unit or units of face value on and after the prepayment date and (funds sufficient for the payment of the prepayment price having been deposited with the Trustee, and being available for the prepayment of said unit or units on the prepayment date) such Certificate shall not be entitled to the benefit or security of the Indenture to the extent of the portion of its principal amount (and accrued interest thereon) represented by such \$5,000 unit or units of face value nor shall new Certificates be thereafter issued corresponding to said unit or units. Certificates shall be prepaid only in the principal amount of \$5,000 each or any integral multiple thereof.

Revised Schedule of Base Rentals

Upon partial prepayment, the Lessee will provide the Trustee with a revised schedule of Base Rentals which schedule will properly take into account such prepayment.

Redemption Fund

Moneys to be used for prepayment of Certificates will be deposited in the Redemption Fund. At such time as any moneys are deposited with the Trustee for the purpose of prepaying in whole or in part the portion of the Distributions attributable to principal, the Trustee will establish and maintain a separate account for the Trustor to be held in its name and designated as the "Public Purpose Redemption Fund." Said moneys will be set aside in the Redemption Fund solely for the purpose of prepaying the Distributions on such Certificates in advance of their scheduled payment date and will be applied on or after the Certificate Payment Date designated for prepayment or other prepayment date to the payment of the principal and interest components on the Distributions with respect to the Certificates to be prepaid and premium, if any, thereon upon presentation and surrender of such Certificates. Should Additional Certificates be issued, separate accounts will be created in the Redemption Fund for each Series of Certificates outstanding, and amounts in the respective accounts shall be applied to the redemption of the corresponding Series of Certificates.

Notice of Prepayment; Deposit of Moneys; Written Designation

Upon the written direction of the Lessee, notice of the call for any prepayment, identifying the Certificates (or the portions thereof) to be prepaid and specifying the terms of such prepayment, will be given by the Trustee (upon being satisfactorily indemnified as to expenses) by mailing a copy of the prepayment notice by first-class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for prepayment to the registered owner of each Certificate to be prepaid in whole or in part at the address shown on the Register; provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of the proceedings for the prepayment of any Certificate or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of prepayment there shall not have been deposited with the Trustee moneys sufficient to prepay all the Certificates called for prepayment, which moneys are or will be available for prepayment of Certificates, such notice will state that it is conditional upon the deposit of the prepayment moneys with the Trustee not later than the opening of business on the prepayment date, and such notice shall be of no effect unless such moneys are so deposited.

On or prior to the date fixed for any prepayment of Certificates the moneys required for such prepayment shall be deposited with the Trustee by the Lessee in accordance with the Lease. All Certificates called for prepayment will cease to bear interest after the specified prepayment date, provided that sufficient funds for prepayment are on deposit with the Trustee.

Prepayment of All Outstanding Certificates

In the event that the principal component of the Distributions on all Outstanding Certificates is to be prepaid, the Trustee will deposit Ratably to the accounts of the Redemption Fund all amounts then remaining in the Acquisition Fund, the Capitalized Interest Account, the Revenue Fund and the Insurance Fund, with advice to the Lessee of such action, such deposit to be made on the date fixed for prepayment.

Events of Default

The occurrence of any of the following events shall constitute an “Event of Default” under the Indenture:

1. Default in the payment of the principal or premium, if any, with respect to any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for prepayment; or
2. Default in the payment of any installment of interest with respect to any Certificate when the same shall become due and payable; or
3. The occurrence of any Event of Nonappropriation or Event of Default as each such term is defined in the Lease; or
4. The failure by the Trustor or the Lessee to observe and perform any covenant, condition, or agreement herein on its part to be observed or performed other than as referred to in 8.1(a),(b) or (c) of the Indenture for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Lessee or the Trustor by the Trustee, unless the Trustee shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Lessee or the Trustor within the applicable period and diligently pursued until the default is corrected.

Application of Net Proceeds of Re-letting or Sale and Other Proceeds

The Net Proceeds of any re-letting or sale of the Project, or any portion thereof, after an Event of Default or an Event of Nonappropriation and the proceeds and the avails of any remedy under the Indenture will be paid to and applied from time to time on such date or dates as the Trustee determines. The Trustee will apply the (i) Net Proceeds resulting from a sale of the Project Ratably to the accounts in the Redemption Fund, and (ii) Net Proceeds resulting from the re-letting of the Project Ratably to the accounts in the Certificate Payment Fund, for application first to past due principal and interest (in the inverse order of maturity and proportionally within a maturity), next to principal and interest currently due, and then to principal and interest to come due. As described in the Indenture, the Trustee may prepay the Certificates in connection with an Event of Default or Event of Nonappropriation.

In the event that such Net Proceeds and other moneys exceed the amount required to prepay the Certificates then Outstanding at 100% of the principal amount thereof plus accrued interest to the prepayment date, the excess moneys, if any, following payment of all amounts due the Trustee, are to be paid to the Lessee.

The Trustee shall be entitled to relet the Project for such period as is necessary for the Trustee to obtain sufficient moneys to pay the Distributions on the Certificates in full and the obligations of the Trustee with respect to the holders of the Certificates and the receipt and disbursement of funds shall continue until the lien of the Indenture is discharged under the Indenture. The termination or expiration of the term of the Lease as to the Lessee, of itself, shall not discharge the lien of the Indenture.

Rights of Certificateholders

If an Event of Default shall have occurred and be continuing under the Indenture and if requested so to do by the holders of at least twenty-five percent (25%) in aggregate principal amount of the Certificates then outstanding and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, upon advice of counsel if deemed advisable by the Trustee, shall deem most expedient in the interests of the Certificateholders.

No delay or failure to exercise any right or power accruing upon any Event of Default will impair any such right or power or shall be construed to be a waiver of any such Event of Default; such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Certificateholders, will extend to or will affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Right of Certificateholders to Direct Proceedings

The holders of sixty-six and two thirds percent (66-2/3%) in aggregate principal amount of the Certificates then outstanding will 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 the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Waiver

Upon the occurrence and continuation of an Event of Default under the Indenture, to the extent that such rights may then lawfully be waived, neither the Trustee, nor anyone claiming through or under the Trustor, shall set up, claim, or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the Indenture, and the Trustor for itself and all who may claim through or under it, hereby waives, to the extent that it may lawfully do so, the benefit of all such laws.

Remedies Vested in Trustee

All rights of action (including the right to file proof of claims) under the Indenture, the Security Agreement, or under any of the Certificates may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee will be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any holders of the Certificates and any recovery of judgment shall be for the equal and ratable benefit (subject to certain provisions of the Indenture) of the holders of the then outstanding Certificates.

Termination of Proceedings

If the Trustee has proceeded to enforce any right under the Indenture, and such proceedings are discontinued or abandoned for any reason, or are determined adversely, then and in every such case the Trustor, the Trustee, the Lessee, and the Certificateholders shall be restored to their former positions and

rights under the Indenture respectively with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

Waivers of Events of Default

The Trustee may, in its discretion, waive any Event of Default under the Indenture and its consequences, and shall do so upon the written request of the holders of sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of Certificates then outstanding; provided, however, that the Trustee may not waive without the consent of the owner of each Certificate so affected (a) any Event of Default in the payment of the principal of any outstanding Certificates at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Certificates unless, prior to such waiver or rescission, all arrears of interest, as in the Indenture provided on overdue interest or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such Event of Default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such Event of Default are discontinued or abandoned or determined adversely, then and in every such case the Trustor, the Trustee, the Lessee, and the Certificateholders will be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Supplemental Indentures Without Certificateholder Consent.

The Trustor and the Trustee from time to time and at any time with the consent of the Lessee, but without the consent of or notice to any Certificateholders and subject to the restrictions in the Indenture contained, may enter into a Supplemental Indenture hereto and which thereafter shall form a part of the Indenture for any one or more or all of the following purposes:

1. to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Trustor;
2. to subject to the lien of the Indenture additional Property hereafter acquired by the Trustor and intended to be subjected to the lien of the Indenture and to correct and amplify the description of any Property subject to the lien of the Indenture;
3. to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;
4. to make any change that, in the judgment of the Trustee, shall not materially adversely affect the interest of any Certificateholder; or
5. to provide for the issuance of Additional Certificates;
6. and the Trustor covenants to perform all requirements of any such Supplemental Indenture. No restriction or obligation imposed upon the Trustor may, except as otherwise provided in the Indenture, be waived or modified by such Supplemental Indentures, or otherwise.

Waivers and Consents by Certificateholders; Supplemental Indentures with Certificateholders' Consent

Upon the waiver or consent of the holders of at least sixty-six and two thirds percent (66-2/3%) in aggregate principal amount of the Certificates then outstanding (a) the Trustor and Trustee may take any

action prohibited, or omit the taking of any action required, by any of the provisions of the Indenture or any Supplemental Indenture, or (b) the Trustor and the Trustee may enter into a Supplemental Indenture for the purpose of adding, changing or eliminating any provisions of the Indenture or of any Supplemental Indenture or modifying in any manner the rights and obligations of the holders of the Certificates and the Trustor; provided, that such waiver or Supplemental Indenture does not (i) impair or affect the right of any holder to receive payments or prepayments of the Distributions on its Certificate, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any Lien with respect to any of the Trust Estate, without the consent of the holders of all the Certificates at the time outstanding, (iii) effect the deprivation of the holder of any Certificate of the benefit of the lien of the Indenture upon all or any part of the Trust Estate without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Certificates, the holders of which are required to consent to any such waiver or Supplemental Indenture, without the consent of the holders of all of the Certificates at the time outstanding, (v) modify the rights, duties or immunities of the Trustee without the consent of the Trustee and the holders of all of the Certificates at the time outstanding, or (vi) cause the interest on the Certificates to be included in the holders' gross income for federal income tax purposes.

Notice of Supplemental Indentures

Promptly after the execution by the Trustor and the Trustee of any Supplemental Indenture or agreement, the Trustee shall give written notice, setting forth in general terms the substance of such Supplemental Indenture, together with a conformed copy thereof, mailed first-class postage prepaid, to each holder of the Certificates at its address set forth in the Register. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture or agreement. Notice of any Supplemental Indenture shall be given to the rating agencies then rating the Certificates at least 10 days prior to the effective date thereof.

Opinion of Counsel Conclusive as to Supplemental Indentures

The Trustee is authorized to join with the Trustor in the execution of any such Supplemental Indenture authorized or permitted by the terms of the Indenture and to make the further agreements and stipulations which may be therein contained, and the Trustee may receive an opinion of counsel selected by the Trustee (which may be counsel for the Lessee or the Trustor) as conclusive evidence that any Supplemental Indenture executed pursuant to the applicable provisions of the Indenture complies with the requirements of the Indenture.

Consent of Lessee

Anything herein to the contrary notwithstanding, a waiver or Supplemental Indenture under the Indenture shall not become effective unless and until the Trustor and the Lessee shall have consented to such waiver or the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed to the Trustor and the Lessee at its address and in the manner provided in the Indenture at least thirty (30) days prior to its proposed execution.

Amendments to the Lease or the Ground Lease Not Requiring Consent of Certificateholders

The Trustor and the Lessee may, with the written consent of the Trustee, but without the consent of or notice to the Certificateholders, amend the Lease or the Ground Lease (a) whenever, in the opinion of counsel satisfactory to the Trustee and the Lessee, the contemplated amendment is necessary to cause the Lease or the Ground Lease to comply with Georgia law or to cause the interest component of the Base

Rentals to be or remain exempt from federal income taxation; (b) whenever the effect of such amendment is solely to add further, additional or improved security to the rights of the Trustee and the holders of the Certificates; (c) for the purpose of curing any ambiguity or formal defect or omission in the Lease or the Ground Lease; (d) in order to more precisely identify the Project or to add additional improvements or properties acquired in accordance with the Lease or the Ground Lease and the Indenture; (e) to provide for the issuance of Additional Certificates as provided herein; or (f) for any other purpose that, in the judgment of the Trustee, shall not materially adversely affect the Certificateholders.

Amendments to the Lease or the Ground Lease Requiring Consent of Certificateholders

Except for certain amendments, changes, or modifications as provided in the Indenture, no other amendment, change, or modification of the Lease or the Ground Lease will be made without mailing of notice and the written approval or consent of the holders of not less than sixty-six and two thirds percent (66-2/3%) in aggregate principal amount of the Certificates at the time outstanding given as in this Section provided. If at any time the Trustor and the Lessee request the consent of the Certificateholders to any such proposed amendment, change or modification of the Lease or the Ground Lease, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be mailed in the same manner as provided in the Indenture with respect to Supplemental Indentures.

THE LEASE

Commencement and Renewal of the Term of the Lease

The initial term of the Lease commences on the date of delivery of the Lease, and expires at midnight on December 31, 2009 (the “Initial Term”). The term of the Lease automatically renews on each December 31 for twenty-nine (29) additional and consecutive one-year renewal terms beginning January 1 and ending on December 31 of each successive year through and including December 31, 2037 and one final renewal term beginning on January 1, 2038 and ending on May 1, 2038 or such later date as may be provided in connection with the issuance of Additional Certificates (herein referred to individually as the “Renewal Term” and collectively as the “Renewal Terms”) unless there shall occur an Event of Nonappropriation. The terms and conditions of the Lease during any Renewal Term are the same as the terms and conditions during the Initial Term, except that the Base Rentals and the Option Prices may be revised as provided in the Indenture. Notwithstanding anything in the Lease to the contrary, the Lease expires absolutely and without further obligation on the part of the Lessee at the end of the Initial Term or the last Renewal Term for which it is renewed. The Lessee may cause the Lease not to be renewed for the next Renewal Term by delivery of written notice to the Trustee prior to December 1 of the current Renewal Term, stating the Lessee’s intention not to renew the Lease.

Expiration or Termination of the Term of the Lease.

The term of the Lease will expire or terminate, as appropriate, as described in the Lease upon the first to occur of any of the following events: (a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation (which is not thereafter waived by the Trustee); (b) an Event of Default and a termination of the term of the Lease by the Trustee; or (c) discharge of the Indenture as therein provided.

Effect on the Lessee of Expiration or Termination of the Term of the Lease.

The expiration or termination of the term of the Lease as to the Lessee will terminate all obligations of the Lessee under the Lease (except to the extent that the Lessee shall have incurred any obligation to pay Rentals from moneys theretofore appropriated and available for such purpose through the last day of the portion of the Renewal Term during which the Lessee continues or continued to occupy the Project) and shall terminate the Lessee’s rights of use and occupancy of the Project; provided, however, that all other terms of the Lease and the Indenture, including all obligations of the Trustee with respect to the holders of the Certificates and the receipt and disbursement of funds, will continue until the lien of the Indenture is discharged, as provided in the Indenture. The termination or expiration of the term of the Lease as to the Lessee, of itself, shall not discharge the lien of the Indenture.

Rentals Payable

For the Initial Term and each Renewal Term for which the Lease is renewed, the Lessee shall pay the Base Rentals and the Additional Rentals in the amounts, at the times, and in the manner set forth in the Lease, said amounts constituting in the aggregate the total obligation of the Lessee incurred and payable under the Lease during such Initial Term or Renewal Term, as follows:

Base Rentals

Subject to the availability of appropriations of funds by the Lessee and otherwise subject to the limitations of the Lease, the Lessee will pay to the Trustee, for the account of the Lessor in arrears for the

Initial Term and for each Renewal Term, Base Rentals in the respective semiannual installments and on the respective April 10 and October 10 of each year as indicated in the Schedule of Base Rental Payments, commencing on the Base Rental Payment Commencement Date. Each Base Rental payment made on April 10 will comprise both a principal component and an interest component (calculated on the basis of a year of 360 days consisting of twelve 30-day months), and each Base Rental payment made on October 10 shall comprise only an interest component (also calculated on the basis of a year of 360 days consisting of twelve 30-day months).

Additional Rentals

In addition to the Base Rentals and as part of the total Rentals payable during the Initial Term and each Renewal Term of the Lease, the Lessee will pay on a timely basis, but only from legally available funds appropriated for such purposes, to the parties entitled thereto an amount or amounts (the “Additional Rentals”) for such term to which the following items apply or relate, equivalent to the sum of the following (provided that the Lessee’s liability to pay any Additional Rentals shall arise from and after the date of delivery of the Lease):

- (i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture;
- (ii) the reasonable fees and charges of the Trustee and any paying agent appointed under the Indenture with respect to the Certificates for acting as paying agent as provided in the Indenture;
- (iii) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred by it as Trustee under the Indenture;
- (iv) the reasonable fees, including but not limited to the annual administrative fee of the Lessor, and out-of-pocket expenses and liabilities of the Lessor relating to the Project not otherwise required to be paid by the Lessee under the terms of the Lease;
- (v) the costs of maintenance, operation and repair with respect to the Project and utility charges as required under Article VI of the Lease;
- (vi) the costs of insurance as required under Article VII of the Lease;
- (vii) the costs of taxes and governmental charges and assessments as required under Article VIII of the Lease;
- (viii) an amount equal to any franchise, succession, capital levy or transfer tax, or any income, excess profits or revenue tax, or any other tax, assessment, charge, or levy (however denominated) levied, assessed, or imposed by the State of Georgia or any political subdivision or municipal corporation thereof upon the Base Rentals payable under the Lease or the Option Price (if paid) or upon the Project;
- (ix) any amount required to be deposited with the Trustee into the Reserve Fund in order to maintain therein an amount equal to the Reserve Fund Requirement;
- (x) any amount of interest required to be paid on any of the foregoing items as a result of the Lessee’s failure to pay any such items when due;

- (xi) the costs associated with the cleanup or removal of hazardous substances;
- (xii) the amount of any draw under Reserve Surety Bonds and all related reasonable expenses, as provided by the related insurance agreement, together with an amount equal to interest due on such draws and expenses from the date of payment by the Surety; and
- (xiii) any other fees, costs, levies, charges, taxes, assessments or expenses that the Lessor is required or is authorized to pay in connection with the Lease, the Certificates or the Project, including any sums incurred under the Lease.

Consideration

The payments of Base Rentals and Additional Rentals under the Lease for each Renewal Term during the term of the Lease shall constitute the total Rentals for said Renewal Term and shall be paid by the Lessee for and in consideration of the right of use and occupancy of the Project, and the continued quiet use and enjoyment of the Project for and during said Renewal Term. The Rentals due on any April 10 will be in consideration of the right of use and occupancy of the Project by the Lessee from the immediately preceding January 1 through the immediately following June 30, and the Rentals due on any October 10 will be in consideration of the right of use and occupancy of the Project by the Lessee from the immediately preceding July 1 through the following December 31.

Covenant to Request Appropriations

The Lessee covenants that during the term of the Lease it will cause its budget officer (i) to include in the budget for adoption by the Council a request or requests for the amount necessary to pay the Base Rentals and the reasonably estimated Additional Rentals for the Project during the next succeeding Renewal Term, including for fiscal years 2010 through 2016 a transfer from the Lessee's special purpose local option sales tax account of the maximum amount lawfully available therefrom for the purpose of paying Base Rentals, which budget will include for fiscal years 2010 through 2016 a transfer from the Lessee's special purpose local option sales tax account of the maximum amount lawfully available therefrom for the purpose of paying the Base Rentals, and (ii) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure the availability of moneys appropriated to pay such Base Rentals and Additional Rentals for each such Renewal Term, including all such actions for such purpose as may be required under Section 36-60-13 of the Official Code of Georgia Annotated, as amended. Requests for appropriations by the Lessee will be made so that sufficient appropriation moneys for the payment of the Base Rentals to be paid on April 10 and October 10 of the succeeding Renewal Term and Additional Rentals payable during such Renewal Term will be available for such purposes. The Lessee will adopt its annual budget no later than 30 days after the end of its Fiscal Year.

The Lessee has further covenanted to notify the Trustee in writing prior to the end of the current Renewal Term during the term of the Lease as to the amount appropriated by it for such Base Rentals and reasonably estimated Additional Rentals and stating, if such is the case, the amount of any deficiency in such appropriation and whether or not the Lessee believes such deficiency will cause it to be unable to pay Rentals coming due under the Lease during the next succeeding Renewal Term.

Limitations on Liability

Nothing in the Lease shall be construed to require the Council, being the governing body of the Lessee, to appropriate any money to pay any Rentals or the Option Price under the Lease. If the Lessee fails to pay any portion of the Rentals due under the Lease or if an Event of Default or an Event of Nonappropriation occurs under the Lease, the Lessee will (but in no event earlier than the expiration of

the Initial Term or the then-current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such term of the Lease, in the case of an Event of Nonappropriation) quit and vacate the Project in accordance with the Lease, and its obligation to pay Rentals (except for Rentals theretofore appropriated and for such purpose through the last day of the portion of the Renewal Term or prior Renewal Term during which the Lessee occupies or continues to occupy the Project) and the other obligations of the Lessee under the Lease (excepting amounts previously accrued during the term of the Lease and then owing to the Trustee) shall thereupon cease. Should the Lessee fail to pay any portion of the required Rentals and then fail to quit and vacate the Project in accordance with the Lease, the Lessor or the Trustee in accordance with the Indenture may immediately bring legal action to evict the Lessee from the Project (but not for money damages except as specifically provided in the Lease), and exercise its remedies with regard to the Project in accordance with the Indenture and the Security Agreement. No judgment may be entered against the Lessee or the State of Georgia for failure to pay any Rentals or the Option Price under the Lease, except to the extent that the Lessee has theretofore incurred liability to pay any such Rentals through its actual use and occupancy of the Project or through its lawful appropriations of, and payment when due of, Rentals relating to such use.

The Rentals constitute current expenses of the Lessee, and the Lessee's obligations under the Lease are from year to year only and do not constitute a mandatory payment obligation of the Lessee in any ensuing Calendar Year beyond the current Calendar Year in contravention of Section 36-60-13, Official Code of Georgia Annotated, as amended. No provision of the Lease will be construed or interpreted as creating a general obligation or other indebtedness of Lessee or the State of Georgia, within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery, and performance of the Lease nor the issuance of the Certificates directly or indirectly obligates the Lessee to make any payments of Rentals under the Lease beyond those appropriated for the Lessee's then current Calendar Year.

No obligation assumed by or imposed upon the Lessor under the Lease shall require the performance of any act by the Lessor except to the extent, if any, that the full cost and expense of such performance is provided for from the proceeds of the sale of the Certificates or paid by the Lessee under the Lease as Additional Rentals or from any other lawful source available to the Lessee.

Base Rentals Assigned; Unconditional Obligation

All Base Rentals payable under the Lease by the Lessee are absolutely, unconditionally and irrevocably assigned to the Trustee pursuant to the Indenture. The Lessee has assented to such assignment, and agreed that its obligation to pay the Base Rentals and the Additional Rentals from legally available funds appropriated for such purpose shall be absolute and unconditional and shall not be subject to acceptance, abatement, damage, destruction or condemnation relating to the Project or any defense or any right of set-off, counterclaim, or recoupment arising out of any breach by the Lessor of any obligation to the Lessee, whether under the Lease or otherwise, out of any indebtedness or liability at any time owing to the Lessee by the Lessor or by the failure of the completion of the Project. Notwithstanding any dispute between the Lessee and the Lessor under the Lease, the Lessee shall pay all Rentals when due and shall not withhold payment of any Rentals pending the final resolution of such dispute. In the event of a determination that the Lessee was not liable for payment of such Rentals or any portion thereof, said payments or excess of payments, as the case may be, will be credited by the Trustee against subsequent payments of Rentals due under the Lease.

Payment

Each Base Rental payment and each Additional Rental payment shall be paid in lawful money of the United States of America, by check drawn against funds of the Lessee. Each Base Rental payment will be paid at the designated corporate trust office of the Trustee in Atlanta, Georgia or at such other place or places as may be set forth in the Indenture. Each Additional Rental payment will be paid at the appropriate office as designated by the respective payees entitled to receive such Additional Rental, except that the payment of any Additional Rental pursuant to the Lease into the Reserve Fund shall be paid at such designated corporate trust office of the Trustee. Each Base Rental payment and each Additional Rental payment which is not paid when due shall bear interest at the rate of eight percent (8%) per annum from the date on which the Base Rental payment or Additional Rental payment, as the case may be, becomes due until the same is paid.

Credit on Base Rentals

There will be credited against Base Rentals any amount held in the Certificate Payment Fund on the April 10 and October 10 next preceding each Certificate Payment Date, including the portion of the proceeds of the sale of the Certificates which is deposited in the Certificate Payment Fund as accrued interest and earnings derived from the investment of funds held in the Certificate Payment Fund available for such purpose.

If at any time, and so long as, the aggregate amount of moneys available under the Indenture is sufficient to pay (i) the Distributions on the Certificates as the same become due, (ii) all other expenses under the Indenture (including without limitation the fees and charges of the Trustee and any paying agent and the costs and expenses of the Lessor due or to become due through the date on which the last of the Certificates is to be paid), and (iii) any other monetary obligations of the Lessee under the Lease (including the fees and charges of the Lessor), and if the Lessee is not at the time otherwise in default on any obligation under the Lease, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are deposited with the Trustee during the remainder of the term of the Lease without further payment of any Base Rentals during that interval (but otherwise on the terms and conditions of the Lease).

Application of Base Rentals and Option Price

All Base Rentals and, if paid by the Lessee, the Option Price will be paid to the Trustee for application in accordance with the Indenture.

Nonappropriation; Vacating the Project

In the event that (i) sufficient funds are not appropriated by the Council prior to the beginning of any Renewal Term (or a notice to that effect has been given to the Trustee pursuant to the Lease) for the payment of the Base Rentals and reasonably estimated Additional Rentals payable during such Renewal Term, or are otherwise not available for such purpose or (ii) the Trustee receives notice from the Lessee that the Lessee determines not to renew the Lease for the succeeding Renewal Term, then an Event of Nonappropriation will be deemed to have occurred. An Event of Nonappropriation will also be deemed to have occurred (subject to waiver by the Trustee as hereinafter described) if, during the Initial Term or any Renewal Term, any Additional Rentals will become due, and funds are not legally available to the Lessee to pay such Additional Rentals within thirty (30) days after they are due. The Trustee may waive any Event of Nonappropriation which is cured by the Lessee within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the holders of the Certificates. If an Event of Nonappropriation occurs, the Lessee shall not be obligated to make payment of the Base Rentals or

Additional Rentals beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs; provided, however, if an Event of Nonappropriation occurs and the Lessee continues to occupy the Project, the Lessee shall continue to be liable for the portion of the Base Rentals and Additional Rentals which would have been payable during such Renewal Term equal to the portion of such Renewal Term (or prior Renewal Term if the Lessee's occupancy lasts beyond a single Renewal Term) during which the Lessee continues to occupy the Project, subject to the availability of sufficient legally available funds for such purpose. The Trustee shall, upon the occurrence of an Event of Nonappropriation, be entitled (subject to the limitations imposed on the Trustee pursuant to the Lease) to take possession of the Project as trustee for the benefit of the holders of the Certificates and to sell or relet all or any portion of the Project and shall be further entitled to all moneys then on hand in all funds and accounts created under the Indenture less any moneys then due and owing to the Trustee for services performed as trustee. All property, funds and rights acquired by the Trustee upon the termination of the Lease by reason of an Event of Nonappropriation shall be held by the Trustee under the Indenture for the benefit of the holders of the Certificates as set forth in the Indenture until the Distributions on the Certificates are paid in full and, after payment of all amounts due the Trustee and the Lessor, any excess shall thereafter be paid to the Lessee as provided in the Indenture.

Upon the occurrence of an Event of Nonappropriation or an Event of Default, the Lessee must have all responsibility for vacating the Site and the Facilities. The Lessee must vacate the Site and the Facilities immediately upon an Event of Default. If the Lessee fails to appropriate Base Rentals for the following Calendar Year, the Lessee will not be required to vacate the Site or the Facilities until the expiration of the current Renewal Term.

Maintenance and Operation

The Lessee will, at its own expense, maintain, manage and operate the Project and all improvements thereon in good order, condition and repair, ordinary wear and tear excepted. The Lessee will provide or cause to be provided all security service, custodial service, janitorial service, power, gas, telephone, light, heating and water, and all other public utility services. It is understood and agreed that in consideration of the payment by the Lessee of the Rentals provided for in the Lease, the Lessor is only obligated to provide the Project in the manner and to the extent provided in the Lease, and neither the Lessor, the Trustee, nor any holder of any Certificates will have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Project during the term of the Lease. The Lessee will keep the Project and any and all improvements thereto free and clear of all liens, charges and encumbrances, except for the Permitted Encumbrances and those caused or consented to by the Trustee.

Care of the Project

The Lessee will take good care of the Project, and suffer no waste or injury thereto, ordinary wear and tear excepted. The Lessee will pay for all damage to the Project, due to any waste, misuse, or neglect by the Lessee, its agents, servants, employees, independent contractors, licensees or invitees. In addition, the Lessee shall comply with all applicable federal and state statutes, rules and regulations and city and county ordinances relating to the operation of the Project.

There will be no allowance to the Lessee for a diminution in or abatement of Rentals and no liability on the part of the Lessor by reason of inconvenience, annoyance or injury to business arising or resulting from the Lessor, the Lessee, or others making repairs, alterations, additions or improvements in or to any portion of the Project, and no liability upon the Lessor or allowance for a diminution in or abatement of Rentals for failure of the Lessor or others to make any repairs, alterations, additions or improvements in or to any portion of the Project.

The Lessor will not be liable for, and there will be no diminution in or abatement of Rentals for, any loss or damage to the Project caused by vermin, rain, snow, liquids and semi-liquids, or caused by any latent defect in the Facilities. There will be no diminution in or abatement of Rentals for any damage or condemnation of or destruction to the Project.

The Lessee's taking possession of the Project or any portion thereof shall be conclusive evidence against the Lessee that the Project or such portion thereof was in good order and satisfactory condition when the Lessee took possession thereof and that all work to be done on the Project pursuant to the terms of the Lease, if any, has been completed to the Lessee's satisfaction; provided, however, the Lessee's taking possession as herein provided will be without prejudice to any rights against third parties which exist at the date of taking such possession or which may subsequently come into being. No promise of the Lessor to alter, remove, improve, or clean the Project and no representation respecting the condition of the Project have been made by the Lessor to the Lessee.

Loss and Damage

All of the Lessee's personal property of any kind that may be on or about the Project or placed in the custody of any of the Lessee's employees or agents shall be held at the sole risk of the Lessee, and the Lessor will have no liability to the Lessee for any theft or loss thereof or damage thereto from any cause whatsoever.

Insurance

After the Lessee takes occupancy of the Project, the Lessee will at all times maintain or cause to be maintained with responsible insurers all such insurance on the Project (valued as defined below) which is customarily maintained with respect to properties of like character against accident to, loss of or damage to such properties. Notwithstanding the generality of the foregoing, the Lessee will not be required to maintain or cause to be maintained any insurance which is not available from reputable insurers in the open market or more insurance than is specifically referred to below. Any policies maintained by the Lessee will name the Trustee and the Lessor as mortgagee and additional insured respectively.

Subject to the preceding paragraph, the Lessee will:

(i) Keep or cause to be kept a policy or policies of insurance against loss or damage to the Project resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such perils ordinarily defined as "extended coverages." Such insurance may be carried in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Lessee. Such insurance shall be maintained in an amount not less than the full insurable value of the Project, subject to customary deductibles. The term "full insurable value" as used in this subsection shall mean the actual replacement cost, using the items of value set forth above (including the cost of restoring the surface grounds owned or leased by the Lessee but excluding the cost of restoring trees, plants and shrubs), less physical depreciation. Said "full insurable value" shall be determined from time to time but not less frequently than once in every twelve (12) months.

(ii) Maintain or cause to be maintained public liability insurance against claims for bodily injury or death, or damage to property occurring upon, in or about the Facilities, such insurance to afford protection to a limit of not less than \$1,000,000 combined single limit. Such insurance may be maintained under an Owners, Landlords, and Tenants policy and may be maintained in the form of a minimum \$1,000,000 single limit policy covering all such risks.

Such insurance may be carried in conjunction with any other liability insurance coverage carried or required to be carried by the Lessee. Participation in an "Inter-Local Risk Management Agency" shall satisfy the requirements of this paragraph. Notwithstanding any provision to the contrary contained in the Lease, for purposes of the public liability insurance provided for in this section only, the Lessee will not be required to carry said described policy in its name but rather only in the name of the Lessor with the Trustee named as mortgagee in the policy. The Lessee will remain liable for the cost of this public liability insurance as an Additional Rental, notwithstanding it is not insured by said policy.

(iii) Maintain or cause to be maintained flood insurance for any portion of the Project located in a flood plain.

All Insurance provided for in the Lease shall be effected under policies issued by insurers of recognized responsibility, rated "A" or better, licensed or permitted to do business in the State of Georgia, except as otherwise provided in the Lease. As an alternative to the requirement of subsections (i), (ii) and (iii), the Lessee may insure such property to the same extent under a blanket insurance policy or policies which cover not only such property but other properties.

All policies or certificates issued by the respective insurers for insurance will provide that such policies or certificates will not be cancelled or materially changed without at least thirty (30) days prior written notice to the Trustee and the Lessor. All policies or certificates issued by the respective insurers for insurance will also require the insurer to give the Lessor and the Trustee notice of the non-payment of the premium and shall give the Lessor and the Trustee a reasonable opportunity to cure such non-payment. Certificates of insurance listing such policies will be deposited with the Trustee together with appropriate evidence of payment of the premiums therefor, and, at least thirty (30) days prior to expiration dates of expiring policies or contracts held by the Trustee, copies of renewal or new policies or contracts or certificates will be deposited with the Trustee together with evidence of payment of premiums therefor.

All policies of insurance (except the policy of public liability specified in the Lease) must provide that the proceeds thereof shall be payable to the Trustee. The Net Proceeds of fire and extended coverage insurance shall be deposited into the Insurance Fund under the Indenture to be applied to rebuild and repair the Facilities or prepay outstanding Certificates as provided in Article X of the Lease.

Alterations, Additions and Improvements

The Lessee will have the right during the term of the Lease to make any alterations, additions or improvements of any kind, structural or otherwise, as it deems necessary or desirable, on or to the Project; provided, however, that no such alteration, addition, or improvement shall materially reduce or otherwise adversely affect the value of the Project or the fair rental value thereof or materially alter or change the character or use of the Project or impair the exemption of the interest component of the Base Rentals from federal income taxation; provided further that the Lessee has covenanted that it will not expend, nor incur any contractual or other obligation for the expenditure of \$1,000,000 or more of its own funds for any alterations, modifications, additions or improvements to the Facilities without the prior written approval of nationally recognized bond counsel.

Title to Alterations, Additions, and Improvements

Except as provided in the Lease, all such alterations, additions, and improvements shall, to the extent legally permissible, be subject to the Lease, to the Indenture and to the Security Agreement and become the property of the Lessor as a part of the Project.

Lessee's Equipment.

All of the Lessee's equipment and other personal property installed or placed by the Lessee in or on the Facilities which is not a fixture under applicable law or which is not paid for with the proceeds of the sale of the Certificates will remain the sole property of the Lessee in which neither the Lessor nor the Trustee shall have any interest, and may be modified or removed at any time by the Lessee and will not be subject to the lien of the Indenture.

If after the occurrence of an Event of Nonappropriation or an Event of Default, the Lessee moves out or is dispossessed and fails to remove any of its property at the time of such moving out or dispossession, then and in that event, the Trustee shall have the option either to regard such property as abandoned by the Lessee, in which case such property will become the property of the Lessor subject to the Indenture, or will have the right to demand that the Lessee remove such property from the Facilities, and in the event of failure of the Lessee to comply with said demand, the Trustee will have the right to remove, sell or destroy such property at Lessee's expense.

Damage, Destruction, and Condemnation

If, during the term of the Lease, (i) the Project is destroyed, in whole or in part, or damaged by fire or other casualty or event; or (ii) title to, or the temporary or permanent use of, the Project or any portion thereof or the estate of the Lessee, the Lessor, or the Trustee in the Project or any portion thereof is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (iii) a material defect in construction of the Project becomes apparent; or (iv) title to or the use of all or any portion of the Project is lost by reason of a defect in title; then, subject to the Lease, the Lessee will continue to pay Base Rentals and Additional Rentals and to take such action as it deems necessary or appropriate to repair and replace the Project, regardless of whether the acquisition of the Project has been completed by the Lessee in accordance with the Lease.

In accordance with the Indenture, the Trustee will cause the Net Proceeds of any insurance policies received by the Trustee, performance bonds or condemnation awards with respect to the Project, or Net Proceeds received by the Trustee as a consequence of defaults under Construction Contracts for the Project, to be deposited into the Insurance Fund to be applied as provided in the Lease and in the Indenture, and, so long as no Event of Default or Event of Nonappropriation exists, all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Project by the Lessee, except as otherwise provided in the Lease. The balance of any Net Proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed are to be deposited into the Acquisition Fund, if received prior to the Completion Date and, if received thereafter, are to be deposited into the Certificate Payment Fund as provided in the Indenture.

If such Net Proceeds are insufficient to pay in full the cost of any such repair, restoration, modification, improvement or replacement, the Lessee shall, within ninety (90) days after the occurrence of the event giving rise to such Net Proceeds, either:

- (i) commence and thereafter complete the work and pay any cost in excess of the Net Proceeds, in which case the Lessee agrees that it will not be entitled to any reimbursement therefor from the Trustee or the holders of the Certificates, nor shall it be entitled to any diminution of the Base Rentals or Additional Rentals; or
- (ii) discharge its obligation to repair or replace the Project by causing such Net Proceeds to be deposited into the Redemption Fund for the purpose of causing the mandatory

prepayment of the Certificates in accordance with the Indenture. If such Net Proceeds are sufficient to prepay all outstanding Certificates upon such deposit the Lease will no longer apply to the Project, and all obligations of the Lessee with respect to the Project will terminate.

The Lessee has agreed that any repair, restoration, modification, improvement, or replacement paid for in whole or in part out of such Net Proceeds will be the property of the Lessor subject to the Indenture, and will be undertaken by the Lessee, as the agent for and on behalf of the Lessor, and constitutes a part of the Project subject to the Lease.

The Lessee has covenanted and agreed that, to the extent it may lawfully do so, that so long as any of the Certificates remain outstanding and unpaid, the Lessee will not exercise the power of condemnation with respect to the Project. The Lessee will further covenant and agree, to the extent it may lawfully do so, that if the foregoing covenant is determined to be unenforceable for any reason or if the Lessee should fail or refuse to abide thereby and the Lessee condemns the Project, the appraised value of the Project shall not be less than the greater of (i) the principal and interest components of the Certificates outstanding at the time if such Certificates are then subject to redemption, or (ii) if such Certificates are not then subject to redemption, the amount necessary to defease such Certificates to the first available redemption date in accordance with the provisions of the Indenture.

Vesting of Title

Title to all real property or interests therein, buildings, fixtures, equipment, and other personal property which is purchased or financed from moneys deposited in the Acquisition Fund will be held in the name of the Lessor, subject to the Lease, the Indenture and the Security Agreement.

The Lessor's interest in the Project will be transferred to the Lessee (a) upon payment of all Base Rentals for all Renewal Terms and all Additional Rentals and all amounts due the Trustee and \$100 to the Lessor; representing the residual value of the Lessor in the Project; or (b) the lien of the Indenture is discharged in accordance with the terms thereof; or (c) the Project is purchased in accordance with the Lease.

Notwithstanding the foregoing, if the Project is refinanced from the proceeds of refunding certificates of participation, title to the Project shall remain in the Lessor until such refunding certificates of participation are paid in full.

Option to Purchase Project

The Lessee has the option to purchase the entire Project at the Option Price on any date on which the Certificates may be prepaid or defeased in full.

Conveyance on Purchase

At the closing of the purchase pursuant to the exercise of any option to purchase granted herein, the Lessor will upon receipt of the purchase price deliver to the Lessee the following:

- (i) if at the time the Indenture has not been satisfied in full, a release by the Trustee from the lien or security interest of the Indenture and the Security Agreement in the property with respect to which such purchase is being consummated;
- (ii) documents conveying to the Lessee good and marketable title in and to the Facilities and the Equipment with respect to which such purchase is being consummated, as such

property then exists, subject to the following: (i) those liens, security interests and encumbrances (if any) to which such title in and to said property was subject when conveyed to the Lessor, (ii) those liens, security interests and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented, (iii) those liens, security interests and encumbrances resulting from the failure of the Lessee to perform or observe any of its agreements contained herein, and (iv) Permitted Encumbrances other than the Indenture and the Security Agreement;

(iii) and a cancellation and surrender of the Ground Lease.

Events of Default Defined

Any of the following shall be an “Event of Default” under the Lease:

(i) Failure by the Lessee to pay any Base Rentals required to be paid under the Lease within five (5) days after the times specified therein as the respective due dates therefor; or

(ii) Failure by the Lessee to pay any Additional Rentals during the term of the Lease for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall be received by the Lessee from the Trustee; or

(iii) Failure by the Lessee to vacate the Project by the expiration of the Initial Term or Renewal Term during which an Event of Nonappropriation occurs; or

(iv) Failure by the Lessee to observe and perform any covenant, condition, or agreement in the Lease on its part to be observed or performed, other than as referred to in the Lease, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Lessee by the Trustee, unless the Trustee agrees in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; or

(v) The Lessee shall file a petition in bankruptcy or be adjudicated bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of its property, or shall institute proceedings for its reorganization or proceedings instituted by others for its reorganization shall not be dismissed within thirty (30) days after the institution thereof; or

(vi) a receiver or liquidator of the Lessee or of any substantial portion of its property shall be appointed and the order appointing such receiver or liquidator shall not be vacated within thirty (30) days after the entry thereof.

The foregoing provisions regarding Events of Default under the Lease are subject to the following limitations: (i) the obligations of the Lessee to make payments of the Base Rentals and the Additional Rentals shall be subject to the provisions of the Lease with respect to an Event of Nonappropriation; and (ii) if, by reason of Force Majeure (as such term is hereinafter defined), the Lessee is unable in whole or in part to carry out any agreement on its part contained in the Lease, other than the obligations of the Lessee contained in Article IV of the Lease, the Lessee shall not be deemed in default during the continuance of such inability. The Lessee has agreed, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreement. As used in the Lease the term “Force Majeure” means, without limitation, the following: acts of God; strikes; lockouts or other

industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State of Georgia or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; partial or entire failure or unavailability of utilities; or any other cause or event not reasonably within the control of the Lessee.

Remedies of Default or Event of Nonappropriation

Upon the occurrence and continuance of any Event of Default or Event of Nonappropriation, the Trustee as provided in the Indenture may give immediate notice to the Lessee to vacate the Project in accordance with the Lease immediately and may, without any further demand or notice, (a) terminate the Lease and/or the Lessee's possessory rights under the Lease (with or without terminating the Lease except as to the Lessee), re-enter the Project and eject all parties in possession thereto therefrom, and use its best efforts to relet or sell the Project or any portion thereof subject to the Trustee's giving preference, all other things being equal, to those lessees or buyers whose use or ownership would preserve the exemption from federal income taxation of the interest component of the Base Rentals so long as such preferred reletting or sale is under the best terms and conditions for Certificate holders or (b) to take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Project.

Upon the termination of the term of the Lease by reason of an Event of Nonappropriation or an Event of Default, all moneys then held in any fund or account under the Indenture shall be held by the Trustee for the benefit of the holders of the Certificates. The Net Proceeds received on such reletting or sale and such other moneys shall be applied from time to time as in accordance with the Indenture. In the event that such Net Proceeds and other moneys exceed the amount required to prepay the Certificates then outstanding at 100% of the principal amount thereof plus accrued interest to the prepayment date, the excess moneys, if any, following payment of all amounts due the Trustee are to be paid to the Lessee. Notwithstanding anything in the Lease to the contrary, the Trustee shall be entitled to relet the Project for such period as is necessary for the Trustee to obtain sufficient moneys to pay the Distributions on the Certificates in full, and the obligations of the Trustee with respect to the holders of the Certificates and the receipt and disbursement of funds shall be continuing until the lien of the Indenture is discharged as provided in the Indenture.

The Trustee is entitled to relet or sell the Project or any portion thereof as provided herein and in the Security Agreement after the occurrence of an Event of Nonappropriation or an Event of Default.

Surrender of Project

Upon the occurrence and continuance of any Event of Default or Event of Nonappropriation, the Lessee shall quit and surrender the Project to the Trustee in the same condition in which it existed at the time of the initial use and occupancy thereof by the Lessee, ordinary wear and tear excepted.

Limitations on Remedies

With the sole exception of the obligation of the Lessee to pay Base Rentals and Additional Rentals attributable to the Initial Term or any Renewal Term or portion thereof during which the Lessee actually uses and occupies the Project, no judgment requiring the payment of money may be entered against the Lessee by reason of any Event of Default or an Event of Nonappropriation under the Lease. In the event the term of the Lease is terminated as a result of an Event of Default or an Event of

Nonappropriation, no deficiency judgment may be entered against the Lessee, except as otherwise expressly herein provided with respect to the Lessee's actual use and occupancy of the Project.

Remedies Cumulative

The rights and remedies given or reserved herein to the Lessor and the Trustee are and shall be deemed to be cumulative, and the exercise of any shall not be deemed to be an election excluding the exercise at any other time of a different or inconsistent right or remedy or the maintenance of any action either at law or in equity.

Waiver

The delay or failure of the Lessor or the Trustee at any time to insist in any one or more instances upon a strict performance of any covenant of the Lease or to exercise any right, remedy, power or option granted to each in the Lease or established by law, shall not be construed as an impairment of or a waiver or a relinquishment for the future of such covenant, right, remedy, power, or option, but the same will continue and remain in full force and effect, and if any breach occurs and afterwards be compromised, settled or adjusted, the Lease shall continue in full force and effect as if no breach had occurred unless otherwise agreed. The receipt and acceptance by the Lessor or the Trustee of any Rentals, in whole or in part with knowledge of the breach of any term, covenant or condition of the Lease, shall not be deemed a waiver of such breach, and no waiver of any provision of the Lease shall be deemed to have been made unless expressed in writing and signed by the Lessor and the Trustee.

Curing Lessee's Breach.

If the Lessee defaults in the observance or performance of any term or covenant on the Lessee's part to be observed or performed under or by virtue of any of the terms of the Lease, the Trustee may (but shall not be obligated to do so) immediately, or at any time thereafter and without notice, and to the extent permitted by law, perform or cause to be performed the same for the account of the Lessee, and any sums paid or obligations incurred in connection therewith shall be deemed to be Additional Rentals under the Lease and shall be paid, together with interest thereon at the rate of eight percent per annum, by the Lessee to the Trustee for appropriate disbursement within fifteen (15) days of the rendering of any bill or statement to the Lessee therefor; provided, however, that nothing herein shall be construed to obligate the Lessee to pay any such Additional Rentals from any funds other than moneys legally available and appropriated for such purpose.

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APPENDIX D

[Form of Opinion of Special Counsel]

February __, 2009

Georgia Municipal Association, Inc.
Atlanta, Georgia

City of Riverdale, Georgia
Riverdale, Georgia

Wells Fargo Bank, National Association, as Trustee
Atlanta, Georgia

Wachovia Bank, National Association
Atlanta, Georgia

Re: \$_____ Certificates of Participation (City of Riverdale, Georgia Town Center Project), Series 2009

To the Addressees:

We have acted as Special Counsel in connection with the execution and delivery of \$_____ Certificates of Participation (City of Riverdale, Georgia Town Center Project), Series 2009 (the "Certificates"), relating to and representing a proportionate interest in the obligations of the City of Riverdale, Georgia, a municipal corporation of the State of Georgia (the "City"), to make certain lease payments (the "Base Rentals") under a Public Purpose Master Lease, dated as of February 1, 2009 (the "Lease"), between the City and Georgia Municipal Association, Inc., a Georgia nonprofit corporation ("GMA").

The Certificates are being issued pursuant to the Constitution and laws of the State of Georgia and an Indenture of Trust and Assignment of Public Purpose Lease, dated as of February 1, 2009 (the "Indenture"), between GMA and Wells Fargo Bank, National Association, Atlanta, Georgia (the "Trustee"). Pursuant to the Indenture (with certain exceptions), GMA has assigned to the Trustee all of GMA's right, title and interest in and to, and its duties and obligations under the Lease.

The Lease has an initial term ending December 31, 2009. The Lease, if not terminated, will automatically renew for successive one-year renewal terms with a final renewal term commencing January 1, 2038 and ending December 31, 2038. The City has the right to terminate the Lease annually for the succeeding calendar year.

Payments of Base Rentals include portions designated as interest as provided in the Lease. The Lease does not constitute a mandatory payment obligation of the City beyond the current calendar year for which Base Rentals have been appropriated and shall not constitute nor give rise to a pledge of the faith, credit and taxing power, or a debt or a general obligation of the City within the meaning of any constitutional or statutory limitation. The City is not a party to the Indenture or the Certificates.

The Trustee has no obligation or liability under the Certificates or the Indenture for the payment of principal of and interest on the Certificates, except from amounts on deposit with the Trustee for such purposes pursuant to the Indenture.

The Certificates are being issued for the purpose of providing funds to (i) finance the acquisition, construction and installation of certain public facilities (the "Facilities") on land located in the City of Riverdale, Georgia (the "Site"), (ii) pay capitalized interest on the Certificates to May 1, 2009, (iii) fund a debt service reserve fund and (iv) pay certain costs of issuance of the Certificates, including the premium for a municipal bond insurance policy and a reserve fund insurance policy premium. The Site and the Facilities are collectively referred to herein as the "Project."

The Certificates are numbered in such fashion as to maintain a proper record thereof. The Certificates are subject to mandatory prepayment prior to maturity as provided in the Indenture.

In our capacity as Special Counsel, we have examined (i) the Constitution and the laws of the State of Georgia, (ii) executed counterparts of the Lease, the Indenture and the Agency Agreement (as defined in the Indenture), (iii) certain other documents submitted to us by the City and GMA and (iv) such other documents as we have deemed necessary in order to deliver this opinion.

In rendering our opinion, we have relied upon the opinions of even date herewith of (a) General Counsel to GMA with respect to the authorization, execution and delivery of the Lease, the Indenture and the Agency Agreement, by and as to GMA, and (b) the City Attorney with respect to the authorization, execution and delivery of the Lease and the Agency Agreement, by and as to the City.

We express no opinion with respect to the completeness or sufficiency of the Official Statement related to the Certificates, nor do we express any opinion as to the compliance by GMA, the City or the Underwriter named therein with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Certificates.

Based upon such examination, and upon such reliance, it is our opinion that:

1. The Lease and the Agency Agreement have been duly authorized, executed and delivered and constitute valid and binding obligations of the City and GMA; provided, however, no opinion is expressed with respect to Section 17.12 of the Lease regarding indemnification. The Lease constitutes an agreement that the City is authorized to enter into under O.C.G.A. § 36-60-13.

2. The Indenture has been duly authorized, executed and delivered and is valid and binding upon GMA.

3. The Certificates have been duly authorized, executed and delivered and evidence valid and binding proportionate interests in and rights to receive payments of Base Rentals and are entitled to the benefits and security of the Indenture.

4. The portion of Base Rentals payable by the City under the Lease that is designated as interest (including any original issue discount properly allocable to a holder thereof) is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings) and is exempt from State of Georgia income tax, except that, we express no opinion as to the tax-exemption, state or federal, of the interest component of any amount paid by any party other than the City after the termination of the Lease upon the occurrence of an Event of Nonappropriation or an Event of Default thereunder (as defined in the Lease).

The Code establishes certain requirements which must be met subsequent to the issuance and delivery of the Certificates in order that the interest component of Base Rentals be and remain excludable from gross income for federal income tax purposes. Noncompliance may cause the interest component of Base Rentals to become subject to federal income taxation retroactive to the date of issuance of the Certificates, regardless of the date on which such non-compliance occurs or is ascertained. The City has covenanted to comply with the requirements of the Code and in rendering our opinion with respect to the excludability of the interest component of Base Rentals from gross income for federal income tax purposes, we have assumed compliance with such covenants.

We express no opinion herein as to any other federal or state tax consequences to holders of the Certificates, except as discussed above.

The rights of the holders of the Certificates and the enforceability of the Lease, the Indenture, the Agency Agreement and the Certificates may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on, the Project.

The opinion is delivered on the date hereof and is based upon the facts represented and the law as of the date hereof. No undertaking is made to amend, supplement or otherwise change this opinion based upon any event or change in circumstances or laws subsequent to the date hereof. Reliance on this opinion is limited to the addressees hereof.

Very truly yours,

SMITH, GAMBRELL & RUSSELL, LLP

By: _____
James P. Monacell

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APPENDIX E

SPECIMEN POLICY OF INSURER

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Financial Guaranty Insurance Policy

Issuer:

Policy No.:

Obligations:

Premium:

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("**Assured Guaranty**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee

or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. **"Term"** means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the **"Fiscal Agent"**) for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

(SEAL)

ASSURED GUARANTY CORP.

By: _____
[Insert Authorized Signatory Name]
[Insert Authorized Signatory Title]

Signature attested to by:

Counsel

