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DEC 08 2008

Initial: LSM

**President**  
Kenneth E. Smith, Sr.  
Mayor, Kingsland

December 4, 2008

**First Vice President**  
Bill Floyd  
Mayor, Decatur

**Second Vice President**  
Ken Steele  
Mayor, Fayetteville

**Third Vice President**  
Billy Trapnell  
Mayor, Metter

**Immediate Past President**  
Shirley Franklin  
Mayor, Atlanta

**Executive Director**  
Jim E. Higdon

Ms. Linda Smith  
City Administrator  
City of Sky Valley  
3444 Highway 246  
Sky Valley, GA 30537

RE: Direct Installment Program

Dear Ms. Smith:

Enclosed is a copy of the lease supplement between your city and the Georgia Municipal Association. Verification of payment (or actual payment) will be sent to your office by Branch Banking & Trust Company (BB&T) of Charlotte, N.C.

The interest rate for the lease-purchase is 3.76%. The city's first payment will be due December 15, 2008. The city will be billed by BB&T ten days prior to this date.

Schedule B of the enclosed supplement describes the city's payment schedule. **Please do not send payments until you are billed by BB&T.** If for some reason you are not billed properly, please call GMA immediately.

If you have any questions, please contact me at (404) 688-0472.

Sincerely,

Matt Williams  
Lease Program Administrator

/MW  
Enclosure



08-13

ASSIGNMENT AND TRANSFER  
(Lease Supplement)

This ASSIGNMENT AND TRANSFER (this "Assignment") is made this 19th day of November, 2008, from Georgia Municipal Association, Inc., a Georgia non-profit corporation ("GMA") to Branch Bank & Trust, a national banking association ("Bank").

FOR THE CONSIDERATION set forth in the Program Agreement dated August 30, 2001 as amended, by and between GMA and the Bank (the "Agreement") and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged by GMA, GMA hereby absolutely assigns, transfers, conveys and sets over to Bank all the right, title and interest of GMA in, under, to, and by virtue of the lease represented by that certain Lease Supplement dated November 21, 2008 (the "Lease Supplement"), and the related Master Lease (Equipment) by and between GMA and the **City of Sky Valley** dated October 24, 2008 (the "Master Lease"), with the effect set forth in the Agreement.

GMA HEREBY CERTIFIES that there is no default on the part of GMA under the Agreement, and that all of the representations and warranties of GMA under the Agreement are accurate and true in all material respects, and are hereby affirmed, as of the date hereof GMA particularly makes each of the representations and warranties contained in paragraph 8 of the Agreement with respect to the Lease Supplement and the Master Lease.

IN WITNESS WHEREOF, GMA has made this Assignment under seal, the day and year first above written.

GEORGIA MUNICIPAL ASSOCIATION, INC.

BY:     *Len Comer*    

TITLE: <sup>for</sup> Executive Director

ATTEST:     *Matt Uteli*    

TITLE: Lease Program Administrator



**EXHIBIT "E"**  
**LEASE SUPPLEMENT**

THIS LEASE SUPPLEMENT (this "Lease Supplement") by and between GEORGIA MUNICIPAL ASSOCIATION, INC., a Georgia non-profit corporation ("Lessor") and the municipal corporation of the State of Georgia signing below ("Lessee"), is made and entered into the date of its execution by the Lessor.

RECITALS:

Lessor and Lessee have entered into a Master Lease (the "Master Lease") dated October 24, 2008, which provides for Lessor to lease to Lessee certain property (the "Property") to be specified in Lease Supplements to be executed and delivered by Lessor and Lessee from time to time; and

Lessor and Lessee are entering into this Lease Supplement pursuant to the Master Lease to specify the terms for the lease of certain Property.

LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:

1. Definitions. Unless a different meaning or intent is required by this Lease Supplement, the capitalized terms used in this Lease Supplement shall have the meanings set forth in the Master Lease.
2. Property. The Property described on the Property Schedule incorporated as Schedule A to this Lease Supplement is specified as the Property that initially is the subject hereof.
3. Lease Payments. The Rental Schedule, incorporated as Schedule B to this Lease Supplement describes the initial amounts and payment dates of the Rentals for the Lease, and the Purchase Price for the Property. The Termination Payment may become due and payable upon the circumstances described in Section 4.2 of the Master Lease.
4. Term of Lease. The Starting Term of the Lease of the Property shall begin on the date hereof (the "Starting Date") and end on December 31 of the same year. The Lease will be renewed for successive calendar year Renewal Terms (the "Renewal Terms"), and an Ending Term (the "Ending Term") commencing January 1 of the last calendar year appearing on the Rental Schedule, and ending on the date of the final payment shown on the Rental Schedule (the "Ending Date"), unless Lessee gives a Nonrenewal Notice or there occurs an Event of Nonappropriation, as provided in the Master Lease. The "Lease Term" is the period from the Starting Date to the Ending Date, subject to the earlier expiration or termination of the Lease as provided in the Master Lease.
5. Agreements, Representations and Warranties. Lessee represents, warrants and agrees as follows:
  - (a) Lessee's representations, warranties and agreements contained in the Master Lease are true, accurate, complete and effective as of the date hereof;
  - (b) *(this clause (b) applies only if this Lease is designated as a Bank-Qualified Lease below)* in order to enable Lessor to offer the interest rate contained in this Lease, Lessee represents and warrants that it has not issued, nor does it (taken together with the entities with which it must be aggregate pursuant to Section 265(b)(3)(E) of the Code) reasonably expect to issue (taking into account the Leases) more than \$10 million of tax-exempt obligations (other than private activity bonds) for the calendar year during which the Lease becomes effective; as provided in Code Section 265(b)(3)(B)(II), Lessee specifically designates the Lease as a "qualified tax-exempt obligation" as provided by Code Section 265(b)(3);
  - (c) Lessee will take no action that will directly or indirectly affects the deductibility of that portion of Lessor's interest expense allocable to this Lease;
  - (d) Lessee has made an available appropriation of and included in its current operating budget all Rentals for the Starting Term and the Termination Payment applicable to this Lease;
  - (e) Lessee has received, tested, and finally accepted the Property;



- (f) The portion of the Rentals representing principal, when taken together with the principal portion outstanding under any other contract entered into by Lessee pursuant to the authority of O.C.G.A. § 36-60-13, together with the amount of debt outstanding incurred by Lessee pursuant to Article IX, Section V, Paragraph I of the Constitution of Georgia of 1983, as amended, does not exceed 10% of the assessed value of all taxable property within the jurisdictional limits of Lessee;
  - (g) The Property that is the subject hereof has not been the subject of a referendum that failed to receive the approval of the voters of Lessee within the calendar year in which this Lease is entered into for any of the four immediately preceding calendar years;
  - (h) If the Property subject to this Lease is real property: and unless the Property has been approved in the most recent referendum calling for the levy of a special county 1% sales and use tax pursuant to O.C.G.A. Tit. 48, Chapt. 8, Art. 3, Pt. 1, neither of the following has occurred:
    - (i) the average annual payments on the aggregate of all outstanding contracts entered into by Lessee for real property pursuant to the authority of O.C.G.A. § 36-60-13, including this Lease, do not exceed 7.5% of the governmental fund revenues of Lessee for the last calendar year preceding the date of delivery of this Lease (provided, however, that there may be added to such governmental fund revenues any special county 1% sales and use tax proceeds collected pursuant to O.C.G.A. § 48-8-111 legally available to pay amounts on this Lease or such other contracts); and
    - (ii) the outstanding principal balance on the aggregate of all outstanding contracts entered into by Lessee for real property pursuant to the authority of O.C.G.A. § 36-60-13, including this Lease does not exceed \$25,000,000.00
  - (i) If the property subject to this Lease is real property, Lessee held a public hearing with respect to this Lease prior to the delivery of this Lease, notice of which hearing was published at least once in each of the two weeks preceding the week of the hearing in a newspaper of general circulation in the jurisdiction of Lessee.
  - (j) No Event of Default or Event of Nonappropriation has occurred with respect to any Lease entered into under the Master Lease.
6. Non-Arbitrage Certificate. The Property that is subject to the Lease has not been and is not expected to be sold or otherwise disposed of in whole or in part prior to the Ending Date. Monies appropriated for the payment of amounts under the Lease will be paid from Lessee's general fund and will not be pledged for the Lease or be otherwise separately identified or accounted for (unless the Lease is to be paid from sales tax receipts). Lessee has not been notified of any listing of it by the Internal Revenue Service as an issuer that may not certify its obligations. No proceeds or "gross proceeds" of the Lease are expected to be invested prior to an allocation for governmental use, unless an Escrow Agreement has been entered into in connection with this Lease. The proceeds of the Lease will not be used in a manner and no other action will be taken or omitted that would cause the Lease to be an "arbitrage bond" under Section 148 or a "private activity bond" under Section 141 of the Internal Revenue Code of 1986, as amended and the regulations promulgated under that Section.
7. Quitclaim. At the outset of this Lease, the Lessee does hereby assign, transfer, convey and quitclaim to Georgia Municipal Association, Inc. ("Lessor") such ownership interests as it may possess, if any, in and to the "Property," as is necessary to permit the Property to be leased by Lessor to Lessee pursuant to the terms of this Lease Supplement and the Master Lease in accordance with their terms. Pursuant to Section 2.2 of the Master Lease, Lessor further transfers title to Lessee to the extent provided therein, and Lessee accepts such transfer in accordance with such Section 2.2. This quitclaim is given in consideration of the advance by or on behalf of the Lessor of the purchase price of the Property and the undertaking of the Lessor represented by this Lease Supplement.
8. Active Municipality. The Lessee certifies that it does, and expects to continue (a) providing at least three of the following services, either directly or by contract: law enforcement; fire protection (which may be furnished by a volunteer fire force) and fire safety; road and street construction or maintenance; solid waste management; water supply or distribution or both; waste-water treatment; storm-water collection and disposal; electric or gas utility services; enforcement of building, housing, plumbing, and electrical codes and other similar codes; planning and zoning; recreational facilities; (b) holding at least six regular, monthly or bimonthly, officially recorded public meetings each year; and (c) qualifying for and holds a regular municipal election as provided by law.

9. Effect of Lease Supplement. This Lease Supplement is intended as a separate Lease of the items of Property described in this Lease Supplement pursuant to the Master Lease. The terms, conditions and provisions of the Master Lease are hereby incorporated in this Lease Supplement to the same extent as if fully set forth in this Lease Supplement in this place, except to the extent expressly amended or modified by this Lease Supplement. The owner of Lessor's interest in this Lease shall have all rights, powers and remedies of Lessor with respect to this Lease under the Master Lease. This Lease Supplement may be executed in multiple counterparts, each of which shall constitute an original. This Lease Supplement shall be effective only upon the due completion and execution of the Schedules listed below and the delivery thereof to the Servicer.

10. Bank-Qualified or Non-Bank-Qualified.

The Lease under this Lease Supplement is a Non-Bank-Qualified Lease;

OR: (Check 1 box)

The Lease under this Lease Supplement is a Bank-Qualified Lease and Lessee has designated the Lease under the Lease Supplement as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code. The Lessee and its subordinate entities, and the entities that issue obligations on behalf of Lessee have not issued other tax-exempt obligations (other than private activity bonds, except Qualified 501(c)(3) Bonds) in the current calendar year, and Lessee does not expect that it and such other entities will issue such tax-exempt obligations such that all of such obligations, taken together with the Lease Amount under the Lease Supplement, would exceed \$10,000,000 in such calendar year. The only tax-exempt obligations issued or expected to be issued in the current calendar year by such parties are as follows (type title, date and amount):

	TITLE	DATE	AMOUNT
(1)	_____	_____	_____
(2)	_____	_____	_____

11. Payments Direction. Lessee authorizes and directs the Servicer under this Lease Supplement to pay the vendors of the Property as indicated below:

<u>NAME AND ADDRESS OF VENDOR</u>	<u>INVOICE #</u> (attach invoices)	<u>AMOUNT</u>
City of Sky Valley 3444 Highway 246 Sky Valley, GA 30537 Attn: Ms. Linda Smith (706) 746-2204	Enclosed	\$36,340.00

(Should Lessee have previously paid vendor, or require another means of payment to the Vendor, it should attach a request for an alternate payment method with a full explanation and, if applicable, proof of payment to the vendor.)

12. Assignee and Servicer. Lessor has assigned its rights and interests in the Lease to BB&T, which shall serve as Servicer for the Lease, and Lessee shall make payments to such Servicer.

13. Schedules. Lessee hereby delivers to Lessor and its assigns the completed, executed and effective Schedules C, D, and F, described below.

This Lease Supplement is dated: 11/21, 2008.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed.

LESSEE:  
(SEAL)

City of Sky Valley

Signed By:

James Martindale  
City Manager or Mayor

Print Name:

James Martindale

Attested By:

Mandi Cantrell  
City Clerk

Print Name:

Mandi Cantrell

Date:

11-10-2008



GEORGIA MUNICIPAL ASSOCIATION, INC.

Signed By:

Paul Comer  
Executive Director

Attested By:

Matt Urti  
Lease Program Administrator

Date of Execution:

11/19/08



**Schedules Hereto:**

- A. Property Schedule**
- B. Rental Schedule**
- C. Appropriation Certificate Form**
- D. Form 8038G or 8038GC**
- E. Form UCC-1 (If included)**
- F. Ordinance/Resolution for Lease Supplement**
- G. Assignment and Transfer of Lease Supplement  
(Schedule G will be completed by GMA)**

**SCHEDULE A**  
**PROPERTY SCHEDULE**

<u>DESCRIPTION OF PROPERTY</u>	<u>IDENTIFICATION OR VIN NUMBER</u>	<u>AMOUNT FINANCED</u>
2009 Ford F-550 Dump Truck		\$36,340.00



BB&T Governmental Finance  
Amortization Schedule

**SCHEDULE B**

City of Sky Valley  
2009 Ford F-550 Dump Truck  
\$36,340 @ 3.76%, annual, 3 years  
003-1908071-001

Rate Period: Annual

Nominal Annual Rate: 3.760 %

CASH FLOW DATA

	<b>Event</b>	<b>Date</b>	<b>Amount</b>	<b>Number</b>	<b>Period</b>	<b>End Date</b>
1	Loan	11/21/2008	36,340.00	1		
2	Payment	12/15/2008	12,603.77	3	Annual	12/15/2010

AMORTIZATION SCHEDULE - U.S. Rule (no compounding), 360 Day Year

	<b>Date</b>	<b>Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
Loan	11/21/2008				36,340.00
1	12/15/2008	12,603.77	91.09	12,512.68	23,827.32
2	12/15/2009	12,603.77	895.91	11,707.86	12,119.46
3	12/15/2010	12,603.77	484.31	12,119.46	0.00
Grand Totals		37,811.31	1,471.31	36,340.00	

SCHEDULE C

**APPROPRIATION CERTIFICATE**

Re: Master Lease dated October 24, 2008 and Lease Supplement (the "Lease Supplement") dated 11/21, 2008, between Lessee and Georgia Municipal Association, Inc.

The undersigned officers of the City of Sky Valley (the "Lessee") hereby certify that all Rentals and the Termination Payment under the referenced Lease Supplement, for the current fiscal year are within such Lessee's operating budget or budgets for such year and an appropriation of funds for such year has been made for such purpose and is available therefore.

Dated: 11/10/08

City of Sky Valley

Signed by:

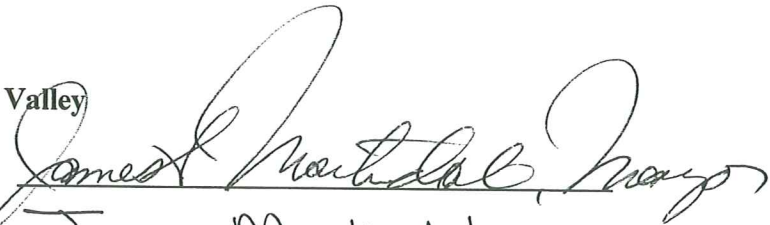
Print Name:

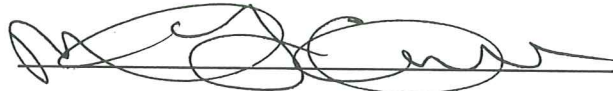
Title:

Attested By:

Print Name:

Title:

  
James Martindale  
Mayor

  
Mandi Cantrell  
City Clerk

INSTRUCTIONS:

1. To be given at the time of signing a Lease Supplement and within 30 days of the adoption of each annual budget.
2. Complete a separate certificate for each Lease Supplement in effect.

SCHEDULE D

Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales

Form 8038-GC

(Rev. November 2000)

Department of the Treasury Internal Revenue Service

OMB No. 1545-0720

Under Internal Revenue Code section 149(e)

Caution: If the issue price of the issue is \$100,000 or more, use Form 8038-G.

Part I Reporting Authority. Includes fields for Issuer's name (City of Sky Valley), Issuer's employer identification number (58:1507680), address (3444 Highway 246, Sky Valley, GA 30537), and reporting number (08-01).

Part II Description of Obligations. Includes fields for issue price (36,340.00), issue date, amount of obligation, and checkboxes for consolidated basis, lease, and penalty.

Sign Here. Declaration of Linda Smith, City Manager, dated 10/27/08.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted. Purpose of Form: Form 8038-GC is used by the issuers of tax-exempt governmental obligations...

Who Must File: Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.

Filing a separate return. Issuers have the option to file a separate Form 8038-GC for any tax-exempt governmental obligation with an issue price of less than \$100,000.

Filing a consolidated return. For all tax-exempt governmental obligations with issue prices of less than \$100,000 that are not reported on a separate Form 8038-GC, an issuer must file a consolidated information return...

Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC.

When To File: To file a separate return, file Form 8038-GC on or before the 15th day of the second calendar month after the close of the calendar quarter in which the issue is issued.

Late filing. An issuer may be granted an extension of time to file Form 8038-GC under Section 3 of Rev. Proc. 88-10, 1988-1 C.B. 635, if it is determined that the failure to file on time is not due to willful neglect.

Where To File: File Form 8038-GC, and any attachments, with the Internal Revenue Service Center, Ogden, UT 84201.

Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal government, use Form 8038-T, Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate.

Rounding to Whole Dollars

You may show the money items on this return as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 to 99 cents to the next higher dollar.

Definitions

Obligations. This refers to a single tax-exempt governmental obligation if Form 8038-GC is used for separate reporting or to multiple tax-exempt governmental obligations if the form is used for consolidated reporting.

Tax-exempt obligation. This is a bond, installment purchase agreement, or financial lease, on which the interest is excluded from income under section 103.

Tax-exempt governmental obligation. A tax-exempt obligation that is not a private activity bond (see below) is a tax-exempt governmental obligation. This includes a bond issued by a qualified volunteer fire department under section 150(e).

Private activity bond. This includes an obligation issued as part of an issue in which: More than 10% of the proceeds are to be used for any private activity business use, and



**SCHEDULE F**

**ORDINANCE/RESOLUTION FOR SUPPLEMENTAL LEASES**

08-13

A RESOLUTION OR ORDINANCE TO AUTHORIZE AND  
DIRECT AN OFFICER OF THE CITY  
TO EXECUTE ONE OR MORE LEASE SUPPLEMENTS FOR A LEASE  
OR LEASES UNDER THE GMA DIRECT LEASING PROGRAM; TO DESIGNATE  
SUCH LEASES AS QUALIFIED TAX-EXEMPT OBLIGATIONS;  
TO PROVIDE AN EFFECTIVE DATE; AND FOR OTHER PURPOSES.

WHEREAS, the City has entered into a Master Lease (the "Master Lease") dated as of October 24, 2008, with Georgia Municipal Association, Inc. for the leasing from time to time of certain equipment, machinery or other personal property pursuant to Supplemental Leases;

NOW THEREFORE, BE IT RESOLVED OR ORDAINED AS FOLLOWS BY THE GOVERNING BODY OF THE CITY:

1. The Mayor & /or Council President of the City is hereby authorized and directed to execute and deliver a Lease Supplement pursuant to the Master Lease to put into effect one or more leases for 2009 Ford F-550 Dump Truck (the "Leased Property"); said officer of the City is authorized and directed in the name and on behalf of the City to execute and deliver (i) one or more Lease Supplements for items of the Leased Property in substantially the form attached to the Master Lease, with such changes and additions as may be approved by said officer, and (ii) such other documents as may be deemed by such officer to be necessary or desirable to effect the purposes hereof or of the Master Lease, and such execution shall constitute conclusive evidence that the executed document has been authorized and approved hereby; the aforesaid officer is further authorized to do all things necessary or appropriate to effectuate the purposes hereof.

2.  An appropriation in the City's current operating budget has previously been made in the amount of \$12,603.77, which shall be sufficient to pay the "Rentals" and the "Termination Payment" during the "Starting Term" under such Lease Supplements; or

(check applicable box)

An appropriation from unappropriated and unreserved funds in the City's current operating budget is hereby made in the amount of \$12,603.77 for the "Rentals" and the "Termination Payment" during the "Starting Term" under such Lease Supplements, and the budget of the City is hereby amended to reflect such appropriation to the extent necessary.

3. The lease or leases contemplated by the said Lease Supplements are hereby designated "Qualified Tax-Exempt Obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended; and said officer shall be authorized to confirm such designation by execution of appropriate documents in connection therewith.

4. This authorization shall be effective immediately.

CLERK'S CERTIFICATE

The undersigned hereby certifies that he or she is the Clerk of the City of Sky Valley, Georgia (the "City"), and that the foregoing is a true copy of the  Resolution or,  Ordinance [Check One] adopted by the governing body of the City at a meeting duly held on the 10<sup>th</sup> November, 2008, at which a quorum was present and acting throughout, and that the same has not been rescinded or modified and is now in full force and effect. Given under the seal of the City, this 10<sup>th</sup> November, 2008

(SEAL)

  
City Clerk