
VALDOSTA-LOWNDES COUNTY INDUSTRIAL AUTHORITY

AND

LOWNDES COUNTY, GEORGIA

INTERGOVERNMENTAL CONTRACT

Dated as of December 1, 2008

INTERGOVERNMENTAL CONTRACT

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THIS INTERGOVERNMENTAL CONTRACT is dated as of December 1, 2008, between VALDOSTA-LOWNDES COUNTY INDUSTRIAL AUTHORITY (the "Authority"), a body corporate and politic of the State of Georgia, and LOWNDES COUNTY, GEORGIA (the "County"), a political subdivision of the State of Georgia.

W I T N E S S E T H:

WHEREAS, the Authority was duly created and is validly existing pursuant to an Amendment to the Constitution of the State of Georgia, Ga. Laws 1960, p. 1359 et seq., as supplemented by an Act of the Georgia General Assembly, Ga. Laws 1960, p. 2786 et seq., as continued by an Act of the Georgia General Assembly, Ga. Laws 1985, p. 3710, et seq., as amended (collectively, the "Act"); and

WHEREAS, pursuant to the Act, the Authority has, among others, the power to (i) buy, acquire, develop, improve, own, operate, maintain, sell, lease as lessor and lessee, and mortgage land, buildings, and property of all kinds within the County of Lowndes; (ii) to borrow money for any of its corporate purposes and to issue revenue bonds, and to provide for the payment of the same and for the rights of the holders thereof; and (iii) make contracts with political subdivisions of the State of Georgia and with private persons; and

WHEREAS, the Act authorizes the County to levy and collect an annual ad valorem tax not to exceed two (2) mills for developing and promoting industry and agriculture and to pay to the Authority all funds derived from such levy to be used for the purposes provided in the Act; and

WHEREAS, Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia authorizes, among other things, any county, municipality or other political subdivision of the State to contract, for a period not exceeding fifty years, with another county, municipality or political subdivision or with any other public agency, public corporation or public authority for joint services, for the provision of services, or for the provision or separate use of facilities or equipment, provided that such contract deals with activities, services or facilities which the contracting parties are authorized by law to undertake or to provide; and

WHEREAS, the Board of Commissioners is the body charged with contracting debts and managing the affairs of the County; and

WHEREAS, the Authority proposes to acquire and develop one or more parcels of land located in the County for potential economic development purposes (the "Project"); and

WHEREAS, the Authority proposes to finance the costs of the Project with proceeds derived from the issuance of its \$15,000,000 in aggregate principal amount of Valdosta-Lowndes County Industrial Authority Economic Development Taxable Revenue Bonds (Land Bank Project), Series 2008 (the "Bonds") authorized by a resolution of the Authority adopted on November 18, 2008 (the "Resolution"); and

WHEREAS, the Authority and the County propose to enter into this Contract, pursuant to which the Authority will agree, among other things, to issue the Bonds, and the County will agree, among other things, to pay to the Authority amounts sufficient to pay the debt service on the Bonds.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants hereinafter contained, the Authority and the County, acting by and through the Board of Commissioners, hereto agree as follows:

ARTICLE I.

DEFINITIONS

All capitalized, undefined terms used in this Contract shall have meanings ascribed to them in the Resolution. The following words and phrases shall have the following meanings:

“1996 Funding Agreement” means that certain Funding Agreement dated as of August 1, 1996, between the County and the Authority, as the same may be amended, modified, supplemented and restated.

“Additional Funding Agreements” means any intergovernmental or other funding agreement executed by the County in favor of the Authority in addition to this Contract and the 1996 Funding Agreement, as the same may be amended, modified, supplemented or restated.

“Bond Insurer” means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

“Board of Commissioners” means the Lowndes County Board of Commissioners.

“Contract Payments” means the payments due pursuant to Section 4.2 hereof.

“Date of Issuance” means the original date of the issuance and sale of the Bonds.

“Default” and “Event of Default” mean with respect to any Default or Event of Default under this Contract any occurrence or event specified and defined by Section 8.1 hereof.

“Disclosure Certificate” means the Continuing Disclosure Certificate, dated the date of issuance of the Bonds, of the County, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Funding Agreements” means this Contract, the 1996 Funding Agreement and any Additional Funding Agreements.

“Municipal Bond Insurance Policy” means the municipal bond insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

“Net Proceeds,” when used with respect to any condemnation award or insurance proceeds from policies required by Section 6.5 hereof, means the amount remaining after deducting all expenses (including attorneys’ fees) incurred in the collection of such proceeds from the gross proceeds thereof.

“Paying Agent” means the financial institution at the time serving as paying agent for the Bonds pursuant to Section 703 of the Resolution.

“Project Fund” means the fund create in Section 501 of the Resolution.

“Resolution” means the resolution of the Authority adopted on November 18, 2008, pursuant to which the Bonds are authorized to be issued, including any resolution supplemental thereto.

“State” means the State of Georgia.

“Tax Funding Limit” shall have the meaning given such term in Section 4.2(a) hereof.

“Term” means the duration of this Contract as specified in Section 4.1 hereof.

ARTICLE II.

REPRESENTATIONS

Section 2.1. Representations of Authority.

The Authority represents as follows:

(a) The Authority is a body corporate and politic of the State duly created and organized under the Constitution and laws of the State. Under the provisions of the Act, the Authority is authorized to (i) adopt the Resolution, (ii) issue, execute, deliver and perform its obligations under the Bonds, and (iii) execute, deliver and perform its obligations under this Contract. The Resolution has been duly adopted and has not been modified or repealed. The Authority has duly authorized the (i) issuance, execution, delivery and performance of the Bonds and (ii) execution, delivery and performance of this Contract. The Resolution, the Bonds and this Contract are valid, binding and enforceable obligations of the Authority.

(b) No approval or other action by any governmental authority or agency or other person is required in connection with the (i) adoption of the Resolution, (ii) issuance of the Bonds, or (iii) execution, delivery and performance of this Contract by the Authority except as shall have been obtained as of the date hereof; provided, however, no representation is given with respect to any “blue sky” laws.

(c) The adoption of the Resolution, the issuance of the Bonds and the authorization, execution, delivery and performance by the Authority of this Contract do not violate the Act, the Authority’s bylaws, or the laws or Constitution of the State and do not constitute a breach of or a default under any existing court order, administrative regulation, or other legal decree, or any

agreement, indenture, mortgage, lease, note or other instrument to which it is a party or by which it is bound.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Authority, threatened against or affecting the Authority (or, to the knowledge of the Authority, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the Authority from issuing the Bonds, (ii) contesting or questioning the existence of the Authority or the titles of the present officers of the Authority to their offices or (iii) wherein an unfavorable decision, ruling or finding would (A) adversely affect the enforceability of the Bonds, the Resolution or this Contract or (B) materially adversely affect (1) the financial condition or results of operations of the Authority, or (2) the transactions contemplated by this Contract.

(e) The Authority is not in violation of the Act, its bylaws, or the laws or Constitution of the State and is not in default under any existing court order, administrative regulation, or other legal decree, or any agreement, indenture, mortgage, lease, note or other instrument to which it is a party or by which it is bound.

(f) The Authority, in issuing the Bonds to finance the Project, will be acting in accordance with the public purpose expressed in the Act.

The Authority makes no representation as to the financial position or business condition of the County and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the County in connection with the sale of the Bonds, or as to the correctness, completeness or accuracy of such statements.

Section 2.2. Representations of the County.

The County represents as follows:

(a) The County is a political subdivision duly created and organized under the Constitution and laws of the State. Under the Constitution and laws of the State, the County is authorized to execute, deliver and perform its obligations under this Contract. The County has duly authorized the execution, delivery and performance of this Contract. This Contract is a valid, binding and enforceable obligation of the County.

(b) No approval or other action by any governmental authority or agency or other person is required in connection with the (i) acquisition and improvement of the Project, or (ii) execution, delivery and performance of this Contract by the County except as shall have been obtained as of the date hereof.

(c) The authorization, execution, delivery and performance by the County of this Contract do not violate the laws or Constitution of the State and do not constitute a breach of or a default under any existing court order, administrative regulation, or other legal decree, or any agreement, indenture, mortgage, lease, note or other instrument to which it is a party or by which it is bound.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the County, threatened against or affecting the County (or, to the knowledge of the County, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the County from executing, delivering or performing its obligations under this Contract, (ii) contesting or questioning the existence of the County or the titles of the present officers of the Board to their offices or (iii) wherein an unfavorable decision, ruling or finding would (A) adversely affect the enforceability of this Contract, or (B) materially adversely affect (1) the financial condition or results of operations of the County or (2) the transactions contemplated by this Contract.

(e) The County is not in violation of the laws or the Constitution of the State and is not in default under any existing court order, administrative regulation, or other legal decree, or any agreement, indenture, mortgage, lease, note or other instrument to which it is a party or by which it is bound.

ARTICLE III.

ISSUANCE OF THE BONDS; ACQUISITION AND IMPROVEMENT OF THE PROJECT

Section 3.1. Agreement to Issue the Bonds; Application of Bond Proceeds.

The Authority agrees that, simultaneously with the execution and delivery of this Contract, it will issue the Bonds containing the terms, including the principal amounts, interest rates and maturities set forth in the Resolution and deposit the proceeds from the sale of the Bonds as provided in the Resolution. The Authority agrees to use the moneys deposited in the Project Fund to pay Project Costs as described in the Resolution. The Authority has delivered a certified copy of the Resolution to the County. The County hereby approves the issuance of the Bonds.

Section 3.2. Agreement to Acquire and Develop the Project.

The Authority shall obtain or cause to be obtained all necessary approvals from any and all governmental agencies requisite to undertaking the acquisition and development of the Project. The Project shall be acquired and developed in compliance with all federal, state and local laws, ordinances and regulations applicable thereto.

The moneys credited to the Project Fund from the sale of the Bonds shall be used and applied for the purpose of paying Project Costs as provided in the Resolution. In the event the moneys in the Project Fund are not sufficient to pay such costs in full, the Authority agrees to pay all that portion of the Project Costs as may be in excess of the moneys available therefor or in the Project Fund by making payments directly to the owners or contractors or the suppliers of materials and equipment as the same shall become due or by paying into the Project Fund the moneys necessary to complete the Project. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Project Fund and which, under the provisions of this Contract, will be available for payment of the Project Costs will be sufficient to pay all such Project Costs. The Authority agrees that if, after exhaustion of the

moneys in the Project Fund, it should pay any portion of the Project Costs pursuant to the provisions of this Section, it shall neither be entitled to any reimbursement therefor from the County or the holders of any of the Bonds, nor shall it be entitled to any reduction of or credit against the amounts payable by it under this Contract.

All payments from the Project Fund shall be made upon the terms and conditions set forth in the Resolution. The Authority shall prepare the requisitions and certificates required by the Resolution.

Notwithstanding anything else contained herein or in the Resolution, the Authority agrees that prior to the disbursement of any monies from the Project Fund (other than Project Costs described in subsections (a), (b) or (c) of Section 502 of the Resolution), the Authority shall furnish to the County in writing a certificate executed by the Chairman or Vice Chairman of the Authority certifying the following information:

- (1) The exact location and size of any real estate to be acquired with Bond proceeds or other moneys on deposit in the Project Fund;
- (2) The total proposed purchase price for such real estate and a description and cost of any proposed development work with respect thereto;
- (3) The owner or owners of such real estate (and the prior owners, if the current owners have owned such real estate for less than two years) and any real estate brokers with respect thereto and the relationship, if any, of such owner or owners or brokers either by birth or by marriage to any member or officer of the Authority or any of their respective spouses, parents, children, grandchildren or siblings; and
- (4) Identifying any conflict of interest that was considered by the Authority or its members in connection with the approval by the Authority of the acquisition and / or development of such real estate.

Such certificate shall have attached the resolution of the Authority approving the acquisition and / or development of such real estate and any proposed or existing purchase contract, option or other agreement that the Authority has entered into in connection with such acquisition.

The Authority acknowledges and agrees that in accordance with the provisions of Section 502 of the Resolution, it shall not submit a requisition requesting the disbursement of any funds from the Project Fund (other than for the purpose of paying Project Costs described in subsections (a), (b) or (c) of said Section 502) without the prior written approval of the County which approval shall not be withheld in bad faith or arbitrarily or capriciously.

Section 3.3. Establishment of Completion Date.

The Completion Date shall be evidenced to the Project Fund Custodian and the County by a certificate signed by a duly authorized representative of the Authority stating that, except for amounts retained by the Project Fund Custodian at the Authority's direction to pay any Project

Cost not then due and payable, (a) the Project has been completed and all costs of labor, services, materials and supplies have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon receipt of such certificate, the Project Fund Custodian shall retain in the Project Fund a sum equal to the amounts necessary for payment of the costs of the Project not then due and payable according to such certificate. If any such amounts so retained are not subsequently used, prior to any transfer of such amounts to the Bond Fund, the Project Fund Custodian shall give notice to the Authority and the County of the failure to apply such funds for payment of the Project Costs. Any amount not to be retained in the Project Fund for payment of the Project Costs, and all amounts so retained but not subsequently used, shall be applied in accordance with the Resolution.

ARTICLE IV.

EFFECTIVE DATE OF THIS CONTRACT; DURATION OF TERM; CONTRACT PAYMENT PROVISIONS

Section 4.1. Effective Date of this Contract; Duration of Term.

This Contract shall remain in full force and effect from the date of the original issuance and sale of the Bonds to and including February 1, 2024, or until such time the Bonds and the fees and expenses of the Authority, the custodians and depositories, the Paying Agent, the Bond Registrar, the Authenticating Agent, the Bond Insurer and the Fund Custodians shall have been fully paid or provision made for such payment, whichever is later, but in no event later than 50 years from the date hereof.

Section 4.2. Contract Payments.

(a) The County agrees to pay the Paying Agent on behalf of the Authority on or before the fifteenth day next preceding August 1, 2009 and on or before the fifteenth day next preceding each February 1 and August 1 thereafter, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Resolution, in immediately available funds, a sum, which together with other moneys available therefore in the Bond Fund, will enable the Bond Fund Custodian to pay to the Paying Agent the amount payable on such February 1 or August 1, as applicable as principal of (whether at maturity, upon redemption, or otherwise), premium, if any, and interest on the Bonds provided in the Resolution. Any funds in excess of that needed to make said payment will be transferred to the Authority.

Notwithstanding the foregoing, in no event shall the County's obligations to make the payments required under this Section 4.2(a) and the County's obligations to make payments with respect to the Series 1996 Bonds pursuant to Section 5.1 of the 1996 Funding Agreement and any Additional Funding Agreements (as defined in the Contract) exceed in any calendar year an amount in excess of two (2) mills (or such greater amount as hereafter may be permitted by applicable law) of ad valorem tax revenues levied and collected by the County with respect to all taxable property located within the territorial limits of the County (the "Tax Funding Limit").

(b) The Authority agrees to pay the reasonable fees and expenses of all custodians and depositories (including the Bond Fund Custodian and the Project Fund Custodian), the Paying Agent, the Bond Registrar and the Authenticating Agent and their respective successors and assigns as provided by Section 702 of the Resolution, such reasonable fees and expenses to be paid directly to the party to whom the payment is due when such reasonable fees and expenses become due and payable.

(c) The Authority agrees to pay all costs of owning, operating and maintaining the Project and any taxes or governmental charges or assessments of any kind whatsoever that may be levied against the Project. The Authority acknowledges that the County is not obligated to pay any obligations with respect to the Project and that the Authority shall pay the same.

(d) The Authority will also pay any costs payable for transfers and exchanges of the Bonds and the expenses for printing any temporary Bonds.

(e) In the event the County or the Authority should fail to make any of the payments required in this Section 4.2, the item or installment so in Default shall continue as an obligation of the County or the Authority, as applicable, until the amount in Default shall have been fully paid, and the County agrees to pay the same with interest thereon at the rate borne by the Bonds, to the extent permitted by law, from the date thereof.

(f) The County agrees to include on all ad valorem property tax bills sent during the term of the Contract a separate levy not less than one (1) mill on all taxable property within the territorial limits of the County to be designated for the benefit of the Authority. The County further agrees to pay to the Authority for its use the ad valorem tax revenues received by the County with respect to such one (1) mill levy, less those amounts and reserves deemed by the County to be necessary in order to permit the County to make all required payments under this Contract, the 1996 Funding Agreement and any Additional Funding Agreements.

The provisions of the above paragraph are not intended to limit or condition the pledge by the County of the entirety of the proceeds of the ad valorem property tax of up to two (2) mills on all taxable property within the territorial limits of the County for the payments required to be paid by the County under the Funding Agreements. In addition, no such amounts shall be paid to the Authority unless and until all amounts required to pay amounts that have become or will become due and payable by the County under the Funding Agreements during the next twelve (12) months have been paid to the respective parties thereunder or otherwise set aside in a separate reserve maintained by the County.

Section 4.3. Obligations of the County Hereunder Unconditional.

The County hereby agrees that its obligations to make the payments required to be made by it in Section 4.2(a) shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Authority of any obligation to the County, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the County by the Authority, and until such time as the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Resolution, the County (i) will not suspend or

discontinue any payments provided for in Section 4.2(a) hereof, and (ii) will not terminate the Contract for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Contract. Nothing contained in this Section shall be construed to release the Authority from the performance of any of the agreements on its part herein contained, and in the event the Authority should fail to perform any such agreement on its part, the County may institute such action against the Authority as the County may deem necessary to compel performance so long as such action does not abrogate the obligations of the County contained in the first sentence of this Section.

Section 4.4. Security for Contract Payments and for Bonds.

(a) The obligation of the County to make the payments required pursuant to Section 4.2(a) hereof shall constitute a general obligation of the County for which its full faith and credit is pledged, and shall be payable from any lawfully available funds, subject to the Tax Funding Limit. In particular, the County agrees to levy an annual tax on all taxable property located within its boundaries, as now existent and as the same may be extended, at such rate or rates, as limited by the Tax Funding Limit, as and when it may be necessary to provide the County with sufficient revenues to make all payments required to be made by the County under this Contract.

(b) In each calendar year during the term of this Contract and until all payments required to be made hereunder by the County have been paid in full, the County agrees to include in its revenue, appropriation and budgetary measures whereby its tax funds or revenues are allocated, controlled or provided for, sufficient sums to satisfy its payment obligations hereunder during such fiscal year, whether or not any other sums are included in such measures; provided, however, nothing herein contained shall be construed as limiting the right and obligation of the County to make the payments required hereunder out of its general funds or from any other lawfully available funds, so long as all payments to the Authority by the County do not exceed the Tax Funding Limit.

(c) As security for the payment of the principal or, premium, if any, and interest on the Bonds, the Authority has assigned and pledged under the Resolution all of the Authority's right, title and interest in this Contract (subject to certain Unassigned Rights) and the payments to be made by the County to the Authority hereunder. The County assents to such pledge and assignment and agrees that all payments required to be made under Section 4.2(a) of this Contract shall be paid directly to the Bond Fund Custodian for the account of the Authority and for deposit in the Bond Fund. The Bondholders shall have all rights and remedies herein accorded to the Authority (except for Unassigned Rights), and any reference herein to the Authority shall be deemed, with the necessary changes in detail, to include the Bondholders, and the Bondholders are deemed to be and are third party beneficiaries of the representations, covenants and agreements of the County herein contained.

Section 4.5. Parity Obligations; Limitations on Additional Intergovernmental Agreements.

(a) The obligations of the County to make the payments required under Section 4.2(a) hereof and Section 5.1 of the 1996 Funding Agreement shall be made on a parity basis and the lien thereon as security for the Bonds and the Series 1996 Bonds shall be for the equal and ratable benefit of the holders thereof with regard to the series, date of authentication or issuance thereof or the maturity thereof. The County grants to the Authority a lien on the Pledged Tax Revenues to make the payments described in Section 4.2(a) hereof and Section 5.1 of the 1996 Funding Agreement which lien is superior to any that can hereafter be created, except that this lien may be extended on a parity basis to cover any Additional Funding Agreements as permitted under Section 4.5(c) hereof.

(b) During the term of this Contract, the County shall not:

(1) enter into an Additional Funding Agreement which creates a lien on the Pledged Tax Revenues to fulfill its obligations hereunder or under the 1996 Funding Agreement, which is superior to the lien created hereunder.

(2) enter into any other contract or agreement creating a lien on such Pledged Tax Revenues for any purpose other than debt service payments (including creation and maintenance of reasonable reserves therefor) superior to, or on a parity with, the lien created thereon to fulfill the obligations of the County hereunder and under the 1996 Funding Agreement, or

(3) enter into any Additional Funding Agreement which provides for payment to be made by the County from moneys derived from the levy of a tax within the Tax Funding Limit if each annual payment of all amounts payable with respect to debt service or which are otherwise fixed in amount or currently budgeted in amount under all Funding Agreements then in existence, together with each annual payment to be made under the proposed Additional Funding Agreement in each future calendar year, would exceed the amount then capable of being produced by a levy of a tax within the Tax Funding Limit, as shown by the latest tax digest available immediately preceding the execution of any such Additional Funding Agreement.

(c) It is further expressly provided that the County shall not hereafter enter into any Additional Funding Agreement for the purpose of debt service payments (including creation and maintenance of reserves therefor), unless the amount then capable of being produced by the levy of an ad valorem tax within the Tax Funding Limit, as shown by the latest tax digest available immediately preceding the execution of such Additional Funding Agreement, is equal to at least one and twenty-five hundredths (1.25) times the maximum combined amount payable in any future calendar year with respect to debt service under all existing Funding Agreements and any such Additional Funding Agreement. Debt service for purposes of this paragraph (c) shall mean required payments of principal, including principal to be paid through mandatory redemption, interest, and amounts required to be paid for creation and maintenance of reasonable debt service reserves and to establish and maintain mandatory investment programs in each calendar year;

provided, that the debt service payable with respect to the Series 1996 Bonds shall be calculated as provided in the 1996 Funding Agreement. With respect to any Funding Agreement intended to pay debt service for indebtedness on which the interest rate varies and/or that contains a liquidity facility ("Variable Rate Indebtedness"), (i) such Funding Agreement may only be entered into if immediately after the effectiveness of such Additional Funding Agreement the total principal amount of Variable Rate Indebtedness is less than 25% of the total principal amount of all indebtedness secured by Funding Agreements and (ii) for purposes of the calculation of the ratio described in the first sentence of this paragraph (c), "the maximum combined amount payable in any future calendar year with respect to debt service under all existing Funding Agreements and any such Additional Funding Agreement" shall be determined assuming that each series of Variable Rate Indebtedness is accruing interest at the maximum rate permissible on such series of Variable Rate Indebtedness and assuming that such Variable Rate Indebtedness is required to be redeemed pursuant to the accelerated mandatory redemption provisions relating to such liquidity facility, if any; provided, however, for purposes of this calculation the interest rate to be used to calculate debt service on the Series 1996 Bonds issued pursuant to the Series 1996 Funding Agreement shall be assumed to equal ten percent (10%) per annum with respect to the interest rate modes that do not otherwise specify a maximum interest rate. The County shall furnish the Authority, not less than five (5) nor more than sixty (60) days prior to the date of execution and delivery of any such Additional Funding Agreement, a report of an independent certified public accountant to the effect that, based upon an affidavit of the Tax Commissioner of Lowndes County as to the taxable value of property located within the territorial limits of the County, the requirements of this paragraph (c) have been met.

ARTICLE V.

SPECIAL COVENANTS

Section 5.1. Title and Access to the Project.

(a) The parties hereto acknowledge and agree that title to the Project shall be vested in the name of the Authority until such is transferred to another third party or parties as permitted by the Act and that the County shall have no responsibility for the acquisition, maintenance, development, improvement or operation of the Project or any portion thereof, or the sale, lease or other disposition of the Project or any portion thereof.

(b) The Authority agrees that the County and its duly authorized agents shall have such rights of access to the Project as may be reasonably necessary to ensure that the Authority is performing its obligations hereunder. The County and its duly authorized agents shall also be permitted, at all reasonable times, to examine the books, records, reports and other papers of the Authority with respect to the Project or the Bonds.

Section 5.2. Further Assurances and Corrective Instruments.

The Authority and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Contract.

Section 5.3. Authority and County Representatives.

Whenever under the provisions of this Contract the approval of the Authority or the County is required or the Authority or the County is required to take some action at the request of the other, such approval or such request shall be given for the Authority by its Chairman or Vice Chairman and for the County by either the Chairman or Vice Chairman of the County Commission.

Section 5.4. No Further Pledges.

The Authority agrees that it shall not pledge the payments derived from this Contract other than to secure the Bonds.

Section 5.5. County's Obligations in the Resolution.

The County agrees to perform all of its obligations (if any) under, and to comply with all of the terms of, the Resolution.

Section 5.6. Operation and Maintenance of the Project; Modification of Project.

(a) The County agrees that, at all times during the Term the Authority will be responsible for maintaining the Project. Without limiting the foregoing, the Authority agrees that it will maintain the Project in good repair and in sound operating condition, that it will make all necessary repairs and replacements to the Project, and that it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project and its operation thereof.

(b) The Authority may, from time to time, in its sole discretion and at its own expense, make any additions, modifications or improvements to the Project, which it may deem desirable for its purposes.

Section 5.7. Release and Indemnification Covenants.

(a) To the extent permitted by law, the Authority hereby agrees to release the County from and to indemnify the County for any and all liabilities and claims against the County arising from the acquisition, ownership, operation or management of the Project, or from any work or thing done on or with respect to the Project, or the financing or refinancing of the Project, including without limitation, (i) any condition of the Project, (ii) any breach or Default on the part of the Authority in the performance of any of its obligations under this Contract or the Resolution, (iii) any act or negligence of the Authority or of any of its agents, contractors, servants, employees or licensees, or (iv) any act or negligence of any assignee or sublessee of the Authority, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Authority or (v) any material statement or omission by the Authority in connection with the issuance and sale of the Bonds. Upon notice from the County, the Authority shall defend the County in any such action or proceeding. In addition, to the extent permitted by law, the Authority agrees to release each of the Agent Banks and shall indemnify and hold each

of the Agent Banks harmless against any loss, liability or other expense incurred without gross negligence or bad faith arising out of or in connection with the acceptance or administration of the duties of the Agent Banks under the Resolution, including the costs and expenses of defending against any such claim or liability.

(b) Any one or more of the parties indemnified in this Section 5.7 shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such parties unless the employment of such counsel has been specifically authorized by the Authority.

(c) Notwithstanding the foregoing provisions of this Section 5.7, the Authority shall not indemnify the County or any of the Agent Banks for any claim or loss arising as a result of the gross negligence or willful misconduct of the County or any of the Agent Banks, or for any claim that the Authority is prohibited by law from providing indemnification to such party.

(d) For purposes of this Section 5.7, all references to the County and the Agent Banks shall include their respective present and future directors, officers, members, agents and employees.

(e) The provisions of this Section 5.7 shall survive the termination of this Contract.

Section 5.8. Continuing Disclosure Certificate.

The County hereby covenants and agrees that it will comply with and carry out all of its obligations under the Disclosure Certificate. The Authority agrees to notify the County in writing upon obtaining knowledge of any event or circumstance that could require the County to provide any notice required under the Disclosure Certificate. Notwithstanding any other provision of this Contract, failure of the County to comply with the Disclosure Certificate shall not be considered an Event of Default hereunder; however, any beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the County to comply with its obligations under this Section 5.8.

ARTICLE VI.

DEFEASANCE

Section 6.1. Defeasance.

The County shall have and is hereby granted the option to prepay from time to time payments due under this Contract, but only in accordance with the provisions of the Resolution, in amounts sufficient to pay or cause to be paid the Bonds in accordance with the provisions of the Resolution.

ARTICLE VII.

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default Defined.

The following shall be "Events of Default" under this Contract and the terms "Event of Default" and "Default" shall mean, whenever they are used in this Contract, any one or more of the following events:

(a) Failure by the County to make the payments required to be paid under Section 4.2(a) hereof.

(b) Failure by the County or the Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraph (a) of this Section 7.1, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the defaulting party by the nondefaulting party or any Bondholder; provided, however, if the failure stated in the notice be such that it can be corrected but not within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the defaulting party within the applicable period and is being diligently pursued until the Default is corrected, unless by such action, payment of any Pledged Revenues or the lien or charge on any part of the Pledged Revenues pursuant to the Resolution shall be materially endangered or shall be subject to loss or forfeiture.

(c) The occurrence of an Event of Default under the Resolution.

Notwithstanding the foregoing, a breach of the covenant contained in Section 5.8 hereof shall not be deemed an event of default hereunder, and the sole remedy shall be an action to compel performance.

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of force majeure the Authority or the County is unable in whole or in part to carry out any of its agreements contained herein, the Authority or the County, as the case may be, shall not be deemed in Default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes; acts of public enemies; orders of restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; and any other cause or event not reasonably within the control of the Authority. The Authority or the County, as the case may be, agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the such party from carrying out its agreements, provided that the settlement of strikes shall be entirely within the discretion of the Authority or the County, as the case may be, and neither the Authority nor the County shall be required to make settlement of strikes by acceding to the demands of the opposing party or parties when such course is in the judgment of the Authority or the County, as the case may be, unfavorable to such party.

Section 7.2. Remedies on Default.

Whenever any Event of Default referred to in Section 7.1 hereof shall have happened and be continuing, the nondefaulting party may take whatever action at law or in equity may appear necessary or desirable to collect the payments under this Contract then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County or the Authority under this Contract.

Any amounts collected pursuant to action taken under this Section 7.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Resolution; provided, however, any amounts collected for the purpose of satisfying the Authority's obligations to make payments required to be made pursuant to Sections 4.2(b), 4.2(c), 4.2(d) or 5.7 hereof shall be paid to the persons to whom such payments are due and payable.

Notwithstanding any provision to the contrary in this Contract, the Resolution or the resolution of the Lowndes County Board of Commissioners dated November 18, 2008, authorizing the County to execute, deliver and perform this Contract, for so long as the Bonds are insured by a Municipal Bond Insurance Policy issued by the Bond Insurer and the Bond Insurer has not breached its obligations thereunder, the Authority shall not exercise any remedies hereunder without the prior written consent of the Bond Insurer, and the Bond Insurer in its sole discretion shall be entitled to direct the Authority to exercise any and all available remedies.

Section 7.3. No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Authority or the County is intended to be exclusive of any other remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Contract or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. The owner of the Bonds, subject to the provisions of the Resolution, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 7.4. Agreement To Pay Attorneys' Fees and Expenses.

In the event any party hereto should Default under any of the provisions of this Contract and the other party should employ attorneys or incur other expenses for the collection of payments or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other reasonable expenses so incurred by the non-defaulting party.

Section 7.5. No Additional Waiver Implied by One Waiver.

In the event any agreement contained in this Contract should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VIII.

MISCELLANEOUS

Section 8.1. Notices.

Except as otherwise specifically provided herein, any notice, request, complaint, demand, or other paper shall be deemed given when (i) delivered by hand, (ii) sent by a nationally recognized overnight delivery service or courier, (iii) if the same shall be duly mailed by registered or certified mail, return receipt requested, postage prepaid, or (iv) sent via telecopy or other recognized facsimile transmission, addressed as follows:

(a) If to the Authority -

Valdosta-Lowndes County Industrial Authority
2110 North Patterson Street
Valdosta, Georgia 31603
Attention: Executive Director
Facsimile: (229-259-9973

With a copy to the County

(b) If to the County -

Lowndes County Board of Commissioners
325 W. Savannah Avenue
Valdosta, Georgia 31601
Attention: Chairman c/o County Manager
Facsimile No.: (229) 671-2435

(c) If to the Agent Banks -

Regions Bank
Georgia Corporate Trust Services
260 Peachtree Street
Suite 1800
Atlanta, Georgia 30303
Attention: Richard M. Jaegle
Facsimile: (404) 581-3770

(d) If to the Bond Insurer –

Financial Security Assurance Inc.
31 West 52nd Street
New York, New York 10012
Attn: Municipal Oversight
Facsimile: (212) 339-3556

A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority, the County, or the Agent Banks to any one of the others shall also be given to all of the others. The Authority, the County, the Agent Banks and the Bond Insurer may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 8.2. Binding Effect.

This Contract shall be binding upon the Authority, the County, and their respective successors and assigns, and shall inure to the benefit of the owners of the Bonds, the Agent Banks and the indemnified parties described in Section 5.7 hereof, all of whom shall be deemed third-party beneficiaries hereof.

Section 8.3. Severability.

In the event any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.4. Amounts Remaining in Funds.

It is agreed by the parties hereto that any amounts remaining in any funds or accounts created under the Resolution upon expiration or earlier termination of the Contract, as provided in this Contract, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Resolution) and all other amounts owing hereunder, shall belong to and be paid to the Authority.

Section 8.5. Amendments, Changes and Modifications.

This Contract may be effectively amended, changed, modified, altered or terminated only as provided in the Resolution and only with the prior written consent of the Bond Insurer.

Section 8.6. Execution in Counterparts; Effective Date.

This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Contract shall not be deemed effective until the Date of Issuance.

Section 8.7. Applicable Law.

This Contract shall be governed by and construed in accordance with the laws of the State.

Section 8.8. Captions.

The captions and headings in this Contract are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Contract.

Section 8.9. No Assignment by County.

This Contract may not be sold, assigned, delegated or encumbered by the County.

Section 8.10. Exercise of Rights.

The Authority, at the written request of the County at any time, shall exercise its rights contained in the Resolution, the Paying Agent Agreement and the Project Fund Custodian Agreement as directed by the County in such written request. Without limiting the generality of the foregoing, the Authority, at the written request of the County at any time and if the Bonds are then callable or available for purchase, and if there are funds available therefor, shall forthwith take all steps that may be necessary under the applicable redemption or purchase provisions of the Resolution to effect redemption or purchase of all or part of the then outstanding Bonds, as may be specified by the County, on the earliest date on which such redemption or purchase may be made under such applicable provisions.

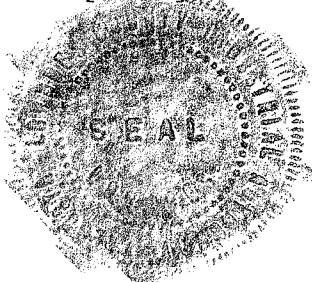
Section 8.11. Rights of Bond Insurer.

The Bond Insurer is an express third-party beneficiary of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed, sealed and delivered through their respective duly authorized representatives, all as of the Date of Issuance.

[SEAL]



VALDOSTA-LOWNDES COUNTY
INDUSTRIAL AUTHORITY

By: *Guy Bennett*
Chairman

Attest:

By: *Gary M...*
Secretary

[SEAL]

LOWNDES COUNTY, GEORGIA

By: 
Chairman

Attest:

By: 
County Clerk