



May 20, 2014 5:15 pm

1. Call to Order by Mayor Jan Moore
2. Invocation and Pledge of Allegiance by Mayor Pro Tem Will Britt
3. Recognitions/Public Presentations
 - A) Mayor Moore will recognize the 100th Anniversary of the Magnolia Missionary Baptist Church
 - B) Proclamation presented to the City of Statesboro Public Works divisions recognizing the week of May 18-24, 2014 as "Public Works Week".
4. Public Comments (Agenda Item):
5. Consideration of a Motion to approve the Consent Agenda
 - A) Approval of Minutes
 - a) 05-06-2014 Council Minutes
 - b) 05-06-2014 Executive Session Minutes
 - c) 05-06-2014 Council Work Session Minutes
 - B) Notification of alcohol license application:
 - a) Licensee: Clayton Edward Clearman
DBA: Fuzzy's Taco Shop
Location: 1302 Statesboro Place Circle
Type of Alcohol License: Pouring Beer, Wine & Liquor
Type of Business: Restaurant
6. Consideration of a Motion to set a date for a work session to discuss the changes to Chapter 6 (Alcohol) of the City of Statesboro Ordinances.
7. Consideration of a Motion to approve **RESOLUTION 2014-07**: A Resolution to adopt the third amendment to the fiscal year 2014 budget for each fund of the City of Statesboro, Georgia, appropriating the amounts shown in each budget as expenditures/expenses, adopting the several items of revenue anticipations, and prohibiting expenditures or expenses from exceeding the actual funding appropriated.
8. Consideration of a Motion to set the Public Hearing for the FY2015 Budget for Thursday June 5, 2014 at 4:00 pm in the Council Chambers at City Hall.
9. Consideration of a Motion to approve **Resolution 2014-08**: A Resolution of the Mayor and Council of the City of Statesboro, Georgia to authorize the execution of an ISDA Credit Support Annex, a JP Morgan March 2013 Bilateral Dodd-Frank agreement, and to authorize and adopt certain policies and procedures for swap transactions in compliance with the Wall Street Transparency and Accountability Act

10. Consideration of a Motion to approve award of contract to Sikes Brothers Inc. for the resurfacing of several city streets. Sikes Brothers' bid was in the amount of \$667,403.20, based on unit price extensions, however, the Engineering Department requests approval to spend up to the budgeted amount of \$673,845.95 in order to resurface additional street mileage. Costs for additional work to be based on contractor's unit bid prices. Improvements to be paid for through a combination of Georgia Department of Transportation LMIG funds (\$209,567.95) and 2007 SPLOST funds (\$464,278.00).
11. Consideration of a Motion to award a contract to retro-fit an existing refuse truck with a new hoist system to Consolidated Disposal in the amount of \$48,387.00.
12. Consideration of a Motion to award a contract to paint the exterior of City Hall and the Drummer Building to Melton Painting in the amount of \$38,300.00.
13. Motion to award the purchase of an F-350 cab and chassis from Wade Ford in the amount of \$24,592.00 and to surplus an existing 2001 cab and chassis truck (VIN# 1FDWF36SX1EB12629).
14. Consideration of a Motion to award the purchase contract of refuse containers to Lewis Steel in the amount of \$106,500.00.
15. Consideration of a Motion to appoint a voting delegate for the 2014 GMA Annual Convention in Savannah.
16. Other Business from City Council
 - A) Notice to City Council that the City of Statesboro has received the 2014 update of the Service Delivery Strategy from Bulloch County
17. Public Comments (General)
 - A) Mrs. Alberta Deal of 327 Donaldson Street would like to address Council regarding the noise level of the Compassion Church on South Zetterower Ave.
 - B) Mr. Thomas Ward with Gateway Development Corporation request a Public Presentation regarding the proposed Newport Trace Development to be located on Lester Road to review the new site plan as requested by City Council and its submission of application to the Georgia Department of Community Affairs for Low Income Housing Credit and/or HOME Investment Partnership Program funding.
18. Consideration of a Motion to enter into Executive Session to discuss "Personnel Matters" "Real Estate" and/or "Potential Litigation" in accordance with **O.C.G.A.§50-14-3 (2012)**
19. Consideration of a Motion to Adjourn

100th Anniversary of the Magnolia Missionary Baptist Church

WHEREAS, it is appropriate that the members of this body should recognize those venerable religious institutions and their congregations who, through their unflagging capacity for love, dedication of spirit, and faith in God, strive to enrich the lives of people in Statesboro and Bulloch County; and

WHEREAS, the congregation of Magnolia Missionary Baptist Church has a century old history springing up in 1914 as a few Christians families from the Magnolia Baptist Church in Louisville, Georgia relocated to this community and continuing through fourteen pastors and many faithful and dedicated disciples of Jesus Christ whose lives are testaments to the faith, sacrifice, and determination built this nation; and

WHEREAS, the lineage of the Church's founding families extends to today's residents, and the history of the Magnolia Missionary Baptist Church illustrates that these members and their families have provided the community with civic, philanthropic and religious leadership; and

WHEREAS, committed to providing an inspirational and rewarding religious experience for all people, to providing a sense of connection and stability for all people by service to the community, and to serving as a wellspring of African American history, traditions, heritage and culture; and

NOW THEREFORE BE IT RESOLVED, by the Mayor and Council of the City of Statesboro that we pause in our deliberations to recognize of Magnolia Missionary Baptist Church, led by the Reverend Dr. Francys Johnson, on their 100th Anniversary and proclaim May 18, 2014 as "Sweet Magnolia Day" in the City of Statesboro, Georgia;

Jan J. Moore, Mayor



Public Works Week Proclamation

Whereas, public works services provided in our community are an integral part of our citizens' everyday lives; and,

Whereas, the support of an understanding and informed citizenry is vital to the efficient operation of public works systems and programs such as solid waste collection, solid waste disposal, street maintenance, stormwater infrastructure maintenance, park maintenance, cemetery maintenance, and fleet maintenance; and,

Whereas, the health, safety, and quality of life of this community greatly depends on these services and facilities; and,

Whereas, the quality and effectiveness of these services and facilities, as well as their planning, design, construction and management, is vitally dependent upon the efforts and skill of public works personnel; and,

Whereas, the efficiency of the qualified and dedicated personnel who staff the public works divisions is materially influenced by the public's attitude and understanding of the importance of the work they perform; and,

Whereas, in honor of the 54th annual National Public Works Week, sponsored by the American Public Works Association, it is most appropriate that we recognize the service of the public works personnel of the City of Statesboro; now,

Therefore, I, Jan J. Moore, Mayor of Statesboro, Georgia, do hereby proclaim the week of May 18 through May 24, 2014 as "**Public Works Week**" in the City of Statesboro; and, further extend appreciation to our Public Works personnel for the vital services they perform and their exemplary dedication to this community; and, call upon all citizens to acquaint themselves with the matters involved in providing our public works services and to recognize the contributions which our public works personnel make every day to our health, safety, comfort, and quality of life.

Passed and adopted this 20th day of May, 2014.

CITY OF STATESBORO, GEORGIA

Jan J. Moore, Mayor

Attest: Sue Starling, City Clerk



**CITY OF STATESBORO
Council Minutes
May 06, 2014**

A regular meeting of the Statesboro City Council was held on May 06, 2014 at 9:00 a.m. in the Council Chambers at City Hall. Present were Mayor Jan J. Moore, Council Members: Will Britt, Phil Boyum, John Riggs, Gary Lewis and Travis Chance. Also present were City Manager Frank Parker, City Clerk Sue Starling, City Attorney Alvin Leaphart, City Engineer Robert Cheshire and Director of Community Development Mandi Cody.

The meeting was called to Order by Mayor Jan Moore.

The Invocation and Pledge of Allegiance was given by Councilman Travis Chance

Recognitions/Public Presentations:

Mayor Moore recognized Gas Director Steve Hotchkiss for the recipient of the Gail Percy Award from the Municipal Gas Authority.

Mayor recognized the Finance Department for receiving the Distinguished Budget Award for FY 2014.

Finance Director Cindy West stated this will be the 10th year of receiving this award.

Director of DSDA Allen Muldrew would like to make an announcement regarding the TAD Program.

Mr. Muldrew invited everyone to the workshop for the Redevelopment Powers Law that will be held today at noon in "The Hall".

Public Comments (Agenda Item): None

Consideration of a Motion to approve the Consent Agenda:

A) Approval of Minutes

- a) 04-14-2014 Budget Retreat Minutes
- b) 04-15-2014 Council Minutes
- c) 04-15-2014 Executive Session Minutes

B) Notification of alcohol license application:

- a) Licensee: James Bennett Lanier Jr
DBA: Locos Grill & Pub
Location: 91 Briarwood Lane
Type of Alcohol License: Pouring Beer, Wine & Liquor
Type of Business: Restaurant

C) Notification of alcohol license application:

- a) Licensee: Kalayanee Raiwa**
- DBA: Coconut Thai Cuisine**
- Location: 7 College Plaza**
- Type of Alcohol License: Pouring Beer, Wine & Liquor**
- Type of Business: Restaurant**

D) Notification of alcohol license application:

- a) Licensee: Robert Paul Lehman**
- DBA: Carmike 12**
- Location: 991 Lovett Road**
- Type of Alcohol License: Pouring Beer, Wine & Liquor**
- Type of Business: Restaurant**

E) Consideration of a Motion to approve the destruction of 230 boxes of records that have met the Georgia State Retention Schedule

Councilman Chance made a motion, seconded by Councilman Riggs to approve the consent agenda in its entirety. Councilman Britt, Boyum, Riggs, Lewis and Chance voted in favor of the motion. The motion carried by a 5-0 vote.

Public Hearing regarding the 2014 Update to the City of Statesboro Comprehensive Master Plan

Director of Community Planning Mandi Cody updated Council on the process for the 5 year update of the Comprehensive Plan. She stated they were working with the Coastal Regional Commission to make sure all guidelines were followed. She also stated this was just an update to the plan not an overhaul.

Consideration of a Motion to approve a salary increase from Step A to Step C for three (3) certified Waste Water Operators

Director of Water Wastewater Wayne Johnson asked Council to approve a salary increase for three (3) wastewater operators and one (1) water sewer operator because they have received certifications for their job duties. Councilman Britt, Boyum, Riggs, Lewis and Chance voted in favor of the motion. The motion carried by a 5-0 vote.

Motion to consider request by Armstrong Development requesting that the Mayor submit application on behalf of the City of Statesboro to the Georgia Department of Transportation for a median cut in the Veterans Memorial Parkway between Jones Mill Road and Highway 80/ Northside Drive

Jeff Perry representing EMC Engineering Services Inc. explained why the need for the median cut on Veterans Memorial Parkway. It would allow for new businesses to have road frontage and connect to the bypass. Councilman Boyum made a motion, seconded by Mayor Pro Tem Will Britt to approve the request by Armstrong Development for the Mayor to submit an application on behalf of the City of Statesboro to the Georgia Department of Transportation for a median cut in the Veterans Memorial Parkway between Jones Mill Road and Highway 80/ Northside Drive. The motion does not include the conditions recommended by staff from the Planning

Department. Councilman Britt, Boyum, Riggs, Lewis and Chance voted in favor of the motion. The motion carried by a 5-0 vote.

Request and Consideration for a Motion in support of the City of Statesboro seeking a signal and encroachment permit from the Georgia Department of Transportation for installation at Brampton Avenue and Fair Road and authorization for the Mayor to execute a reimbursement agreement in an amount not to exceed \$110,000 for cost of said signal design and construction.

Doug Lambert and Brad Combs spoke to Council in favor of the request. During the discussion, Mayor Pro Tem Will Britt asked if the County had been asked to participate in the reimbursement. Mr. Lambert stated they had previously asked regarding such similar projects and they declined but we have not asked them on this particular project. Council stated they were not prepared to pay the full amount of the request of \$142,430.00. The City's budget would only allow \$110,000 at this time. City Engineer Robert Cheshire stated this project has been under study for a few years and has been in our CIP budget for a few years. Mayor Pro Tem Will Britt made a motion, seconded by Councilman Chance to approve the reimbursement to Hutton Development of \$110,000 in 2016 and the remainder not to exceed \$32,430.00 in 2017. Councilman Britt, Boyum, Riggs, Lewis and Chance voted in favor of the motion. The motion carried by a 5-0 vote. Mayor Pro Tem Will Britt did state he would like for the developers to ask the County if they would share the cost.

Consideration of a Motion to award an engineering contract to Sapp Engineering for the Natural Gas Expansion Project at US 301 and I-16

Councilman Riggs made a motion, seconded by Mayor Pro Tem Will Britt to award an engineering contract to Sapp Engineering for the Natural Gas Expansion Project at US 301 and I-16. Councilman Britt, Boyum, Riggs, Lewis and Chance voted in favor of the motion. The motion carried by a 5-0 vote.

Other Business from City Council

Mayor Pro Tem Will Britt thanked Robert Cheshire and Jason Boyles for their completing the street lightning issues and checking on them regularly.

Public Comments (General)

- A) Mr. Thomas Ward with the Gateway Development Corporation request a Public Presentation regarding the proposed Newport Trace Development to be located on Lester Road and its submission of application to the Georgia Department of Community Affairs for Low Income Housing Tax Credit and/or HOME Investment Partnership Program funding.**

Mr. Ward of Gateway Development asked Council to support a low income housing complex that would consist of 56 units on Lester Road. Councilman Boyum read a letter from a citizen opposing the request. Mr. Britt Bottoms and Mr. Jay Hallman spoke against the request. Councilman Boyum made a motion, seconded by Councilman Chance to oppose the City's

support for the development of the property. Councilman Britt, Boyum, Riggs, Lewis and Chance voted in favor of the motion. The motion carried by a 5-0 vote.

B) Mr. Marshall Ransom would like to present Council with a petition from the residents of Foxlake Drive requesting the homes to be connected to the City's water/sewer system.

Mr. Ransom presented a petition from the citizens of Foxlake Drive to request that sewer lines be installed in their neighborhood by the City. Water Wastewater Director Wayne Johnson stated the City has no funds at this time for the \$300,000 dollar project. He also stated that it would cost each household approximately \$10,000 dollars to connect to the sewer lines if the City did install them. Council asked for an update at the second meeting in June to see how the citizens felt about their cost of the project, City Manager Frank Parker will look at the possibility of funding the project and the Engineering Department will look at the drainage problems which cause the flooding to the area when heavy rains come.

Consideration of a Motion to enter into Executive Session to discuss "Personnel Matters" "Real Estate" and/or "Potential Litigation" in accordance with O.C.G.A.§50-14-3 (2012)

At 11:05 am, Councilman Chance made a motion, seconded by Mayor Pro Tem Will Britt to enter into Executive Session to discuss "Personnel Matters" "Real Estate" and/or "Potential Litigation" in accordance with O.C.G.A.§50-14-3 (2012) with a 10 minute break. Councilman Britt, Boyum, Riggs, Lewis and Chance voted in favor of the motion. The motion carried by a 5-0 vote.

At 11:56 am the regular session was called back to order with no action taken.

Consideration of a Motion to approve the employment contract between the Mayor and City Council and the City Attorney

Councilman Boyum made a motion, seconded by Councilman Chance to approve the employment contract with an amendment to change a part of the contract to say for each complete year of service after July 1, 2014 the employer will provide one additional month of severance pay for each year of service to a maximum of total of twelve (12) months. Councilman Britt, Boyum, Riggs and Chance voted in favor of the motion. The motion carried by a 4-0 vote.

Consideration of a Motion to Adjourn

Councilman Chance made a motion, seconded by Councilman Boyum to adjourn the meeting. Councilman Britt, Boyum, Riggs and Chance voted in favor of the motion. The motion carried by a 4-0 vote.

The meeting was adjourned at 12:00 pm.



**CITY OF STATESBORO
CITY COUNCIL WORK SESSION MINUTES
May 06, 2014**

A work session of the Statesboro City Council was held on May 6th, 2014 at 12:00 p.m. in the Council Chambers at City Hall. Present were Mayor Jan Moore; Council Members: Phil Boyum, John Riggs and Travis Chance. Also present was City Clerk Sue Starling, City Attorney Alvin Leaphart. Councilman Gary Lewis and Mayor Pro Tem Will Britt were absent.

The meeting was called to order by Mayor Jan Moore. The following topics were discussed.

1. Discussion of the proposed changes to Chapter 6 (Alcohol Ordinance) for the Code of Ordinances of the City of Statesboro.

Councilman Travis Chance asked that the work session be postponed due to the lengthy Council Meeting and due to the fact the alcohol changes are a controversial topic. He also stated there were 2 Councilmembers absent and felt that all Councilmembers needed to be present for any discussion on the changes of the alcohol ordinance. Mayor and Council agreed. Councilman Chance stated that possibly the meeting would be the first meeting in June. Mayor stated the date would be set at the next Council meeting.

The meeting was adjourned at 12:03 pm with no action being taken.

RECEIVED
4-30-14

CITY OF STATESBORO, GEORGIA

APPLICATION FOR ALCOHOLIC BEVERAGE LICENSE

DATE OF APPLICATION 04/30/14

TYPE OF BUSINESS TO BE OPERATED:

- RETAIL BEER & WINE PACKAGED ONLY \$1,250.00
- RETAIL BEER & WINE BY THE DRINK \$1,250.00
- BEER, WINE & LIQUOR BY DRINK \$3,750.00
- WHOLESALE LICENSE \$1,000.00
- APPLICATION FEE - PACKAGED SALES \$ 150.00
- APPLICATION FEE - POURING SALES \$ 150.00

APPLICANTS FULL NAME Clayton Edward Clearman

OWNERS NAME George Lebus^{CEC} SEC Foods, LLC

DBA (BUSINESS NAME) Fuzzy's Taco Shop SEC Tacos^{CEC}

CHECK THE TYPE OF ALCOHOL LICENSE YOU ARE APPLYING FOR:
RESTAURANT SPORTS RESTAURANT PRIVATE CLUB PACKAGE

BUSINESS ADDRESS 1302 Statesboro Place Circle

BUSINESS MAILING ADDRESS P.O. Box 471790 Ft. Worth, Texas 76147

BUSINESS TELEPHONE # 912 871 3899

ARE YOU A CITIZEN OF THE UNITED STATES? YES NO

HAVE YOUR EVER BEEN ARRESTED FOR ANYTHING? YES NO

IF YES, WHEN AND WHY 2002, unpaid speeding ticket

IS THE APPLICANT THE OWNER OF THE BUSINESS? YES NO

IF NO, WHAT IS YOUR TITLE IN THE BUSINESS? General Manager

HOW MANY PARTNERS, SHAREHOLDERS, ETC. ARE INVOLVED IN THE BUSINESS 2

PLEASE LIST BELOW:

George Lebus Chip Wagner

RESOLUTION 2014-07: A RESOLUTION TO ADOPT THE THIRD AMENDMENT TO THE FISCAL YEAR 2014 BUDGET FOR EACH FUND OF THE CITY OF STATESBORO, GEORGIA, APPROPRIATING THE AMOUNTS SHOWN IN EACH BUDGET AS EXPENDITURES/EXPENSES, ADOPTING THE SEVERAL ITEMS OF REVENUE ANTICIPATIONS, AND PROHIBITING EXPENDITURES OR EXPENSES FROM EXCEEDING THE ACTUAL FUNDING APPROPRIATED

THAT WHEREAS, sound governmental operations require a Budget in order to plan the financing of services for the residents of the City of Statesboro; and

WHEREAS, Title 36, Chapter 81, Article 1 of the Official Code of Georgia Annotated (OCGA) requires a balanced Budget for the City's fiscal year, which runs from July 1st to June 30th of each year; and

WHEREAS, the Mayor and City Council have reviewed a proposed Third Amendment to the Budget from the City Manager that includes some revenues/financing sources and expenditures/expenses not anticipated in the original Budget, and carries forward funding and appropriations for some projects and equipment budgeted in the previous fiscal year, but not purchased by fiscal year-end; and

WHEREAS, each of these funds is a balanced budget, so that anticipated revenues and other financial resources for each fund equal the proposed expenditures or expenses and any transfers; and

WHEREAS, the Mayor and City Council wish to adopt this Third Budget Amendment for Fiscal Year 2014;

NOW THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Statesboro, Georgia as follows:

Section 1. That the proposed changes to the budget, attached hereto as Attachment #1 and incorporated herein as a part of this Resolution, are hereby adopted as the Third Budget Amendment for the City's Fiscal Year 2014 Budget.

Section 2. That the several items of revenues, other financial resources, and sources of cash shown in the budget amendment for each fund in the amounts shown anticipated are hereby adopted; and that the several amounts shown in the budget amendment for each fund as proposed expenditures or expenses, and uses of cash are hereby appropriated to the departments and agencies named in each fund, as amendments to the existing Budget previously adopted.

Section 3. That the "legal level of control" as defined in OCGA 36-81-2 is set at the departmental level, meaning that the City Manager in his capacity as Budget Officer is authorized to move appropriations from one line item to another within a department, but under no circumstances may expenditures or expenses exceed the amount

appropriated for a department without a further budget amendment approved by the Mayor and City Council.

Section 4. That all appropriations shall lapse at the end of the fiscal year.

Section 5. That this Resolution shall be and remain in full force and effect from and after its date of adoption.

Adopted this 20th **day of May, 2014.**

CITY OF STATESBORO, GEORGIA

By: Jan J. Moore, Mayor

Attest: Sue Starling, City Clerk

ATTACHMENT #1

FY 2014 THIRD BUDGET AMENDMENT

100 General Fund:

- Increase transfer from Solid Waste Collection for Information Technology by \$13,000
- City Manager's Office
 - Increase Expenditures for Public Relations by \$17,000.
- Elections
 - Increase Expenditures for Temporary Employees by \$14,000.
- Information Technology
 - Increase Expenditures for Contract Services by \$13,000
- Police
 - Decrease Expenditures for Retirement by \$30,058
- Public Works Administration
 - Increase Expenditures for Repairs and Maintenance Equipment by \$3,000
- Streets
 - Decrease Expenditures for Retirement by \$3,500
- Arts Council
 - Increase Expenditures for Repairs and Maintenance Equipment by \$1,150.
 - Increase Expenditures for Rentals by \$408.
- Parks
 - Decrease Expenditures for Retirement by \$2,000.

Net effect on Fund is: None.

210 Confiscated Assets Fund:

- Increase Revenue for Federal Cash Confiscation by \$165,000.

Net effect on Fund is: Increase in Fund Balance by \$165,000.

221 CDBG Fund:

- No Changes.

Net effect on Fund is: None.

224 US Department of Justice Grant

- No Changes.

Net effect on Fund is: None.

250 Multiple Grants Fund:

- No Changes.

Net effect on Fund is: None.

270 Statesboro Fire Service Fund:

- No Changes.

Net effect on Fund is: None.

275 Hotel/Motel Fund:

- No Changes.

Net effect on Fund is: None.

286 Technology Fee Fund:

- No Changes.

Net effect on Fund is: None.

322 2007 SPLOST Fund:

- Decrease Expenditures for ENG-34 Gentilly Road Sidewalk Installation by \$50,000.
- Decrease Expenditures for ENG-28 Street Striping/Signage Program by \$25,000.
- Increase Expenditures for ENG-40 Street Resurfacing by \$231,000.

Net effect on Fund is: Decrease in Fund Balance by \$156,000.

323 2013 SPLOST Fund:

- No Changes.

Net effect on Fund is: None.

341 2013 CDBG Fund:

- No Changes.

Net effect on Fund is: None.

350 Capital Improvements Program Fund:

- No Changes.

Net effect on Fund is: None.

505 Water and Sewer Fund:

- No Changes.

Net effect on Fund is: None

506 Reclaimed Water System Fund

- No Changes.

Net effect on Fund is: None

515 Natural Gas Fund:

- Increase Revenues for Commercial Natural Gas Charges by \$500,000.
- Increase Expenses for Natural Gas Purchased by \$500,000.

Net effect on Fund is: None.

541 Solid Waste Collection Fund:

Commercial Division

- No Changes.

Residential Division

- No Changes.

Yardwaste Division

- No Changes.
- Increase Transfer to General Fund for Information Technology by \$13,000.

Net effect on Fund is: Decrease Cash by \$13,000.

542 Solid Waste Disposal Fund:

- No Changes.

Net effect on Fund is: None.

601 Health Insurance Fund:

- No Changes.

Net effect on Fund is: None.

602 Fleet Management Fund:

- No Changes.

Net effect on Fund is: None.

603 Workers Compensation Fund:

- Increase Revenues for Workers Compensation by \$65,000
- Increase Expenses for Workers Compensation Premiums by \$38,800.
- Increase Expenses for Workers Compensation Claims by \$26,200.

Net effect on Fund is: None.

604 Wellness Fund:

- No Changes.

Net effect on Fund is: None.

760 Other Post Employment Benefits Fund

- Increase Revenues for OPEB Contributions by \$475,435.17

Net effect on Fund is: Increase Cash by \$475,435.17

Resolution 2014-08: A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF STATESBORO, GEORGIA TO AUTHORIZE THE EXECUTION OF AN ISDA CREDIT SUPPORT ANNEX, A JP MORGAN MARCH 2013 BILATERAL DODD-FRANK AGREEMENT, AND TO AUTHORIZE AND ADOPT CERTAIN POLICIES AND PROCEDURES FOR SWAP TRANSACTIONS IN COMPLIANCE WITH THE WALL STREET TRANSPARENCY AND ACCOUNTABILITY ACT

WHEREAS, The City of Statesboro, Georgia (the "City"), is a legally created, valid and existing municipal corporation of the State of Georgia, created and existing under the Constitution and laws of the State of Georgia; and

WHEREAS, the City is a participant in the (GMA) Georgia Local Government 1998A Grantor Trust Certificates of Participation equipment loan program (the "Loan Program"); and

WHEREAS, in connection with the Loan Program, the City entered into a 1998A Master Lease and Option Agreement, dated as of June 1, 1998 (the "Lease"), between the City and Georgia Municipal Association ("GMA"), under the terms of which GMA leases various items of equipment to the City (as described therein) and the City agrees to make certain rental payments to GMA; and

WHEREAS, in connection with the Loan Program, the City entered into an ISDA Master Agreement, dated as of June 1, 1998 (the "Master Agreement") and a schedule to the Master Agreement (collectively, the "Swap Agreement") with JPMorgan Chase Bank (formerly, Morgan Guaranty Trust Company of New York) (the "Swap Counterparty"), under the terms of which, on a same-day net-payment basis determined by reference to notional amounts equal to the principal components of the rental payments under the Lease, (1) the Swap Counterparty agrees to pay the City an amount based on interest rates that are identical to the interest rates used to determine the interest components of the rental payments under the Lease (the "Swap Counterparty Payments"), and (2) the City agrees to pay the Swap Counterparty a floating amount (as described therein); and

WHEREAS, it is proposed that the City amend the Swap Agreement and enter into an ISDA Credit Support Annex (the "Credit Support Annex"), between the City and the Swap Counterparty, the form of which is attached hereto as Exhibit A, under the terms of which the Swap Counterparty will provide additional collateral to secure the payment of the Swap Counterparty Payments; and

WHEREAS, it is proposed that the City appoint GMA, as its agent, in connection with a Custody Agreement, between U.S. Bank National Association, as custodian, and GMA, as agent for the participant governments in the Loan Program (the "Custody Agreement"), the form of which is attached hereto as Exhibit B, under the terms of which U.S. Bank National Association will serve as the custodian for the collateral provided by the Swap Counterparty to secure the payment of the Swap Counterparty Payments (the "Posted Collateral"); and

WHEREAS, pursuant to Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Wall Street Transparency and Accountability Act"), enacted in response

to the financial markets crisis of 2008, participants in over-the-counter derivatives transactions (including the Swap Agreement) shall adopt certain policies and procedures and enter into certain agreements to ensure compliance with the regulatory requirements of the Wall Street Transparency and Accountability Act; and

WHEREAS, it is proposed that the City enter into a JPM March 2013 Bilateral DF Agreement, between the City and the Swap Counterparty (the "Bilateral DF Agreement"), the form of which is attached hereto as Exhibit C, to ensure compliance with the regulatory requirements of the Wall Street Transparency and Accountability Act.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Statesboro, Georgia, as follows:

Section 1. The execution, delivery and performance of the Credit Support Annex are hereby authorized. The Mayor of the City (the "Mayor") is hereby authorized to execute and deliver the Credit Support Annex on behalf of the City, which Credit Support Annex shall be in substantially the form attached hereto as Exhibit A with such minor changes, insertions or omissions as may be approved by the Mayor, and the execution of the Credit Support Annex by the Mayor as hereby authorized shall be conclusive evidence of any such approval.

Section 2. The City hereby appoints GMA as its agent in connection with the Custody Agreement. GMA is hereby authorized to execute, deliver and perform the Custody Agreement as agent for the City.

Section 3. The City hereby appoints U.S. Bank National Association as the custodian for the Posted Collateral.

Section 4. The execution, delivery and performance of the Bilateral DF Agreement are hereby authorized. The Mayor is hereby authorized to execute and deliver the Bilateral DF Agreement on behalf of the City, which Bilateral DF Agreement shall be in substantially the form attached hereto as Exhibit C with such minor changes, insertions or omissions as may be approved by the Mayor, and the execution of the Bilateral DF Agreement by the Mayor as hereby authorized shall be conclusive evidence of any such approval.

Section 5. Pursuant to the Wall Street Transparency and Accountability Act, the City hereby designates The PFM Group as its Qualified Independent Representative ("QIR") in connection with the Bilateral DF Agreement.

Section 6. It is the intent of the City to adopt policies and take such actions to ensure compliance with the requirements relating to the Wall Street Transparency and Accountability Act. Pursuant to such intent, it is the policy of the City that: the designated QIR agrees to meet and meets the requirements specified in Commodity Futures Trading Commission Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the "Representative Regulation"); the designated QIR provide a written certification to the City to the effect that such designated QIR agrees to meet and meets the requirements specified in the Representative Regulation; (iii) City staff monitor the performance of each designated QIR consistent with the requirements specified in the Representative Regulation; (iv) City staff exercise independent

judgment in consultation with the City's designated QIR in evaluating all recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this policy; and (v) City staff rely on the advice of the City's designated QIR with respect to transactions authorized pursuant to this policy and do not rely on recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this policy.

Section 7. From and after the execution and delivery of the documents herein authorized, the Mayor and such other proper officers, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to carry out and comply with the provisions of the documents herein authorized and are further authorized to take any and all further actions and to execute and deliver any and all further documents and certificates as may be necessary or desirable in connection with the execution, delivery and performance of the documents and the compliance with the Wall Street Transparency and Accountability Act herein authorized. Without limiting the foregoing, if the Mayor is not available to execute the documents herein authorized, the Mayor Pro Tern shall execute such documents on the Mayor's behalf.

Section 8. All acts and doings of the officers, agents and employees of the City which are in conformity with the purposes and intents of this resolution and in furtherance of the execution, delivery and performance of the Credit Support Annex and the Bilateral DF Agreement and the compliance with the Wall Street Transparency and Accountability Act shall be, and the same hereby are, in all respects, approved and confirmed.

Section 9. No stipulation, obligation or agreement herein contained or contained in the Credit Support Annex and the Bilateral DF Agreement shall be deemed to be a stipulation, obligation or agreement of the Mayor or the Clerk of the City in their individual capacity, and neither the Mayor nor the Clerk of the City shall be personally liable under the Credit Support Annex and the Bilateral DF Agreement or be subject to personal liability or accountability by reason of the issuance thereof.

Section 10. This resolution shall take effect immediately upon its adoption. All resolutions or parts thereof in conflict with this resolution are hereby repealed.

ADOPTED this ____ day of _____, 2014.

CITY OF STATESBORO, GEORGIA

(SEAL)

BY: _____
Mayor

ATTEST:

BY: _____
City Clerk

EXHIBIT A

CREDIT SUPPORT ANNEX

ISDA®

International Swaps and Derivatives Association, Inc.

CREDIT SUPPORT ANNEX

Dated as of _____, 2014

to the Schedule to the

ISDA Master Agreement

dated as of June 1, 1998 between

JPMORGAN CHASE BANK, N.A.

and

THE CITY OF STATESBORO, GA

("Party A")

("Party B")

This Annex supplements, forms part of, and is subject to, the above-referenced Agreement, is part of its Schedule and is a Credit Support Document under this Agreement with respect to each party.

Accordingly, the parties agree as follows:--

Paragraph 1. Interpretation

(a) *Definitions and Precedence.* Capitalized terms not otherwise defined herein or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 12, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 13 and the other provisions of this Annex, Paragraph 13 will prevail.

(b) *Secured Party and Pledgor.* All references in this Annex to the "Secured Party" will be to either party when acting in that capacity and all corresponding references to the "Pledgor" will be to the other party when acting in that capacity; *provided, however,* that if Other Posted Support is held by a party to this Annex, all references herein to that party as the Secured Party with respect to that Other Posted Support will be to that party as the beneficiary thereof and will not subject that support or that party as the beneficiary thereof to provisions of law generally relating to security interests and secured parties.

Paragraph 2. Security Interest

Each party, as the Pledgor, hereby pledges to the other party, as the Secured Party, as security for its Obligations, and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set-off against all Posted Collateral Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the Pledgor of Posted Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.

Paragraph 3. Credit Support Obligations

(a) *Delivery Amount.* Subject to Paragraphs 4 and 5, upon a demand made by the Secured Party on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Pledgor's Minimum Transfer Amount, then the Pledgor will Transfer to the Secured Party Eligible Credit Support having a Value as of the date of Transfer at least equal to the applicable Delivery Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "*DeliveLy Amollll*" applicable to the Pledgor for any Valuation Date will equal the amount by which:

(i) the Credit Support Amount

exceeds

(ii) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party.

(b) *Return Amount.* Subject to Paragraphs 4 and 5, upon a demand made by the Pledgor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds the Secured Party's Minimum Transfer Amount, then the Secured Party will Transfer to the Pledgor Posted Credit Support specified by the Pledgor in that demand having a Value as of the date of Transfer as close as practicable to the applicable Return Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "*Return Amount*" applicable to the Secured Party for any Valuation Date will equal the amount by which:

(i) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party

exceeds

(ii) the Credit Support Amount.

"*Credit Support Amount*" means, unless otherwise specified in Paragraph 13, for any Valuation Date (i) the Secured Party's Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) all Independent Amounts applicable to the Secured Party, if any, minus (iv) the Pledgor's Threshold; *provided, however*, that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero.

Paragraph 4. Conditions Precedent, Transfer Timing, Calculations and Substitutions

(a) *Conditions Precedent.* Each Transfer obligation of the Pledgor under Paragraphs 3 and 5 and of the Secured Party under Paragraphs 3, 4(d)(ii), 5 and 6(d) is subject to the conditions precedent that:

(i) no Event of Default, Potential Event of Default or Specified Condition has occurred and is continuing with respect to the other party; and

(ii) no Early Termination Date for which any unsatisfied payment obligations exist has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the other party.

(b) *Transfer Timing.* Subject to Paragraphs 4(a) and 5 and unless otherwise specified, if a demand for the Transfer of Eligible Credit Support or Posted Credit Support is made by the Notification Time, then the relevant Transfer will be made not later than the close of business on the next Local Business Day; if a demand is made after the Notification Time, then the relevant Transfer will be made not later than the close of business on the second Local Business Day thereafter.

(c) *Calculations.* All calculations of Value and Exposure for purposes of Paragraphs 3 and 6(d) will be made by the Valuation Agent as of the Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or in the case of Paragraph 6(d), following the date of calculation).

(d) *Substitutions.*

(i) Unless otherwise specified in Paragraph 13, upon notice to the Secured Party specifying the items of Posted Credit Support to be exchanged, the Pledgor may, on any Local Business Day, Transfer to the Secured Party substitute Eligible Credit Support (the "Substitute Credit Support"); and

(ii) subject to Paragraph 4(a), the Secured Party will Transfer to the Pledgor the items of Posted Credit Support specified by the Pledgor in its notice not later than the Local Business Day following the date on which the Secured Party receives the Substitute Credit Support, unless otherwise specified in Paragraph 13 (the "Substitution Date"); *provided* that the Secured Party will only be obligated to Transfer Posted Credit Support with a Value as of the date of Transfer of that Posted Credit Support equal to the Value as of that date of the Substitute Credit Support.

Paragraph 5. Dispute Resolution

If a party (a "Disputing Party") disputes (I) the Valuation Agent's calculation of a Delivery Amount or a Return Amount or (II) the Value of any Transfer of Eligible Credit Support or Posted Credit Support, then (1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above, (2) subject to Paragraph 4(a), the appropriate party will Transfer the undisputed amount to the other party not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above, (3) the parties will consult with each other in an attempt to resolve the dispute and (4) if they fail to resolve the dispute by the Resolution Time, then:

(i) In the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 13, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) utilizing any calculations of Exposure for the Transactions (or Swap Transactions) that the parties have agreed are not in dispute;

(B) calculating the Exposure for the Transactions (or Swap Transactions) in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; *provided* that if four quotations are not available for a particular Transaction (or Swap Transaction), then fewer than four quotations may be used for that Transaction (or Swap Transaction); and if no quotations are available for a particular Transaction (or Swap Transaction), then the Valuation Agent's original calculations will be used for that Transaction (or Swap Transaction); and

(C) utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Credit Support.

(ii) In the case of a dispute involving the Value of any Transfer of Eligible Credit Support or Posted Credit Support, the Valuation Agent will recalculate the Value as of the date of Transfer pursuant to Paragraph 13.

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following that notice by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraphs 4(a) and 4(b), make the appropriate Transfer.

Paragraph 6. Holding and Using Posted Collateral

(a) *Care of Posted Collateral.* Without limiting the Secured Party's rights under Paragraph 6(c), the Secured Party will exercise reasonable care to assure the safe custody of all Posted Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Posted Collateral, including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining thereto.

(b) *Eligibility to Hold Posted Collateral; Custodians.*

(i) *General.* Subject to the satisfaction of any conditions specified in Paragraph 13 for holding Posted Collateral, the Secured Party will be entitled to hold Posted Collateral or to appoint an agent (a "Custodian") to hold Posted Collateral for the Secured Party. Upon notice by the Secured Party to the Pledgor of the appointment of a Custodian, the Pledgor's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Posted Collateral by a Custodian will be deemed to be the holding of that Posted Collateral by the Secured Party for which the Custodian is acting.

(ii) *Failure to Satisfy Conditions.* If the Secured Party or its Custodian fails to satisfy any conditions for holding Posted Collateral, then upon a demand made by the Pledgor, the Secured Party will, not later than five Local Business Days after the demand, Transfer or cause its Custodian to Transfer all Posted Collateral held by it to a Custodian that satisfies those conditions or to the Secured Party if it satisfies those conditions.

(iii) *Liability.* The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(c) *Use of Posted Collateral.* Unless otherwise specified in Paragraph 13 and without limiting the rights and obligations of the parties under Paragraphs 3, 4(d)(ii), 5, 6(d) and 8, if the Secured Party is not a Defaulting Party or an Affected Party with respect to a Specified Condition and no Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then the Secured Party will, notwithstanding Section 9-207 of the New York Uniform Commercial Code, have the right to:

(i) sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Posted Collateral it holds, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor; and

(ii) register any Posted Collateral in the name of the Secured Party, its Custodian or a nominee for either.

For purposes of the obligation to Transfer Eligible Credit Support or Posted Credit Support pursuant to Paragraphs 3 and 5 and any rights or remedies authorized under this Agreement, the Secured Party will be deemed to continue to hold all Posted Collateral and to receive Distributions made thereon, regardless of whether the Secured Party has exercised any rights with respect to any Posted Collateral pursuant to (i) or (ii) above.

(d) *Distributions and Interest Amount.*

(i) *Distributions.* Subject to Paragraph 4(a), if the Secured Party receives or is deemed to receive Distributions on a Local Business Day, it will Transfer to the Pledgor not later than the following Local Business Day any Distributions it receives or is deemed to receive to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose).

(ii) *Interest Amount.* Unless otherwise specified in Paragraph 13 and subject to Paragraph 4(a), in lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Posted Collateral in the form of Cash (all of which may be retained by the Secured Party), the Secured Party will Transfer to the Pledgor at the times specified in Paragraph 13 the Interest Amount to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose). The Interest Amount or portion thereof not Transferred pursuant to this Paragraph will constitute Posted Collateral in the form of Cash and will be subject to the security interest granted under Paragraph 2.

Paragraph 7. Events of Default

For purposes of Section 5(a)(iii)(l) of this Agreement, an Event of Default will exist with respect to a party if:

- (i) that party fails (or fails to cause its Custodian) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to that party;
- (ii) that party fails to comply with any restriction or prohibition specified in this Annex with respect to any of the rights specified in Paragraph 6(c) and that failure continues for five Local Business Days after notice of that failure is given to that party; or
- (iii) that party fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to that party.

Paragraph 8. Certain Rights and Remedies

(a) *Secured Party's Rights and Remedies.* If at any time (1) an Event of Default or Specified Condition with respect to the Pledgor has occurred and is continuing or (2) an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Pledgor, then, unless the Pledgor has paid in full all of its Obligations that are then due, the Secured Party may exercise one or more of the following rights and remedies:

- (i) all rights and remedies available to a secured party under applicable law with respect to Posted Collateral held by the Secured Party;
- (ii) any other rights and remedies available to the Secured Party under the terms of Other Posted Support, if any;
- (iii) the right to Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and
- (iv) the right to liquidate any Posted Collateral held by the Secured Party through one or more public or private sales or other dispositions with such notice, if any, as may be required under applicable law, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor (with the Secured Party having the right to purchase any or all of the Posted Collateral to be sold) and to apply the proceeds (or the Cash equivalent thereof) from the liquidation of the Posted Collateral to any amounts payable by the Pledgor with respect to any Obligations in that order as the Secured Party may elect.

Each party acknowledges and agrees that Posted Collateral in the form of securities may decline speedily in value and is of a type customarily sold on a recognized market, and, accordingly, the Pledgor is not entitled to prior notice of any sale of that Posted Collateral by the Secured Party, except any notice that is required under applicable law and cannot be waived.

(b) *Pledgor's Rights and Remedies.* If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then (except in the case of an Early Termination Date relating to less than all Transactions (or Swap Transactions) where the Secured Party has paid in full all of its obligations that are then due under Section 6(e) of this Agreement):

(i) the Pledgor may exercise all rights and remedies available to a pledgor under applicable law with respect to Posted Collateral held by the Secured Party;

(ii) the Pledgor may exercise any other rights and remedies available to the Pledgor under the terms of Other Posted Support, if any;

(iii) the Secured Party will be obligated immediately to Transfer all Posted Collateral and the Interest Amount to the Pledgor; and

(iv) to the extent that Posted Collateral or the Interest Amount is not so Transferred pursuant to (iii) above, the Pledgor may:

(A) Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and

(B) to the extent that the Pledgor does not Set-off under (iv)(A) above, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the Value of any remaining Posted Collateral held by the Secured Party, until that Posted Collateral is Transferred to the Pledgor.

(c) *Deficiencies and Excess Proceeds.* The Secured Party will Transfer to the Pledgor any proceeds and Posted Credit Support remaining after liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b) after satisfaction in full of all amounts payable by the Pledgor with respect to any Obligations; the Pledgor in all events will remain liable for any amounts remaining unpaid after any liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b).

(d) *Final Returns.* When no amounts are or thereafter may become payable by the Pledgor with respect to any Obligations (except for any potential liability under Section 2(d) of this Agreement), the Secured Party will Transfer to the Pledgor all Posted Credit Support and the Interest Amount, if any.

Paragraph 9. Representations

Each party represents to the other party (which representations will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that:

(i) it has the power to grant a security interest in and lien on any Eligible Collateral it Transfers as the Pledgor and has taken all necessary actions to authorize the granting of that security interest and lien;

(ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral it Transfers to the Secured Party hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted under Paragraph 2;

(iii) upon the Transfer of any Eligible Collateral to the Secured Party under the terms of this Annex, the Secured Party will have a valid and perfected first priority security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the control of the Pledgor involved in the Transfer of that Eligible Collateral gives the notices and takes the action required of it under applicable law for perfection of that interest); and

(iv) the performance by it of its obligations under this Annex will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted under Paragraph 2.

Paragraph 10. Expenses

(a) *General.* Except as otherwise provided in Paragraphs IO(b) and IO(c), each party will pay its own costs and expenses in connection with performing its obligations under this Annex and neither party will be liable for any costs and expenses incurred by the other party in connection herewith.

(b) *Posted Credit Support.* The Pledgor will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to Posted Credit Support held by the Secured Party upon becoming aware of the same, regardless of whether any portion of that Posted Credit Support is subsequently disposed of under Paragraph 6(c), except for those taxes, assessments and charges that result from the exercise of the Secured Party's rights under Paragraph 6(c).

(c) *Liquidation/Application of Posted Credit Support.* All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledgor in connection with the liquidation and/or application of any Posted Credit Support under Paragraph 8 will be payable, on demand and pursuant to the Expenses Section of this Agreement, by the Defaulting Party or, if there is no Defaulting Party, equally by the parties.

Paragraph 11. Miscellaneous

(a) *Default Interest.* A Secured Party that fails to make, when due, any Transfer of Posted Collateral or the Interest Amount will be obligated to pay the Pledgor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date that Posted Collateral or Interest Amount was required to be Transferred to (but excluding) the date of Transfer of that Posted Collateral or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(b) *Further Assurances.* Promptly following a demand made by a party, the other party will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest or lien granted under Paragraph 2, to enable that party to exercise or enforce its rights under this Annex with respect to Posted Credit Support or an Interest Amount or to effect or document a release of a security interest on Posted Collateral or an Interest Amount.

(c) *Further Protection.* The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding or lien that involves Posted Credit Support Transferred by the Pledgor or that could adversely affect the security interest and lien granted by it under Paragraph 2, unless that suit, action, proceeding or lien results from the exercise of the Secured Party's rights under Paragraph 6(c).

(d) *Good Faith and Commercially Reasonable Manner.* Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(e) *Demands and Notices.* All demands and notices made by a party under this Annex will be made as specified in the Notices Section of this Agreement, except as otherwise provided in Paragraph 13.

(f) *Specifications of Certain Matters.* Anything referred to in this Annex as being specified in Paragraph 13 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.

Paragraph 12. Definitions

As used in this Annex:--

"Cash" means the lawful currency of the United States of America.

"Credit Support Amount" has the meaning specified in Paragraph 3.

"Custodian" has the meaning specified in Paragraphs 6(b)(i) and 13.

"Delivery Amount" has the meaning specified in Paragraph 3(a).

"Disputing Party" has the meaning specified in Paragraph 5.

"Distributions" means with respect to Posted Collateral other than Cash, all principal, interest and other payments and distributions of cash or other property with respect thereto, regardless of whether the Secured Party has disposed of that Posted Collateral under Paragraph 6(c). Distributions will not include any item of property acquired by the Secured Party upon any disposition or liquidation of Posted Collateral or, with respect to any Posted Collateral in the form of Cash, any distributions on that collateral, unless otherwise specified herein.

"Eligible Collateral" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

"Eligible Credit Support" means Eligible Collateral and Other Eligible Support.

"Exposure" means for any Valuation Date or other date for which Exposure is calculated and subject to Paragraph 5 in the case of a dispute, the amount, if any, that would be payable to a party that is the Secured Party by the other party (expressed as a positive number) or by a party that is the Secured Party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(2)(A) of this Agreement as if all Transactions (or Swap Transactions) were being terminated as of the relevant Valuation Time; *provided* that Market Quotation will be determined by the Valuation Agent using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation").

"Independent Amount" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"Interest Amount" means, with respect to an Interest Period, the aggregate sum of the amounts of interest calculated for each day in that Interest Period on the principal amount of Posted Collateral in the form of Cash held by the Secured Party on that day, determined by the Secured Party for each such day as follows:

- (x) the amount of that Cash on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by
- (z) 360.

"Interest Period" means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred (or, if no Interest Amount has yet been Transferred, the Local Business Day on which Posted Collateral in the form of Cash was Transferred to or received by the Secured Party) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

"Interest Rate" means the rate specified in Paragraph 13.

"Local Business Day", unless otherwise specified in Paragraph 13, has the meaning specified in the Definitions Section of this Agreement, except that references to a payment in clause (b) thereof will be deemed to include a Transfer under this Annex.

"Minimum Transfer Amount" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"Notification Time" has the meaning specified in Paragraph 13.

"Obligations" means, with respect to a party, all present and future obligations of that party under this Agreement and any additional obligations specified for that party in Paragraph 13.

"Other Eligible Support" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

"Other Posted Support" means all Other Eligible Support Transferred to the Secured Party that remains in effect for the benefit of that Secured Party.

"Pledgor" means either party, when that party (i) receives a demand for or is required to Transfer Eligible Credit Support under Paragraph 3(a) or (ii) has Transferred Eligible Credit Support under Paragraph 3(a).

"Posted Collateral" means all Eligible Collateral, other property, Distributions, and all proceeds thereof that have been Transferred to or received by the Secured Party under this Annex and not Transferred to the Pledgor pursuant to Paragraph 3(b), 4(d)(ii) or 6(d)(i) or released by the Secured Party under Paragraph 8. Any Interest Amount or portion thereof not Transferred pursuant to Paragraph 6(d)(ii) will constitute Posted Collateral in the form of Cash.

"Posted Credit Support" means Posted Collateral and Other Posted Support.

"Recalculation Date" means the Valuation Date that gives rise to the dispute under Paragraph 5; *provided, however,* that if a subsequent Valuation Date occurs under Paragraph 3 prior to the resolution of the dispute, then the "Recalculation Date" means the most recent Valuation Date under Paragraph 3.

"Resolution Time" has the meaning specified in Paragraph 13.

"Return Amount" has the meaning specified in Paragraph 3(b).

"Secured Party" means either party, when that party (i) makes a demand for or is entitled to receive Eligible Credit Support under Paragraph 3(a) or (ii) holds or is deemed to hold Posted Credit Support.

"Specified Condition" means, with respect to a party, any event specified as such for that party in Paragraph 13.

"Substitute Credit Support" has the meaning specified in Paragraph 4(d)(i).

"Substitution Date" has the meaning specified in Paragraph 4(d)(ii).

"Threshold" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"Transfer" means, with respect to any Eligible Credit Support, Posted Credit Support or Interest Amount, and in accordance with the instructions of the Secured Party, Pledgor or Custodian, as applicable:

(i) in the case of Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient;

(ii) in the case of certificated securities that cannot be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a legally valid transfer to the recipient.

(iii) in the case of securities that can be paid or delivered by book-entry, the giving of written instructions to the relevant depository institution or other entity specified by the recipient, together with a written copy thereof to the recipient, sufficient if complied with to result in a legally effective transfer of the relevant interest to the recipient; and

(iv) in the case of Other Eligible Support or Other Posted Support, as specified in Paragraph 13.

"*Valuation Agent*" has the meaning specified in Paragraph 13.

"*Valuation Date*" means each date specified in or otherwise determined pursuant to Paragraph 13. "*Valuation*

Percentage" means, for any item of Eligible Collateral, the percentage specified in Paragraph 13. "*Valuation*

Time" has the meaning specified in Paragraph 13.

"*Value*" means for any Valuation Date or other date for which Value is calculated and subject to Paragraph 5 in the case of a dispute, with respect to:

- (i) Eligible Collateral or Posted Collateral that is:
 - (A) Cash, the amount thereof; and
 - (B) a security, the bid price obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any:
- (ii) Posted Collateral that consists of items that are not specified as Eligible Collateral, zero; and
- (iii) Other Eligible Support and Other Posted Support, as specified in Paragraph 13.

Paragraph 13. Elections and Variables

- (a) Security Interest for "Obligations". The term "Obligations" as used in this Annex includes no additional obligations with respect to either party.
- (b) Credit Support Obligations.
 - (i) Delivery Amount, Return Amount and Credit Support Amount.
 - (A) "Delivery Amount" has the meaning specified in Paragraph 3(a).
 - (B) "Return Amount" has the meaning specified in Paragraph 3(b).
 - (C) "Credit Support Amount" has the meaning specified in Paragraph 3(b).

(ii) Eligible Collateral. The following items will qualify as "Eligible Collateral":

	ISDA COLLATERAL ASSET DEFINITION (ICAD) CODE	REMAINING MATURITY FROM THE VALUATION DATE	VALUATION PERCENTAGE
(1)	US-CASH	Not applicable	100%
(2)	US-TBILL, US-TNOTE, US-TBOND, US-TIPS	Less than 1 year From 1 year, up to and including 5 years More than 5 years, up to and including 10 years More than 10 years	96% 96% 96% 91%
(3)	US-STRIP	All maturities	84%
(4)	US-GNMA	Less than 1 year From 1 year, up to and including 5 years More than 5 years, up to and including 10 years More than 10 years	96% 96% 96% 91%

Party B shall provide notice to Party A if any of the securities listed above as Eligible Collateral are not legally authorized investments of governing bodies under the laws of the State.

The definitions used in this Annex are taken from the ISDA publication "Collateral Asset Definitions" (First Edition-June 2003), and are set forth in Paragraph (1) of this Annex.

(iii) Other Eligible Support. There shall be no "Other Eligible Support" for either party for purposes of this Annex, unless agreed in writing between the parties.

(iv) Thresholds.

(A) "Independent Amount" shall not apply for purposes of this Annex.

(B) "Threshold" means, (i) with respect to Party A, the amounts determined on the basis of the lower of the Credit Ratings set forth in the following table, provided, however, that if (a) Party A has no Credit Rating, or (b) an Event of Default has occurred and is continuing with respect to Party A, Party A's Threshold shall be U.S.\$0 and (ii) with respect to Party B, infinity:

CREDIT RATING (S&P / Moody's)	THRESHOLD PartvA
AA-/Aa3 and above	Infinity
A+/A1 and below	US\$0

As used herein:

"Credit Rating" means, with respect to a party, the rating assigned by either S&P or Moody's to the long term, unsecured and unsubordinated indebtedness of such party, or, if applicable, the Credit Support Provider of such party.

"Moody's" shall mean Moody's Investors Service, Inc., or its successor.

"S&P" shall mean Standard & Poor's Ratings Group, or its successor.

- (C) "Minimum Transfer Amount" means, with respect to a party, U.S.\$250,000, provided, however, that if an Event of Default has occurred and is continuing with respect to a party, the Minimum Transfer Amount with respect to such party shall be U.S.\$0.
- (D) Rounding. The Delivery Amount and the Return Amount will be rounded up and down to the nearest integral multiple of U.S.\$10,000, respectively.
- (c) Valuation and Timing.
- (i) "Valuation Agent" means the party making the demand under Paragraph 3, unless there has occurred and is continuing any Event of Default, Potential Event of Default or Additional Termination Event with respect to such party, in which case the other party shall be the Valuation Agent.
- (ii) "Valuation Date" means any Local Business Day.
- (iii) "Valuation Time" means the close of business in the city of the Valuation Agent on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable;
- provided that the calculations of Value and Exposure will be made as of approximately the same time on the same date.
- (iv) "Notification Time" means by 12:00 noon, New York time, on a Local Business Day.
- (v) Events of Default. Paragraph 7(i) of the Credit Support Annex is hereby amended by deleting the word "two" in the third line thereof and replacing it with the word "one".
- (d) Conditions Precedent. With respect to Party A, any Additional Termination Event (if Party A is the Affected Party with respect to such Termination Event) will be a "Specified Condition". With respect to Party B, any Additional Termination Event (if Party B is the Affected Party with respect to such Termination Event) will be a "Specified Condition".
- (e) Substitution.
- (i) "Substitution Date" has the meaning specified in Paragraph 4(d)(ii).
- (ii) Consent. Inapplicable.
- (f) Dispute Resolution.
- (i) "Resolution Time" means 12:00 noon, New York time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 5.
- (ii) Value. For the purpose of Paragraphs 5(i)(C) and 5(ii), the Value of Posted Credit Support other than US-Cash will be calculated as follows:
- (A) with respect to any Eligible Collateral except US-Cash, the sum of (I) (x) the mean of the high bid and low asked prices quoted on such date by two principal market makers for such Eligible Collateral chosen by the Disputing Party, or (y) if no quotations are available from two principal market makers for such date, the mean of such high bid and low asked prices as of the first day prior to such date on which such quotations were available, plus (II) the accrued interest on such Eligible Collateral (except to the extent Transferred to a party pursuant to any applicable provision of this Agreement or included in the applicable price referred to in (I) of this clause (A)) as of such date; multiplied by the applicable Valuation Percentage.
- (iii) The provisions of Paragraph 5 will apply.

(g) Holding and Using Posted Collateral.

(i) Eligibility to Hold Posted Collateral; Custodians.

Party A will be entitled to hold Posted Collateral itself or through a Custodian pursuant to Paragraph 6(b), provided that the following conditions applicable to it are satisfied:

- (1) Party A is not a Defaulting Party.
- (2) The Custodian is a Bank (as defined in the Federal Deposit Insurance Act) whose rating with respect to its long term unsecured, unsubordinated indebtedness is at least BBB+ by S&P or Baal by Moody's.

Party B will be entitled to hold Posted Collateral itself or through a Custodian pursuant to Paragraph 6(b), provided that the following conditions applicable to it are satisfied:

- (1) Party B is not a Defaulting Party.
- (2) The Custodian is a Bank (as defined in the Federal Deposit Insurance Act) whose rating with respect to its long term unsecured, unsubordinated indebtedness is at least BBB+ by S&P or Baal by Moody's.

(ii) Use of Posted Collateral. The provisions of Paragraph 6(c) will apply to both parties.

(h) Distributions and Interest Amount.

(i) Interest Rate. The Interest Rate for any day means the greater of (x) 0% or (y) the Federal Funds Overnight Rate. For the purposes hereof, "Federal Funds Overnight Rate" means, for any day, an interest rate per annum equal to the rate published as the Federal Funds Effective Rate that appears on Telerate Page 118 or on Bloomberg Page FEDLOI for such day.

(ii) Transfer of Interest Amount. The transfer of the Interest Amount will be made monthly on the second Local Business Day of each calendar month.

(iii) Alternative to Interest Amount. The provisions of Paragraph 6(d)(ii) will apply.

(i) Additional Representations. None.

(j) Other Eligible Support and Other Posted Support.

(i) "Value" shall have no meaning with respect to either party with respect to Other Eligible Support and Other Posted Support.

(ii) "Transfer" shall have no meaning with respect to either party with respect to Other Eligible Support and Other Posted Support.

(k) Demands and Notices.

(i) All demands, specifications and notices made by a party to this Annex will be made pursuant to the Notices Section of this Agreement, unless otherwise specified here:

With respect to Party A:

JPMorgan Chase Bank, National Association
Collateral Middle Office Americas 3/OPS2
500 Stanton Christiana Road
Newark, Delaware 19713
Telephone No.: (302) 634-3154
Facsimile No.: (302) 634-3270
Email: collateral_services@jpmorgan.com

With respect to Party B:

City of Statesboro
50 E Main St
Statesboro, GA 30458
ATTN: Finance Director
Telephone Number (912) 764-0652

(ii) Section 12 of this Agreement shall be amended by inserting "or email" after "electronic messaging system" in the third line thereof, deleting "or" after clause (iv) thereof, and by adding the following clause (vi):

"(vi) if sent by e-mail, on the date it is delivered,"

(I) **Collateral Asset Definitions.** As used in this Annex, the following definitions are specified below:

US-CASH- United States of America Dollar (USD) Cash.

The lawful currency of the United States of America.

US-TBILL- US Treasury Bills.

Negotiable debt obligations issued pursuant to USC Title 31, Chapter 31, Section 3104 by the Department of the Treasury backed by the credit of the United States of America, having a maturity at issuance of no greater than 1 year.

US-TNOTE- US Treasury Notes.

Negotiable debt obligations issued pursuant to USC Title 31, Chapter 31, Section 3103 by the Department of the Treasury backed by the credit of the United States of America, having a maturity at issuance of at least 1 year but less than 10 years.

US-TBOND - US Treasury Bonds.

Negotiable debt obligations issued pursuant to USC Title 31, Chapter 31, Section 3102 by the Department of the Treasury backed by the credit of the United States of America.

US-TIPS- US Treasury Inflation Protected Issues (TIPS).

Securities issued by the Department of the Treasury backed by the credit of the United States of America where the principal is changed based on changes of the consumer price index.

US-STRIP - US Treasury Strips.

Securities issued by the Department of the Treasury backed by the credit of the United States of America that represent either interest components or principal components stripped from underlying US treasury obligations under the program of the Department of the Treasury called "Separate Trading of Registered Interest and Principal Securities".

US-GNMA- Callable Agency Debt-Government National Mortgage Association (GNMA)

Fixed-rate, callable, non-amortizing U.S. Dollar denominated debt securities in book entry form issued by GNMA with the timely payment of principal and interest of which is guaranteed by the U.S. Government.

US-FNMA- Callable Agency Debt-Federal National Mortgage Association (FNMA or Fannie Mae).

Fixed-rate, callable, non-amortizing U.S. Dollar denominated senior debt securities in book entry form issued by FNMA.

US-FHLMC - Callable Agency Debt – the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac).

Fixed-rate, callable, non-amortizing U.S. Dollar denominated senior debt securities in book entry form issued by FHLMC.

US-NCAD- Non-Callable Agency Debt- Various Issuers.

Fixed-rate, non-callable, non-amortizing U.S. Dollar denominated senior debt securities of fixed maturity in book entry form issued by GNMA, FNMA or FHLMC.

US-NCADN- Non-Callable Agency Discount Notes-VariouS Issuers.

Non-callable U.S. Dollar denominated discount notes sold at a discount from their principal amount payable at maturity with an original maturity of 360 days or less in book ently form and issued by GNMA, FNMA or FHLMC.

US-GNMAMBS - Government National Mortgage Association Certificates – Mortgage Backed Securities (GNMA or Ginnie Mae).

Single-class jittly modified pass-through certificates (GNMA Certificates) in book-ently form backed by single-family residential mortgage loans, the full and timely payment of principal and interest of which is guaranteed by the Government National Mortgage Association (excluding Real Estate Mortgage Investment Conduit (REMIC) or other multi-class pass-through certificates, collateralized mortgage obligations, pass-through certificates backed by adjustable rate mortgages, securities paying interest or principal only and derivatives and similar derivatives securities).

US-FNMAMBS - Federal National Mortgage Association Certificates-Mortgage Backed Securities

Single-class mortgage participation certificates (FNMA Certificates) in book-enliy form backed by single-family residential mortgage loans, the full and timely payment of interest at the applicable certificate rate and the ultimate collection of principal of which are guaranteed by the Federal National Mortgage Association (excluding Real Estate Mortgage Investment Conduit (REMIC) or other multi-class pass-through certificates, collateralized mortgage obligations, pass-through certificates backed by adjustable rate mortgages, securities paying interest or principal only and derimtives and similar derivatives securities).

US-FHLMCMBS - Federal Home Loan Mortgage Corporation Certificates – Mortgage Backed Securities

Single-class mortgage participation certificates (FHLMC Cert(ficates) in book-enliy form backed by single-family residential mortgage loans, the full and timely payment of interest at the applicable certificate rate and the ultimate collection of principal of which are guaranteed by the Federal Home Loan Mortgage COlporation (excluding Real Estate Mortgage Investment Conduit (REMIC) or other multi-class pass-through certificates, collateralized mortgage obligations, pass-through certificates backed by adjustable rate mortgages, securities paying interest or principal only and derivatives and similar derivatives securities).

(m) Other Provisions. **Agreement as to Single Secured Party and Pledgor.** Party A and Party B agree that, notwithstanding anything to the contrary in the recital to this Annex, Paragraph I (b) or Paragraph 2 or the definitions in Paragraph 12, (a) the term "Secured Party" as used in this Annex means only Party B, (b) the term "Pledgor" as used in this Annex means only Party A, (c) only Party A makes the pledge and grant in Paragraph 2, the acknowledgement in the final sentence of Paragraph 8(a) and the representations in Paragraph 9 and (d) only Party A will be required to make Transfers of Eligible Credit Support hereunder.

Please confirm your agreement to the terms of the foregoing by signing below.

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: -----

Name: _____

Title: _____

CITY OF STATESBORO, GA

By: _____

Name: _____

Title: _____

Counterparty ID Number 30000242276

EXHIBITB CUSTODY

AGREEMENT

CUSTODY AGREEMENT

This custody agreement (the "Agreement") dated as of _____, _____, is between U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, as Custodian (the "Custodian") and _____ (the "Customer") a _____ organized under the laws of the State or Commonwealth of _____

The parties agree as follows:

1. Appointment and Acceptance.

1.1 Customer hereby appoints Custodian as its agent to provide custody and other services in connection with securities, cash and other property delivered from time to time to Custodian hereunder by, or at the direction of, Customer, and income, distributions and payments received by Custodian with respect thereto (collectively the "Assets"); and Custodian hereby agrees to act in such capacity, and perform such services, and hold the Assets in a custody account established in the name of Customer (the "Account"), upon the terms and conditions set forth below.

1.2 For purposes of this Agreement, all references contained herein to actions, directions and responsibilities (other than the obligations set forth in Sections 12 and 14) of Customer shall include, apply to and be binding upon the Customer's agents, including any investment manager or advisor, appointed and authorized by Customer to direct Custodian or otherwise take actions on behalf of Customer in connection with Custodian's services and responsibilities hereunder. Customer shall provide written notice to Custodian of the identity of all such appointed agents and the scope of their authority to act hereunder.

1.3 In the event that Customer requires Custodian to establish one or more sub-accounts within the Account under this Agreement ("Sub-Accounts"), Custodian shall open such accounts pending proper account opening procedures. Further, for such situations, the term "Account" as used in this Agreement shall refer to one or all of the Sub-Accounts established by Customer, as the context of this Agreement shall require.

1.3.1 In no event shall Customer open Sub-Accounts for entities having different tax identification numbers than Customer.

2. Asset Delivery, Transfer, Custody and Safekeeping.

2.1 Customer will from time to time deliver, or cause to be delivered, Assets to Custodian. Custodian shall receive and accept such Assets for the Account upon appropriate directions from the Customer. Custodian shall keep records of all transactions involving the Account and Assets belonging to the Account.

2.2 Upon receipt of Appropriate Instructions, (defined in Section 11.1) Custodian shall return Assets to Customer, or deliver to such location or third party as Appropriate Instructions may indicate, provided that in connection therewith it is the sole responsibility of Customer to provide any transfer documentation as may be required by the Depository (defined in Section 3.3 below) or third party recipient. Custodian shall have no power or authority to assign, hypothecate, pledge or otherwise dispose of any Assets, except as provided herein or pursuant to Appropriate Instructions.

2.3 Custodian shall furnish Customer, as part of the services for which Custodian charges its basic fee hereunder, with monthly Account statements reflecting all Asset transactions in the Account during the reporting period and ending Asset holdings. If Customer wishes Custodian to report on Assets that are not in control of the Custodian, Customer shall execute the Custodian's CLIENT CONTROL ADDENDUM, which shall be provided to the Customer upon request.

2.4 Custodian shall forward to Customer, or Customer's designated agent identified in Section 17.4 (or as identified in a separate written designation by Customer that is received by Custodian) all information it receives with respect to any of the Assets concerning redemption rights that are exercisable at Customer's option, tender or exchange offers, all proxy material it receives with respect to securities included among the Assets and all other special matters or shareholder rights. This Section 2.4 is subject to the following exceptions:

- 2.4.1 Exception: If Custodian receives a class action litigation proof of claim in respect to any of the Assets, Custodian shall file such claim on behalf of Customer.
- 2.4.2 Exception: Custodian will not forward so-called "mini-tenders" to Customer or its designated agent, as applicable. Mini-tenders are tender offers for a small amount of the outstanding securities of a "target" company, generally with an offer price at or below market value. For equity issues, unless a tender offer is made for 5% or greater of the outstanding securities, and is subject to Securities and Exchange Commission ("SEC") review, the tender offer will not be forwarded by Custodian.
- 2.4.3 Exception: No tender offer will be forwarded by Custodian for a debt issue if:
 - 2.4.3.1 It is not registered with the SEC;
 - 2.4.3.2 It has a "first received, first buy" basis with no withdrawal privilege and includes a guarantee of delivery clause; and
 - 2.4.3.3 The offer includes the statement that "the purchase price includes all accrued interest on the note and has been determined in the sole discretion of the buyer and may be more than or less than the fair market value of the notes" or similar language.

2.5 Absent specific investment directions to the contrary from Customer, Custodian is hereby authorized and directed by Customer to hold all cash and all checks and drafts (when collected funds are received) in a First American Funds money market fund, identified in Section 17.5, below. Customer acknowledges receipt of the current prospectus for the applicable, designated money market fund to be held in the Account.

2.6 Customer also understands and acknowledges the following information about the First American Funds:

- 2.6.1 The First American family of funds (the "First American Funds") is offered through the funds' distributor identified in the current prospectuses for the funds.
- 2.6.2 Custodian or an affiliate of Custodian serves as the funds' investment advisor, custodian, distributor, administrator and other service provider as disclosed in the prospectuses for the funds.
- 2.6.3 Compensation paid to Custodian and its affiliates by the First American Funds as well as other fees and expenses of the funds are detailed in the prospectuses.
- 2.6.4 Mutual funds, including the First American Funds, are not guaranteed by, or deposits of, any bank including Custodian, nor are such funds insured by the FDIC or any other agency. Investments in mutual funds involve risks, including the possible loss of principal.
- 2.6.5 This authorization and direction shall continue in effect with respect to the designated fund should the fund be merged with or into another fund.

2.7 If any of the Assets received and held by Custodian hereunder shall be plan assets ("Plan Assets") with respect to any employee benefit plan (a "Plan") as those terms are defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Custodian shall not be deemed to be, and shall not exercise any discretionary powers or control over such Plan Assets so as to be, a fiduciary with respect to the Plan. Furthermore, Customer shall notify Custodian in writing whenever any Assets do constitute Plan Assets and thereafter, all subcontracts, agreements or other arrangements between Custodian and any subsidiary or affiliate thereof for services or products paid for from any assets of the said Plan and utilized in the performance of Custodian's duties hereunder shall be subject to the advance approval of Customer.

3. Powers of Custodian. In the performance of its duties hereunder, Custodian shall have the following powers:

3.1 To register any of the Assets in the name of Customer or in the Custodian's name or in the name of a nominee of Custodian or in the name of the Custodian's agent bank or to hold any of the Assets in unregistered form or in such form as will pass title by delivery, provided that such Assets shall at all times be recorded in Customer's Account hereunder as belonging to the Customer. In consideration of Custodian's registration of any securities or other property in the name of Custodian or its nominee or agent, Customer agrees to pay on demand to Custodian or to Custodian's nominee or agent the amount of any loss or liability for stockholders' assessments, or otherwise, claimed or asserted against Custodian or Custodian's nominee or agent by reason of such registration.

3.2 To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any or all other instruments that may be necessary or appropriate to carry out the duties described and powers granted herein.

3.3 To maintain qualifying Assets in any registered clearing agency or in a Federal Reserve Bank (collectively a "Depository") as Custodian may select and to permit such deposited Assets to be registered in the name of Custodian, Custodian's agent or nominee or Depository, on the records of a Depository and to employ and use securities depositories, clearing agencies, clearance systems, sub-custodians or agents located outside the United States in connection with transactions involving foreign securities.

3.4 To employ agents and to delegate duties to them as it sees fit and to employ or consult with experts, advisors and legal counsel (who may be employed also by Customer) and to rely on information and advice received from such agents, experts, advisors, and legal counsel.

3.5 To perform any and all other ministerial acts deemed by Custodian necessary or appropriate to the proper discharge of its duties hereunder.

3.6 To hold uninvested reasonable amounts of cash whenever it is deemed advisable to do so to facilitate disbursements or for other operational reasons, and to deposit the same, with or without interest, in the commercial or savings departments of the Custodian serving hereunder or of any other bank, trust company or other financial institution including those affiliated with the Custodian, notwithstanding Custodian's or other entity's receipt of "float" from such uninvested cash.

4. Purchases.

4.1 Upon the receipt of Appropriate Instructions from Customer, Custodian shall purchase securities for Customer on a contractual settlement basis. Customer hereby agrees that it shall not instruct Custodian to sell any Asset until such Asset has been fully paid for by Custodian. Nor shall Customer engage in a practice whereby Customer relies on the proceeds from the sale of an Asset to pay for the earlier purchase of the same Asset.

4.2 Notification by Agreement. Unless Customer and Custodian have entered into a separate written agreement that expressly makes Custodian either an investment manager or a discretionary trustee, the Account statements described above (including their timing and form) will serve as the sole written notification to Customer of any securities transaction effected by Custodian for the Account. Even so, Customer has the right to demand that the Custodian provide written notification of such transactions pursuant to 12 CFR Sections 12.4(a) or (b) at no additional cost to Customer.

5. Sales.

5.1 Upon receipt of Appropriate Instructions from Customer, Custodian will deliver Assets held by it as Custodian hereunder and sold by or for Customer against payment to Custodian of the amount specified in such Appropriate Instructions in accordance with the then current securities industry practices and in form satisfactory to Custodian. Customer acknowledges that the current securities industry practice is delivery of physical securities against later payment on delivery date. Custodian agrees to use its best efforts to obtain payment therefore during the same business day, but Customer confirms its sole assumption of all risks of payment for such deliveries. Custodian may accept checks, whether certified or not, in payment for securities delivered on Customer's direction, and Customer assumes sole responsibility for the risks of collectability of such checks.

6. Settlements.

6.1 Custodian shall provide Customer with settlement of all purchases and sales of Assets in accordance with Custodian's then prevailing settlement policies provided that:

6.1.1 Appropriate Instructions for purchases and sales are received by Custodian in accordance with Custodian's then current published instruction deadline schedule;

6.1.2 Custodian has all other information necessary to complete the transaction.

6.1.3 To avoid a deficiency in the Account, Customer agrees that it shall not initiate any trade without sufficient Assets to settle such trade, nor shall it notify a separate financial institution that it intends to settle purchases out of the Account without sufficient Assets to do so.

6.2 Custodian shall not be liable or responsible for or on account of any act or omission of any broker or other agent designated by Customer to purchase or sell securities for the Account of Customer. Custodian shall not be responsible for loss occasioned by the acts, neglects, defaults or insolvency of any broker, bank, trust company or other person with whom Custodian may deal in the absence of bad faith on the part of Custodian.

7. Corporate Actions.

7.1 In connection with any mandatory conversion of Asset securities pursuant to their terms, reorganization, recapitalization, redemption in kind, consolidation or other exchange transaction that does not require or permit approval by the owner of the affected Assets, Custodian will tender or exchange securities held for other securities, for other securities and cash, or for cash alone.

8. Collections.

8.1 Custodian shall collect all income, principal and other distributions due and payable on Assets held either by Custodian or a Depository but shall be under no obligation or duty to take action to effect collection of any amount if the Assets upon which such payment is due are in default, or if payment is refused after due demand and presentation. Custodian shall have no responsibility to notify Customer in the event of such default or refusal to pay, but if Custodian receives notice of default or refusal to pay from an issuer or transfer agent, Custodian shall so advise Customer.

8.2 Collections of monies in foreign currency, to the extent possible, are to be converted into United States dollars at customary rates through customary banking channels, including Custodian's own banking facilities, and in accordance with Custodian's prevailing policies for foreign funds repatriation. All risk and expense incident to such foreign collection and conversion is the responsibility of the Account and Custodian shall have no responsibility for fluctuations in exchange rates affecting such collections or conversion.

9. No Discretionary Authority: Standard of Care.

9.1 Customer and Custodian acknowledge that, except to the extent set forth in any separate instrument signed by the parties with respect to this Agreement, Custodian is not a fiduciary with respect to any Asset and the duties of Custodian hereunder do not include discretionary authority, control or responsibility with respect to the management or disposition of any Asset; or authority or responsibility to render investment advice with respect to any Asset. In addition, it is agreed that:

- 9.1.1 Custodian shall have no duty to make any evaluation or to advise anyone of the suitability or propriety of action or proposed action of Customer in any particular transaction involving an Asset or the suitability or propriety of retaining any particular investment as an Asset. Custodian shall have no duty or authority to review, question, approve or make inquiries as to any investment instructions given pursuant hereto. Custodian shall be under no duty or obligation to review the securities or other property held in the Account with respect to prudence or diversification.
- 9.1.2 Custodian shall not be liable for any loss or diminution of Assets by reason of investment experience or for its actions taken in reliance upon a direction or other instruction from Customer or Customer's agent.
- 9.1.3 Custodian shall have no duty or responsibility to monitor or otherwise investigate the actions or omissions of Customer.
- 9.1.4 Custodian shall have no responsibility for the accuracy of Asset valuations quoted by outside services or sources in cases involving assets under the control of Customer.
- 9.1.5 Custodian shall only be responsible for the performance of such duties as are expressly set forth herein or in Appropriate Instructions received by Custodian from Customer or Customer's agent which are not contrary to the provisions of this Agreement. Custodian shall exercise reasonable care in the performance of its services hereunder. In no event shall Custodian be liable for indirect, special or consequential damages.
- 9.1.6 Custodian shall not be liable for a failure to take an action required under this Agreement in the event and to the extent that the taking of the action is prevented or delayed by war (whether declared or not and including existing wars), revolutions, insurrection, riot, civil commotion, acts of God, accident, fire explosion, stoppage of labor, strikes or other differences with employees, laws regulations, orders or other acts of any governmental authority or any other cause beyond its reasonable control; nor shall any such failure or delay give Customer the right to terminate this Agreement, except as provided in Section 15 of this Agreement.

10. Books, Records and Accounts.

10.1 Custodian will make and maintain proper books of account and complete records of all Assets and transactions in the Account maintained by Custodian hereunder on behalf of Customer. Custodian will preserve for the periods prescribed by applicable federal statute or regulation all records required to be maintained.

10.2 On at least four business days' notice, Custodian will make available to and permit inspection during Custodian's regular business hours by Customer and its auditors of all books, records and accounts retained by Custodian (or, to the extent practicable, its agents) in connection with its duties hereunder on behalf of Customer.

11. Instructions and Directions.

11.1 Custodian shall be deemed to have received appropriate instructions ("Appropriate Instructions") upon receipt of written instructions:

11.1.1 Given by any person whose name is listed on the most recent certificate delivered by Customer to Custodian which lists those persons authorized to give orders, and instructions in the name of and on behalf of the Customer or

11.1.2 Given by any other person duly authorized by Customer to give instructions or directions to Custodian hereunder or who Custodian reasonably believes to be so authorized (such as an investment adviser or other agent designated by Customer, for example).

11.2 Appropriate Instructions shall include instructions sent to Custodian or its agent by letter, memorandum, telegram, cable, facsimile, internet e-mail or similar means of written communication. The parties to this Agreement assume full responsibility for the security of electronically transmitted communications they send.

11.3 Any communication addressed and mailed shall be deemed to be given when received; and any communication sent by electronic transmission shall be deemed to be given when receipt of such transmission is acknowledged; and any communication delivered in person shall be deemed to be given when actually received by an authorized officer of Custodian or Customer.

11.4 In the event that Custodian is directed to deliver Assets to any party other than Customer or Customer's agent, Appropriate Instructions shall include and Customer shall supply, customary transfer documentation as required by such party, and to the extent that such documentation has not been supplied, Custodian shall not be deemed to have received Appropriate Instructions.

12. Compensation, Security.

12.1 Customer shall pay to Custodian fees for its services under this Agreement and shall reimburse Custodian for costs incurred by it hereunder as set forth in Custodian's then current applicable fee schedule or such other fee arrangement as Custodian and Customer may otherwise agree in writing.

12.2 If any advance of funds is made by Custodian on behalf of Customer to purchase, or to make payment on or against delivery of securities or there shall arise for whatever reason an overdraft in Customer's account, or if Customer is for any other reason indebted to Custodian, including, but not limited to, any advance of immediately available funds to Customer with respect to payments to be received by Custodian in next-day funds (which Customer acknowledges Customer is liable to repay if Custodian does not receive final payment), Customer agrees to repay Custodian on demand the amount of the advance, overdraft or other indebtedness and accrued interest at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds effective rate in effect from time to time.

12.3 In the event of an advance of funds by Custodian, or if any overdraft is created by Account transactions, or if Customer is otherwise in default of any obligation to Custodian, Custodian may directly charge the Account and receive such payment therefrom.

12.4 In the event that a compensation payment due Custodian is past due by more than 30 days, such amount may also be charged to the Account and Custodian may receive such payment therefrom

12.5 To secure such payment obligations as are set forth under this Section 12, Customer does hereby grant to Custodian a security interest in all Assets up to the amount of any deficiency or other indebtedness to the Custodian.

12.6 None of the provisions of this Agreement shall require Custodian to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers hereunder, if Custodian shall have reasonable grounds for believing that repayment of such funds, or indemnity satisfactory to Custodian against such risk or liability is not assured.

13. Customer Responsibility.

13.1 Customer shall be responsible for the review of all reports, accountings and other statements provided thereto by the Custodian, and shall within 90 days following receipt thereof notify the Custodian of any mistakes, defects or irregularities contained or identified therein, after which time all such matters shall be presumed to be ratified, approved and correct and shall not provide any basis for claim or liability against the Custodian.

14. Indemnification.

14.1 Customer hereby agrees to fully and promptly indemnify Custodian and its affiliates, officers, directors, employees and agents (each a "Custodian Indemnified Party") and hold each Custodian Indemnified Party harmless from and against any cost, losses, claims, liabilities, fines, penalties, damages and expenses (including reasonable attorneys' and other professionals' fees) (collectively, a "Claim") arising out of:

14.1.1 Customer's actions or omissions or

14.1.2 Custodian's action taken or omitted hereunder in reliance upon Customer's directions or instructions, or upon any information, order, indenture, stock certificate, power of attorney, assignment, affidavit or other instrument delivered hereunder to Custodian, reasonably believed by Custodian to be genuine or bearing the signature of a person or persons authorized by Customer to sign, countersign or execute the same;

14.1.3 However Customer shall not indemnify a Custodian Indemnified Party for any Claim arising from the Custodian Indemnified Party's judicially determined willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement.

14.2 Custodian hereby agrees to indemnify Customer and its controlling person, officers, directors, employee and agents ("Customer Indemnified Parties") and hold each of them harmless from and against any and all Claims arising out of:

14.2.1 Custodian's breach of this Agreement, willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement, or

14.2.2 Any loss of Assets, including theft or destruction thereof but expressly excluding investment losses or other diminution of Assets resulting from the Custodian's proper performance of its duties hereunder.

14.3 Custodian shall not indemnify a Customer Indemnified Party for any Claim arising from the Customer Indemnified Party's breach of this Agreement, willful misfeasance, bad faith or gross negligence with respect to its duties and responsibilities under this Agreement.

14.4 This Section 14 shall survive the termination of this Agreement.

15. Termination.

15.1 This Agreement will remain in effect until terminated by either party giving written notice thirty days in advance of the termination date.

15.2 Upon termination of this Agreement, Custodian shall follow such reasonable Customer instructions concerning the transfer of Assets' custody and records, provided:

15.2.1 Custodian shall have no liability for shipping and insurance costs associated therewith;

15.2.2 Custodian shall not be required to make any such delivery or payment until (a) full payment shall have been made by Customer of all liabilities constituting a charge on or against Custodian and (b) full payment shall have been made to Custodian of all its compensation, costs, including special termination costs, if any, and expenses hereunder; and

15.2.3 Custodian shall have been reimbursed for any advances of monies or securities made hereunder to Customer. If any Assets remain in the Account, Customer acknowledges and agrees that Custodian may designate Customer as successor Custodian hereunder and deliver the same directly to Customer.

15.3 Upon termination of this Agreement, all obligations of the parties to each other hereunder shall cease, except that all indemnification provisions herein shall survive with respect to any Claims arising from events prior to such termination.

16. Binding Obligations.

16.1 Customer and Custodian each hereby represent that this Agreement constitutes its legal, valid and binding obligation enforceable in accordance with the terms hereof; subject, as to enforcement of remedies, to applicable bankruptcy and insolvency laws, and to general principles of equity.

17. General Provisions.

17.1. Tax Responsibility. Unless indicated below in this section or required by law, Custodian shall not undertake any federal, state, or local tax reporting in connection with Assets, the Account or transactions therein, notwithstanding any other terms or conditions contained herein

In addition to those required by law, the Custodian shall perform the following additional services:
(if no additional services are to be performed, leave blank or mark NA)

17.2. Tax Lot Methods. For the purpose of complying with Internal Revenue Service regulations requiring cost basis reporting, please select the tax lot selection method you wish for your account. *We recommend that you consult with your tax advisor if you are unsure of the option that is best for you.*

- Minimize Gain - Shares are sold from tax lots having the highest per unit federal tax cost with a holding period of more than one year.
- First In First Out (FIFO) – Shares are sold from tax lots having the earliest federal tax acquisition date.
- Last In First Out (LIFO) – Shares are sold from tax lots having the most recent federal tax acquisition date.
- Highest Federal Cost First Out (HIFO) – Shares are sold from tax lots having the highest federal tax cost per share.
- Lowest Federal Cost First Out (LOFO) – Shares are sold from tax lots having the lowest federal tax cost per share.
- Specify Tax Lot- Shares are sold from tax lots that you specify.
- Average Federal Tax Cost- Shares are sold across all tax lots using the average cost. If your account(s) holds investments for which this method is not permitted, the First-In First-Out default method will be used, unless you direct otherwise.
- Maximize Gain- Shares are sold from tax lots having the lowest per unit federal tax cost.

If you do not specify a particular tax lot or method, the First-In First-Out method will be used. If you wish to use a tax lot selection method that is different from what you selected above, on an individual investment or transaction basis, you may make that selection when you execute your trade.

17.3 Shareholder Communications Act Authorization. The Shareholder Communications Act of 1985, as amended, requires Custodian to make an effort to permit direct communications between a company that issues securities and the shareholder that exercises shareholder rights with respect to those securities. Unless Customer specifically directs Custodian in writing not to release Customer's name, address and security position to requesting companies, Custodian is required by law to disclose Customer's name and address to such companies. Therefore the Customer hereby responds to the following question [no response will mean "yes"]. Does Customer authorize Custodian to provide its name, address and security position to requesting companies whose stock is owned in this Account?

Yes / No

17.4 Customer's Agent – Shareholder Rights. Should Customer require that a designated agent for the Account, such as an investment advisor, be responsible for proxy voting and other special matters and shareholder rights as specified in Section 2.4, above, the Customer shall provide the name and address of that agent below. Such agent shall be removed upon Custodian's receipt of a written removal from Customer. Customer may designate more than one agent to be responsible for separate sub-Accounts or investment accounts under this Agreement by providing a clear, written designation to that effect to Custodian. Custodian hereunder has no authority or responsibility with regard to proxy voting or any similar special matters. Therefore, it may not be designated below unless it has separately agreed in writing to act as investment advisor for the Account.

Designated Agent: _____
Address: _____
Telephone Number: _____

17.5 Money Market Fund. Pursuant to Section 2.5, above, the First American Funds money market fund designated for this Account shall be: (check one – if none are checked the Customer hereby directs that the First American Prime Obligations Fund Class Y shall be designated)

Taxable Money Market Funds

First American Prime Obligations Fund-Class
 First American Government Obligations Fund- Class
 First American Treasury Obligations Fund- Class

Federal Tax-Exempt Money Market Fund

First American Tax-Free Obligations Fund-Class

-----Fund- Class. _____
(Must indicate correct fund name and class for election to be valid.)

17.6 Notice. Except as provided in Section 11 above, any notice or other communication under this Agreement shall be in writing and shall be considered given when delivered by certified mail, return receipt requested, to the parties at the addresses set forth on the execution page hereof (or at such other address as a party may specify by notice to other). Notice shall be effective upon receipt if by mail, or on the date of personal delivery (by private messenger, courier service or otherwise) or facsimile, whichever occurs first, to the addressed indicated below. The below addresses and individuals may be changed at any time by an instrument in writing executed by the party giving same and given to the other party, in accordance with the procedure set forth above.

17.7 Complete Agreement; Modification. This Agreement contains a complete statement of all the arrangements between the parties with respect to its subject matter, supersedes all existing agreements between them concerning the subject, and cannot be amended or modified in any manner except by a written agreement executed by both parties. Notwithstanding the foregoing, if at any time Custodian is holding assets or property of Customer pursuant to any other custodial, pledge or other agency agreement with Customer (or which Customer has acknowledged in instructions to Custodian) and one or more third parties that involves Custodian's duties or obligations to a third party (which may be affiliates to Custodian) with respect to Assets, the terms and requirements of the other agreements concerning such Assets shall supersede and control the provisions and duties set forth herein.

17.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota applicable to agreements made and to be performed in Minnesota.

17.9 Assignment. No party may assign any of its rights hereunder without the consent of the other, which consent shall not be unreasonably withheld. The foregoing consent requirement does not apply if either party shall merge or consolidate with or sell substantially all of its assets to another corporation, provided that such other corporation shall assume without qualification or limitation all obligations of that party hereunder either by operation of law or by contract.

17.10 Separability. If any provision of this Agreement is invalid or unenforceable, the balance of the Agreement shall remain in effect, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

17.11 No Third Party Rights. In performing its services hereunder, Custodian is acting solely on behalf of Customer. No agency, contractual or service relationship shall be deemed to be established hereby between Custodian and any other persons.

17.12 Counterparts and Duplicates. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument. This Agreement and any administrative form under the Agreement may be proved either by a signed original or by a reproduced copy thereof (including, not by way of limitation, a microfiche copy or an electronic file copy).

17.13 Legal Actions Affecting Account. If Custodian is served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant or similar order relating to the Account, (a "Legal Action") Custodian will comply with that Legal Action and shall be held harmless therefrom. Customer will reimburse Custodian for any fees or expenses Custodian incurs in responding to any Legal Action affecting the Account (including but not limited to attorneys' fees and other professionals' fees).

17.14 Abandoned Property. Any Assets remaining unclaimed or abandoned by Customer shall be delivered to the proper public official pursuant to applicable state's abandoned property, escheat or similar law and Custodian shall be held harmless therefrom. This Section 17.14 shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative effective as of the date first written above.

_____ (Customer)

**U.S. BANK NATIONAL ASSOCIATION,
as Custodian**

By:

By: _____

Title:

Title: _____

Date:

Date: _____

Address:

Address:

EXHIBIT C

BILATERAL DF AGREEMENT

For use with non-financial entities (single counterparties):

JPM MARCH 2013 BILATERAL DF AGREEMENT

dated as of _____

between

JPMORGAN CHASE BANK, N.A.

("Party A")

and

CITY OF STATESBORO, GEORGIA

("Party B")

The Parties hereto wish to enter into this agreement (this "Bilateral DF Agreement II") in relation to their trading relationship in respect of DF Swaps (as defined in Annex I hereto) in order to ensure compliance with the regulatory requirements of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and the Applicable DF Regulations (as defined in Annex I hereto).

Effective on the date hereof, the terms of this Bilateral DF Agreement II shall supplement and form part of the terms of (i) the JPM August 2012 Bilateral DF Agreement and (ii) each DF Swap entered into between Party A and Party B (each a "Party" and, together, the "Parties").

If the Parties have executed an Existing Swap Agreement (as defined in Annex I hereto), this Bilateral DF Agreement II between Party A and Party B shall supplement and form part of such Existing Swap Agreement, as amended and supplemented from time to time. If the parties have not executed an Existing Swap Agreement, this Bilateral DF Agreement II shall supplement and form part of an agreement in the form of the ISDA 2002 Master Agreement with a Schedule (as such term is defined in the ISDA 2002 Master Agreement) that includes the following terms (the "Deemed ISDA 2002 Master Agreement"): (i) the Deemed ISDA 2002 Master Agreement will govern any DF Swap between the Parties that is entered into on or after the date hereof that is (1) not governed by an Existing Swap Agreement, and (2) not intended by the Parties to be cleared on a clearing organization and, for the avoidance of doubt, will not govern any DF Swap that is governed by an Existing Swap Agreement, or intended by the Parties to be cleared on a clearing organization; (ii) the Deemed ISDA 2002 Master Agreement will be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine), unless otherwise agreed by the Parties; and (iii) except as otherwise agreed by the Parties in writing, "Multiple Transaction Payment Netting" (1) will apply with respect to each Transaction that is an "FX Transaction" or "Currency Option Transaction" as defined in the ISDA 1998 FX and Currency Option Definitions (as published by ISDA, the Emerging Markets Traders Association and the Foreign Exchange Committee), as supplemented from time to time, and (2) will not apply with respect to other Transactions, in each case for the purposes of Section 2(c) of the Deemed ISDA 2002 Master Agreement.

Accordingly, the Parties agree as follows:

1. **Defined Terms.** Capitalized terms used but not otherwise defined in this Bilateral DF Agreement II shall have the meanings assigned to such terms in Annex I hereto.
2. **General Representations and Agreements of Party A and Party B.**
 - (a) Each Party represents to the other Party (which representation is deemed repeated as of the time of each Swap Transaction Event) that, as of the date of each Swap Transaction Event, (i) all Relevant Information (excluding representations) furnished by or on behalf of it to the other Party is true, accurate and complete in every material respect, and (ii) no representation provided in the Relevant Information or in this Bilateral DF Agreement II is incorrect or misleading in any material respect. All Relevant Information is incorporated herein by reference.¹
 - (b) Each Party acknowledges that the other Party has agreed to incorporate one or more of the Annexes hereto into this Bilateral DF Agreement II and if the Parties enter into any DF Swap on or after the date of this Bilateral DF Agreement II, the other Party will do so in reliance upon the Relevant Information and the representations provided by such Party or its agent in the Relevant Information and this Bilateral DF Agreement II. Notwithstanding the foregoing, each Party agrees that an event of default, termination event, or other similar event that gives a Party grounds to cancel or otherwise terminate a DF Swap shall not occur under any contract between the Parties solely on the basis of (i) a representation provided solely in this Bilateral DF Agreement II or in the Relevant Information provided hereunder being incorrect or misleading in any material respect, or (ii) a breach of any covenant or agreement set forth solely in this Bilateral DF Agreement II; *provided, however*, that nothing in this Paragraph 2(b) shall prejudice any other right or remedy of a Party at law or under any contract in respect of any misrepresentation or breach hereunder or thereunder. For the avoidance of doubt, this Paragraph 2(b) shall not alter a Party's termination rights or remedies, if any, applicable to a breach of any representation, warranty, covenant, or agreement that is not provided or set forth solely in the Relevant Information or in this Bilateral DF Agreement II, including any such breach relating to any event or condition that could also cause or constitute an event specified in (i) or (ii) above.

CFTC Regulations 23.402(d) and 23.504(b)(5)

- (c) Each Party agrees to promptly notify the other Party in writing in accordance with the Notice Procedures (i) of any material change to information (other than representations) previously provided by such Party or on behalf of such Party pursuant to this Bilateral DF Agreement II and (ii) if any representations made in the Relevant Information or in this Bilateral DF Agreement II by or on behalf of such Party become incorrect or misleading in any material respect. For any representation that would be incorrect or misleading in any material respect if repeated on any date following the date on which the representation was last repeated, the notifying Party shall timely amend such representation by giving notice of such amendment to the other Party in accordance with the Notice Procedures. A notification pursuant to this Paragraph 2(c) shall be effective on the Notice Effective Date and the Relevant Information or representation will be deemed amended as of such Notice Effective Date.²
- (d) Party A has received, reviewed, and understood the Principal Information and Status Representations applicable to it in Part III of Annex II to this Bilateral DF Agreement II. Such Principal Information and Status Representations are incorporated herein by reference and constitute a part hereof. For the avoidance of doubt, all Principal Information and Status Representations shall constitute Relevant Information.
- (e) Party B has received, reviewed, and understood the Principal Information and Status Representations applicable to it in Part I of Annex II to this Bilateral DF Agreement II. Such Principal Information and Status Representations are incorporated herein by reference and constitute a part hereof. For the avoidance of doubt, all Principal Information and Status Representations shall constitute Relevant Information.
- (f) Party B has received, reviewed, and understood the Party B Principal Elections applicable to it in Part II of Annex II to this Bilateral DF Agreement II. Such Party B Principal Elections are incorporated herein by reference and constitute a part hereof. For the avoidance of doubt, all Party B Principal Elections shall constitute Relevant Information.
- (g) Each Party represents to the other Party (which representations are deemed repeated by each Party as of the time of each Swap Transaction Event) that:
- (i) **Status.** It is, if relevant, duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;
 - (ii) **Powers.** It has the power to execute and deliver this Bilateral DF Agreement II and to perform its obligations under this Bilateral DF Agreement II, and has taken all necessary action to authorize such execution, delivery and performance;
 - (iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
 - (iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Bilateral DF Agreement II have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and
 - (v) **Obligations Binding.** Its obligations under this Bilateral DF Agreement II constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

3. Confirmations

Unless the Parties have agreed otherwise in writing, each Party agrees that a confirmation of a DF Swap or another type of transaction under this Bilateral DF Agreement II may be created by delivery of written terms by each Party; *provided that* (i) the terms delivered by each Party match the terms delivered by the other Party and (ii) the terms are either delivered by each Party to the other Party in a manner that permits each Party to review such terms or delivered by each Party to a third-party agent or service provider that confirms the matching of such terms to the Parties (in each case by telex, electronic messaging system, email or otherwise). In each case, such a confirmation will be sufficient for all purposes to evidence a binding supplement to this Bilateral DF Agreement II. The foregoing shall not limit other agreed methods of creating binding confirmations and shall not be construed as an agreement to use a method provided in this paragraph to confirm any Transaction.³

4. Clearing Notifications and Representations

- (a) Each Party is hereby notified that, upon acceptance of a DF Swap by a DCO:
 - (i) the original DF Swap between Party A and Party B is extinguished;
 - (ii) the original DF Swap between Party A and Party B is replaced by equal and opposite DF Swaps with the DCO; and
 - (iii) all terms of the DF Swap shall conform to the product specifications of the cleared DF Swap established under the DCO's rules.⁴
- (b) Party B represents to Party A that it is not a Category I Entity or a Category 2 Entity.

5. Orderly Liquidation Authority

- (a) Effective on and after the Applicable STRD Compliance Date, each Party agrees to provide notice to the other Party, in accordance with the Notice Procedures, if it becomes, or ceases to be, an Insured Depository Institution or a Financial Company.⁵
- (b) Each Party is hereby notified that in the event that a Party is (i) a Covered Financial Company or (ii) an Insured Depository Institution for which the FDIC has been appointed as a receiver (the "Covered Party"):
 - (i) certain limitations under Title II of the Dodd-Frank Act or the FDIA may apply to the rights of the non-Covered Party to terminate, liquidate, or net any DF Swap by reason of the appointment of the FDIC as receiver, notwithstanding the agreement of the Parties; and
 - (ii) the FDIC may have certain rights to transfer DF Swaps of the Covered Party under Section 210(c)(9)(A) of the Dodd-Frank Act, 12 U.S.C. § 5390(c)(9)(A), or 12 U.S.C. § 1821(e)(9)(A).⁶

6. Calculation of Risk Valuations and Dispute Resolution

Where Party B has agreed to incorporate Annex III to this Bilateral DF Agreement II pursuant to Part II(!) of Annex II to this Bilateral DF Agreement II, the provisions of Annex III to this Bilateral DF Agreement II are incorporated herein by reference and constitute a part hereof. Each Party hereto represents that it has received, reviewed and understood the provisions of Annex III to this Bilateral DF Agreement II. For the avoidance of doubt, all provisions of Annex III to this Bilateral DF Agreement II shall constitute Relevant Information.

CFTC Regulation 23.501. CFTC
Regulation 23.504(b)(G). CFTC
Regulation 23.504(b)(5)(iv). CFTC
Regulation 23.504(b)(5)(iii).

7. Portfolio Reconciliation

Where Party B has agreed to incorporate Annex IV to this Bilateral DF Agreement II pursuant to Part 11(2) of Annex II to this Bilateral DF Agreement II, the provisions of Annex IV to this Bilateral DF Agreement II are incorporated herein by reference and constitute a part hereof. Each Party hereto represents that it has received, reviewed and understood the provisions of Annex IV to this Bilateral DF Agreement II. For the avoidance of doubt, all provisions of Annex IV to this Bilateral DF Agreement II shall constitute Relevant Information.

8. End-User Exception

Where Party B has agreed to incorporate Annex V to this Bilateral DF Agreement II pursuant to Part II(4)(a) of Annex II to this Bilateral DF Agreement II, the provisions of Annex V to this Bilateral DF Agreement II are incorporated herein by reference and constitute a part hereof. Each Party hereto represents that it has received, reviewed and understood the provisions of Annex V to this Bilateral DF Agreement II. For the avoidance of doubt, all provisions of Annex V to this Bilateral DF Agreement II shall constitute Relevant Information.

9. Miscellaneous

- (a) **Entire Agreement; Survival.** This Bilateral DF Agreement II (together with Annexes I through V hereto, as elected, which, the Parties agree, supplement and form part of this Bilateral DF Agreement II) constitutes the entire agreement and understanding of each Party with respect to its subject matter and supersedes all oral communication and prior writings (except as otherwise provided herein) with respect thereto. Each Party acknowledges that, in entering into this Bilateral DF Agreement II, it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to elsewhere in this Bilateral DF Agreement II) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Bilateral DF Agreement II will limit or exclude any liability of either Party for fraud.
- (b) **Headings and Footnotes.** The headings and footnotes used in this Bilateral DF Agreement II are for informational purposes and convenience of reference only, and are not to affect the construction of or to be taken into consideration in interpreting this Bilateral DF Agreement II.
- (c) **Counterparts.** This Bilateral DF Agreement II (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission, by electronic messaging system or by any other means acceptable to the Parties), each of which will be deemed an original.
- (d) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Bilateral DF Agreement II will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.
- (e) **Governing Law.** This Bilateral DF Agreement II will be governed by and construed in accordance with the laws of the State of New York, without reference to choice of law doctrine, provided that, if the DF Swaps to which this Bilateral DF Agreement II applies are subject to an Existing Swap Agreement between the Parties, then, any supplements to such Existing Swap Agreement arising out of the application of this Bilateral DF Agreement II to such DF Swaps shall be governed by and construed in accordance with the law governing such Existing Swap Agreement.
- (f) **Jurisdiction.** With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Bilateral DF Agreement II ("Proceedings"), each Party:
 - (i) irrevocably submits to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City;
 - (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such Party; and
 - (iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

IN WITNESS WHEREOF, the Parties hereto have caused this Bilateral DF Agreement II to be executed by their respective officers duly authorized, as of the date first above written.

Accepted and agreed:

JPMORGAN CHASE BANK, N.A.

CITY OF STATESBORO, GEORGIA

By: _____
Name:
Title:

By: _____
Name: The Honorable Jan Moore
Title: Mayor

ANNEX I

Defined Terms

"Active Fund" means a "private fund," as defined in Section 202(a) of the Investment Advisers Act of 1940, that (i) is not a Third-Party Subaccount and (ii) has executed 200 or more swaps per month on average over the 12 months preceding November 1, 2012. For purposes of clause (ii) of this definition, "swaps" shall mean swaps as defined by the CFTC for purposes of implementation schedules under parts 23 and 50 of CFTC Regulations and shall exclude, without limitation, foreign exchange swaps and foreign exchange forwards exempted from regulation as "swaps" by the Secretary of the Treasury pursuant to authority granted by Section 1a(47)(E) of the CEA.

"Additional Pre-Trade Mark Transaction" means a transaction (other than a Covered Forex Transaction or Covered Derivative Transaction) for which the CFTC provides no-action or other relief from CFTC Regulation 23.431(a)(3) that is based, in whole or in part, upon the agreement of a party that a Swap Dealer counterparty need not disclose pre-trade mid-market marks.

"Annually" means once each calendar year.

"Applicable Law" means all applicable laws of the United States and rules, regulations, orders and written interpretations of U.S. federal authorities, self-regulatory organizations, markets, exchanges and clearing facilities.

"Applicable DF Regulations" means CFTC Regulations 23.500 through 23.505, CFTC Regulation 50.50, and CFTC Regulation 50.4 adopted in the following Federal Register publications, as amended and supplemented from time to time: (i) CFTC, Final Rule, *Confirmation, Portfolio Reconciliation, Portfolio Compression, and Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants*, 77 Fed. Reg. 55904 (Sept. 11, 2012); (ii) CFTC, Final Rule, *End-User Exception to the Clearing Requirement for Swaps*, 77 Fed. Reg. 42559 (July 19, 2012); and (iii) CFTC, Final Rule, *Clearing Requirement Determination Under Section 2(h) of the CEA*, 77 Fed. Reg. 74284 (Dec. 13, 2012).

"Applicable Portfolio Reconciliation Compliance Date" means the date on which Party A's compliance is required with respect to Party B under CFTC Regulation 23.502 and applicable law regarding the scope of application of CFTC Regulation 23.502, including applicable CFTC interpretations and other CFTC Regulations.

"Applicable STRD Compliance Date" means the date on which Party A's compliance is required with respect to Party B under CFTC Regulation 23.504 and applicable law regarding the scope of application of CFTC Regulation 23.504, including applicable CFTC interpretations and other CFTC Regulations.

"Bilateral Covered Agreement" means (i) a Deemed ISDA 2002 Master Agreement or (ii) an Existing Swap Agreement.

"BIS 31 Currencies" refer to one of the following currencies: US dollar, Euro, Japanese yen, Pound sterling, Australian dollar, Swiss franc, Canadian dollar, Hong Kong dollar, Swedish krona, New Zealand dollar, Korean won, Singapore dollar, Norwegian krona, Mexican peso, Indian rupee, Russian rouble, Chinese renminbi, Polish zloty, Turkish lira, South African rand, Brazilian real, Danish krone, New Taiwan dollar, Hungarian forint, Malaysian ringgit, Thai baht, Czech koruna, Philippine peso, Chilean peso, Indonesian rupiah, Israeli new shekel.⁷

"Category 1 Entity" means (i) a Swap Dealer, (ii) a Major Swap Participant, (iii) a Security-Based Swap Dealer, (iv) a Major Security-Based Swap Participant or (v) an Active Fund.⁸

"Category 2 Entity" means (i) a commodity pool as defined in Section 1a(10) of the CEA and CFTC Regulations thereunder, (ii) a "private fund," as defined in Section 202(a) of the Investment Advisers Act of 1940, other than an Active Fund, or (iii) a person predominantly engaged in activities that are in the business of banking, or in activities that are "financial in nature," as defined in Section 4(k) of the Bank Holding Company Act of 1956, *provided that*, in each case, the entity is not a Third-Party Subaccount.⁹

CFTC Letter No. 13-12, at text accompanying n. 16 (citing Bank for International Settlements, 2010 [BIS Triennial Central Bank Survey, Report on global foreign exchange market activity in 2010](http://www.bis.org/publ/rpfx/10t.pdt) 12 (Dec. 2010), available at <http://www.bis.org/publ/rpfx/10t.pdt>).

CFTC Regulation 50.25.

CFTC Regulation 50.25.

"CEA" means the Commodity Exchange Act, as amended.

"CFTC" means the U.S. Commodity Futures Trading Commission.

"CFTC Regulations" means the rules, regulations, orders and interpretations published or issued by the CFTC, as amended.

"Close-Out Provision" means (i) in respect of a DF Swap for which the Parties have agreed in writing (whether as part of the Bilateral Covered Agreement or otherwise) to a process for determining the payments to be made upon early termination of such DF Swap, the provisions specifying such process, and (ii) in respect of a DF Swap for which the Parties have not agreed in writing (whether as part of the Bilateral Covered Agreement or otherwise) to a process for determining the payments to be made upon early termination of such DF Swap, Section 6(e)(ii)(l) of the ISDA 2002 Master Agreement as if such DF Swap were governed thereby.

"Commodity Trade Option" means a commodity option entered into pursuant to CFTC Regulation 32.3(a).

"Covered Derivative Transaction" means a transaction for which real-time tradeable bid and offer prices are available electronically, in the marketplace, to Party B (if such transaction is executed prior to the issuance of final CFTC Regulations governing the registration of swap execution facilities, subject to any compliance implementation period contained therein) or for which real-time executable bid and offer prices are available on a designated contract market or swap execution facility (if such transaction is executed subsequent to the issuance of final CFTC Regulations governing the registration of swap execution facilities, subject to any compliance implementation period therein), and that is: (i) an untranching credit default swap referencing the on-the-run and most recent off-the-run series of the following indices: CDX.NA.IG 5Y, CDX.NA.HY 5Y, iTraxx Europe 5Y and iTraxx Europe Crossover 5yr; or (ii) an interest rate swap (A) in the "fixed-for-floating swap class" (as such term is used in CFTC Regulation 50.4(a)) denominated in USD or EUR, (B) for which the remaining term to the scheduled termination date is no more than 30 years, and (C) that has specifications set out in CFTC Regulation 50.4.¹⁰

"Covered Financial Company" means a "covered financial company," as defined in Section 201(a)(8) of the Dodd-Frank Act, 12 U.S.C. § 5381(a)(8).

"Covered Forex Transaction" means a transaction for which real-time tradeable bid and offer prices are available electronically, in the marketplace, to Party B, and that is: (i) a "foreign exchange forward" or "foreign exchange swap," as defined in Sections 1a(24) and 1a(25) of the Commodity Exchange Act, respectively, that, by its terms, is physically settled, where each currency is one included among the BIS 31 Currencies, and where the transaction has a stated maturity of one year or less; or (ii) a vanilla foreign exchange option that, by its terms, is physically settled, where each currency is one included among the BIS 31 Currencies, and where the option has a stated maturity of six months or less.¹¹

"Credit Support Agreement" means a written agreement, if any, between the Parties (whether part of the Bilateral Covered Agreement or otherwise) that governs the posting or transferring of collateral or other credit support related to one or more DF Swaps.

"Credit Support Call" means a request or demand for the posting or transferring of collateral or other credit support related to one or more DF Swaps made pursuant to the terms of a Credit Support Agreement.

"CSA Valuation" means, in respect of a DF Swap and a Risk Valuation Date and subject to the terms of Part II of Annex III to this Bilateral OF Agreement II in the case of a dispute, the value of such DF Swap determined in accordance with the CSA Valuation Process, if any, expressed as a positive number if such DF Swap has positive value for the Risk Valuation Agent, and as a negative number if such OF Swap has negative value for the Risk Valuation Agent.

"CSA Valuation Process" means the process, if any, agreed by the Parties in writing (whether as part of the Bilateral Covered Agreement or otherwise) for determining the value of one or more transactions that may include a DF Swap or portfolio of DF Swaps for the purpose of posting or transferring collateral or other credit support. For the avoidance of doubt, such writing may be in the form of an ISDA Credit Support Annex or any other written agreement.

¹⁰ CFTC Letter No. 12-58.

¹¹ CFTC Letter No. 13-12.

"Daily" means once each Joint Business Day.

"Data Delivery Date" means a date determined pursuant to Section 4.2 of Annex IV to this Bilateral DF Agreement II, as applicable, that is a Joint Business Day.

"Data Reconciliation" means a comparison of Portfolio Data and, to the extent applicable, SDR Data received or obtained by a Party against such Party's own books and records of DF Swaps between the Parties and, in respect of any Discrepancy, a process for identifying and resolving such Discrepancy. A Data Reconciliation may include (but shall not be required to include or be limited to) a systematic, line-by-line, field-by-field matching process performed using technological means such as a third-party portfolio reconciliation service or a technology engine.

"DCO" means a "derivatives clearing organization," as such term is defined in Section 1a(15) of the CEA and CFTC Regulations.

"DF Swap" means a "swap" as defined in Section 1a(47) of the CEA and regulations thereunder that is, or is to be, governed by the Bilateral Covered Agreement; *provided that* a Commodity Trade Option is not a DF Swap for purposes of this Bilateral DF Agreement II. The term "DF Swap" also includes any foreign exchange swaps and foreign exchange forwards that are, or are to be, governed by the Bilateral Covered Agreement and that are exempted from regulation as "swaps" by the Secretary of the Treasury pursuant to authority granted by Section 1a(47)(E) of the CEA. For the avoidance of doubt, the term "DF Swap" does not include a swap that has been cleared by a DCO.

"Discrepancy" means, (i) in respect of the Portfolio Data received with respect to a DF Swap and any SDR Data obtained for such DF Swap, a difference between a Material Term in such Portfolio Data or SDR Data and a Party's own records of the corresponding Material Term and (ii) in respect of the Portfolio Data received with respect to a DF Swap, a difference between a Valuation reported in such Portfolio Data and such Party's own Valuation of such DF Swap (calculated as of the same Joint Business Day in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result) that is greater than the Discrepancy Threshold Amount.

"Discrepancy Threshold Amount" means, in respect of a DF Swap, an amount equal to ten percent (10%) of the higher of the two absolute values of the respective Valuations assigned to such DF Swap by the Parties.

"Dodd-Frank Act" means the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended.

"Election Approval" means, if Party B is an SEC Issuer/Filer, an appropriate committee of Party B's board of directors (or equivalent body) has reviewed and approved the decision to enter into DF Swaps that are exempt from the clearing requirements of Sections 2(h)(1) and 2(h)(8) of the CEA.

"Existing Swap Agreement" means, in respect of a DF Swap, a written agreement that (i) exists at the time of execution of such DF Swap, (ii) provides for, among other things, terms governing the payment obligations of the parties, and (iii) the Parties have established, by written agreement, oral agreement, course of conduct or otherwise, will govern such DF Swap.

"FDIA" means the Federal Deposit Insurance Act of 1950, as amended.

"FDIC" means the Federal Deposit Insurance Corporation.

"Financial Company" means a "financial company," as defined in Section 201(a)(11) of the Dodd-Frank Act, 12 U.S.C. § 5381(a)(11).

"Financial Entity" means a person that is a "financial entity" as defined in Section 2(h)(7)(C)(i) of the CEA, without regard to an exemption or exclusion provided in Section 2(h)(7)(C)(ii) of the CEA and CFTC regulations thereunder or in Section 2(h)(7)(C)(iii) of the CEA.¹²

¹² Section 2(h)(7)(C)(i) of the CEA defines a "financial entity" for purposes of mandatory clearing as (i) a swap dealer, (ii) a security-based swap dealer, (iii) a major swap participant, (iv) a major security-based swap participant, (v) a commodity pool, (vi) a private fund as defined in Section 202(a) of the Investment Advisors Act of 1940, (vii) an employee benefit plan as defined in paragraphs (3) and (32) of section 3 of the Employee Retirement Income and Security Act of 1974, and (viii) a person predominantly engaged in activities that are in the business of banking, or in activities that are financial in nature as defined in Section 4(k) of the Bank Holding Company Act of 1956.

"Initial Mandatory Clearing Determination" means the CFTC determination initially published in the Federal Register on December 12, 2012, pursuant to rulemaking under Section 2(h) of the CEA providing that certain classes of interest rate swaps and credit default swaps shall be subject to mandatory submission for clearing to a DCO eligible to clear such swaps under CFTC Regulation 39.5, as amended.¹³

"Insured Depository Institution" means an "insured depository institution," as defined in 12 U.S.C. § 1813.

"Joint Business Day" means a day that is a Local Business Day in respect of each Party.

"LEI/CICI" means a "legal entity identifier" satisfying the requirements of CFTC Regulation 45.6 or such other entity identifier as shall be provided by the CFTC, pending the availability of such legal entity identifiers.

"Local Business Day" means, as used in a provision of this Bilateral DF Agreement II, (i) with respect to Party A, the City of New York; and (ii) with respect to Party B, a day on which commercial banks are open for general business (including for dealings in foreign exchange and foreign currency deposits) in the city or cities specified by Party B in Part II(3) of Annex II to this Bilateral DF Agreement II. If Party B does not specify a city in the Part II(3) of Annex II to this Bilateral DF Agreement II, Party B will be deemed to have specified the City of New York.

"Major Security-Based Swap Participant" means a "major security-based swap participant," as defined in Section 3(a)(67) of the SEA and Rule 3a67-1 thereunder.

"Major Swap Participant" means a "major swap participant," as defined in Section 1a(33) of the CEA and CFTC Regulation 1.3(hhh) thereunder.

"Material Terms" has the meaning ascribed by the CFTC to such term for purposes of CFTC Regulation 23.502.

"Monthly" means once each calendar month.

"Notice Effective Date" means with respect to a Party to whom a notice has been delivered, the Local Business Day following the date on which such notice would be effective pursuant to the Notice Procedures or such other date as the Parties may specify in writing.

"Notice Procedures" means (i) the procedures specified in the Bilateral Covered Agreement regarding delivery of notices or information to a Party, (ii) such other procedures as may be agreed in writing between the Parties from time to time, and (iii) with respect to a Party and a particular category of information or notice, if the other Party has specified other permissible procedures in writing, such procedures.

"Party" means, in respect of a Bilateral Covered Agreement, a party thereto.

"Party B Principal Elections" means the elections made by Party B in Part II of Annex II to this Bilateral DF Agreement II.

"Principal Information and Status Representations" means (i) in respect of Party A, the information provided and representations made by Party A in Part III of Annex II to this Bilateral DF Agreement II; and (ii) in respect of Party B, the information provided and representations made by Party B in Part I of Annex II to this Bilateral DF Agreement II.

"Portfolio Data" means, in respect of a Party providing or required to provide such data, information (which, for the avoidance of doubt, is not required to include calculations or methodologies) relating to the terms of all outstanding DF Swaps between the Parties in a form and standard that is capable of being reconciled, with a scope and level of detail that is reasonably acceptable to each Party and that describes and includes, without limitation, current Valuations attributed by that Party to each such DF Swap. The information comprising the Portfolio Data to be provided by a Party on a Data Delivery Date shall be prepared (i) as at the time or times that such Party computes its end of day valuations for DF Swaps (as specified by that Party for this purpose in writing) on the immediately preceding Joint Business Day, as applicable, and (ii) in the case of Valuations, in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result.

¹³ 77 Fed. Reg. 74284 (Dec. 13, 2012).

"Quarterly" means once each calendar quarter.

"Recalculation Date" means the Risk Valuation Date on which a Risk Valuation that gives rise to the relevant dispute is calculated; *provided, however*, that if one or more subsequent Risk Valuation Dates occurs prior to the resolution of such dispute, then the "Recalculation Date" in respect of such dispute means the last such Risk Valuation Date.

"Reference Market-makers" means four leading dealers in the relevant market selected by the Risk Valuation Agent in good faith (i) from among dealers of the highest credit standing which satisfy all the criteria that the Risk Valuation Agent applies generally at the time in deciding whether to offer or to make an extension of credit and (ii) to the extent practicable, from among such dealers having an office in the same city.

"Relevant Information" means (a) any information or representation agreed in writing by the Parties to be Relevant Information; and (b) any information provided pursuant to Annex II to this Bilateral DF Agreement II, in each case, as amended or supplemented from time to time in accordance with Paragraph 2(c) of this Bilateral DF Agreement II or in another manner agreed by the Parties.

"Risk Exposure" means, in respect of a DF Swap and a Risk Valuation Date and subject to the terms of Part II of Annex III to this Bilateral DF Agreement II in the case of a dispute, the amount, if any, that would be payable to the Risk Valuation Agent by Party B (expressed as a positive number) or by the Risk Valuation Agent to Party B (expressed as a negative number) pursuant to the Close-Out Provision as of the Risk Valuation Time as if such DF Swap (and not any other DF Swap) was being terminated as of such Risk Valuation Date; *provided that* (i) if the Bilateral Covered Agreement provides for different calculations depending on whether one of the Parties is an Affected Party or Defaulting Party (as such terms are defined in the Bilateral Covered Agreement), such calculation will be determined using estimates at mid-market of the amounts that would be paid for a replacement transaction; and (ii) such calculation will not include the amount of any legal fees and out-of-pocket expenses.

"Risk Valuation" means, in respect of a DF Swap and a Risk Valuation Date for which (i) there is a CSA Valuation determined by the Risk Valuation Agent or its agent, such CSA Valuation, and (ii) there is no CSA Valuation determined by the Risk Valuation Agent or its agent, the Risk Exposure determined by the Risk Valuation Agent or its agent for such DF Swap and Risk Valuation Date, unless, pursuant to Section 3.1 of Annex III to this Bilateral DF Agreement II, the Risk Valuation Agent has elected to use the CSA Valuation provided by Party B for such DF Swap and Risk Valuation Date, in which case, such CSA Valuation provided by Party B.

"Risk Valuation Agent" means, in respect of any Risk Valuation Date and any DF Swap, Party A.

"Risk Valuation Date" means, with respect to a DF Swap, each Local Business Day for Party A.

"Risk Valuation Time" means, with respect to a DF Swap and any day, the close of business on the prior Local Business Day in the locality specified by the Risk Valuation Agent in its notice of the Risk Valuation to Party B.

"SDR" means a "swap data repository," as defined in Section 1a(48) of the CEA and the CFTC Regulations.

"SDR Data" means Material Terms data that is available from an SDR.

"SEA" means the Securities Exchange Act of 1934, as amended.

"SEC" means the U.S. Securities and Exchange Commission.

"Security-Based Swap Dealer" means a "security-based swap dealer," as defined in Section 3(a)(71) of the SEA and Rule 3a71-1 thereunder.

"Swap Dealer" means a "swap dealer," as defined in Section 1a(49) of the CEA and CFTC Regulation 1J(ggg) thereunder.

"Swap Transaction Event" means the execution of a new DF Swap between Party A and Party B or any material amendment, mutual unwind or novation of an existing DF Swap between Party A and Party B.¹⁴

¹⁴ See 77 Fed. Reg. 9734, 9741 (Feb. 17, 2012).

"Third-Party Subaccount" means an account that is managed by an investment manager who is (1) independent of and unaffiliated with the account's beneficial owner or sponsor and (2) responsible for the documentation necessary for the account's beneficial owner to clear swaps.

"Transaction Event" means any event that results in a new DF Swap between the Parties or in a change to the terms of a DF Swap between the Parties, including execution, termination, assignment, novation, exchange, transfer, amendment, conveyance, or extinguishing of rights or obligations of a DF Swap.

"Valuation" has the meaning ascribed to such term in CFTC Regulation 23.500.

"Weekly" means once each calendar week.

ANNEX II

Part I. Principal Information and Status Representations of Party B

(1) LEI/CICI¹⁵

Party B's LEI/CICI is:

(2) CFTC Swap Entity¹⁶

Party B confirms that is not a CFTC Swap Entity.

(3) Financial Entity¹⁷

To the best of its knowledge, Party B is not a Financial Entity.

(4) Financial Company¹⁸

Party B is not a Financial Company.

(5) Insured Depository Institution¹⁹

Party B is not an Insured Depository Institution.

(6) E-mail Address for Delivery of Notices

Party B's e-mail address for the delivery of notices pursuant to this Bilateral DF Agreement II other than notices related to Risk Valuations or Portfolio Data is as follows: cindy.west@statesboroga.gov

(7) Notice Details

Where there is no Existing Swap Agreement between Party A and Party B, Party B agrees to enter into the Deemed ISDA 2002 Master Agreement with Party A and the notice information in respect of Party B for the purposes of such Deemed ISDA 2002 Master Agreement is:

Name: Ms. Cindy West, Finance Director
Address: 50 E Main St
Statesboro, GA 30458
Phone: (912) 764-0652
Fax: (912) 489-6825
E-mail: cindy.west@statesboroga.gov
Electronic Messaging System Details:
Specific Instructions:

¹⁵ CFTC Regulation 45.6.

¹⁶ A "CFTC Swap Entity" is a person who is, or may become, a principal to one or more swaps and is, or expects shortly to be, registered as a swap dealer or major swap participant with the CFTC. Designation as a CFTC Swap Entity in this Annex II is not a representation by Party B that it is a "swap dealer" or a "major swap participant," as such terms are defined in the CEA and applicable CFTC regulations or that it is registered as such. However, parties who do not in good faith believe they will register as a swap dealer or major swap participant should not be designated as a CFTC Swap Entity in this Annex II. If Party B elects that it is not initially a CFTC Swap Entity, it may subsequently change its status to CFTC Swap Entity by providing written notice to Party A that it has become registered with the CFTC as a swap dealer or major swap participant.

¹⁷ See, e.g., CFTC Regulation 23.501 and 23.504(b)(4). The term "financial entity" is used for various purposes through the CEA and CFTC Regulations, including for the purposes of determining who must enter into "swap trading relationship documentation" satisfying various requirements and the deadlines for execution of confirmations under CFTC Regulation 23.501.

¹⁸ Pursuant to CFTC Regulation 23.504(b)(5)(i)-(ii), swap trading relationship documentation must include a statement for each Party indicating whether it is a Financial Company.

¹⁹ Pursuant to CFTC Regulation 23.504(b)(5)(i)-(ii), swap trading relationship documentation must include a statement for each Party indicating whether it is an Insured Depository Institution.

Part II. Party B Principal Elections

(1) Annex III Calculation of Risk Valuations and Dispute Resolution

Calculation of Risk Valuations and Dispute Resolution Election for Non-Financial Entities²⁰

17 Party B agrees to incorporate Annex III to this Bilateral DF Agreement II and for purposes of Annex III, Party B's e-mail address for the delivery of Risk Valuations is as follows: cindy.west@statesboroga.gov.²¹

18 Party B does not agree to incorporate Annex III to this Bilateral DF Agreement II.

(2) Annex IV Portfolio Reconciliation

Portfolio Reconciliation Election²²

19 Party B agrees to incorporate Annex IV to this Bilateral DF Agreement II and for purposes of Annex IV, Party B's e-mail address for the delivery of Portfolio Data is as follows: _____²³

Party B does not agree to incorporate Annex IV to this Bilateral DF Agreement II.

(3) Local Business Day²⁴

Party B designates the following city or cities as the relevant Local Business Day city or cities: Atlanta, GA..

(4) Annex V Use of End-User Exception²⁵

(a) *Standing End-User Exception*

Party B elects the End-User Exception for each DF Swap entered into with Party A that is subject to a mandatory clearing determination under Section 2(h) of the CEA and agrees to incorporate Annex V to this Bilateral DF Agreement II unless Party B notifies Party A otherwise in writing prior to the execution of such DF Swap.

20 Party B does not elect the End-User Exception for each DF Swap entered into with Party A that is subject to a mandatory clearing determination under Section 2(h) of the CEA and does not agree to incorporate Annex V to this Bilateral DF Agreement II.

(b) *Standing Opt-Out of Annual Filings*^{6, 21}

21 Party B elects a Standing Opt-Out of Annual Filings.

22 Party B does not elect a Standing Opt-Out of Annual Filings.

²⁰ One box in this section must be checked. Annex III to this Bilateral DF Agreement II provides a set of agreements intended to address the documentation requirements of CFTC Regulation 23.504(b)(4).

²¹ If Party B elects to incorporate Annex III to this Bilateral DF Agreement II by making such election in Part II(I)(a) in this Annex II, Party B must provide an email address for the delivery of Risk Valuations.

²² One box in this section must be checked. Annex IV to this Bilateral DF Agreement II provides a set of agreements intended to address the data portfolio reconciliation requirements of CFTC Regulation 23.502.

²³ For the purpose of the data portfolio reconciliation procedures set forth in Annex IV to this Bilateral DF Agreement II, Party B must provide an email address.

²⁴ If Party B elects to incorporate Annex III or Annex IV to this Bilateral DF Agreement II, Party B may indicate a city or cities for purposes of determining the Local Business Day with respect to each of Annex III and Annex IV to this Bilateral DF Agreement II.

²⁵ Party B may elect the End-User Exception by checking the relevant box in this section. For the avoidance of doubt, Party B's answer to this question will in no way prejudice its rights to elect to, or not to, use the End-User Exception in respect of any particular DF Swap.

²⁶ By electing a Standing Opt-Out of Annual Filing, Party B notifies Party A that it will not make an Annual Filing, as described in Annex V to this Bilateral DF Agreement II, for any DF Swap subject to mandatory clearing (such notification, the "Standing Opt-Out of Annual Filing") unless Party B subsequently notifies Party A to the contrary (either with respect to a particular DF Swap or generally).

²⁷ Pursuant to CFTC Regulation 50.50, one box in this section must be checked by Party B.

- (i) *Party B's financial obligations associated with entering into non-cleared swaps*⁸

Party B generally meets its financial obligations associated with entering into non-cleared swaps using:

- (A) a written credit support agreement;
- (B) pledged or segregated assets (including posting or receiving margin pursuant to a credit support arrangement or otherwise);
- (C) a written third-party guarantee;
- (D) its available financial resources; or
- (E) means other than those described in the foregoing subsections (A) through (D) above.

- (ii) *SEC Issuer/Filer?*⁹

- Party B is an SEC Issuer/Filer and Party B's SEC Central Index Key Number is as follows: 30
- Party B is not an SEC Issuer/Filer.

- (iii) *Election Approval*³¹

- Party B received Election Approval.
- Party B did not receive Election Approval.

- (5) Elections Not to Receive Disclosure of Pre-Trade Mid-Market Marks^{32, 33}

- (a) Party B does not require Party A to disclose pre-trade mid-market marks in respect of any Covered Forex Transaction.
- Party B requires Party A to disclose pre-trade mid-market marks in respect of any Covered Forex Transaction.
- (b) Party B does not require Party A to disclose pre-trade mid-market marks in respect of any Covered Derivative Transaction.
- Party B requires Party A to disclose pre-trade mid-market marks in respect of any Covered Derivative Transaction.
- (c) Party B does not require Party A to disclose pre-trade mid-market marks in respect of any Additional Pre-Trade Mark Transaction.³⁴
- Party B requires Party A to disclose pre-trade mid-market marks in respect of any Additional Pre-Trade Mark Transaction.

²⁸ Pursuant to CFTC Regulation 50.50, at least one box in this section must be checked if Party B has elected the Standing Opt-Out of Annual Filing in Part 11(4)(b) of this Annex II above.

²⁹ Pursuant to CFTC Regulation 50.50, one box in this section must be checked if Party B has elected the Standing Opt-Out of Annual Filing in Part 11(4)(b) of this Annex II above. Party B must indicate if it is an issuer of securities registered under Section 12 of, or required to file reports under Section 15(d) of, the Securities Exchange Act of 1934.

³⁰ Pursuant to CFTC Regulation 50.50, Party B must provide this information if it has elected in Part 11(4)(b)(ii) of this Annex II that it is an SEC Issuer/Filer.

³¹ Pursuant to CFTC Regulation 50.50, Party B must make this election if it has elected in Part 11(4)(b)(ii) of this Annex II, that it is an SEC Issuer/Filer.

³² CFTC Regulation 23.431(a)(3).

³³ CFTC Letter No. 13-12 and CFTC Letter No. 12-58 provide that Swap Dealers will not be required to disclose pre-trade mid-market marks in connection with any Covered Forex Transactions or Covered Derivatives Transactions, respectively, provided that the counterparty agrees in advance, in writing, that the Swap Dealer need not disclose a pre-trade mid-market mark.

³⁴ Party B may agree in advance that Party A will not be required to disclose pre-trade mid-market marks in connection with any Additional Pre-Trade Mark Transaction.

Part III. Principal Information and Status Representations of Party A

(1) LEI/CICI³⁵

Party A's LEI/CICI is 7H6GLXDRUGQFU57RNE97.

(2) CFTC Swap Entity

Party A confirms that is a CFTC Swap Entity.

(3) Financial Entity³⁶

Party A is a Financial Entity.

(4) Financial Company³⁷

Party A is a Financial Company.

(5) Insured Depository Institution³⁸

Party A is an Insured Depository Institution.

(6) E-mail Address for Delivery of Notices

Party A's e-mail address for the delivery of notices pursuant to this Bilateral DF Agreement II other than notices related to Risk Valuations or Portfolio Data is as follows: DF.Notices@jpmorgan.com.

(7) Notice Details

Where there is no Existing Swap Agreement between Party A and Party B, Party A agrees to enter into the Deemed ISDA 2002 Master Agreement with Party B and the notice information in respect of Party A for the purposes of such Deemed ISDA 2002 Master Agreement is:

Name: JPMorgan Chase Bank, N.A.
Address: 277 Park Avenue
New York, New York 10172-0003
Attention: Legal Department- Derivatives Practice Group
Fax: (646) 534-6393

(8) E-Mail Address for Delivery of Risk Valuations

Party A's e-mail address for the delivery of Risk Valuations given pursuant to Annex III hereof is as follows: risk.valuation@jpmorgan.com.

(9) E-mail Address for Delivery of Portfolio Data

Party A's e-mail address for the delivery of Portfolio Data delivered pursuant to Annex IV hereof is as follows: portfolio.reconciliation@jpmorgan.com.

³⁵ CFTC Regulation 45.6.

³⁶ See, e.g., CFTC Regulation 23.501 and 23.504(b)(4). The term "financial entity" is used for various purposes through the CEA and CFTC Regulations, including for the purposes of determining who must enter into "swap trading relationship documentation" satisfying various requirements and the deadlines for execution of confirmations under CFTC Regulation 23.501.

³⁷ Pursuant to CFTC Regulation 23.504(b)(5)(i)-(ii), swap trading relationship documentation must include a statement for each Party indicating whether it is a Financial Company.

³⁸ Pursuant to CFTC Regulation 23.504(b)(5)(i)-(ii), swap trading relationship documentation must include a statement for each Party indicating whether it is an Insured Depository Institution.

ANNEX III
Calculation of Risk Valuations and Dispute Resolution

Part I. Calculation of Risk Valuations for Purposes of Section 4s(j) of the CEA

Each Party agrees that:

- 3.1 On each Risk Valuation Date, the Risk Valuation Agent in respect of each DF Swap for which a Transaction Event has occurred after the Applicable STRD Compliance Date (or its agent) will calculate the Risk Valuation of such DF Swap, *provided* that if Party B has provided the Risk Valuation Agent with a CSA Valuation for such DF Swap and such Risk Valuation Date pursuant to the CSA Valuation Process that the Risk Valuation Agent has determined in good faith will allow the Risk Valuation Agent to satisfy the requirements of CFTC Regulation 23.504(b) as they relate to Section 4sU) of the CEA, the Risk Valuation Agent may elect to treat such CSA Valuation as the Risk Valuation for such DF Swap.
- 3.2 Upon written request by Party B delivered to the Risk Valuation Agent in accordance with the Notice Procedures on or prior to the Joint Business Day following a Risk Valuation Date, the Risk Valuation Agent (or its agent) will notify Party B of the Risk Valuations determined by it for such Risk Valuation Date pursuant to Section 3.1 above. Unless otherwise agreed by the Parties, the Risk Valuation Agent shall not be obligated to disclose to Party B any confidential, proprietary information about any model the Risk Valuation Agent may use to value a DF Swap.
- 3.3 Notification of a Risk Valuation may be provided through any of the following means, each of which is agreed by the Parties to be reliable: (i) written notice delivered by the Risk Valuation Agent to Party B in accordance with the Notice Procedures, (ii) any means agreed by the Parties for the delivery of CSA Valuations or (iii) posting on a secured web page at, or accessible through, a URL designated in a written notice given to Party B pursuant to the Notice Procedures.
- 3.4 Each Risk Valuation will be determined by the Risk Valuation Agent (or its agent) acting in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result.

Part II. Dispute Resolution for Risk Valuations for Purposes of Section 4s(j) of the CEA

Each Party agrees that:

- 3.5 If Party B wishes to dispute the Risk Valuation Agent's calculation of a Risk Valuation, Party B shall notify the Risk Valuation Agent in writing in accordance with the Notice Procedures on or prior to the close of business on the Joint Business Day following the date on which Party B was notified of such Risk Valuation. Such notice shall include Party B's calculation of the Risk Valuations for all DF Swaps as of the relevant date for which the Risk Valuation Agent has provided Risk Valuations to Party B, which must be calculated by Party B acting in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result.
- 3.6 If Party B disputes the Risk Valuation Agent's calculation of a Risk Valuation and the Parties have agreed in writing (whether as part of the Bilateral Covered Agreement or otherwise) to a valuation dispute resolution process by which CSA Valuations are to be determined, then such process will be applied to resolve the dispute of such Risk Valuation (as if such dispute of a Risk Valuation were a dispute of a CSA Valuation, each DF Swap that is the subject of the dispute were the only DF Swap for which a CSA Valuation was being disputed, and Party B was the disputing party).
- 3.7 If Party B disputes the Risk Valuation Agent's calculation of a Risk Valuation and the Parties have not agreed in writing (whether as part of the Bilateral Covered Agreement or otherwise) to a valuation dispute resolution process by which CSA Valuations are to be determined, then the following process will apply in respect of the dispute of such Risk Valuation:

- (a) the Parties will consult with each other in an attempt to resolve the dispute; and
 - (b) if they fail to resolve the dispute in a timely fashion, then the Risk Valuation Agent will recalculate the Risk Valuation as of the Recalculation Date by seeking four actual quotations at mid-market from Reference Market-makers and taking the arithmetic average of those obtained; *provided that* if four quotations are not available, then fewer than four quotations may be used; and if no quotations are available, then the Risk Valuation Agent's original Risk Valuation calculation will be used.
- 3.8 Following a recalculation pursuant to Section 3.7 above, the Risk Valuation Agent will notify Party B no later than the close of business on the Local Business Day of the Risk Valuation Agent following the date of such recalculation, and such recalculation shall be the Risk Valuation for the applicable Risk Valuation Date.

Part III. Relationship to Other Valuations

- 3.9 The Parties agree and acknowledge that the process provided herein for the production and dispute of Risk Valuations is exclusively for determining the value of each relevant DF Swap for the purpose of compliance by each Party with risk management requirements under Section 4s(j) of the CEA. Failure by Party B to dispute a Risk Valuation calculated by the Risk Valuation Agent does not constitute acceptance by Party B of the accuracy of the Risk Valuation for any other purpose.
- 3.10 Resolution of any disputed Risk Valuation using a procedure specified in Part II of Annex II to this Bilateral DF Agreement II is not binding on either Party for any purpose other than Party A's compliance with risk management requirements under Section 4s(j) of the CEA. Each Party agrees that nothing in this Bilateral DF Agreement II providing for the calculation of Risk Valuations or for any right to dispute valuations in connection with such Risk Valuations shall affect any agreement of the Parties regarding the calculation of CSA Valuations or disputes regarding CSA Valuations or constitute a waiver of any right to dispute a CSA Valuation. Any resolutions of disputes regarding CSA Valuations may be different from the resolutions of disputes regarding Risk Valuations. The Parties acknowledge that the adoption of margin regulations under Section 4s(e) of the CEA may require additional agreements between the Parties regarding the calculation of DF Swap valuations for purposes of such regulations and Party A's compliance with risk management requirements under Section 4s(j) of the CEA, and Party B's agreement to incorporate this Annex III in no way constitutes agreement to adopt the procedures herein with respect to the calculation of, or resolution of disputes regarding, margin valuations.
- 3.11 Notwithstanding anything to the contrary in this Bilateral DF Agreement II, the Parties may in good faith agree to any other procedure for (i) the calculation of Risk Valuations and/or (ii) the resolution of any dispute between them, in either case, whether in addition to or in substitution of the procedures set out in this Annex III.

ANNEX IV Portfolio
Reconciliation

Part I. Required Reconciliation Dates

- 4.1 From time to time after the Applicable Portfolio Reconciliation Compliance Date, Party A may give Party B a notice (a "Required Reconciliation Date Notice") in which Party A represents that it is (in Party A's good faith belief) necessary for the Parties to perform a Data Reconciliation in order for Party A to comply with the Applicable DF Regulations regarding the frequency with which portfolio reconciliations are to be performed. A Required Reconciliation Date Notice will specify (i) the frequency with which such portfolio reconciliations are believed by Party A to be required, which may be "Daily," "Weekly," "Quarterly," "Annually" or another frequency required by the Applicable DF Regulations and (ii) one or more Data Delivery Dates.

Part II. One-way Delivery of Portfolio Data

- 4.2 On each Data Delivery Date Party A will deliver Portfolio Data to Party B and Party B will review such data, and the following shall apply:
- (a) The Required Reconciliation Date Notice will specify one or more Data Delivery Dates, *provided* that the first such date will be a day no earlier than the second Joint Business Day following the date on which such notice is given to Party B, and *provided further* that if, prior to the first such date, Party B requests one or more different Data Delivery Dates, the relevant Data Delivery Dates will be as agreed by the Parties.
 - (b) On each Data Delivery Date, Party A (or its agent) will provide Portfolio Data to Party B (or its agent) for verification by Party B. For purposes of this Section 4.2, Portfolio Data will be considered to have been provided to Party B (and Party B will be considered to have received such Portfolio Data) if it has been provided (i) in accordance with the Notice Procedures, or (ii) to a third-party service provider agreed to between Party A and Party B for this purpose.
 - (c) On or as soon as reasonably practicable after each Data Delivery Date and in any event not later than the close of business on the second Local Business Day of Party B following the Data Delivery Date, Party B will review the Portfolio Data delivered by Party A with respect to each relevant DF Swap against its own books and records and Valuation for such DF Swap and notify Party A whether it affirms the relevant Portfolio Data or has identified any Discrepancy. Party B shall notify Party A of all Discrepancies identified with respect to the Portfolio Data provided.
 - (d) If Party B has notified Party A of any Discrepancies in Portfolio Data in respect of any Material Terms or Valuations, then each Party agrees to consult with the other in an attempt to resolve all such Discrepancies in a timely fashion.

Part III. Valuation Differences Below the Discrepancy Threshold Amount

- 4.3 The Parties hereby agree that a difference in Valuations in respect of a DF Swap that is less than the Discrepancy Threshold Amount shall not be deemed a "discrepancy" for purposes of CFTC Regulation 23.502 and neither Party shall be required under this Annex IV to notify the other Party of such a difference or consult with the other Party in an attempt to resolve such a difference.

Part IV. Other Portfolio Reconciliation Procedures

- 4.4 In the event that the Parties have agreed to multiple Data Delivery Dates with a frequency specified in a Required Reconciliation Date Notice, Party A shall notify Party B if, at any time, during the period that such Data Delivery Dates are in effect, it is no longer required by the Applicable DF Regulations to conduct portfolio reconciliations with the specified frequency. Such notice shall specify (i) the new frequency with which portfolio reconciliations are believed by Party A to be required, which may be "Daily," "Weekly," "Quarterly," "Annually" or another frequency required by the Applicable DF Regulations and (ii) one or more new Data Delivery Dates. Upon delivery of such a notice, the Parties' obligations to deliver Portfolio Data on the previously agreed Data Delivery Dates shall terminate, and such notice shall be a new Required Reconciliation Date Notice for purposes of Section 4.2 above.

4.5 Notwithstanding anything to the contrary in this Bilateral DF Agreement II, the Parties may in good faith agree to any other procedure for (i) the exchange, delivery and/or reconciliation of Portfolio Data, and/or (ii) the resolution of any discrepancy between them, in either case, whether in addition to or in substitution of the procedures set out in this Bilateral DF Agreement II. Nothing in this Annex IV shall prejudice any right of dispute or right to require reconciliation that either Party may have under Applicable Law, any term of the Bilateral Covered Agreement other than in this Annex IV, or any other agreement.

ANNEXV
End-User Exception

- 5.1 If Party B elects not to clear any DF Swap that is subject to a mandatory clearing determination under Section 2(h) of the CEA pursuant to an exception from mandatory clearing provided under Section 2(h)(7) of the CEA and CFTC Regulation 50.50 (the "End-User Exception"), Party B shall notify Party A of such election in writing prior to execution of such DF Swap, which notice may be provided as a standing notice for multiple swaps (in Relevant Information or otherwise) (the "Standing End-User Exception") or on a trade-by-trade basis.³⁹ By providing such notice and executing any such DF Swap, Party B shall be deemed to represent that (i) it is eligible for an exception from mandatory clearing with respect to such DF Swap under Section 2(h)(7) of the CEA and CFTC Regulation 50.50 and (ii) either:
- (a) it has reported the information listed in CFTC Regulation 50.50(b)(1)(iii) in an annual filing made pursuant to CFTC Regulation 50.50(b)(2) no more than 365 days prior to entering into such DF Swap, such information has been amended as necessary to reflect any material changes thereto, such annual filing covers the particular DF Swap for which such exception is being claimed, and such information in such filing is true, accurate, and complete in all material respects (the "Annual Filing"); or
 - (b) it:
 - (1) has notified Party A in writing in accordance with the Notice Procedures prior to entering into such DF Swap that it has not reported the information listed in CFTC Regulation 50.50(b)(1)(iii) in an annual filing described in paragraph 5.1(a)(i) above;
 - (2) has provided to Party A all information listed in CFTC Regulation 50.50(b)(1)(iii) and such information is true, accurate and complete in every material respect and covers the particular DF Swap for which such exception is being claimed;
 - (3) (A) is not a "financial entity," as defined in Section 2(h)(7)(C)(i) of the CEA, without regard to any exemptions or exclusions provided under Sections 2(h)(7)(C)(ii), 2(h)(7)(C)(iii), or 2(h)(7)(D) or related CFTC regulations, (B) qualifies for the small bank exclusion from the definition of "financial entity" in Section 2(h)(7)(C)(ii) of the CEA and CFTC Regulation 50.50(d), (C) is excluded from the definition of "financial entity" in accordance with Section 2(h)(7)(C)(iii) of the CEA, or (D) qualifies for an exception from mandatory clearing in accordance with Section 2(h)(7)(D) of the CEA;
 - (4) is using such DF Swap to hedge or mitigate commercial risk as provided in CFTC Regulation 50.50(c); and
 - (5) generally meets its financial obligations associated with entering into non-cleared DF Swaps.⁴⁰
- 5.2 If (i) Party A and Party B enter into a DF Swap subject to a mandatory clearing determination under Section 2(h) of the CEA that Party B has elected not to clear pursuant to an exception from mandatory clearing provided under Section 2(h)(7) of the CEA and CFTC Regulation 50.50 and (ii) Party B has satisfied the conditions specified in Section 5.1(b)(1) and (2) above, then, if the DF Swap is subject to mandatory reporting to the CFTC or an SDR and Party A is the "reporting counterparty," as defined in CFTC Regulation 45.8, Party A shall report the information listed in CFTC Regulation 50.50(b)(1)(iii) to the relevant SDR.⁴¹

³⁹ CFTC Regulation 23.505(a)(2).

⁴⁰ CFTC Regulation 50.50 and 23.505(a).

⁴¹ CFTC Regulation 50.50.

5.3 Notwithstanding anything to the contrary herein or in any non-disclosure, confidentiality or similar agreement between the Parties, if Party B elects the exception from the DF Swap clearing requirement under Section 2(h)(7)(A) of the CEA and CFTC Regulation 50.50 with respect to a particular DF Swap, each Party hereby consents to the disclosure of information related to such election to the extent required by the Applicable DF Regulations. Each Party acknowledges that disclosures made pursuant to this Section 5.3 may include, without limitation, the disclosure of trade information, including a Party's identity (by name, identifier or otherwise) to an SDR and relevant regulators. Each Party further acknowledges that, for purposes of complying with regulatory reporting obligations, an SDR may engage the services of a global trade repository regulated by one or more governmental regulators, *provided that* such regulated global trade repository is subject to comparable confidentiality provisions as is an SDR registered with the CFTC. For the avoidance of doubt, to the extent that applicable non-disclosure, confidentiality, bank secrecy or other law imposes non-disclosure requirements on the DF Swap and similar information required to be disclosed pursuant to the Applicable DF Regulations but permits a Party to waive such requirements by consent, the consent and acknowledgements provided herein shall be a consent by each Party for purposes of such other applicable law.



Memorandum

To: Frank Parker, City Manager

From: Robert Cheshire, P.E., City Engineer *RC*
Brad Deal, P.E., Assistant City Engineer *BD*

Re: Recommendation of Low Bidder for "City of Statesboro Street Resurfacing FY 2014"

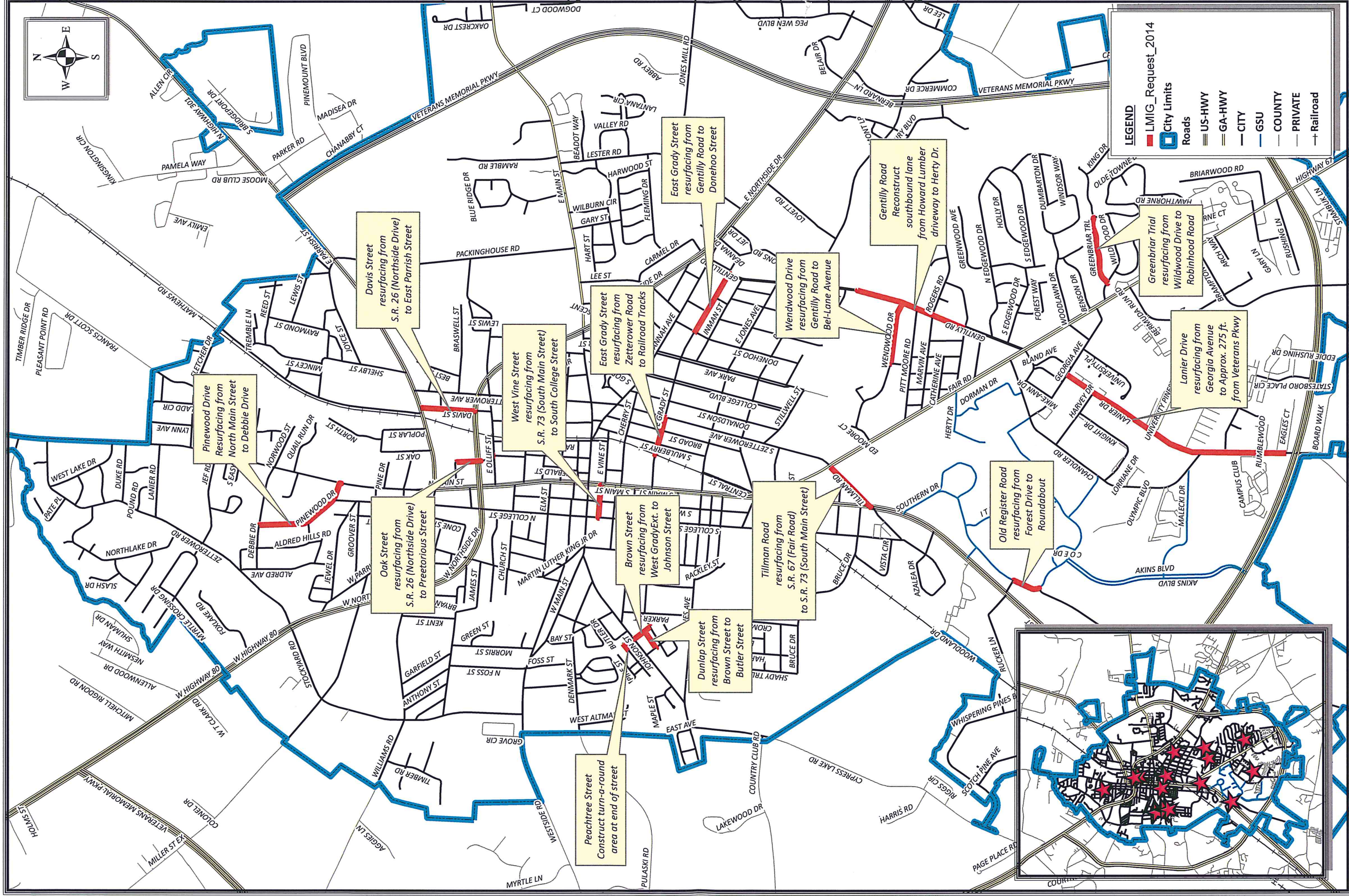
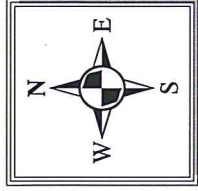
Date: May 9, 2014

Bids for the above referenced project were received on May 6, 2014. The bid results, based on unit price extensions, are as follows:

Sikes Brothers	\$667,403.20
Ellis Wood Contracting	\$670,073.75

The low bidder, Sikes Brothers Inc., meets the requirements of the bid package and submitted an acceptable bid bond. Sikes Brothers performed satisfactory work for the City last year as the contractor for the City's street resurfacing. Sikes Brothers has also completed numerous roadway and site development projects for the City of Statesboro, Bulloch County, Georgia Southern, Georgia Department of Transportation, and other municipalities and private developments. Sikes Brothers is well qualified to perform the work included in this contract.

Sikes Brothers' bid of \$667,403.20 is below the project budget of \$673,845.95. **Because the low bid came in under budget, the Engineering Department recommends awarding the contract for "City of Statesboro Street Resurfacing FY 2014" to Sikes Brothers in the amount of \$667,403.20, and to give the Engineering Department authority to extend unit prices for performing additional resurfacing of city streets that were not included on the original project list, up to the budgeted amount of \$673,845.95.**



LEGEND

- LMIG_Request_2014
- City Limits
- Roads
- US-HWY
- GA-HWY
- CITY
- GSU
- COUNTY
- PRIVATE
- Railroad

Pinewood Drive
Resurfacing from
North Main Street
to Debbie Drive

Oak Street
resurfacing from
S.R. 26 (Northside Drive)
to Preetorius Street

Davis Street
resurfacing from
S.R. 26 (Northside Drive)
to East Parrish Street

West Vine Street
resurfacing from
S.R. 73 (South Main Street)
to South College Street

Peachtree Street
Construct turn-a-round
area at end of street

Brown Street
resurfacing from
West Grady Ext. to
Johnson Street

East Grady Street
resurfacing from
Zetterower Road
to Railroad Tracks

East Grady Street
resurfacing from
Gentilly Road to
Donehoo Street

Dunlap Street
resurfacing from
Brown Street to
Butler Street

Tillman Road
resurfacing from
S.R. 67 (Fair Road)
to S.R. 73 (South Main Street)

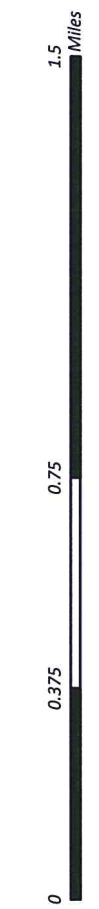
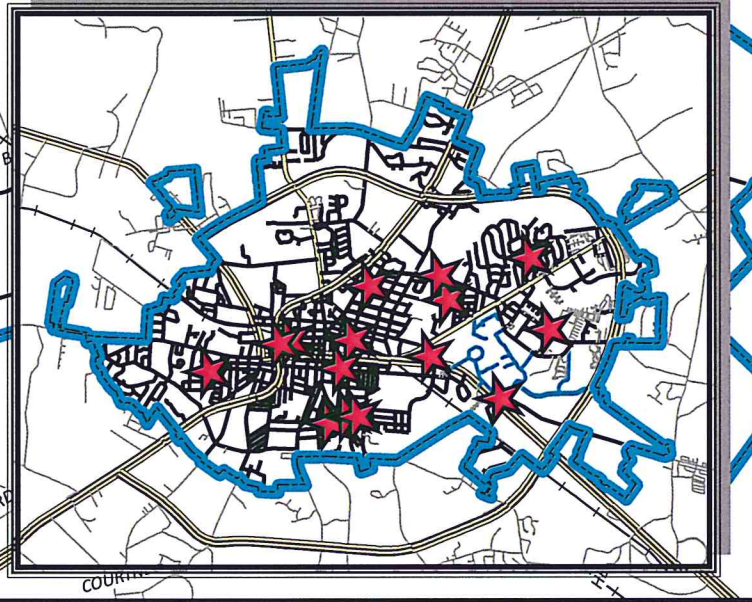
Wendwood Drive
resurfacing from
Gentilly Road to
Bel-Lane Avenue

Gentilly Road
Reconstruct
southbound lane
from Howard Lumber
driveway to Herty Dr.

Old Register Road
resurfacing from
Forest Drive to
Roundabout

Lanier Drive
resurfacing from
Georgia Avenue
to Approx. 275 ft.
from Veterans Pkwy

Greenbriar Trail
resurfacing from
Wildwood Drive to
Robinhood Road



City of Statesboro FY2014 Street Resurfacing List

Street	Beginning Point	Ending Point	Length (miles)
Lanier Drive	275 feet north of Veterans Pkwy	Georgia Ave	0.85
East Grady Street	Gentilly	Donehoo St	0.27
Old Register Road	Forest Drive	Roundabout	0.08
Oak Street	Northside Drive	Preetorious St	0.09
East Grady Street	Zetterower Ave	Railroad Tracks	0.15
West Vine St	South Main St	South College St	0.13
Pinewood Dr	North Main St	Debbie Dr	0.40
Wendwood Dr	Gentilly Dr	Bel-Lane Ave	0.26
Tillman Rd	Fair Rd	South Main St	0.23
Brown St	West Grady Ext	Johnson St	0.08
Dunlap St	Brown St	Butler St	0.08
Greenbriar Trail	Wildwood Dr	Robinhood Rd	0.27
Gentilly Rd	Howard Lumber Driveway	Herty Drive	0.44
Total Mileage			3.34

Alternate Street that may be added, based on funding availability:

Davis Street	Northside Drive	East Parrish St	0.21
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Memo



TO: Frank Parker, City Manager
FROM: Darren Prather, Purchasing Director
DATE: 5-13-2014

Re: Contract Recommendation—Retro-fit of an existing refuse truck w/ hoist system

The City of Statesboro solicited sealed bids to retro-fit an existing refuse truck (2004 Peterbuilt with front-loader body) with a 60,000 lb. roll-off hoist system. This hoist system is capable of servicing all types of outside rail standard and compactor refuse containers. The successful bidder shall retain the old refuse body and shall be responsible for all adjustments and upgrades to make the new hoist system fully functional. Each vendor's bid amount reflects a net amount to be paid after trade-in is factored in from the old front-loader body. Sealed bids were received from four (4) vendors and they are as follows:

1. Amick Enterprises	\$59,750.00
2. Consolidated Disposal	\$48,387.00
3. Samson Equipment	\$65,150.00
4. Southeast Integrated	\$53,800.00

Having met all required specifications, we recommend the contract to retro-fit an existing refuse truck with a roll-off hoist system be awarded to Consolidated Disposal in the amount of \$48,387.00.

Memo



TO: Frank Parker, City Manager
FROM: Darren Prather, Purchasing Director
DATE: 5-13-2014

Re: Exterior Repainting Contract—City Hall & Drummer Building

The City of Statesboro solicited sealed bids for the exterior painting of City Hall and the Drummer Building. These buildings were last painted in 2002 and, if approved, will be painted in the same color that currently exists on these buildings. Trim painting, caulking and metal areas will also be included in this contract. An invitation to bid was sent to numerous contractors that included several local companies. The results are as follows:

- | | |
|-----------------------------|-------------|
| 1. E & D Coatings | \$53,886.00 |
| 2. Get After It Enterprises | \$49,995.00 |
| 3. Melton Painting | \$38,300.00 |

Having met all required specifications, we recommend Melton Painting be awarded the exterior painting contract in the amount of \$38,300.00. Melton Painting painted these two buildings in 2002 and produced excellent results. Although the three percent (3%) local advantage would apply in this situation, the local bid response was not within this margin for consideration.

Memo



TO: Frank Parker, City Manager
FROM: Darren Prather, Purchasing Director
DATE: 5-13-2014

Re: Recommendation—Purchase /F-350 Cab and Chassis

The City of Statesboro solicited sealed bids for the purchase of an F-350 (or equivalent) 10,000 GVWR crew cab and chassis with no body. A landscape body will be added in-house after the City takes ownership of this vehicle. This truck will replace an existing 2001 model F-350 currently in use. This truck, if approved, will be funded out of the GMA lease pool contained in the general fund. This truck will be utilized by the Streets Division of Public Works. Several dealers to include all local dealerships were extended an opportunity to bid on this vehicle. The results are as follows:

1. Allen Vigil Ford	\$25,394.00
2. J.C. Lewis Ford	\$25,455.00
3. O.C. Welch Ford	\$24,842.80
4. Prater Ford	\$25,061.00
5. Wade Ford	\$24,592.00

Having met all of the required specifications, we recommend the purchase be awarded to Wade Ford as they offered the lowest responsive bid of \$24,592.00. We also request the existing 2001 F-350 truck (VIN #1FDWF36SX1EB12629) be declared as surplus and put up for auction. Although the three percent (3%) local preference would apply in this bid process, the local dealer falls outside of this three percent (3%) range.

Memo

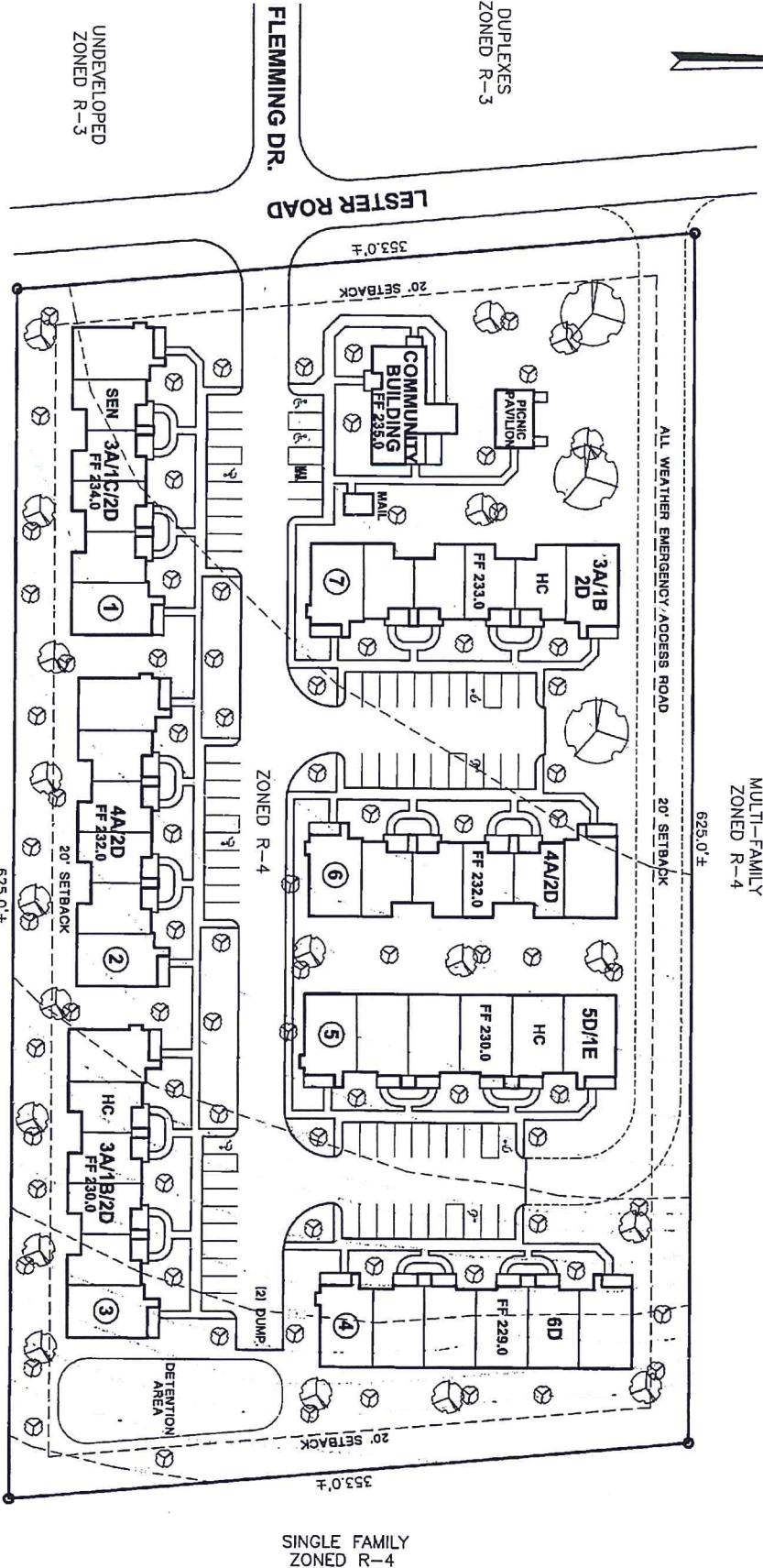
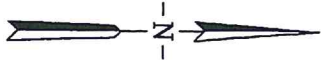


TO: Frank Parker, City Manager
FROM: Darren Prather, Purchasing Director
DATE: 5-13-2014
Re: Recommendation—Roll-off Container Bid

The City of Statesboro solicited sealed bids for the purchase of thirty (30) thirty yard size roll-off refuse collection containers. The City reserved the right to add or subtract units based on the unit bid price submitted. Although the bids were to be compared based on the thirty yard container size, we had vendors submit an optional per unit price for 20 and 40 yard size containers in case a niche was ever created for units in that size range. The bid results are as follows:

<u>Vendor</u>	<u>Total (30 Units)</u>	<u>Cost per unit</u>
1. Consolidated Disposal	\$141,000	\$4,700 ea.
2. Lewis Steel	\$106,500	\$3,550 ea.
3. Wastequip	\$120,450	\$4,015 ea.

Having met all required specifications, we recommend the purchase award for thirty (30) thirty yard containers be made to Lewis Steel in the amount of \$106,500. Since no local bids were submitted, the three (3%) local preference does not apply.



DEVELOPER	
NEWPORT TRACE APARTMENTS, L.P.	
920 FLORENCE BOULEVARD	
FLORENCE, ALABAMA 36831	
(258)780-9857	
ARCHITECT	
MCKEAN & ASSOCIATES, ARCHITECTS, LLC	
2816 ZELDA ROAD	
MONTGOMERY, ALABAMA 36106	
(334)272-4044	

LEGEND	
UNIT TYPE	COUNT
UNIT 'A' - ONE BEDROOM	17 UNITS
UNIT 'B' - ONE BEDROOM - HANDICAP	2 UNITS
UNIT 'C' - ONE BEDROOM - SENSIORY IMPAIRED	1 UNIT
UNIT 'D' - TWO BEDROOM	21 UNITS
UNIT 'E' - TWO BEDROOM - HANDICAP/SHOWER	1 UNIT
TOTAL UNITS	42 UNITS
PARKING SPACES:	70
SITE AREA:	5.0 ACRES±

SCHEMATIC SITE PLAN
NEWPORT TRACE APARTMENTS
STATESBORO, GEORGIA

MAY 12, 2014

MCKEAN & ASSOCIATES
 ARCHITECTS
 L.L.C.
 MONTGOMERY, ALABAMA





