$13,205,000
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT),
SERIES 2007A

$4,940,000
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL TAXABLE REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT),
SERIES 2007B

CLOSING MEMORANDUM

Containing an
Index of Closing Documents

Closing: October 5, 2007

Bond Counsel:

Kilpatrick Stockton LLP
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 30309

Volume I of II

US2000 10347138.4

DATE OF CLOSING: Friday, October 5, 2007, at 10:00 a.m.

PLACE OF CLOSING: Kilpatrick Stockton LLP
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 30309

PARTICIPANTS:

Issuer - Resource Recovery Development Authority of Cherokee County

County - Cherokee County, Georgia

Lessee - Ball Ground Recycling, LLC

Bond Insurer - Ambac Assurance Corporation

Trustee - The Bank of New York Trust Company, N.A.

Underwriter - Citigroup Global Markets Inc.

County's Auditors – Mauldin & Jenkins, LLC

Counsel to Issuer and County - Jarrard & Davis, LLP

Counsel to Lessee - Flint & Connolly, LLP

Counsel to Underwriter - Smith Gambrell & Russell, LLP

Counsel to Trustee - Murray Barnes Finister LLP

Bond Counsel and Disclosure Counsel - Kilpatrick Stockton LLP

DISTRIBUTION OF TRANSCRIPTS:

Each of the items listed in the Index of Closing Documents are to be delivered at the closing to each of the following participants:

Participant	Number of Transcripts
Issuer	1
County	1
Lessee	1
Bond Insurer	2
Trustee	1
Underwriter	1
Counsel to Issuer and County	1
Counsel to Lessee	1
Counsel to Underwriter	1
Counsel to Trustee	1
Bond Counsel and Disclosure Counsel	2
TOTAL	13

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STATE OF GEORGIA)
)
COUNTY OF CHEROKEE)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
(a public corporation created
and existing under the laws of the State of Georgia)

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.
(a banking association with trust powers chartered and existing
under the laws of the United States of America)

as Trustee

TRUST INDENTURE AND SECURITY AGREEMENT

Dated as of September 1, 2007

This instrument prepared by:

Kilpatrick Stockton LLP
1100 Peachtree Street
Suite 2800
Atlanta, Georgia 30309

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TRUST INDENTURE AND SECURITY AGREEMENT

THIS TRUST INDENTURE AND SECURITY AGREEMENT, made and entered into as of September 1, 2007, between the Resource Recovery Development Authority of Cherokee County (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia, and The Bank of New York Trust Company, N.A. (the "Trustee"), a banking association chartered and existing under the laws of the United States of America and duly authorized and empowered to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, as trustee;

W I T N E S S E T H:

WHEREAS, the Issuer has adopted a Bond Resolution (hereinafter sometimes referred to as the "Bond Resolution") authorizing the issuance of its revenue bonds for the purpose of financing the costs of acquiring, constructing, and installing land, buildings, improvements, fixtures, and other real and personal property located within the territorial limits of Cherokee County, Georgia constituting a solid waste disposal and recycling facility to be located in Cherokee County, Georgia (hereinafter sometimes referred to as the "Project"); and

WHEREAS, to accomplish the financing as contemplated in the Bond Resolution, the Issuer and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under the laws of the State of Georgia, will enter into a Lease Agreement (the "Lease Agreement"), dated the date hereof, pursuant to the terms of which the Issuer will acquire, construct, and install the Project and the Lessee will lease the Project from the Issuer and will pay to the Issuer such rentals at such times and in such amounts as will be required to enable the Issuer to pay the principal of, premium, if any, and interest on the revenue bonds to be issued, as and when the same become due; and

WHEREAS, the Issuer and Cherokee County, Georgia (the "County") will enter into an Intergovernmental Solid Waste Contract (the "Contract"), dated the date hereof, under the terms of which the County (1) will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the revenue bonds to be issued when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) will agree to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract; and

WHEREAS, to secure its obligation to pay principal of, premium, if any, and interest on the revenue bonds to be issued hereunder, the Issuer has agreed to assign and pledge to the Trustee, and grant a first priority security interest in, all of its right, title, and interest in the Lease Agreement (except for the Unassigned Rights, as defined in the Lease Agreement) and the Contract and in certain funds established and held hereunder, all pursuant to the granting clauses of this Trust Indenture and Security Agreement (hereinafter sometimes referred to as the "Indenture"); and

WHEREAS, the execution and delivery of this Indenture, the Lease Agreement, and the Contract were authorized by the Bond Resolution, which was duly adopted and approved; and

WHEREAS, in order to obtain funds to finance the costs of acquiring, constructing, and installing the Project and related costs, including necessary expenses incidental thereto, the Issuer will issue its revenue bonds to be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" in the aggregate principal amount of $18,145,000 (hereinafter referred to as the "Series 2007 Bonds"); and

WHEREAS, it is anticipated that additional amounts may be necessary to improve the Project, and as a result provision should be made for the issuance of additional parity bonds of the Issuer from time to time as specified in Section 211 hereof (hereinafter sometimes referred to as the "Additional Bonds"); and

WHEREAS, the Series 2007 Bonds to be issued, the Trustee's Certificate of Authentication and Validation Certificate to be endorsed on such Series 2007 Bonds, and the Assignment for Transfer of such Series 2007 Bonds are to be in substantially the following forms, and any Additional Bonds, Trustee's Certificate of Authentication and Validation Certificate, and Assignment for Transfer are also to be in substantially the following forms (except as to redemption, sinking fund, and other provisions peculiar to such Additional Bonds), with necessary and appropriate variations, omissions, and insertions as permitted or required by this Indenture, to wit:

[FORM OF BOND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company ("DTC"), a New York corporation, to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF GEORGIA
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL [TAXABLE] REVENUE BOND
(BALL GROUND RECYCLING, LLC PROJECT)
SERIES 2007[A or B]

Number R**[A or B]**-_____ Principal Amount $_____

Rate of Interest:	Maturity Date:	Dated:	CUSIP:
____%	July 1, ____	October 5, 2007	

Registered Owner: CEDE & CO.

KNOW ALL MEN BY THESE PRESENTS that the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia, for value received, hereby promises to pay, but only from the source as hereinafter provided, to the registered owner shown above, or registered assigns, on the maturity date specified above (unless this bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for), the principal sum stated above and in like manner to pay interest on such principal sum from time to time remaining unpaid from and including the date hereof or from and including the most recent Interest Payment Date (as defined in the hereinafter defined Indenture) with respect to which interest has been paid or duly provided for, until payment of such principal sum has been made, at the rate of interest stated above per annum (computed on the basis of a 360-day year consisting of twelve 30-day months), on January 1, 2008, and semiannually thereafter on July 1 and January 1 of each year until payment in full of such principal sum. This bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the aforesaid rate.

Principal of and premium, if any, on this bond shall be payable by check or draft in lawful money of the United States of America by presentation and surrender of this bond at the principal corporate trust office of The Bank of New York Trust Company, N.A., Atlanta, Georgia, as trustee, or its successor in trust (the "Trustee") or at the duly designated office of any duly appointed alternate or successor paying agent. Payment of interest on this bond shall be

made to the registered owner and shall be paid in lawful money of the United States of America by check or draft mailed on the applicable Interest Payment Date to such registered owner as of the close of business on the applicable Record Date (as defined in the Indenture) at its address as it appears on the registration books of the Issuer maintained by the Trustee, as bond registrar, or at such other address as is furnished in writing by such registered owner to the Trustee. If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such defaulted interest shall be paid to the owner in whose name this bond is registered at the close of business on the Special Record Date (as defined in the Indenture) next preceding the date of payment of such defaulted interest.

[Upon the occurrence of a Determination of Taxability (as defined in the Indenture), the interest rate per annum borne by this bond shall be increased to the Taxable Rate (as hereinafter defined) as of, from, and after the Date of Taxability (as defined in the Indenture). "Taxable Rate" means the interest rate borne by this bond before the Date of Taxability plus ___ percent per annum. An amount equal to the difference between the interest paid on this bond at the rate of interest stated above per annum during the Inclusion Period (as defined in the Indenture) and the interest that would have accrued on this bond during the Inclusion Period had the interest rate on this bond during the Inclusion Period been equal to the Taxable Rate, which amount shall be owed retroactively on this bond as a result of the occurrence of a Determination of Taxability, shall be payable thirty (30) days after the date of the Determination of Taxability and shall be apportioned among registered owners of this bond during the Inclusion Period according to the ratio of the number of days they were registered owners of this bond during the Inclusion Period to the total number of days within the Inclusion Period.

Retroactive interest payable on this bond as a result of the occurrence of a Determination of Taxability shall be paid by check or draft mailed to each person in whose name this bond was registered during the Inclusion Period at its address as it appears on the registration books of the Issuer maintained by the Trustee, as bond registrar.]

This bond is one of an authorized issue of bonds in the original aggregate principal amount of $_____ (the "Series 2007**[A or B]** Bonds"), authorized to be issued, together with $_____ in original aggregate principal amount of the Issuer's Solid Waste Disposal **[Taxable]** Revenue Bonds (Ball Ground Recycling, LLC Project, Series 2007**[A or B]** (the "Series 2007**[A or B]** Bonds"), for the purpose of financing the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located in Cherokee County, Georgia, including the land, buildings, improvements, fixtures, and other real and personal property therefor, located within the territorial limits of Cherokee County, Georgia (hereinafter referred to as the "Project"), and related costs and necessary expenses incidental thereto. The Project will be owned by the Issuer, and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under the laws of the State of Georgia, will lease the Project from the Issuer pursuant to a Lease Agreement (the "Lease Agreement"), dated as of September 1, 2007, between the Issuer and the Lessee. The Lessee is obligated pursuant to the Lease Agreement to pay to the Issuer such rentals as will always be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007A Bonds and the Series 2007B Bonds (collectively the "Series 2007 Bonds"), as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay all expenses of operating

and maintaining the Project in good repair, to keep it properly insured, and to pay all taxes, assessments, and other charges levied or assessed against or with respect to the Project.

The Issuer and Cherokee County, Georgia (the "County") have entered into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, under the terms of which the County agreed (1) to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract.

The Series 2007 Bonds are all issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, duly executed and delivered by and between the Issuer and the Trustee. Pursuant to the Indenture, as security for the payment of the principal of, premium, if any, and interest on the Series 2007 Bonds, the Issuer assigned and pledged to the Trustee, and granted a first priority security interest in, all of its right, title, and interest in the Lease Agreement (except for the Unassigned Rights, as defined in the Lease Agreement) and the Contract and in certain funds established and held under the Indenture. It is provided in the Indenture that the Issuer may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds will rank on a parity with the Series 2007 Bonds. Reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the property subject to the lien and security interest of the Indenture, the provisions, among others, with respect to the nature and extent of the security for the Series 2007 Bonds, the rights, duties, and obligations of the Issuer, the Trustee, and the owners of the Series 2007 Bonds, the issuance of Additional Bonds, the terms upon which Additional Bonds may be issued and secured, and the provisions regulating the manner in which the terms of the Indenture, the Lease Agreement, and the Contract may be modified, to all of which provisions the owner of this bond, on behalf of itself and its successors in interest, assents by acceptance hereof.

THIS BOND SHALL NEVER CONSTITUTE AN INDEBTEDNESS, DEBT, OR GENERAL OBLIGATION OF THE STATE OF GEORGIA, CHEROKEE COUNTY, GEORGIA, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY DEBT LIMITATION WHATSOEVER, NOR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF ANY OF THE FOREGOING, NOR SHALL ANY OF THE FOREGOING BE SUBJECT TO ANY PECUNIARY LIABILITY HEREON. THE ISSUER HAS NO TAXING POWER. THIS BOND SHALL NOT BE PAYABLE FROM NOR A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES PLEDGED TO THE PAYMENT HEREOF AND SHALL BE A LIMITED OR SPECIAL OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR IN THE INDENTURE, INCLUDING THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX THAT CHEROKEE COUNTY, GEORGIA IS OBLIGATED TO LEVY. NO OWNER OF THIS BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE

OF THE TAXING POWER OF THE STATE OF GEORGIA, CHEROKEE COUNTY, GEORGIA, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, EXCEPT TO LEVY THE HEREINBEFORE DESCRIBED AD VALOREM TAX, TO PAY THE PRINCIPAL OF THIS BOND OR THE INTEREST OR ANY PREMIUM HEREON, OR TO ENFORCE PAYMENT HEREOF AGAINST ANY PROPERTY OF THE FOREGOING, OTHER THAN THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX, NOR SHALL THIS BOND CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE FOREGOING OTHER THAN THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX. NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY PERSON EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND BY REASON OF THE ISSUANCE THEREOF.

The Series 2007 Bonds are issuable only in the form of fully registered bonds without coupons in the denominations of $5,000 each or any integral multiple thereof. The Issuer has established a book-entry system of registration for the Series 2007 Bonds. Except as specifically provided otherwise in the Indenture, an agent will hold this bond on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery, or transfer, the beneficial owner of this bond shall be deemed to have agreed to such arrangement. While the Series 2007 Bonds are in the book-entry system of registration, the Indenture provides special provisions relating to the Series 2007 Bonds that override certain other provisions of the Indenture. This bond is transferable by the registered owner hereof in person or by its attorney duly authorized in writing at the principal corporate trust office of the Trustee but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer, a new registered bond or bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same series, interest rate, and maturity or maturities will be issued to the transferee in exchange herefor.

[Series 2007A Bonds are subject to optional redemption by the Issuer upon written request of the Lessee prior to maturity, in whole on any date or in part on any interest payment date, in either event on or after July 1, 2017, and if in part in inverse order of maturity and by lot within a maturity in amounts not less than $5,000, in such manner as may be designated by the Trustee, at a redemption price equal to 100% of the Series 2007A Bonds being redeemed plus accrued interest to the redemption date.]

In addition, Series 2007**[A or B]** Bonds maturing on July 1, ____ are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in accordance with the mandatory redemption requirements of Article III of the Indenture, at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following principal amounts (which include the principal amount that will be outstanding on the date of maturity) and on the dates set forth below:

Series 2007[**A or B**] Bonds Maturing July 1, ____

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount

(Leaving $_____ to mature July 1, ____)

A copy of the notice of the call for any redemption identifying the Series 2007 Bonds to be redeemed shall be given by first class mail, postage prepaid, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, to the registered owners of Series 2007 Bonds to be redeemed at their addresses as shown on the registration books.

This bond and the series of which it forms a part, as may be outstanding from time to time, are issued pursuant to and in full conformity with a resolution duly adopted by the governing body of the Issuer under the authority of and in full conformity with the Constitution and statutes of the State of Georgia, particularly the provisions of Chapter 63 of Title 36 of the Official Code of Georgia Annotated, entitled "Resource Recovery Development Authorities Law," as amended (the "Act"). This bond and the series of which it forms a part are not general obligations of the Issuer but are payable solely from the revenues and receipts derived from the Project and otherwise as provided in the Indenture. Pursuant to the provisions of the Lease Agreement and the Contract, rental payments (or, if rental payments are not made, payments by the County) sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Series 2007 Bonds are to be paid to the Trustee for the account of the Issuer and deposited in a special account created by the Issuer and designated the "Bond Fund" and have been and are hereby again duly pledged for that purpose. The obligations hereunder shall be limited as provided in Section 36-63-10 of the Act. This Series 2007 Bond is issued by the Issuer to aid in the financing of a "project," as such term is defined in the Act, to accomplish the public purposes of the Act.

The owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in, or defend any suit or other proceedings with respect thereto except as provided in the Indenture. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of this bond do exist, have happened, and have been performed in due time, form, and manner as required by law in order to make this bond a valid and legal revenue obligation of the Issuer and that the issuance of the Series 2007 Bonds, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation applicable to the Issuer.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Trustee's certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** has caused this bond to be executed by its Vice Chairman by his manual signature, has caused its official seal to be impressed hereon, and has caused this bond to be attested by its Secretary by his manual signature.

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By:_____
Vice Chairman

Attest:

_____
Secretary

Financial Guaranty Insurance Policy No. 27092BE (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under such Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee, and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds of the series described in the within-mentioned Indenture.

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

By:_____
Authorized Signatory

Date of Registration
and Authentication:

_____, _____

VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF CHEROKEE

The undersigned Clerk of the Superior Court of Cherokee County, Georgia, does hereby certify that the within bond and the security therefor was validated and confirmed by judgment of the Superior Court of Cherokee County, Georgia, rendered on the 14th day of August 2007, that no intervention or objection was filed opposing the validation of the within bond and the security therefor, and that no appeal of such judgment of validation has been taken.

IN WITNESS WHEREOF, the undersigned has hereunto executed this certificate by her manual signature and has impressed hereon the official seal of the Superior Court of Cherokee County, Georgia.

_____
Clerk, Superior Court of Cherokee County,
Georgia

(COURT SEAL)

The following abbreviations, when used in the inscription on this bond or in the assignment below, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common and not as community property
UNIF TRANS MIN ACT	-	_____ Custodian _____ (Custodian) (Minor) under Uniform Transfers to Minors Act _____ (State)

Additional abbreviations may also be used although not in the above list.

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned, _____, _____, hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____
(Signature Guaranteed)

Notice: Signature(s) must be guaranteed by an eligible guarantor institution (such as banks, stockbrokers, savings and loan associations, and credit unions) with membership in an approved Signature Guarantee Medallion Program pursuant to S.E.C. Rule 17Ad-15.

_____
Registered Owner

Notice: The signature(s) on this assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

WHEREAS, all things necessary to make the Series 2007 Bonds, when executed by the Issuer and when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding, and legal obligations of the Issuer according to the import thereof, to constitute this Indenture a valid lien on the interests in property hereby conveyed, a valid grant of a security interest in the interests in property hereby made, and a valid assignment and pledge of the revenues and receipts hereby made to secure the payment of the principal of, premium, if any, and interest on the Series 2007 Bonds, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms have been done and performed, and the creation, execution, and delivery of this Indenture and the creation, execution, and issuance of the Series 2007 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS TRUST INDENTURE AND SECURITY AGREEMENT WITNESSETH:

That the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Series 2007 Bonds by the owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds (as hereinafter defined) according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, grant, bargain, sell, transfer, convey, pledge, and assign, without recourse and irrevocably in trust, unto The Bank of New York Trust Company, N.A., as trustee, and unto its successors in trust, and to its assigns forever, and does hereby grant a continuing security interest in (to the extent permitted by law), for the securing of the performance of the obligations of the Issuer hereinafter set forth, the property, real or personal, tangible or intangible, which property is more particularly described below:

GRANTING CLAUSE FIRST

All the right, title, and interest of the Issuer in and to (a) the Lease Agreement, dated as of September 1, 2007, between the Issuer and the Lessee (except for Unassigned Rights, as defined in the Lease Agreement) and (b) the Intergovernmental Solid Waste Contract, dated as of September 1, 2007, between the County and the Issuer, and all extensions and renewals of the terms thereof, if any, and all amounts encumbered thereby, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things that the Issuer is or may become entitled to do under the foregoing, provided that the assignment made by this clause shall not impair or diminish any obligation of the Issuer under the provisions of the foregoing.

GRANTING CLAUSE SECOND

All the right, title, and interest of the Issuer in and to (a) all of the rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the real property described in Exhibit A attached hereto, on which the Project will be located, and from and in connection with the Issuer's ownership of the Project, including, without limiting the generality of the foregoing, rents and revenues under any and all leases of the Project or any agreement for the operation or management of the Project, and (b) all leases of all or part of the Project hereafter made, executed, or delivered, whether oral or written, together with any and all renewals, extensions, and modifications thereof and any guarantees of the lessees' obligations under any thereof and any and all tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, and other contracts, licenses, and permits now or hereafter affecting the Project or any part thereof.

GRANTING CLAUSE THIRD

All the right, title, and interest of the Issuer in and to all cash proceeds and receipts arising out of or in connection with the sale of the Bonds (as defined herein) and all moneys held by the Trustee in the funds created under this Indenture, including the Bond Fund, the Project Fund, the Issuance Cost Fund, and the Debt Service Reserve Fund created hereunder, or held by the Trustee as special trust funds derived from insurance proceeds, condemnation awards, payments on contractors' performance or payment bonds or other surety bonds, or any other source.

GRANTING CLAUSE FOURTH

All the right, title, and interest of the Issuer in and to all moneys and securities and interest earnings thereon from time to time delivered to and held by the Trustee under the terms of this Indenture and all other rights of every name and nature and any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned, or transferred as and for additional security hereunder by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

GRANTING CLAUSE FIFTH

All the right, title, and interest of the Issuer in and to all proceeds (cash and noncash) of any or all of the foregoing, including, without limiting the generality of the foregoing, all inventory, accounts, chattel paper, documents, equipment, instruments, investment property, deposit accounts, farm products, consumer goods, and general intangibles constituting proceeds acquired with cash proceeds of any or all of the foregoing.

IN EACH CASE, whether now owned or hereafter acquired by the Issuer and howsoever its interest therein may arise or appear (whether by ownership, security interest, claim, or otherwise) and whether due or to become due and whether or not earned by performance;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby pledged, conveyed, and assigned, or agreed or intended so to be, to the Trustee and its successors in such trusts and to them and their assigns forever;

SUBJECT, HOWEVER, to "Permitted Encumbrances" as defined in Section 101 of this Indenture;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security, and protection of all present and future owners of the Bonds from time to time issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay or cause to be paid to the owners of the Bonds the principal, interest, and premium, if any, due or to become due thereon at the times and in the manner stipulated therein and herein, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required hereby, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon and if the Issuer shall well and truly keep, perform, and observe all and singular the covenants, conditions, and premises in the Bonds and in this Indenture expressed as to be kept, performed, and observed by it or on its part, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then these presents and the estate and rights hereby granted shall, at the option of the Issuer, cease, determine, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof and reconvey to the Issuer the estate hereby conveyed and assign and deliver to the Issuer any property at the time subject to the lien of this Indenture, which may then be in its possession, except amounts in the funds created hereunder required to be paid to the Lessee or the County under Section 614 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds; otherwise this Indenture to be and remain in full force and effect until such time as the principal of the Bonds and the interest and premium, if any, thereon have been paid or provided for as hereinafter set out.

NOW, THEREFORE, THE ISSUER AND THE TRUSTEE FURTHER AGREE that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and all the revenues, receipts, and property hereby conveyed, pledged, and assigned and that are the subject of a grant of a security interest are to be dealt with and disposed of under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as herein expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions. Certain words and terms used in this Indenture shall have the meaning given them in Section 1.01 of the Lease Agreement, which by this reference is incorporated herein. In addition to the words and terms defined elsewhere herein, the following words and terms shall have the meanings set forth below. When used herein, such words and terms shall have the meanings given to them by the language employed in Section 1.01 of the Lease Agreement and in this Article I defining such words and terms, unless the context or use clearly indicates otherwise.

"Beneficial Owner" shall have the meaning specified in Section 213 hereof.

"Defaulted Interest" means any interest on any Bond that is due and payable, but that is not punctually paid or duly provided for on any Interest Payment Date.

"DTC" means The Depository Trust Company, New York, New York or its nominee, or its successors and assigns, or any other depository performing similar functions under this Indenture.

"Event of Default" means the events specified in Section 1101 of this Indenture.

"Inclusion Period" means the period that commences on the Date of Taxability and ends on the date of the Determination of Taxability.

"Interest Payment Date" means January 1 and July 1 of each year, commencing January 1, 2008, in the case of Series 2007 Bonds, and the dates on which interest is scheduled to be paid, in the case of Additional Bonds.

"Letter of Representations" means the Blanket Issuer Letter of Representations, dated July 30, 2007, between the Issuer and DTC.

"Record Date" means the fifteenth (15th) day of the month (whether or not a business day) next preceding each Interest Payment Date.

"Special Record Date" means the date fixed by the Trustee for the payment of any Defaulted Interest pursuant to Section 202 of this Indenture.

"Taxable Rate" means, with respect to any Series 2007A Bond, the interest rate borne by such Series 2007A Bond before the Date of Taxability plus the additional percentages per annum set forth below that correspond with the maturity dates of the Series 2007A Bonds:

Maturity Date	Additional Percentage Per Annum
July 1, 2026	1.60%
July 1, 2031	1.53
July 1, 2037	1.30

Section 102. Construction of Certain Terms. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(1) The use of the masculine, feminine, or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine, or neuter gender, as appropriate.

(2) All references in this instrument to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this instrument. The words "herein," "hereof," "hereto," "hereby," and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, or other subdivision.

(3) The terms defined in this Article include the plural as well as the singular.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles promulgated by the American Institute of Certified Public Accountants, on and as of the date of this instrument.

Section 103. Table of Contents; Titles and Headings. The table of contents, the titles of the articles, and the headings of the sections of this Indenture are solely for convenience of reference, are not a part of this Indenture, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 104. Contents of Certificates or Opinions. Every certificate or opinion with respect to the compliance with a condition or covenant provided for in this Indenture and which is precedent to the taking of any action by the Trustee under this Indenture shall include (i) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition herein and the definitions herein relating thereto, (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition

has been complied with, and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an officer of the Issuer or the Lessee may be based, insofar as it relates to legal or accounting matters, upon a certificate or an opinion of counsel or an accountant, which certificate or opinion has been given only after due inquiry of the relevant facts and circumstances, unless such officer knows that the certificate or opinion with respect to the matters upon which his certificate or opinion may be based is erroneous or in the exercise of reasonable care should have known that the same was erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based (insofar as it relates to factual matters with respect to information that is in the possession of an officer of the Issuer or the Lessee or any third party) upon the certificate or opinion of or representations by an officer of the Issuer or the Lessee or any third party on whom counsel or an accountant could reasonably rely, unless such counsel or such accountant knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same were erroneous. The same officer of the Issuer or the Lessee or the same counsel or accountant, as the case may be, need not certify to or render an opinion as to all of the matters required to be certified or covered by an opinion under any provision of this Indenture, but different officers, counsel, or accountants may certify to or render an opinion as to different matters, respectively.

[End of Article I]

ARTICLE II

THE BONDS

Section 201. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total aggregate principal amount of Series 2007 Bonds that may be issued and outstanding hereunder is expressly limited to $18,145,000; provided, however, that Additional Bonds may be issued as provided in Section 214 hereof.

Section 202. Number and Payment Provisions. The Bonds shall be issuable only as fully registered Bonds, without coupons, in denominations of $5,000 or any integral multiple thereof. Unless the Issuer shall otherwise direct, the Bonds of each series shall be lettered "R" and shall be numbered consecutively from 1 upward.

Each Bond authenticated prior to the first Interest Payment Date thereon shall bear interest from its dated date. Each Bond authenticated on or after the first Interest Payment Date thereon shall bear interest from the Interest Payment Date thereon next preceding the date of authentication thereof, unless such date of authentication shall be an Interest Payment Date to which interest on such Bond has been paid in full or duly provided for, in which case from such date of authentication; provided that if, as shown by the records of the Trustee, interest on such Bond shall be in default, such Bond shall bear interest from the date to which interest has been paid in full on such Bond or, if no interest has been paid on such Bond, its dated date. Each Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rate borne by such Bond.

The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America that, at the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal of and premium, if any, on any Bonds shall be payable to the Bondholder at the principal corporate trust office of the Trustee, upon presentation and surrender of such Bond.

Payment of the interest on each Bond shall be made by the Trustee on each Interest Payment Date to the person appearing as the registered owner thereof as of the close of business on the Record Date preceding the Interest Payment Date by check mailed to such registered owner at its address as it appears on the registration books maintained by the Trustee, or at such other address as is furnished in writing by such registered owner to the Trustee, notwithstanding the cancellation of any such Bonds upon any exchange or transfer thereof subsequent to the Record Date and prior to such Interest Payment Date. Notwithstanding anything provided above, payment of interest on the Bonds may, at the option of the owner of such Bonds in an aggregate principal amount of at least $1,000,000, be transmitted by wire transfer of immediately available funds to such owner to the bank account number on file with the Trustee, as of the relevant Record Date.

Defaulted Interest with respect to any Bond shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the registered owner of such Bond at

the close of business of the Trustee on the Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Lessee or the County shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Lessee or the County shall deposit, on behalf of the Issuer, with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Bondholders entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest, which shall be not more than fifteen nor less than ten days prior to the date of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name of the Issuer and at the expense of the Lessee, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner of a Bond at the address of such owner as it appears on the registration books not less than ten days prior to such Special Record Date. Such Defaulted Interest shall be paid to the owners in whose names the Bonds on which such Defaulted Interest is to be paid are registered on such Special Record Date.

Section 203. Execution. The Bonds shall be executed on behalf of the Issuer by its Chairman or Vice Chairman with his manual or facsimile signature and shall be attested by the manual or facsimile signature of its Secretary or Assistant Secretary, and the official seal of the Issuer shall be impressed or reproduced thereon. All such facsimile signatures shall have the same force and effect as if such officers had manually signed each of the Bonds. The reproduction of the official seal of the Issuer on the Bonds shall have the same force and effect as if the official seal of the Issuer had been impressed on the Bonds. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer after the execution but before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, and the Bonds may be issued and delivered as if such officer had remained in office until delivery.

Section 204. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth and duly executed by the Trustee shall be entitled to any right, security, or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture and that the owner thereof is entitled to the benefits of the trust hereby created. The certificate of authentication on any Bond shall be deemed to have been duly executed by the Trustee if (a) signed by an authorized officer, agent, or signatory of the Trustee, but it shall not be necessary that the same officer, agent, or signatory sign the certificate of authentication on all of the Bonds or on all of the Bonds of any series issued hereunder, and (b) the date of registration and authentication of the Bond is inserted in the place provided therefor on the certificate of authentication.

Section 205. Form of Series 2007 Bonds. The Series 2007 Bonds shall be substantially in the form set forth in the recitals of this Indenture with such variations, insertions, or omissions as are appropriate and not inconsistent herewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto.

Section 206. Mutilated, Lost, Stolen, or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen, or destroyed, the Issuer shall execute and the Trustee shall authenticate and deliver a new Bond of like series, date, number, interest rate, maturity, and denomination as that mutilated, lost, stolen, or destroyed; provided, that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen, or destroyed Bond, there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft, or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured, or shall be about to mature or have been called for redemption, instead of issuing a duplicate Bond the Issuer may pay the same without surrender thereof, making such requirements as it deems fit for its protection, including a lost instrument bond. The Issuer and the Trustee may charge the owner of such Bond with their reasonable fees and expenses in connection with actions taken under this Section and may require the owner of such Bond to pay any tax, fee, or other governmental charge that may be imposed in relation thereto as conditions precedent to the issuance of any replacement Bond(s). The Issuer shall cooperate with the Trustee in connection with the issuance of replacement Bonds, but nothing in this Section shall be construed in derogation of any rights that the Issuer or the Trustee may have to receive indemnification against liability, or payment or reimbursement of expenses, in connection with the issuance of a replacement Bond.

Every substituted Bond issued pursuant to this Section shall constitute an original additional contractual obligation of the Issuer, whether or not the Bond alleged to have been mutilated, destroyed, lost, or stolen shall be at any time enforceable by anyone, and shall be entitled to all the rights and benefits of this Indenture equally and proportionately with any and all other Bonds Outstanding duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are, to the extent permitted by law, exclusive with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds, and shall preclude any and all other rights or remedies.

Section 207. Cancellation and Destruction of Surrendered Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount represented thereby, or for replacement pursuant to Section 206 hereof or transfer or exchange pursuant to Section 208 hereof, such Bond shall be promptly cancelled and shall be cremated or otherwise destroyed by the Trustee.

Section 208. Registration, Transfer, and Exchange. The Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State, and the Bondholders, in accepting any of the Bonds, shall be conclusively deemed to have agreed that the Bonds shall be and have all of such qualities and incidents of negotiable instruments.

The Issuer shall cause books for the registration of ownership of the Bonds and for the registration of transfer of the Bonds as provided in this Indenture to be kept by the Trustee, which is hereby constituted and appointed the Issuer's Bond registrar and agent for the transfer and exchange of the Bonds and as such shall maintain the books of the Issuer for the registration of ownership of each Bond as provided in this Indenture. The Trustee, for and on behalf of the Issuer, shall keep the Bond registration record, in which shall be recorded any and all transfers of ownership of Bonds. No Bonds shall be registered to bearer. The Issuer covenants that the registration records kept by the Trustee shall at all times comply with any requirements of Section 149(a) of the Code and any regulations from time to time promulgated thereunder as may be applicable to such registration records. At reasonable times and under reasonable regulations established by the Trustee (in its capacity as registrar), such registration books may be inspected and copied by the Issuer, the Lessee, or the Beneficial Owners (or a designated representative thereof) of 15% or more in aggregate principal amount of the Bonds then unpaid.

Any Bond may be transferred upon the registration books upon surrender thereof at the principal corporate trust office of the Trustee by the Bondholder in person or by his attorney in fact or legal representative duly authorized in writing together with a written instrument of transfer in form and with guarantee of signature satisfactory to the Trustee duly executed by the Bondholder or its attorney-in-fact or legal representative duly authorized in writing and upon payment by such Bondholder of a sum sufficient to cover any governmental tax, fee, or charge required to be paid as provided in this Indenture. Upon any such registration of transfer, the Issuer shall cause to be executed and the Trustee shall authenticate and deliver in the name of the transferee a new fully registered Bond or Bonds of authorized denominations and of the same series, maturity or maturities, and interest rate(s) and in the same aggregate principal amount(s), and the Trustee shall enter the transfer of ownership in the registration books. No transfer of any Bond shall be effective until entered on the registration books.

Any Bonds, upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer in form and with guarantee of signature satisfactory to the Trustee, duly executed by the Bondholder or its attorney in fact or legal representative duly authorized in writing, may be exchanged, at the option of the Bondholder, and upon payment by such Bondholder of a sum sufficient to cover any governmental tax, fee, or charge required to be paid as provided in this Indenture, when not prohibited by law, for an equal aggregate principal amount of Bonds of the same series, interest rate(s), and maturity or maturities and of any other authorized denominations and registered in the name of the same Bondholder. The Issuer shall cause to be executed and the Trustee shall authenticate and deliver Bonds that the Bondholder making the exchange is entitled to receive, bearing numbers not then outstanding, and the Trustee, as bond registrar, shall enter the exchange in the registration books.

Except as provided herein with respect to exchanges for certain temporary Bonds, the cost of printing, lithographing, and engraving of all Bonds shall be deemed to be an Ordinary Expense of the Trustee, and there shall be no charge to any Bondholder for the registration, exchange, or transfer of Bonds, although in each case the Trustee may require the payment by the Bondholder requesting exchange or transfer of any tax, fee, or other governmental charge required to be paid with respect thereto and may require that such amount be paid before any such new Bond shall be delivered.

The Issuer, the Trustee, the Lessee, and the County may deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Indenture and the other Bond Documents, whether such Bond shall be overdue or not, and the Issuer, the Trustee, the Lessee, and the County shall not be affected by any notice or knowledge to the contrary. Payment of, or on account of, the principal of and interest and redemption premium, if any, on any Bond shall be made to or upon the written order of such registered owner or its attorney in fact or legal representative duly authorized in writing. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The execution and attestation by the Chairman or Vice Chairman and Secretary or Assistant Secretary of the Issuer of any Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond. New Bonds delivered upon any transfer or exchange shall be valid limited obligations of the Issuer, evidencing the same obligation as the Bonds surrendered, shall be secured by this Indenture, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered. The Trustee shall not be required to transfer or exchange any Bond (a) after the notice calling such Bond for redemption has been given as herein provided, (b) during a period beginning at the opening of business on the fifteenth (15th) day (whether or not a business day) next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (c) until the certificate of validation on such Bond shall have been properly executed by the Clerk of the Superior Court of Cherokee County, Georgia.

The inclusion of the foregoing provisions shall constitute (i) a continuing request from the Issuer to the Clerk of the Superior Court of Cherokee County, Georgia to execute the certificate of validation on any replacement Bonds issued, and (ii) the appointment of the Trustee as agent of the Issuer to do any and all things necessary to effect any exchange or transfer.

Section 209. Temporary Bonds. Until Bonds in definitive form of any series are ready for delivery, or by agreement with the purchasers of all Bonds of any series, the Issuer may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of definitive Bonds, subject to the provisions, limitations, and conditions set forth above, one or more printed, lithographed, typewritten, or otherwise produced Bonds in temporary form, substantially of the tenor of the Bonds in this Article II described, with appropriate omissions, variations, and insertions as may be required and in authorized denominations.

Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the same security, lien, and benefit of this Indenture and shall have the same rights, remedies, and security hereunder as definitive Bonds to be issued and authenticated hereunder. The Issuer shall, without unreasonable delay, prepare, execute, and deliver definitive Bonds to the Trustee, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Trustee at its principal corporate trust office, the Trustee shall cancel the same and authenticate and deliver, in exchange therefor, a Bond or Bonds of the same series, maturity, and interest rate, in definitive form in authorized denominations, and for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without making any charge therefor to any Bondholder.

Notwithstanding the foregoing, Bonds in definitive form may be issued hereunder in typewritten form.

Section 210. Limited Obligations. The Bonds shall be special or limited and not general obligations of the Issuer giving rise to no pecuniary liability of the Issuer, shall be payable solely from the Trust Estate, and shall be a valid claim of the respective owners thereof only against the Trust Estate, which Trust Estate is hereby again specifically pledged and assigned for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds shall not constitute a general or moral obligation of the County nor a debt, indebtedness, or obligation of, or a pledge of the faith and credit or taxing power of, the County or the State or any political subdivision thereof, within the meaning of any constitutional or statutory provision whatsoever. Neither the faith and credit nor the taxing power of the State, the County, or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or other costs incident thereto, except as provided in the Contract. The Issuer has no taxing power. Neither the members of the Board of Directors of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

Section 211. Series 2007 Bonds. (a) The Series 2007A Bonds in the aggregate principal amount of $13,205,000 shall be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and shall be dated the date of issuance and delivery thereof. The Series 2007A Bonds shall bear interest at the rates per annum set forth below, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008 and semiannually thereafter on July 1 and January 1 of each year and shall mature on July 1, in the years and in the amounts as follows, unless earlier called for redemption.

Year	Amount	Interest Rate
2026	$3,065,000	4.65%
2031	3,960,000	4.75
2037	6,180,000	5.00

Upon the occurrence of a Determination of Taxability, the interest rate per annum borne by the Series 2007A Bonds shall be increased to the Taxable Rate as of, from, and after the Date of Taxability. An amount equal to the difference between the interest paid on the Series 2007A Bonds at the rates per annum set forth above during the Inclusion Period and the interest that would have accrued on the Series 2007A Bonds during the Inclusion Period had the interest rate on the Series 2007A Bonds during the Inclusion Period been equal to the Taxable Rate, which amount shall be owed retroactively on the Series 2007A Bonds as a result of the occurrence of a Determination of Taxability, shall be payable thirty (30) days after the date of the Determination of Taxability, and shall be apportioned among registered owners of Series 2007A Bonds during the Inclusion Period according to the ratio of the number of days they were registered owners of Series 2007A Bonds during the Inclusion Period to the total number of days within the Inclusion Period. Retroactive interest payable on each Series 2007A Bond as a result of the occurrence of

a Determination of Taxability shall be paid by check or draft mailed to each person in whose name such Series 2007A Bond was registered during the Inclusion Period at its address as it appears on the registration books of the Issuer maintained by the Trustee, as bond registrar.

(b) The Series 2007B Bonds in the aggregate principal amount of $4,940,000 shall be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" and shall be dated the date of issuance and delivery thereof. The Series 2007B Bonds shall bear interest at the rates per annum set forth below, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008 and semiannually thereafter on July 1 and January 1 of each year and shall mature on July 1, in the years and in the amounts as follows, unless earlier called for redemption.

Year	Amount	Interest Rate
2022	$4,940,000	5.80%

Section 212. Delivery of Series 2007 Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee and the Trustee shall register and authenticate the Series 2007 Bonds in the aggregate principal amount of $18,145,000 and deliver them to the Underwriter.

Prior to the registration and authentication by the Trustee of any of the Series 2007 Bonds, there shall be filed with the Trustee:

(a) closing certificate of the Issuer incorporating a copy of the activating resolution of Cherokee County, Georgia and the Bond Resolution, each certified by the Secretary or the Assistant Secretary of the Issuer as of the date of closing,

(b) closing certificate of the Lessee incorporating a copy of the Lessee's Articles of Organization, Operating Agreement, and Certificate of Existence, and a copy of the resolution of the Manager of the Lessee authorizing and approving the execution and delivery of the Lessee Documents and all other documents to be delivered by the Lessee in connection with the transactions contemplated by such instruments, each certified by an officer of the Lessee as of the date of closing,

(c) closing certificate of the County incorporating a copy of the resolution of the Board of Commissioners of the County authorizing and approving the execution and delivery of the Contract and all other documents to be delivered by the County in connection with the transactions contemplated by such instruments, certified by the Clerk of the Board of Commissioners of the County as of the date of closing,

(d) original executed counterparts of this Indenture, the Lease Agreement, and the Contract,

(e) a request and authorization to the Trustee on behalf of the Issuer, signed by the Chairman or Vice Chairman of the Issuer, to authenticate and deliver the Series 2007 Bonds to be issued in the first instance in the aggregate principal amount of $18,145,000 to the purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of the sum therein specified (including accrued interest),

(f) opinions dated as of the date of the closing of (i) counsel for the Issuer, (ii) Bond Counsel, (iii) counsel for the Lessee, and (iv) counsel for the County, in form and substance satisfactory to the Underwriter,

(g) a certified copy of an order of the Superior Court of Cherokee County, Georgia validating and confirming the Series 2007 Bonds and the security therefor, and

(h) such other documents, certificates, and instruments in connection with the transactions contemplated by this Indenture, in form and substance satisfactory to the Trustee, as the Trustee may reasonably request.

Upon receipt of the foregoing and of the purchase price for the Series 2007 Bonds, the Trustee shall register, authenticate, and deliver the Series 2007 Bonds to or upon the order of the purchasers thereof.

Section 213. DTC Book-Entry. The Series 2007 Bonds shall be initially issued in the name of Cede & Co., as nominee for DTC, as registered owner of the Series 2007 Bonds, and held in the custody of DTC. A single certificate will be issued and delivered to DTC for each maturity of each series of the Series 2007 Bonds. The actual purchasers of the Series 2007 Bonds (the "Beneficial Owners") will not receive physical delivery of Series 2007 Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase from DTC or the participants through which they purchased, providing details of each Series 2007 Bond acquired. For so long as DTC shall continue to serve as securities depository for the Series 2007 Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling, or otherwise transferring beneficial ownership of Series 2007 Bonds is to receive, hold, or deliver any Series 2007 Bond certificate.

For every transfer and exchange of the Series 2007 Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee, or other governmental charge that may be imposed in relation thereto.

The Issuer, the Lessee, the County, and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting. Neither the Issuer nor the Trustee shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person that is not shown on the Bond registration books as being a Bondholder, with respect to: (i) the Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal of, redemption price of, or interest on the Bonds, (iv) any notice that is permitted or

required to be given to Bondholders under this Indenture, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

The Issuer and the Trustee covenant and agree, so long as DTC shall continue to serve as securities depository for the Series 2007 Bonds, to meet the requirements of DTC with respect to required notices and other provisions of the Letter of Representations.

The Trustee is authorized to rely conclusively upon a certificate furnished by DTC as to the identity of, and the respective principal amount of Series 2007 Bonds beneficially owned by, the Beneficial Owner or Beneficial Owners.

Whenever, during the term of the Series 2007 Bonds, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Indenture of holding, delivering, or transferring Series 2007 Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

If at any time, DTC ceases to hold the Series 2007 Bonds, a supplemental indenture amending the provisions hereof shall be executed and delivered and thereafter all references herein to DTC shall be of no further force or effect.

Section 214. Issuance of Additional Bonds. So long as no Event of Default hereunder is then existing, the Issuer at the request of the Lessee for the purposes and in the manner specified in Section 8.07 of the Lease Agreement and to the extent permitted by law in effect at the time thereof may in its sole discretion issue Additional Bonds on a parity with the Series 2007 Bonds and any Additional Bonds theretofore or thereafter issued and payable from the Bond Fund from time to time. Before any Additional Bonds are registered and authenticated, there shall be delivered to the Trustee the items required therefor by Section 215 hereof.

Such Additional Bonds shall be issued in such series and principal amounts, shall be dated, shall bear interest at such rate or rates, shall be subject to redemption at such times and prices, and shall mature in such years as the indenture supplemental hereto authorizing the issuance thereof shall fix and determine and shall be deposited with the Trustee for authentication and delivery.

Section 215. Delivery of Additional Bonds. Upon the execution and delivery in each instance of an appropriate indenture supplemental hereto, the Issuer shall execute and deliver to the Trustee, and the Trustee shall register and authenticate, Additional Bonds and deliver them to the purchaser or purchasers as may be directed by the Issuer, as hereinafter in this Section 215 provided. Prior to the delivery by the Trustee of any such Additional Bonds, there shall be filed with the Trustee:

(a) a valid and effective amendment to the Lease Agreement, pursuant to Section 8.07 thereof, providing for the inclusion within the "Project", as defined in the Lease Agreement, of any real estate and interests therein and any buildings, structures, facilities, machinery, equipment, and related property to be acquired by purchase or construction from the proceeds of the Additional Bonds and providing for an

increase in the rental obligations of the Lessee in accordance with Section 8.07 of the Lease Agreement and providing any other changes required by the issuance of Additional Bonds;

(b) a valid and effective amendment to the Contract approving the issuance of the Additional Bonds and providing any other changes required by the issuance of Additional Bonds;

(c) a valid and effective supplemental indenture providing for the issuance of such new series of Additional Bonds and subjecting to the lien and security interest of this Indenture and pledging and assigning the additional rentals provided for in the amendment to the Lease Agreement and the amendments to the Lease Agreement and the Contract, to the payment of the Bonds, subject to the rights of the Lessee under the Lease Agreement;

(d) a copy, duly certified by the Secretary or Assistant Secretary of the Issuer, of a resolution of its Governing Body theretofore adopted and approved authorizing the execution and delivery of such supplemental indenture, such amendment to the Lease Agreement, such amendment to the Contract, and the issuance of such Additional Bonds;

(e) a request and authorization to the Trustee on behalf of the Issuer, signed by the Chairman or Vice Chairman of the Issuer or such other officers of the Issuer as are designated by the Governing Body, to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, for the account of the Issuer, of a specified sum plus any accrued interest; the proceeds of such Additional Bonds shall be paid over to the Trustee and deposited to the credit of the Bond Fund, the Debt Service Reserve Fund, and such other funds as are provided and created by the supplemental indenture;

(f) a certificate signed by an officer of the Lessee to the effect that no Event of Default under this Indenture or the Lease Agreement is then existing or will result from the issuance of such Additional Bonds;

(g) there shall be deposited to the Debt Service Reserve Fund at least the amount required by Section 8.07 of the Lease Agreement; and

(h) the items required by Section 8.07 of the Lease Agreement and Section 5.2(d) of the Contract.

[End of Article II]

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 301. Privilege of Redemption and Redemption Price. The Bonds shall be subject to redemption prior to maturity to the extent and in the manner provided in this Indenture in the case of the Series 2007 Bonds and in any indenture supplemental hereto pursuant to which Additional Bonds shall be issued in the case of such Additional Bonds.

Section 302. Issuer's Election to Redeem. At the written request of the Lessee given pursuant to Section 11.03 of the Lease Agreement, the Issuer shall give written notice to the Trustee of its election to redeem, of the redemption date, and of the principal amount of each maturity of each series of redeemable Bonds to be redeemed, which notice shall be given at least seventy (70) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 303 hereof provided, the Issuer shall, and hereby covenants that it will, prior to the redemption date, pay to the Trustee an amount in cash that, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds that the Issuer has so elected to redeem.

Section 303. Notice of Redemption. In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed shall be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the registration books at the close of business on the fifth day preceding the date of mailing; provided, however, that failure to give such notice by mailing to any owner of Bonds, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds not affected by such failure or defect. Each notice shall specify the numbers of the Bonds of each series being called, if less than all of the Bonds of any series are being called, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable. Such notice shall further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption, if such date is not an Interest Payment Date, will be made upon presentation and surrender of the Bonds to be redeemed and that on the redemption date, the redemption price will become due and payable upon each Bond to be redeemed and that interest thereon will cease to accrue on and after such date, provided funds for the redemption of the Bonds to be redeemed are on deposit at the place of payment at that time. Any notice mailed as provided in this Section 303 shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds actually receives the notice.

Section 304. Redemption Dates and Prices for Series 2007 Bonds. Series 2007A Bonds are subject to optional redemption by the Issuer upon the written request of the Lessee prior to maturity, in whole on any date or in part on any Interest Payment Date, in either event on or after July 1, 2017, and if in part in inverse order of maturity and by lot within a maturity in amounts not less than $5,000, in such manner as may be designated by the Trustee, at a

redemption price equal to 100% of the Series 2007A Bonds being redeemed plus accrued interest to the redemption date.

In addition, Series 2007 Bonds are also subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in specified amounts pursuant to the terms provided by Section 305 hereof at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, but without premium.

Section 305. Mandatory Redemption of Series 2007 Bonds. As and for the retirement of Series 2007 Bonds, the Basic Rent related to the Series 2007 Bonds specified in Section 5.03 of the Lease Agreement, which is to be deposited in the General Account of the Bond Fund beginning on July 20, 2009, and on the twentieth (20th) day of each month thereafter, to and including June 20, 2037, shall include an amount sufficient to redeem in part, by lot (after credit as provided below), the following principal amounts (which include the principal amount that will be outstanding on the date of maturity) of such Series 2007 Bonds:

Series 2007B Bonds Maturing July 1, 2022

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2010	$290,000	2016	$410,000
2011	310,000	2017	435,000
2012	325,000	2018	360,000
2013	345,000	2019	380,000
2014	365,000	2020	435,000
2015	385,000	2021	450,000

(Leaving $450,000 to mature July 1, 2022)

Series 2007A Bonds Maturing July 1, 2026

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2018	$ 95,000	2022	$120,000
2019	105,000	2023	600,000
2020	75,000	2024	630,000
2021	90,000	2025	660,000

(Leaving $690,000 to mature July 1, 2026)

Series 2007A Bonds Maturing July 1, 2031

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2027	$720,000	2029	$790,000
2028	755,000	2030	830,000

(Leaving $865,000 to mature July 1, 2031)

Series 2007A Bonds Maturing July 1, 2037

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2032	$ 910,000	2035	$1,050,000
2033	955,000	2036	1,105,000
2034	1,000,000		

(Leaving $1,160,000 to mature July 1, 2037)

The Issuer shall be entitled to receive a credit in respect of its mandatory redemption obligation under this Section 305 for Series 2007 Bonds delivered, purchased, or redeemed, as hereinafter provided, if the Issuer or the Lessee at its option, (a) delivers to the Trustee for cancellation such Series 2007 Bonds, in an aggregate principal amount desired, or (b) directs the Trustee to grant a credit for any such Series 2007 Bonds that prior to such date have been purchased in the open market or redeemed (otherwise than through mandatory redemption) and cancelled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each such Series 2007 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof on the obligation of the Issuer on such mandatory redemption payment date, and any excess shall be credited on future mandatory redemption obligations in chronological order, and the principal amount of such Series 2007 Bonds to be redeemed by operation of mandatory redemption and the Basic Rent related to the Series 2007 Bonds specified in Section 5.03 of the Lease Agreement for mandatory redemption shall be accordingly reduced.

The Trustee shall redeem, in the manner provided in this Section 305, such an aggregate principal amount of such Series 2007 Bonds at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date as will exhaust as nearly as practicable such mandatory redemption payment.

Section 306. Partial Redemption. If less than all of the Bonds of any series are called for redemption on any of the circumstances set forth above, the particular Bonds or portions thereof of such series to be redeemed shall be selected by lot in such manner as the Trustee shall determine. In the event that a Bond subject to redemption pursuant to this Article is in a denomination larger than $5,000, all or a portion of such Bond may be redeemed, but only in a

principal amount equal to $5,000 or an integral multiple thereof. Upon surrender of any Bond for redemption in part, the Issuer shall execute and the Trustee shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same series, interest rate, and maturity and of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Section 307. Payment Upon Redemption. On or prior to each redemption date, the Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust, (a) an amount from the Bond Fund sufficient to pay the principal of and interest on such Bonds, and (b) an amount from the Bond Fund sufficient to pay the premium, if any, on such Bonds. Upon presentation and surrender of any such Bond at the principal corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the principal of and premium, if any, on such Bond from the moneys set aside for such purpose. Interest on any Bond called for redemption maturing prior to or on the date fixed for redemption shall be payable only to the registered owner of such Bond.

Section 308. Effect of Redemption. Notice of redemption having been given as provided in Section 303 hereof, the Bonds or portions thereof designated for redemption shall become and be due and payable on the date fixed for redemption at the redemption price provided for herein, provided funds for their redemption are on deposit at the place of payment at that time, and, unless the Issuer defaults in the payment of the principal thereof and premium, if any, thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date. If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof shall continue to bear interest at the rate set forth therein until paid or until due provision is made for the payment of the same.

Section 309. Purchase of Bonds. At the direction of the Lessee in writing, the Trustee may apply moneys in the Bond Fund held for redemption or payment of Bonds, in excess of any amount set aside for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds have not been presented for payment, to the purchase on the open market of Outstanding Bonds subject to redemption or payment from such moneys as herein provided, and upon such purchase such Bonds shall be cancelled and the amount of such redemption or principal payment shall thereupon be reduced by the principal amount of such Bonds so purchased and cancelled, provided that no such Bonds shall be so purchased within the thirty (30) days next preceding the redemption or payment date. The price paid by the Trustee (excluding accrued interest, but including any brokerage and other charges) for any Bond purchased pursuant to this paragraph shall not exceed the redemption price thereof. The Trustee shall also pay (from the Bond Fund) accrued interest on any such Bond to the date of purchase. Subject to the above limitations, the Trustee shall, if and to the extent practicable and if directed by the Lessee, purchase Bonds on the open market for cancellation at such times, for such prices, in such amounts, and in such manner (whether after advertisement for tenders or otherwise) as the Trustee in its discretion may determine and as may be possible with the amount of money available in the Bond Fund. The expenses of such purchase shall be deemed an Ordinary Expense of the Trustee.

Section 310. Cancellation. All Bonds that have been purchased, redeemed, paid, or retired, or received by the Trustee for exchange, shall not be reissued but shall be cancelled and destroyed by the Trustee, in accordance with Section 207 hereof.

[End of Article III]

ARTICLE IV

[RESERVED]

[End of Article IV]

ARTICLE V

GENERAL COVENANTS

Section 501. Payment of Principal and Interest. The Issuer covenants that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates, and in the manner provided herein and in the Bonds according to the true intent and meaning thereof, but solely from the amounts pledged therefor, which are from time to time held by the Trustee in the various accounts of the Bond Fund. The principal of, premium, if any, and interest on the Bonds are payable solely from the sources as provided herein, which sources are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer.

Section 502. Performance of Covenants; Authority of the Issuer. The Issuer covenants that it shall faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Indenture, in any and every Bond executed, authenticated, and delivered hereunder, and in all proceedings pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and statutes of the State, including particularly the Act, to issue the Bonds authorized hereby and to execute this Indenture, to convey the Trust Estate to the Trustee, and to pledge the receipts, revenues, and collateral hereby pledged in the manner and to the extent herein set forth, that all action required on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 503. Instruments of Further Assurance. The Issuer agrees that the Trustee may defend its rights to the payments and other amounts due under the Lease Agreement and the Contract, for the benefit of the Bondholders, against the claims and demands of all persons whomsoever. The Issuer covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning, and confirming unto the Trustee the Trust Estate. Any and all property hereafter acquired that is of the kind or nature provided herein to be and become subject to the lien and security interest hereof shall, without any further conveyance, assignment, or act on the part of the Issuer or the Trustee, be and become subject to the lien and security interest of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer under this Section 503. The Issuer covenants and agrees that, except as herein and in the Lease Agreement provided, it has not and will not sell, convey, assign, pledge, encumber, grant a security interest in, or otherwise dispose of, or create or suffer to be created any lien, encumbrance, security interest, or charge upon, any part of the Trust Estate or the income and revenues therefrom or of its rights under the Lease Agreement or the Contract, or enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired.

Section 504. Inspection of Project Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Project and the income and revenues derived from the Project shall at all times be open to inspection by such accountants or other agents as the Trustee may from time to time designate.

Section 505. Rights Under and Possession of the Lease Agreement and the Contract. The Lease Agreement and the Contract, duly executed originals or counterparts of which have been filed with the Trustee, set forth the covenants and obligations of the Issuer, the Lessee, and the County, including provisions that subsequent to the initial issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Lease Agreement and the Contract may not be effectively amended, changed, modified, altered, or terminated (other than as provided therein) without the written consent of the Trustee, and reference is hereby made to the Lease Agreement and the Contract for a detailed statement of such covenants and obligations of the Lessee under the Lease Agreement and the County under the Contract, and the Trustee in its own name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Lessee and the County under and pursuant to the Lease Agreement and the Contract and may enforce all rights of the Issuer for and on behalf of the Bondholders, whether or not the Issuer is in default hereunder.

So long as any of the Bonds remain Outstanding, and for such longer period when required by the Lease Agreement, the Issuer shall faithfully and punctually perform and observe all obligations and undertakings on its part to be performed and observed under the Lease Agreement and the Contract. The Issuer covenants to maintain, at all times, the validity and effectiveness of the Lease Agreement and the Contract and (except as expressly permitted thereby) shall take no action, shall permit no action to be taken by others, and shall not omit to take any action or permit others to omit to take any action, which action or omission might release the Lessee from its liabilities or obligations under the Lease Agreement, release the County from its liabilities or obligations under the Contract, or result in the surrender, termination, amendment, or modification of, or impair the validity of, the Lease Agreement or the Contract.

The Issuer covenants to diligently enforce all covenants, undertakings, and obligations of the Lessee under the Lease Agreement and the County under the Contract, and the Issuer hereby authorizes the Trustee to enforce any and all of the Issuer's rights under the Lease Agreement and the Contract on behalf of the Issuer and the owners of the Bonds.

The Trustee shall retain possession of executed originals or counterparts of the Lease Agreement and the Contract and shall release the same only in accordance with the provisions thereof. The Lease Agreement and the Contract shall be available for inspection at reasonable times and under reasonable conditions by the Issuer, the Lessee, the County, and any Beneficial Owner of 15% or more in aggregate principal amount of the Bonds then Outstanding.

Section 506. Recording and Filing. This Indenture, or an appropriate notice hereof, shall be recorded and indexed as an assignment of rents and leases in the real estate records of the Office of the Clerk of the Superior Court of Cherokee County, Georgia and any other place provided by law as the proper place for the recordation thereof. The security interest of the Trustee created by this Indenture shall be perfected by the filing of financing statements required

to be filed pursuant to the State Uniform Commercial Code or by the taking of possession of appropriate collateral. Such financing or continuation statements shall be filed on behalf of the Issuer by the Lessee from time to time, copies of which shall be provided to the Trustee, and the appropriate parties shall take or maintain possession of appropriate collateral, as is necessary to preserve the security interest of this Indenture.

Section 507. Maintenance of Existence; Compliance with Laws. The Issuer shall at all times maintain its corporate existence or assure the assumption of its obligations under this Indenture by any other entity succeeding to its powers. The Issuer shall comply with all valid acts, rules, regulations, orders, and directions of any legislative, executive, administrative, or judicial body known to it to be applicable to this Indenture.

Section 508. Continuing Disclosure. Pursuant to Section 8.11 of the Lease Agreement and Section 5.4 of the Contract, the Lessee and the County have undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuer shall have no liability to the Bondholders or any other person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of the Lessee or the County to comply with its respective continuing disclosure obligations shall not be considered an Event of Default; however, any beneficial owner of the Series 2007 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Lessee or the County to comply with its obligations under Section 8.11 of the Lease Agreement or Section 5.4 of the Contract, respectively.

[End of Article V]

ARTICLE VI

REVENUES AND FUNDS

Section 601. Source of Payment of Bonds. The Basic Rent provided for in Section 5.03 of the Lease Agreement and the payments provided for in Section 5.1(b) and (c) of the Contract are to be remitted directly to the Trustee for the account of the Issuer and deposited in the General Account of the Bond Fund. Such Basic Rent and such payments under the Contract are required to be sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of revenues and receipts from the Lease Agreement (except amounts paid to the Issuer under its Unassigned Rights) and the Contract are pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The Issuer hereby covenants and agrees that it shall not create any lien or security interest upon the Trust Estate other than the lien and security interest hereby created, subject to Permitted Encumbrances.

Section 602. Creation of the Bond Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Bond Fund," which shall be used as a sinking fund to pay the principal of, premium, if any, and interest on the Bonds. There is hereby created by the Issuer and ordered established with the Trustee two accounts within the Bond Fund to be designated the "General Account" and the "Redemption Account." The General Account of the Bond Fund shall be used to pay principal of (including the mandatory redemption requirements of Section 305 hereof) and interest on the Bonds as they become due and payable in accordance with their terms. The Redemption Account of the Bond Fund shall be used to pay principal of, premium, if any, and interest on the Bonds in the event of redemption of the Bonds other than mandatory redemption pursuant to Section 305 hereof.

Section 603. Payments into the Bond Fund. There shall be deposited into the Bond Fund, as and when received, (i) all Basic Rent specified in Section 5.03 of the Lease Agreement, to the General Account, (ii) all payments specified in Section 5.1(b) and (c) of the Contract, to the General Account, and (iii) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement or the Contract when accompanied by written directions from the Lessee or the County that such moneys are to be paid into the Bond Fund. All moneys received by the Trustee for redemption of Bonds, other than mandatory redemption pursuant to Section 305 hereof, shall be deposited into the Redemption Account. All other moneys received by the Trustee for deposit in the Bond Fund shall be deposited into the General Account of the Bond Fund. The Trustee, as assignee of the Contract, shall demand payment from the County of the amounts due under Section 5.1(b) and (c) of the Contract, as and when such amounts become due.

The Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are Outstanding it shall deposit, or cause to be deposited for its account, promptly into General Account of the Bond Fund sufficient sums from income and revenues derived from the Project to meet and pay the principal of, premium, if any, or interest on the Bonds as and when the same become due and payable, and to this end the Issuer covenants and agrees that, so long as any Bonds are Outstanding, it shall cause the Project to be continuously leased or operated as a revenue and income producing undertaking and that, should there be a default under the Lease Agreement with the result that the right of possession under the Lease Agreement is returned to

the Issuer, the Issuer shall fully cooperate with the Trustee and the Bondholders to the end of fully protecting the rights of the Bondholders and the Trust Estate and shall diligently proceed in good faith and use its best efforts to secure another tenant for the Project or to secure an operator for the Project to the end that at all times sufficient income and revenues will be derived from the Project promptly to meet and pay the principal of, premium, if any, and interest on the Bonds as and when the same become due and payable, as well as covering the cost of maintaining and insuring the Project. Nothing herein shall be construed as requiring the Issuer to operate the Project or to use or to provide any funds or revenues from any source other than the Trust Estate.

Section 604. Use of Moneys in the Bond Fund. Except as provided in Section 614 hereof, moneys in the Bond Fund shall be used solely as a fund for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of the Bonds at or prior to maturity, and to purchase Bonds in the open market pursuant to Section 309 of this Indenture. Except as provided in Article III hereof or any corresponding article in an indenture supplemental hereto, no part of Basic Rent in the General Account of the Bond Fund shall be used to redeem, prior to maturity, a part of the Bonds Outstanding; provided, that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds Outstanding hereunder, to pay interest to accrue thereon to such redemption date, and to pay all costs and expenses accrued and to accrue to such redemption date, if so directed by the Lessee pursuant to the Lease Agreement, the Issuer covenants and agrees to take and cause to be taken the necessary steps to redeem all of such Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund, other than Basic Rent held in the General Account of the Bond Fund, may be used at the written request of the Issuer if so directed by the Lessee pursuant to the Lease Agreement to redeem a part of the Bonds Outstanding on the next succeeding redemption date for which the required notice of redemption may be given or to purchase Bonds pursuant to Section 309 of this Indenture so long as the Lessee is not in default with respect to any payments required to be made under the Lease Agreement and to the extent such moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds have not been presented for payment.

Section 605. Custody of the Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest and premium, if any, on the Bonds as the same become due and payable and to make such funds so withdrawn available to the Trustee and to the paying agent or agents for the purpose of paying such principal, interest, and premium, if any, which authorization and direction the Trustee hereby accepts.

Section 606. Creation of and Disbursements from the Issuance Cost Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Issuance Cost Fund," which shall be used as a fund to pay Issuance Costs. There shall be deposited into the Issuance Cost Fund from the sale of the Series 2007 Bonds the amounts specified in Section 701 hereof. Moneys in the Issuance Cost Fund shall be expended in accordance with the provisions of the Lease Agreement, particularly Section 4.05 of the Lease Agreement. The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Issuance Cost Fund and all disbursements therefrom, and after all amounts are disbursed from the Issuance Cost Fund, the Trustee shall, if requested by the Lessee, file an accounting thereof with the Issuer and the Lessee.

Section 607. Creation of the Debt Service Reserve Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Debt Service Reserve Fund," which shall be used solely for the purposes set forth in Section 608 hereof. There shall be deposited into the Debt Service Reserve Fund from the sale of the Series 2007 Bonds the amounts specified in Section 701 hereof. The Trustee shall deposit in the Debt Service Reserve Fund any moneys paid to the Trustee under the Lease Agreement, the Contract, or this Indenture for credit or transfer to the Debt Service Reserve Fund and shall credit to the Debt Service Reserve Fund any Debt Service Reserve Credit Facility delivered to the Trustee pursuant to Section 5.03(d) of the Lease Agreement. The Trustee, as assignee of the Contract, shall demand payment from the County of the amounts due under Section 5.1(a) of the Contract, as and when such amounts become due. In addition, there shall be deposited into the Debt Service Reserve Fund as and when received by the Trustee all moneys received by the Trustee under and pursuant to any provisions of the Lease Agreement or the Contract that are to be paid into the Debt Service Reserve Fund. If the Lessee has exercised its option to prepay the Basic Rent in whole and not in part pursuant to the terms of Article XI of the Lease Agreement, and has paid the sums as provided therein, all of the moneys then in the Debt Service Reserve Fund shall be transferred to the Redemption Account of the Bond Fund by the Trustee.

Section 608. Custody of the Debt Service Reserve Fund. The Debt Service Reserve Fund shall be in the custody of the Trustee but in the name of the Issuer. The Issuer hereby authorizes and directs the Trustee to withdraw funds from the Debt Service Reserve Fund and to draw upon any Debt Service Reserve Credit Facility to pay, first, all installments of interest then due on the Bonds, and then all principal of and premium, if any, then due on the Bonds in the event there should be insufficient funds for such purposes in the Bond Fund on the date such interest, principal, and premium is due, which authorization and direction the Trustee hereby accepts. The Trustee shall give written notice to the Issuer and the County of any withdrawal from the Debt Service Reserve Fund, of any losses from the investment of moneys in the Debt Service Reserve Fund, of any draw-down on a Debt Service Reserve Credit Facility, and of any termination or expiration of a Debt Service Reserve Credit Facility.

Any Debt Service Reserve Credit Facility shall be governed by the provisions of Section 5.03(d) of the Lease Agreement.

When the amount of principal of, premium, if any, and interest on the Outstanding Bonds is equal to or less than the balance of the Bond Fund and moneys deposited in the Debt Service Reserve Fund and if all amounts owed under the Lease Agreement and this Indenture have been paid, moneys held in the Debt Service Reserve Fund may be deposited in the Bond Fund and credited against payments of Basic Rent required under Section 5.03 of the Lease Agreement.

Section 609. [Reserved].

Section 610. [Reserved].

Section 611. Non-presentment of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity, at the date fixed for redemption thereof, or otherwise, if funds sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the owner or owners thereof, all liability of the Issuer, the Lessee, and the County to the owner or owners thereof for the payment of such Bonds shall forthwith cease, determine, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the owner or owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on its or their part under this Indenture or on, or with respect to, such Bonds.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds, if any, within five (5) years after the date on which the same shall have become due (or such earlier date as immediately precedes the date on which such funds would be required to escheat or be payable to the State or any other governmental unit under any laws governing unclaimed funds) shall be paid by the Trustee to the Lessee, upon receipt of a written request of the Lessee, and thereafter Bondholders shall be entitled to look only to the Lessee for payment, and then only to the extent of the amount so repaid, and the Lessee shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 612. Trustee's and Paying Agent's Fees, Charges, and Expenses. Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of, interest, and premium, if any, on the Bonds shall have been fully paid, (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered, as trustee, and its Ordinary Expenses of the Trustee incurred, as trustee, under this Indenture, as and when the same become due, (ii) the reasonable fees and charges of the Trustee, as bond registrar and paying agent and of any paying agents and co-bond registrars for acting as paying agent or co-bond registrar pursuant to Section 1010(b) hereof, and (iii) the reasonable fees and charges for the necessary Extraordinary Services of the Trustee and Extraordinary Expenses of the Trustee under this Indenture, as and when the same become due. The Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services of the Trustee and Extraordinary Expenses of the Trustee and the reasonableness of any of the fees, charges, or expenses referred to herein.

Section 613. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of the Bond Fund, the Project Fund, the Issuance Cost Fund, the Debt Service Reserve Fund, or any other trust fund or reserve under any provision of this Indenture shall be held by the Trustee in trust and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the trust created hereby and any lien or security interest granted with respect to the Trust Estate and shall be and remain entitled to the benefit and shall be subject to the security of this Indenture for the equal and proportionate benefit of the owners of all Outstanding Bonds. The Trustee hereby covenants that all moneys held in any fund under this Indenture and any collateral securing such funds are a part of the Trust Estate, and that the rights and interests of the Bondholders in and to such moneys and collateral are and shall be superior to the claims of the creditors and depositors of the Trustee and of any other financial institution in which such moneys are deposited or which has provided or pledged such collateral. To the extent not invested as provided in Article VIII of this Indenture, all such moneys held by

the Trustee in excess of the amount insured by the Federal Deposit Insurance Corporation or a successor federal agency shall be continuously secured, for the benefit of the Issuer and the owners of the Bonds, by a pledge of securities of the type described in Article VIII of this Indenture.

Section 614. Amounts Remaining in Funds and Accounts. Any amounts remaining in the Bond Fund, the Project Fund, the Issuance Cost Fund, the Debt Service Reserve Fund, or any other fund, account, or reserve created under this Indenture, after payment in full of the principal of, interest, and premium, if any, on the Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges, and expenses of the Trustee, the Issuer, and any paying agents, and all other amounts required to be paid hereunder, shall be promptly paid to the Lessee as a refund of excess rental payments under the Lease Agreement or, to the extent that payments have been made under the Contract, to the County.

[End of Article VI]

ARTICLE VII

CUSTODY AND APPLICATION OF PROCEEDS OF SERIES 2007 BONDS

Section 701. Deposits in the Debt Service Reserve Fund and Issuance Cost Fund. Upon the issuance and delivery of the Series 2007A Bonds, there shall be deposited in the Debt Service Reserve Fund the sum of $444,000.39, there shall be deposited in the Issuance Cost Fund the sum of $159,495.87, and there shall be paid to the Series 2007 Insurer the sum of $58,124.73. Upon the issuance and delivery of the Series 2007B Bonds, there shall be deposited in the Debt Service Reserve Fund the sum of $166,100.86, there shall be deposited in the Issuance Cost Fund the sum of $201,104.13, and there shall be paid to the Series 2007 Insurer the sum of $13,557.60.

Section 702. Project Fund; Disbursements. There is hereby created and established with the Trustee a trust fund in the name of the Issuer to be designated the "Project Fund." There is hereby created by the Issuer and ordered established with the Trustee three accounts within the Project Fund to be designated the "Series 2007A Account," the "Series 2007B Account," and the "Net Proceeds Account." The Issuer shall establish within the Project Fund a separate account for each project financed by a series of Additional Bonds. The balance of the proceeds received on the delivery of the Series 2007A Bonds, after the deduction of deposits provided by Section 701 hereof shall have been made, shall be deposited in the Series 2007A Account of the Project Fund. The balance of the proceeds received on the delivery of the Series 2007B Bonds, after the deduction of deposits provided by Section 701 hereof shall have been made, shall be deposited in the Series 2007B Account of the Project Fund. Reference is hereby made to Article VII of the Lease Agreement whereunder it is provided that under certain circumstances the Net Proceeds of insurance and condemnation awards are to be paid to the Trustee and deposited in the Net Proceeds Account of the Project Fund, and are to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified. Moneys in the Project Fund shall be expended in accordance with the provisions of the Lease Agreement, particularly Sections 4.03 and 4.04 thereof.

The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and the Trustee shall, if requested by the Issuer or the Lessee, file an accounting thereof with the Issuer and the Lessee.

[End of Article VII]

ARTICLE VIII

INVESTMENTS

Section 801. Investment of Funds and Accounts. Subject to Article X hereof, any moneys held as part of the Bond Fund, Project Fund, Issuance Cost Fund, Debt Service Reserve Fund, reserves in connection with contested liens, or other special trust funds created under this Indenture, or other accounts or funds held by the Trustee hereunder, to the extent permitted by law, shall be invested and reinvested by the Trustee, but only at the written request of and as specified by the Authorized Lessee Representative, in accordance with the provisions of Section 4.12 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Bond Fund, Project Fund, Issuance Cost Fund, Debt Service Reserve Fund, reserve, other special trust fund, or other account or fund, as the case may be, and the interest accruing thereon and any profit realized from such investments shall be credited as set forth in Section 802 of this Indenture, and any loss resulting from such investments shall be charged to such fund or account. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient for the uses prescribed for moneys held in such fund or account. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when required or permitted by the provisions of this Indenture. In computing the assets of any fund or account, investments and accrued interest thereon shall be deemed a part thereof. Such investments shall be valued at fair market value on each Interest Payment Date. The Trustee shall not be liable for any depreciation in the value of any obligations in which moneys of funds or accounts shall be invested, as aforesaid, or for any loss arising from any investment.

Such investments shall be made only as follows:

(i) moneys in the Project Fund and the Issuance Cost Fund, and any other accounts or funds, other than the Bond Fund and the Debt Service Reserve Fund, only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from each such respective fund;

(ii) moneys in the Bond Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than the next-succeeding principal payment date, mandatory redemption payment date, or Interest Payment Date of the Bonds; and

(iii) moneys in the Debt Service Reserve Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than five (5) years from the date of purchase thereof.

The Issuer covenants that none of the moneys held under this Indenture will be used in any manner that will cause any Tax-Exempt Bonds to become arbitrage bonds within the meaning of Section 148 of the Code or to become federally guaranteed within the meaning of Section 149(b) of the Code. The Trustee's reliance upon the written investment instructions of the Authorized Lessee Representative shall fully protect the Issuer in fulfilling its covenanted obligations set forth above.

Section 802. Allocation of Income from Investments. All interest accruing from investments of moneys in the Bond Fund, Issuance Cost Fund, Debt Service Reserve Fund, and other funds and accounts and any profit realized therefrom shall be allocated as follows:

(a) interest and profits from the investments of moneys of each account held in the Bond Fund shall be retained in the account of the Bond Fund to which such investments relate;

(b) interest and profits from the investments of moneys in the Issuance Cost Fund shall be retained in the Issuance Cost Fund;

(c) interest and profits from the investment of moneys in the Debt Service Reserve Fund shall be retained in the Debt Service Reserve Fund at all times the balance is less than the Debt Service Reserve Requirement; thereafter and at all times the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Requirement, such interest and profits shall be deposited in the General Account of the Bond Fund;

(d) interest and profits from the investment of moneys of each account held in the Project Fund shall be retained in the account of the Project Fund to which such investments relate; and

(e) interest and profits from the investment of moneys in any other funds shall, at the written direction of the Authorized Lessee Representative, be retained in the respective funds or deposited in the General Account of the Bond Fund.

Section 803. Trustee's Own Bond or Investment Department. The Trustee may make any and all investments permitted under Section 801 hereof through its own bond or investment department or through its broker-dealer affiliate.

Section 804. Investment Records. The Trustee shall keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and application of the moneys held under this Indenture. Such records shall specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth (a) its purchase price, including any accrued interest paid, (b) identifying information, including face amount, coupon rate, and payment dates, (c) the amount received at maturity or its disposition price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity.

In order to allow the Lessee to perform the calculations required by Section 148(f) of the Code, the Trustee acknowledges that it will be necessary to track separately all of the investments held under this Indenture. To that end, the Trustee shall take such accounting measures as are necessary or appropriate to account fully for all investments and the amount earned thereon. The Trustee agrees to deliver to the Lessee, upon the request of the Lessee, copies of all records maintained pursuant to this Section 804 and such other records as are reasonably required to allow the Lessee to comply with Section 4.14 of the Lease Agreement.

Such records shall be open to inspection by any owner of Bonds at any reasonable time during regular business hours on reasonable notice.

[End of Article VIII]

ARTICLE IX

POSSESSION, USE, AND PARTIAL RELEASE OF THE PROJECT

Section 901. Subordination of Rights of the Lessee. Pursuant to Section 12.10 thereof and except as otherwise provided therein, the Lease Agreement and the rights and privileges thereunder of the Lessee are specifically made subject and subordinate to the rights and privileges of the Trustee and the owners of the Bonds set forth in this Indenture.

Section 902. Release of the Premises. Reference is made to the provisions of the Lease Agreement, including, without limitation, Sections 11.07 and 11.08 of the Lease Agreement, whereby the Issuer and the Lessee have reserved the right to withdraw from the demise of the Lease Agreement certain portions of the Premises upon compliance with the terms and conditions of the Lease Agreement.

Section 903. Granting of Easements. Reference is made to the provisions of the Lease Agreement, including, without limitation, Section 11.09 of the Lease Agreement, whereby the Issuer may grant easements and take other action upon compliance with the terms and conditions of the Lease Agreement.

[End of Article IX]

ARTICLE X

DISCHARGE OF INDENTURE

Section 1001. Discharge of Indenture. If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the owners of the Bonds the principal, interest, and premium, if any, due or to become due thereon at the times and in the manner stipulated therein and herein and shall pay or cause to be paid all fees and expenses of the Trustee and each paying agent due or to become due under this Indenture and if the Issuer shall keep, perform, and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed, and observed by it or on its part, then this Indenture and these presents and the estate, lien, interests, and rights hereby created and granted shall cease, determine, terminate, and become null and void (except as to any surviving rights of registration, transfer, or exchange of Bonds herein provided for and except for the obligations under Section 804 hereof), and thereupon the Trustee shall cancel and discharge the lien and security interest of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requested by the Issuer and requisite to discharge and satisfy the lien and security interest hereof and convey to the Issuer the estate hereby conveyed and release, assign, and deliver to the Issuer any property at the time subject to the lien and security interest of this Indenture that may then be in its possession, except funds held by the Trustee for the payment of principal of, interest, and premium, if any, on the Bonds.

Section 1002. Defeasance of Bonds. (a) Any Bond shall be deemed to be paid within the meaning of this Article X and for all purposes of this Indenture when (a) payment of the principal of, premium, if any, and interest on such Bond to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) shall have been (i) made or caused to be made in accordance with the terms thereof, or (ii) provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) non-callable Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure, without further investment or reinvestment thereof, in the written opinion of an independent certified public accounting firm of national reputation in form and substance satisfactory to the Trustee, the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof shall have been provided for to the satisfaction of the Trustee. At such time as a Bond shall be deemed to be paid hereunder, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

(b) Notwithstanding the foregoing, no deposit under clause (a)(ii) of this Section 1002 shall be deemed payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds shall have been previously given in accordance with Article III of this Indenture, or in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable written instructions to (i) give notice of redemption of such Bonds as provided in Article III of this Indenture and (ii) notify, as soon as practicable in the same manner as a notice

of redemption of such Bonds as provided in Article III of this Indenture, the owners of such Bonds that the deposit required by (a)(ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity or redemption dates upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bonds or (b) the maturity of such Bonds.

(c) All moneys so deposited with the Trustee as provided in this Section may also be invested and reinvested, at the written request of the Authorized Lessee Representative, in non-callable Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Section that is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited shall be deposited in the General Account of the Bond Fund as and when realized and collected for use and application as are other moneys deposited in such account.

(d) The Issuer hereby covenants that no deposit will be made or accepted and no use made of any such deposit that would cause any Tax-Exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code or as federally guaranteed within the meaning of Section 149(b) of the Code.

(e) Notwithstanding any provision of any other article of this Indenture that may be contrary to the provisions of this Section, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of Bonds (including interest and premium, if any, thereon) shall be applied to and used solely for the payment of the particular Bonds (including the interest and premium, if any, thereon) with respect to which such moneys or Government Obligations have been so set aside in trust.

(f) Anything in Article XIV hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Section 1002 shall be made without the consent of the owner of each Bond affected thereby.

(g) Notwithstanding anything herein to the contrary, in the event that the principal or interest due on any Series 2007 Bonds shall be paid by the Series 2007 Insurer pursuant to the Series 2007 Insurance Policy, the Series 2007 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied, and not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of the Series 2007 Insurer, and the Series 2007 Insurer shall be subrogated to the rights of such registered owners.

Section 1003. Recording Office. The release of property from the lien and security interest of this Indenture by the Trustee under the provisions of this Article shall operate and be effective as a full and complete discharge and satisfaction of the lien and security interest created by this Indenture as to the property described in such release and may be relied upon by the Office of the Clerk of the Superior Court of Cherokee County, Georgia, and his successors in

office, without the production of the Bonds for endorsement thereon of such release, and such release shall be conclusive evidence that the property therein specifically described has been validly released from the lien and security interest of this Indenture, and the Office of the Clerk of the Superior Court of Cherokee County, Georgia and any purchaser need not inquire as to the power or authority of the Trustee to give such release nor see to the application of any money in respect thereto.

[End of Article X]

ARTICLE XI

DEFAULTS AND REMEDIES

Section 1101. Defaults. If any of the following events occur, subject to the provisions of Sections 1110 and 1111 hereof, it is hereby defined as and declared to be and to constitute a default and an "Event of Default":

(a) default in the due and punctual payment of any interest on any Bond,

(b) default in the due and punctual payment of the principal of any Bond (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof,

(c) any material breach by the Issuer of any representation or warranty made in this Indenture or default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuer in this Indenture or in the Bonds contained, subject to the provisions of Section 1111 of this Indenture,

(d) the issuance of an order of relief by the Bankruptcy Court of the United States District Court having valid jurisdiction, granting the Issuer relief under federal bankruptcy law, or the issuance by any other court having valid jurisdiction of an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Issuer or any substantial part of its property, affairs, or assets, and the continuance of any such decree or order is unstayed and in effect for a period of sixty consecutive days, or

(e) the consent by the Issuer to the institution of proceedings in bankruptcy against it, or to the institution of any proceeding against it under any federal or state insolvency laws, or to the filing of any petition, application, or complaint seeking the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Issuer or of any substantial part of its property, affairs, or assets.

Section 1102. Remedies Upon Event of Default. If an Event of Default occurs and is continuing, the Trustee shall have the right and option to exercise any or all of the following remedies, or any or all other remedies then provided by law or in equity:

(a) The Issuer, upon the demand of the Trustee, shall forthwith surrender the actual possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, with or without force or process of law, to enter and take possession of, and exclude the Issuer and its agents and servants wholly from, all or any part of the Project together with the books, papers, and accounts of the Issuer pertaining thereto, including the rights and the position of the Issuer under the Lease Agreement, without the appointment of a receiver, or an application therefor, and to hold, operate, store, use, control, and manage the same and conduct the business thereof and from time to time make all necessary and proper repairs, maintenance, renewals, restorations, replacements, and improvements and procure all necessary and proper insurance as

the Trustee deems prudent; and the Trustee may lease or sublease the Project or any part thereof in the name and for the account of the Issuer or the Lessee and collect, receive, and sequester the rents, revenues, issues, earnings, income, products, and profits therefrom and, out of the same and any moneys received from any receiver of any part thereof, pay, or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding, and managing the same, including reasonable compensation to the Trustee and its agents and counsel and for any charges of the Trustee hereunder, any taxes and assessments and other charges that the Trustee may deem wise to pay, and all expenses of such maintenance, repairs, and improvements and apply the remainder of the moneys so received in accordance with the provisions of Section 1106 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults have been made good, the Trustee shall surrender possession to the Issuer, the same rights of entry provided in this Section 1102, however, to exist upon any subsequent Event of Default. The Trustee may complete the construction of any improvements that have been undertaken but not completed, and the Trustee for such purpose may use all available materials and equipment at the Project and may acquire all other necessary materials and equipment and employ contractors and other employees. All sums expended by the Trustee for such purposes shall constitute advancements pursuant to Section 6.06 of the Lease Agreement and shall be secured by this Indenture and shall forthwith be due and payable by the Lessee to the Trustee. While in possession of such property the Trustee shall render annually to the Issuer and the Lessee and also to the Bondholders at their addresses shown by the registration books a summarized statement of income and expenditures in connection therewith. The authority and agency conferred by this paragraph upon the Trustee shall be deemed to create a power coupled with an interest and shall be irrevocable.

(b) The Trustee may exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect, and shall have the power to proceed with any available right or remedy granted by the Bond Documents or the Constitution and statutes of the State, as it may deem best, including any suit, action, mandamus, or special proceeding in equity or at law or in bankruptcy or otherwise for the collection of all amounts due and unpaid under the Bond Documents and the Bonds, for specific performance of any covenant or agreement contained herein or therein, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effective to protect the rights aforesaid, insofar as such may be authorized by law, and may enforce its right to the appointment of a receiver pursuant to Section 1105 of this Indenture. The Trustee, as the assignee of all of the right, title, and interest of the Issuer in and to the Lease Agreement (except for the Unassigned Rights) and the Contract, shall enforce each and every right granted to the Issuer under the Lease Agreement (except for the Unassigned Rights) and the Contract. Upon the occurrence of an Event of Default, the Trustee, in its own name and as trustee of an express trust, or in the name of the Issuer without the necessity of joining the Issuer, shall be entitled to institute any action or proceedings at law or in equity and may prosecute any such action or proceedings to judgment or final decree and may enforce any such judgment or final decree against any obligor thereon and collect in the manner provided by law, but limited as provided in the Bond Documents, out of the property of any obligor thereon wherever situated the moneys adjudged or decreed to be payable for the benefit of the Bondholders, or on behalf of the Issuer. The rights herein specified are to be cumulative to all other available rights, remedies, or powers and shall not exclude any such rights, remedies, or powers.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of any obligor under the Lease Agreement or the Contract under federal bankruptcy law or any other applicable law, or in the case a receiver or trustee shall have been appointed for the property of any such obligor, or in the case of any other judicial proceedings relative to any obligor under the Lease Agreement or the Contract or relative to the creditors or property of any such obligor, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed and irrespective of whether the Trustee shall have made any demand pursuant to the power vested in it by this Indenture) shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys, and counsel and for reimbursement of all expenses and liabilities incurred and all advances made by the Trustee except as a result of its negligence or bad faith) and of the Bondholders allowed in any such judicial proceedings relative to the Lessee, the County, or any other obligor under the Lease Agreement or the Contract, or relative to the creditors or property of the Lessee or the County, or relative to any such other obligor, as the case may be, and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf. Any receiver, assignee, or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make payments to the Trustee and in the event that the Trustee shall consent to the making of payments directly to the Bondholders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys, and counsel and all other expenses and liabilities incurred and all advances made by the Trustee except as a result of its negligence or bad faith.

Any reorganization or liquidation plan with respect to any obligor under the Bond Documents must be acceptable to the Series 2007 Insurer. In the event of any reorganization or liquidation, the Series 2007 Insurer shall have the right to vote on behalf of all Bondholders who hold Series 2007 Bonds absent a default by the Series 2007 Insurer under the Series 2007 Insurance Policy.

Section 1103. Rights of Bondholders to Require Trustee to Pursue Remedies. If an Event of Default occurs and is continuing, and if requested so to do by the owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in Section 1214 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by Section 1102 as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No lien, right, or remedy by the terms of this Indenture conferred upon or reserved or otherwise available to the Trustee or to the Bondholders is intended to be or shall be construed to be exclusive of any other available lien, right, or remedy, but each and every such lien, right, or remedy shall be cumulative and shall be in addition to any other lien, right, or remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right, power, or remedy accruing upon any default or Event of Default shall impair any such right, power, or remedy or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, but every such right, power, or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon. The giving, taking, or enforcement of any other or additional security, collateral, or guaranty for the payment of the Bonds shall not operate to prejudice, waive, or affect the Trust Estate or any rights, powers, or remedies under this Indenture, nor shall the Trustee be required to first look to, enforce, or exhaust such other additional security, collateral, or guarantors.

Section 1104. Rights of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of Bonds then Outstanding (determined subject to the provision of Section 1601(d) hereof) shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, provided the Trustee is indemnified pursuant to Section 1214 hereof, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or in connection with the appointment of a receiver or in connection with any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 1105. Appointment of Receivers.

(a) If an Event of Default occurs and is continuing, a receivership may be necessary to protect the Trust Estate, whether before or after maturity of the Bonds, or at the time of or after the institution of suit to collect the principal of, premium (if any), or interest on the Bonds, or to enforce this Indenture; accordingly, the Trustee shall, as a matter of strict right and regardless of the value of the Trust Estate or of the solvency of any party bound for the payment of the Bonds, have the right to the appointment on ex parte application and without notice to the Issuer or the Lessee, by any court having jurisdiction, of a receiver to take charge of, manage, preserve, protect, and operate the Project and the Trust Estate, to collect the revenues, rents, issues, profits, products, and income thereof, to make all necessary and needed repairs, to complete the construction of any improvements that have been undertaken but not completed, to pay all taxes and assessments against the Project and insurance premiums for insurance thereon, and after the payment of the expenses of the receivership, including reasonable attorneys' fees to the Trustee's attorney, and after compensation for management of the Project, to apply the net proceeds to pay the Bonds or in such manner as the court shall direct. All such expenses shall be secured by the lien of this Indenture until paid.

(b) The receiver or its agents shall be entitled to enter upon and take possession of any part and all of the Project and to complete construction of improvements, to the same extent and in the same manner as the Issuer might lawfully do. The receiver,

personally or through its agents or attorneys, may exclude the Issuer and its agents, servants, and employees wholly from the Project and may have, hold, use, operate, manage, and control the same and each and every part thereof and in the name of the Issuer and its agents, may exercise all of their rights and powers under the Lease Agreement and at the expense of the Project, may maintain, restore, complete construction, insure, and keep insured the Project and may make all necessary and proper repairs, renewals, and replacements and all such useful alterations, additions, betterments, and improvements as the receiver may deem judicious.

(c) Such receivership shall continue until the first to occur of full payment of the Bonds or the Event of Default having been cured.

Section 1106. Application of Moneys. Upon an Event of Default and if moneys held by the Trustee are insufficient to pay the principal of, premium, if any, and interest on the Bonds, all moneys received and held by the Trustee pursuant to this Indenture and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee, be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST - To the payment of the fees for Ordinary Services of the Trustee and Extraordinary Services of the Trustee and the Ordinary Expenses and Extraordinary Expenses of the Trustee and the costs and compensation of any advances made by the Trustee, the Issuer, and any receiver and the reasonable attorneys' fees of the Trustee, the Issuer, or any receiver;

SECOND – To the payment of Rebate Amount then due or to establish a reserve for Rebate Amount then accrued;

THIRD - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

FOURTH - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds that shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest at the same rate as the interest on such Bonds from the respective dates upon which they became due and, if the amount available shall

not be sufficient to pay in full principal of, premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal, interest, and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege;

FIFTH - To the payment of reasonable and necessary operating expenses of the Project and for reasonable renewals, repairs, and replacements of the Project necessary to prevent impairment of the Project; and

SIXTH - To be held for the payment to the Bondholders entitled thereto as the same shall become due of the principal of, premium, if any, and interest on the Bonds that may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of principal, premium, if any, and interest due on such date to the Bondholders entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied first to the items described in paragraph FIRST of the preceding subsection (a), second to the items described in paragraph SECOND of the preceding subsection (a), and then to the payment to the persons entitled thereto of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, but in accordance with the provisions of Section 202 hereof, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section 1106 and whenever all fees, expenses, and charges of the Trustee shall have been paid, any Trust Estate remaining hereunder shall be paid, transferred, and assigned to the Lessee, as provided in Section 12.05 of the Lease Agreement, or, to the extent that payments have been made under the Contract, to the County.

Section 1107. Remedies Vested in the Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the owners of the Outstanding Bonds.

Section 1108. Limitations on Rights and Remedies of Bondholders. No Bondholder shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless: (i) a default has occurred of which the Trustee has been notified as provided in subsection (h) of Section 1201, or of which by such subsection it is deemed to have notice, (ii) such default shall have become an Event of Default, (iii) the owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and provided the indemnity required by Section 1214 of this Indenture and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name, and (iv) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name. Such notification, request, and offer of opportunity and indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by its, his, or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal and ratable benefit of the owners of all Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective owners thereof at the time, place, from the source, and in the manner in such Bonds expressed.

Section 1109. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies, and powers of the Trustee shall continue unimpaired as if no such proceedings had been taken.

Section 1110. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and rescind its consequences and shall waive any Event of Default hereunder and its consequences upon the written request of the owners of a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that there shall

not be waived any Event of Default specified in subsection (a) or (b) of Section 1101 unless prior to such waiver or rescission, all arrears of principal, premium, if any, and interest, with interest on such overdue amounts (to the extent permitted by law) at the rate borne by the Bonds, and all expenses of the Trustee in connection with such Event of Default, shall have been paid or provided for. In the case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Issuer, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon. All waivers under this Indenture shall be in writing.

Section 1111. Notice of Defaults; Opportunity of the Issuer and the Lessee to Cure Defaults. (a) Anything herein to the contrary notwithstanding, no default under Section 1101(c) hereof shall constitute an Event of Default until actual written notice of such default by registered or certified mail shall be given by the Trustee or by the owners of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds then Outstanding to the Lessee and the Issuer, and the Lessee and the Issuer shall have had thirty (30) days after receipt of such notice to correct such default or cause such default to be corrected and shall not have corrected such default or caused such default to be corrected within the applicable period; provided, however, if such default be such that it cannot with due diligence be cured within the applicable period but can be wholly cured within a period of time not materially detrimental to the rights of the Trustee and the Bondholders, to be determined conclusively by the Trustee, it shall not constitute an Event of Default if corrective action is instituted by the Lessee or the Issuer, as the case may be, within the applicable period and diligently pursued until the default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Section 1111, the Issuer hereby grants the Lessee full authority for the account of the Issuer to perform any covenant or obligation alleged in such notice to constitute a default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

(b) In addition, the Trustee shall immediately give written notice of all Events of Default under this Indenture and the Lease by registered or certified mail to the Lessee, the Issuer, and the County, provided, however, such notice shall not be a condition precedent to the Trustee or the Bondholders exercising any right or remedy granted to them hereunder, except as provided in subsection (a) above.

Section 1112. Consent of Series 2007 Insurer Upon Default. Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Series 2007 Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under this Indenture.

Section 1113. **Payment Procedure Pursuant to the Series 2007 Insurance Policy**. As long as the Series 2007 Insurance Policy shall be in full force and effect, the Issuer, the Trustee, and any Paying Agent agree to comply with the following provisions:

(a) At least one (1) business day prior to all Interest Payment Dates the Trustee or Paying Agent, if any, will determine whether there will be sufficient funds in the funds and accounts held under this Indenture to pay the principal of or interest on the Series 2007 Bonds on such Interest Payment Date. If the Trustee or Paying Agent, if any, determines that there will be insufficient funds in such funds or accounts, the Trustee or Paying Agent, if any, shall so notify the Series 2007 Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 2007 Bonds to which such deficiency is applicable, and whether such Series 2007 Bonds will be deficient as to principal or interest, or both. If the Trustee or Paying Agent, if any, has not so notified the Series 2007 Insurer at least one (1) business day prior to an Interest Payment Date, the Series 2007 Insurer will make payments of principal or interest due on the Series 2007 Bonds on or before the first (1st) business day next following the date on which the Series 2007 Insurer shall have received notice of nonpayment from the Trustee or Paying Agent, if any.

(b) The Trustee or Paying Agent, if any, shall, after giving notice to the Series 2007 Insurer as provided in (a) above, make available to the Series 2007 Insurer and, at the Series 2007 Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Series 2007 Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Issuer maintained by the Trustee or Paying Agent, if any, and all records relating to the funds and accounts therein maintained under this Indenture.

(c) The Trustee or Paying Agent, if any, shall provide the Series 2007 Insurer and the Insurance Trustee with a list of registered owners of Series 2007 Bonds entitled to receive principal or interest payments from the Series 2007 Insurer under the terms of the Series 2007 Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 2007 Bonds entitled to receive full or partial interest payments from the Series 2007 Insurer and (ii) to pay principal upon Series 2007 Bonds surrendered to the Insurance Trustee by the registered owners of Series 2007 Bonds entitled to receive full or partial principal payments from the Series 2007 Insurer.

(d) The Trustee or Paying Agent, if any, shall, at the time it provides notice to the Series 2007 Insurer pursuant to (a) above, notify registered owners of Series 2007 Bonds entitled to receive the payment of principal or interest thereon from the Series 2007 Insurer (i) as to the fact of such entitlement, (ii) that the Series 2007 Insurer will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Series 2007 Insurer, they must surrender their Series 2007 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance

Trustee to permit ownership of such Series 2007 Bonds to be registered in the name of the Series 2007 Insurer) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, if any, and (iv) that should they be entitled to receive partial payment of principal from the Series 2007 Insurer, they must surrender their Series 2007 Bonds for payment thereon first to the Trustee or Paying Agent, if any, who shall note on such Series 2007 Bonds the portion of the principal paid by the Trustee or Paying Agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee or Paying Agent, if any, has notice that any payment of principal of or interest on a Series 2007 Bond that has become Due for Payment and that is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent, if any, shall, at the time the Series 2007 Insurer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Series 2007 Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or Paying Agent, if any, shall furnish to the Series 2007 Insurer its records evidencing the payments of principal of and interest on the Series 2007 Bonds that have been made by the Trustee or Paying Agent, if any, and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted the Series 2007 Insurer under this Indenture, the Series 2007 Insurer shall, to the extent it makes payment of principal of or interest on Series 2007 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2007 Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or Paying Agent, if any, shall note the Series 2007 Insurer's rights as subrogee on the registration books of the Issuer maintained by the Trustee or Paying Agent, if any, upon receipt from the Series 2007 Insurer of proof of the payment of interest thereon to the registered owners of the Series 2007 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or Paying Agent, if any, shall note the Series 2007 Insurer's rights as subrogee on the registration books of the Issuer maintained by the Trustee or Paying Agent, if any, upon surrender of the Series 2007 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

[End of Article XI]

ARTICLE XII

THE TRUSTEE

Section 1201. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, represents and covenants that it is fully empowered under applicable laws and regulations to accept such trusts, and agrees to perform such trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations should be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, accountants, agents, receivers, employees, or other experts, and shall not be responsible for the acts of any attorneys, accountants, agents, receivers, employees, or other experts appointed by it in good faith and without negligence, and shall be entitled to advice of its counsel, accountant, or other expert concerning all matters of trusts hereof and the duties hereunder and may in all cases pay and be reimbursed for such reasonable compensation to all such attorneys, accountants, agents, receivers, employees, and other experts as may be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorneys, accountants, or other experts (who may be the attorneys, accountants, or other experts for the Issuer or the Lessee) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action taken in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital other than its own contained herein or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds) or for insuring the property conveyed hereby or for collecting any insurance moneys or for the recording or re-recording or filing or re-filing of this Indenture or any financing statement or for the validity of the execution by the Issuer of this Indenture or any supplemental indentures hereto or instruments of further assurance or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby or for the value or title of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture, it shall use due diligence in preserving such property. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants,

conditions, or agreements on the part of the Issuer, the Lessee, or the County under the Lease Agreement or the Contract except as herein expressly set forth, but the Trustee may require of the Issuer, the Lessee, or the County full information and advice as to the agreements aforesaid and as to the condition of the property conveyed hereby. Except as otherwise provided in this Indenture, the Lease Agreement, or the Contract, the Trustee shall perform all of the duties or obligations of the Issuer under the Lease Agreement and the Contract, but shall not be answerable for the performance of any such duty or obligation for other than its negligence or willful misconduct.

(d) The Trustee shall not be accountable for the use of the proceeds from the sale of the Bonds disbursed in accordance with the provisions of this Indenture. The Trustee may become the owner of Bonds secured hereby with the same rights that it would have if not Trustee.

(e) The Trustee shall be protected in acting in good faith upon any notice, request, resolution, consent, certificate, order, affidavit, letter, telegram, or other paper or document, or oral communication or direction, reasonably believed to be genuine and to have been signed or sent or given by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the registered owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and of any Bond or Bonds issued in exchange therefor or upon transfer of or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper, or proceedings, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by the Authorized Issuer Representative or by its Chairman or Vice Chairman and attested by the Secretary or Assistant Secretary of the Issuer and upon a certificate signed on behalf of the Lessee by the Authorized Lessee Representative or by its Manager, as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section or of which by such subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary or Assistant Secretary of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Governing Body as conclusive evidence that such a resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable with respect to any such permissive right for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (i) failure by the Issuer to cause to be made any of the payments required to be made by the Bonds, (ii) failure by the Lessee to make any of the payments to the Trustee required to be made by Section 5.03 of the Lease Agreement, and (iii) failure by the County to make any of the payments to the Trustee required to be made by Section 5.1 of the Contract, unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the owners of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered in accordance with Section 1604 hereof, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(i) The Trustee shall not be liable for any debts contracted or for damages to persons or to personal property injured or damaged or for salaries or nonfulfillment of contracts related to the Project, other than for its negligence or willful misconduct.

(j) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to fully to inspect any and all of the Project, including all books, papers, and records of the Issuer pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired, subject to the limitations imposed upon such rights of inspection pursuant to Section 8.02 of the Lease Agreement.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers hereunder or otherwise in respect of the premises hereof.

(l) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any action whatsoever within the purview of this Indenture, the delivery of any showings, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of any such action by the Trustee, deemed reasonably necessary for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(m) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law or by this Indenture. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be separately agreed upon in writing.

(n) The Trustee may construe any provision hereof insofar as such may appear to it to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provision by the Trustee shall be binding upon the Bondholders and the Issuer.

(o) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the owners of a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture.

(p) No provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(q) Prior to entering or taking possession of, or taking any other actions with respect to the Project, the Trustee may require assurance in the form of an opinion of counsel or otherwise that no liability under any Environmental Laws will be imposed upon it as a result of such actions.

(r) The Trustee shall have no responsibility for any information in any official statement, offering memorandum, or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(s) In the event that the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Bondholders, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, then the Trustee, in its sole discretion, may determine what action or actions, if any, shall be taken or not taken.

(t) The Trustee's reliance upon the written investment instructions of the Authorized Lessee Representative shall fully protect the Trustee as to whether the investments covered by such instructions are permitted under applicable state law.

Section 1202. Fees, Charges, and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for Ordinary Services of the Trustee rendered hereunder, and all advances, attorneys' fees, and other Ordinary Expenses of the Trustee reasonably made or incurred by the Trustee in connection with such Ordinary Services of the Trustee, and in the event that it should become necessary that the Trustee perform Extraordinary Services of the Trustee, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable Extraordinary Expenses of the Trustee in connection therewith; provided, that if such Extraordinary Services of the Trustee or Extraordinary Expenses of the Trustee are occasioned by the negligence or willful misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall

be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as bond registrar and paying agent for the Bonds as hereinabove provided. Upon an Event of Default hereunder, but only upon such an Event of Default, the Trustee shall have a right of payment prior to payment on account of principal of, or premium, if any, or interest on, any Bond for the foregoing advances, fees, costs, and expenses incurred; provided, however, that in no event shall the Trustee have any such prior right of payment or claim therefor against (a) moneys held to pay redemption price of the Bonds, (b) moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds that are deemed to have been paid in accordance with Article X hereof, or (c) funds held pursuant to Section 611 hereof. The Trustee's right to compensation shall survive discharge of this Indenture, the resignation or removal of the Trustee hereunder, and payment in full of the Bonds.

Section 1203. Notice to Bondholders if Default Occurs. If a default occurs of which the Trustee is by subsection (h) of Section 1201 hereof required to take notice or if notice of default is given as in such subsection (h) provided, the Trustee shall give such notice to the Lessee, the County, and the Issuer as is specified in Section 1111 hereof and shall give written notice thereof by first-class, registered or certified mail, within fifteen (15) days (unless such default is cured or waived), to the owners of all Bonds then Outstanding shown by the registration books maintained by the Trustee pursuant to Section 208 hereof, provided that, except in the case of a default in the payment of the principal of, premium, if any, or interest on any Bond, the Trustee may withhold such notice to the Bondholders if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders.

Section 1204. Intervention by the Trustee. The Trustee may intervene on behalf of Bondholders in any judicial proceeding to which the Issuer, the Lessee, or the County is a party and which, in the reasonable opinion of the Trustee and its counsel, has a substantial bearing on the interests of owners of the Bonds and shall do so if requested in writing by the owners of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding and the indemnity required by Section 1214 hereof has been provided. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction, if such approval is required by law as a condition to such intervention.

Section 1205. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell, lease, or transfer its corporate trust business and corporate trust assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, if otherwise eligible under Section 1211 hereof, ipso facto, shall be and become successor trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, rights, obligations, duties, remedies, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 1206. Resignation by the Trustee. The Trustee and any successor trustee may at any time resign from the trusts hereby created by executing an instrument in writing resigning such trusts and specifying the date when such resignation shall take effect, and filing the same

with the Issuer, the Lessee, and the County not less than 45 days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by first class mail, postage prepaid, not less than 20 days prior to such resignation date, to each Bondholder shown on the registration records maintained pursuant to Section 208 hereof, and such resignation shall only take effect at the appointment of a successor trustee pursuant to the provisions of Section 1208 hereof and acceptance by the successor trustee of such trusts.

Section 1207. Removal of the Trustee. The Trustee may be removed at any time by the Issuer, by an instrument in writing delivered to the Trustee, for any breach of the trusts set forth herein or for failure or refusal to act as trustee, or by an instrument or concurrent instruments in writing delivered to the Trustee, the Issuer, and the Lessee and signed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that no such removal shall be effective until a successor trustee has been appointed and qualified.

Section 1208. Appointment of Successor Trustee; Temporary Trustee. In case the Trustee hereunder shall (a) resign or be removed or (b) be dissolved or shall be in the course of dissolution or liquidation, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court or otherwise become incapable of acting hereunder, a successor may be appointed by an instrument executed and signed by the Chairman or Vice Chairman and attested by the Secretary or Assistant Secretary of the Issuer under its seal and executed by an officer of the Lessee; provided, that if a successor trustee is not so appointed within ten (10) days after notice of resignation is mailed or an instrument of removal is delivered as provided under Sections 1206 and 1207 hereof, respectively, or within ten (10) days of the Issuer's knowledge of any of the events specified in clause (b) hereinabove, then the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by or on behalf of such owners, delivered personally or sent by registered mail to the Issuer and the Lessee, may designate a successor trustee. Until a successor trustee shall be appointed by the Bondholders in the manner above provided, the Issuer, by resolution and upon written notice to the Lessee, shall appoint a temporary trustee to fill such vacancy, and any such temporary trustee so appointed by the Issuer shall immediately and without further act be superseded by the successor trustee so appointed by the Bondholders. Notice of the appointment of a successor trustee shall be given in the same manner as provided by Section 1206 hereof with respect to the resignation of the Trustee.

In case at any time the Trustee shall give notice of its intent to resign and no appointment of a successor trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the owner of any Bond or the resigning Trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor trustee.

Section 1209. Concerning Any Successor Trustee. Every successor trustee appointed hereunder shall execute, acknowledge, and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, remedies, immunities, privileges, duties, and obligations of its

predecessor, but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, and upon payment of all amounts due such predecessor pursuant to Section 1202 hereof, execute and deliver an instrument transferring to such successor trustee all the estates, properties, obligations, duties, remedies, immunities, privileges, rights, powers, and trusts of such predecessor hereunder, and every predecessor trustee shall deliver all securities and moneys held by it as trustee hereunder to its successors, and every predecessor trustee shall deliver the registration books held by it as bond registrar hereunder to its successors. Should any instrument in writing from the Issuer be required by a successor trustee for more fully and certainly vesting in such successor the estates, trusts, obligations, remedies, immunities, privileges, rights, powers, and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged, and delivered by the Issuer. The resignation of any trustee and the instrument or instruments removing any trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor trustee in each recording office where this Indenture or a notice hereof or a financing statement relating to this Indenture shall have been filed or recorded, if any. Any predecessor trustee shall not be liable for any action taken or omitted to be taken by a successor trustee.

Section 1210. Right of the Trustee to Pay Insurance, Taxes, and Other Charges. In case any tax, assessment, or governmental or other charge upon, or insurance premium with respect to, any part of the Project is not paid as required herein or in the Lease Agreement and is not being contested pursuant to Section 6.07 of the Lease Agreement, the Trustee may pay such tax, assessment, or governmental or other charge, or insurance premium, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure, and any amount at any time so paid under this Section or Section 6.07 of the Lease Agreement, with interest thereon from the date of payment at the rate charged prime corporate borrowers plus two percent (2%) per annum on demand loans by the commercial lending department of the Trustee or any of its affiliates, shall become an additional obligation secured by this Indenture and the same shall be given a preference in payment over any of the Bonds and shall be paid out of the revenues herein pledged to the payment of the Bonds if not otherwise caused to be paid, but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the owners of at least twenty-five percent (25%) in the aggregate principal amount of all Bonds then Outstanding and shall have been provided with adequate funds for the purpose of such payment.

Section 1211. Trustee Required; Paying Agents, Co-Authenticating Agent, and Co-Bond Registrar. (a) There shall at all times be a trustee hereunder, which shall be a corporation or association duly organized and existing under the laws of the United States of America or any state or territory thereof and authorized by law to perform all the duties imposed upon it by this Indenture and shall be (1) a bank or trust company, (2) a wholly-owned subsidiary of a bank or trust company, or (3) a wholly-owned subsidiary of a bank holding company the principal banking subsidiary of which is a bank or trust company, which bank or trust company, in case of (1), (2), or (3) of this subsection, is subject to examination by federal or state authority and has a reported capital and surplus of not less than $75,000,000, if there be such an institution willing, qualified, and able to accept the trusts imposed under this Indenture upon reasonable or customary terms. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection, it shall resign immediately in the manner provided in Section 1206

hereof. No resignation or removal of the Trustee and no appointment of a successor trustee shall become effective until the successor trustee has accepted its appointment under Section 1209 hereof.

(b) The Issuer hereby appoints and designates the principal corporate trust office of the Trustee as the place of payment for the Bonds, and the Trustee as the paying agent for the Bonds. The Issuer shall, upon the written request from the Lessee and payment of any expenses incurred in connection therewith pursuant to Section 5.03 of the Lease Agreement, cause the necessary arrangements to be made through the Trustee for the designation of additional paying agents as specified by the Lessee for the making available of funds for the payment of such of the Bonds as shall be presented when due at the principal office of such additional paying agents. The Trustee may designate a co-authenticating agent and a co bond registrar, which may perform the duties of authenticating agent and bond registrar on behalf of the Trustee, and all references herein to authenticating agent and bond registrar shall include any such co-authenticating agent and co bond registrar.

Section 1212. Trustee Protected in Relying Upon Resolutions. The resolutions, opinions, certificates, and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection, and authority to the Trustee for the release of property and the withdrawal of cash or other action taken hereunder.

Section 1213. Successor Trustee as Trustee of Funds and Accounts, as Paying Agent, and as Bond Registrar. In the event of a change in the office of trustee, the predecessor trustee that has resigned or has been removed shall cease to be trustee of the Bond Fund, the Project Fund, the Issuance Cost Fund, the Debt Service Reserve Fund, and any special trust funds hereunder created and shall cease to be paying agent for the payment of principal of and interest and premium, if any, on the Bonds and shall cease to be bond registrar, and the successor trustee as qualified under Section 1208 hereof shall become such trustee, paying agent, and bond registrar.

Section 1214. Trust Estate May Be Vested in Separate Trustee or Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Bond Documents and in particular in case of the enforcement of either on an Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies herein granted to the Trustee or may not hold title to the Trust Estate, in trust, as herein granted, or may not take any other action that may be necessary or desirable in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 1214 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, duty, obligation, interest, security interest, and lien expressed or intended

by this Indenture to be exercised by or vested in or granted or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights, and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance, or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties, and obligations, any and all such deeds, conveyances, and instruments in writing shall, on request, be executed, acknowledged, and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign, or be removed, all the estates, properties, rights, powers, trusts, duties, and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee. Any co-trustee appointed by the Trustee pursuant to this Section may be removed by the Trustee, in which case all powers, rights, and remedies vested in the co-trustee shall again vest in the Trustee as if no such appointment of a co-trustee had been made. The Trustee shall not be liable for any action taken or omitted to be taken by any such separate trustee or co-trustee.

Section 1215. Indemnification of Trustee. Before taking any action under this Indenture at the direction or request of the Bondholders, the Trustee may require that a satisfactory indemnity bond be furnished for reimbursement of all expenses it may incur and to protect it against all liabilities, except for liability that is adjudicated to have resulted from the negligence or willful misconduct of the Trustee by reason of any action so taken.

Section 1216. Reports. (a) The Trustee shall provide to the Issuer, the Lessee, the County, the Underwriter, the Series 2007 Insurer, or any Beneficial Owner of 15% or more in aggregate principal amount of the Bonds then Outstanding, on written request, the following items:

(1) copies of all notices, documents, or reports provided to or by it under this Indenture,

(2) a description of the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such), which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Bonds, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than one half of one percent (1/2 of 1%) of the principal amount of the Outstanding Bonds on the date of such report,

(3) a description of the property and funds, if any, physically in the possession of the Trustee as such on the date of such report, and

(4) a description of any additional issue of Bonds that the Trustee has not previously reported.

(b) While the Series 2007 Insurance Policy is in effect, the Trustee shall furnish to the Series 2007 Insurer (to the attention of the Surveillance Department) a copy of any notice to be given to the registered owners of the Series 2007 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 2007 Bonds, and any certificate rendered pursuant to the Bond Documents relating to the security for the Series 2007 Bonds, at no cost to the Series 2007 Insurer.

(c) The Trustee shall notify the Series 2007 Insurer of any failure of the Lessee or the County to provide relevant notices, certificates, etc. under the Bond Documents.

(d) Notwithstanding any other provision of this Indenture, the Trustee shall immediately notify the Series 2007 Insurer if at any time there are insufficient moneys to make any payments of principal or interest as required hereunder and immediately upon the occurrence of any Event of Default hereunder.

[End of Article XII]

ARTICLE XIII

MEETINGS OF BONDHOLDERS

Section 1301. Purpose of Meetings. A meeting of Bondholders may be called at any time and from time to time pursuant to the provisions of this Article XIII, to the extent relevant to the Bondholders, to take any action (i) authorized to be taken by or on behalf of the Bondholders of any specified aggregate principal amount of the Bonds or (ii) under any provision of this Indenture or authorized or permitted by law.

Section 1302. Call of Meetings. The Trustee may call at any time a meeting of Bondholders to be held at any reasonable time and place as the Trustee shall determine. Notice of such meeting, setting forth the time, place, and the general subject matter thereof, shall be mailed by first class mail, postage prepaid, not less than fifteen (15) nor more than ninety (90) days prior to the date of the meeting, to the Lessee, the County, and the Issuer and to the Bondholders at their addresses as they appear on the registration books of the Issuer on the fifteenth (15th) day preceding the date of such mailing, which fifteenth day preceding the date of such mailing shall be the record date for the meeting.

If at any time the Issuer, the County, or the Lessee or the owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have requested the Trustee to call a meeting of Bondholders, by written request setting forth the purpose of the meeting, and if the Trustee shall not have mailed the notice of the meeting within twenty (20) days after the receipt of the request, then the Issuer, the Lessee, the County, or the owners of the Bonds in the amount above specified may determine the time and place of the meeting and may call the meeting to take any action authorized in Section 1301 hereof, by mailing notice thereof as provided above.

Any meetings of Bondholders shall be valid without notice, if the owners of the Bonds then Outstanding that are required to be present at such meeting are present in person or by proxy, or if notice is waived before or after the meeting by the owners of the Bonds Outstanding that were required to be present at such meeting and who were not so present at the meeting, and if the Issuer, the Lessee, the County, and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 1303. Voting. To be entitled to vote at any meeting of Bondholders, a Person shall (a) be a Bondholder as of the record date for the meeting as determined in Section 1302 hereof, or (b) be a person appointed as a representative by proxy by an instrument or document in writing by a Bondholder as of the record date for the meeting.

The vote upon any resolution submitted to any meeting of Bondholders shall be by written ballots upon which shall be subscribed the signatures of the Bondholders or of their representative by proxy and the identifying number(s) of the Bonds held or represented by them.

Section 1304. Meetings. Notwithstanding any other provisions of this Indenture, the Trustee may make any reasonable regulations that it may deem to be advisable for meetings of Bondholders, with regard to:

(a) proof of the ownership of Bonds and of the appointment of representatives by proxy,

(b) the appointment and duties of inspectors of votes,

(c) the recordation of the proceedings of the meetings,

(d) the execution, submission, and examination of proxies and other evidence of the right to vote, and

(e) any other matters concerning the conduct, adjournment, or reconvening of meetings that it may deem appropriate or necessary.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Issuer, the Lessee, the County, or the Bondholders, as provided in Section 1302 hereof, in which case the Issuer, the Lessee, the County, or the Bondholders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the owners of a majority in aggregate principal amount of the Bonds represented at the meeting and entitled to vote at such meeting.

The only persons who shall be entitled to be present or to speak at any meeting of Bondholders shall be the persons entitled to vote at the meeting and their counsel, any representatives of the Issuer and its counsel, any representatives of the Trustee and its counsel, any representatives of the Lessee and its counsel, and any representatives of the County and its counsel.

Meetings shall be conducted in accordance with rules, regulations, orders, and procedures established by the chair of the meeting. Unless otherwise specifically required in this Indenture, all issues, matters, motions, or resolutions at any meeting shall be determined by the majority of votes represented at the meeting in person or by proxy.

Section 1305. Miscellaneous. Nothing contained in this Article XIII shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Bondholders under any of the provisions of this Indenture or of the Bonds by reason of any call of a meeting of Bondholders or by reason of any rights expressly or impliedly conferred by this Article XIII to call a meeting of Bondholders.

[End of Article XIII]

ARTICLE XIV

SUPPLEMENTAL INDENTURES

Section 1401. Supplemental Indentures Not Requiring Consent of Bondholders.

(a) The Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in, or to correct or supplement any defective provision of, this Indenture,

(ii) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in this Indenture other covenants, agreements, limitations, and restrictions to be observed by the Issuer for the protection of the Bondholders,

(iii) to evidence the appointment of a separate trustee or a co-trustee, or the succession of a new trustee or the appointment of a new or additional paying agent or bond registrar,

(iv) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, benefits, security, liabilities, duties, or authority that may lawfully be granted to or conferred or imposed upon the Bondholders or the Trustee or either of them,

(v) to subject to the lien and security interest of this Indenture additional revenues, properties, or collateral,

(vi) to modify, amend, or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions, and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or any similar federal statute,

(vii) to modify, amend, or supplement this Indenture in such manner to assure the continued exclusion from gross income of the owners thereof for federal income tax purposes of interest on any Tax-Exempt Bonds,

(viii) to reflect a change in applicable law provided that the Trustee shall determine that such supplemental indenture does not prejudice the rights of Bondholders,

(ix) in connection with any other change herein that, in the judgment of the Trustee, does not prejudice or materially adversely affect the Bondholders or impair the Trust Estate, or

(x) to provide for certificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, if permitted by law.

(b) The Issuer and the Trustee shall, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture (i) in connection with the issuance of any Additional Bonds in accordance with Section 211 hereof and the inclusion of additional collateral in the Trust Estate in connection therewith, (ii) to the extent necessary with respect to the land and interests in land, buildings, furnishings, machinery, equipment, and all other real and personal property that may form a part of the Project, so as to more precisely identify the same or to substitute, release, or add additional land or interests in land, buildings, furnishings, machinery, equipment, or real or personal property as collateral in the Trust Estate, or (iii) with respect to any changes required to be made in the description of the Trust Estate in order to conform with similar changes made in the Lease Agreement as permitted by Section 1501 hereof.

Section 1402. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of indentures supplemental hereto covered by Section 1401 hereof and subject to the terms and provisions contained in this Section and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section or in Section 1401 contained shall permit, or be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or a reduction in the rate or an extension of the time of payment of interest on, or a reduction of any premium payable on the redemption of, any Bonds, without the consent of every owner of such Bonds, or (b) the creation of any lien or security interest (other than any Permitted Encumbrances) prior to or on a parity with the lien and security interest of this Indenture or the deprivation of any Bondholders of the lien created by this Indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (c) a reduction in the amount, or an extension of the time of any payment, required by the mandatory sinking fund redemption provisions of this Indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (e) the modification of the trusts, powers, obligations, remedies, privileges, rights, duties, or immunities of the Trustee, without the written consent of the Trustee, or (f) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (g) the release of or requirements for the release of this Indenture, without the

consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes allowed by this Section, the Trustee shall, upon being reasonably indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given in substantially the manner provided in Section 303 hereof with respect to redemption of Bonds. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If, within sixty (60) days or such longer period as shall be reasonably prescribed by the Issuer following the giving of such notice, the owners of the requisite principal amount of affected Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein or to the operation thereof or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may require or request and rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article XIV.

Anything herein to the contrary notwithstanding, if the Lessee is not in default under the Lease Agreement at such time, a supplemental indenture under this Article XIV that affects any rights or obligations of the Lessee or that changes the priority or use of moneys under this Indenture shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture, together with a copy of such supplemental indenture, to be mailed by certified or registered mail to the Lessee at least fifteen (15) days prior to the proposed date of execution and delivery of any such supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 4:30 p.m., local time of the Trustee, on the fifteenth (15th) day after the mailing of such notice and a copy of the proposed supplemental indenture.

[End of Article XIV]

ARTICLE XV

AMENDMENT OF OTHER BOND DOCUMENTS

Section 1501. Amendments to Other Bond Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee shall, without the consent of or notice to the Bondholders, consent to any amendment, change, or modification of the Bond Documents other than this Indenture as may be required (i) by the provisions of this Indenture and the Lease Agreement, (ii) in connection with the issuance of Additional Bonds as provided in Section 211 hereof, (iii) for the purpose of curing any ambiguity or formal defect or omission therein, (iv) in connection with the land and interests in land, buildings, machinery, equipment, and other real or personal property described in Exhibit A to the Lease Agreement so as to identify more precisely the same or to substitute, release, or add additional land or interests in land, buildings, machinery, equipment, or other real or personal property, (v) so as to add additional rights acquired in accordance with the provisions of the Bond Documents, (vi) to substitute a new lessee under the Lease Agreement as provided therein, (vii) as permitted by the Lease Agreement, or (viii) in connection with any other change therein that, in the judgment of the Trustee, does not prejudice the Trustee or materially adversely affect the owners of the Bonds.

Section 1502. Amendments to Other Bond Documents Requiring Consent of Bondholders. Except for the amendments, changes, or modifications as provided in Section 1501 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change, or modification of the Bond Documents other than this Indenture without giving notice to and obtaining the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, given and procured as in Section 1402 hereof provided; provided, however, that nothing in this Section or Section 1501 hereof shall permit or be construed as permitting, (a) an extension of the time for payment of any amounts payable under the Lease Agreement or the Contract or a reduction in the amount of any payment or in the total amount due under the Lease Agreement or the Contract, without the consent of every owner of Bonds affected thereby, (b) the creation of any lien on the revenues realized by the County from the ad valorem tax required to be levied under the Contract, prior to or superior to the lien created in the Contract on such revenues, without the consent of every owner of Bonds affected thereby, or (c) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such amendment, change, or modification of such other Bond Documents, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken. If at any time the Issuer, the Lessee, or the County shall request the consent of the Trustee to any such proposed amendment, change, or modification of such other Bond Documents, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 1402 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change, or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such amendment, change, or modification when consented to and approved as provided in this Section. If, within sixty (60) days or such longer period as shall be reasonably

prescribed by the Issuer following the giving of such notice, the owners of not less than the requisite principal amount of the affected Bonds Outstanding at the time of the execution of such proposed amendment, change, or modification shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein or to the operation thereof or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee from consenting to the execution thereof or to enjoin or restrain the Issuer, the Lessee, or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment, change, or modification as in this Section permitted and provided, such other Bond Documents shall be and be deemed to be modified, changed, and amended in accordance therewith. The Trustee may require or request and rely upon an opinion of counsel as conclusive evidence that execution and delivery of an amendment, change, or modification of any Bond Document other than this Indenture has been effected in compliance with the provisions of this Article XV.

[End of Article XV]

ARTICLE XVI

MISCELLANEOUS

Section 1601. Consents of Bondholders. Any consent, request, direction, approval, waiver, objection, or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any consent, request, direction, approval, waiver, objection, or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Trustee and the Issuer, with regard to any action taken under such request or other instrument, namely:

(a) the fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such instrument or writing acknowledged to him the execution thereof; where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association, or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority;

(b) the fact of ownership of Bonds and the amount or amounts, numbers, other identification of such Bonds, and the date of ownership shall be proved by the registration books of the Issuer maintained by the Trustee pursuant to Section 208 hereof;

(c) any request, consent, or vote of the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in pursuance of such request, consent, or vote; and

(d) in determining whether the owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent, or waiver under this Indenture, Bonds that are owned by the Issuer, by the Lessee, by the County, or by any other obligor under the Bond Documents or on the Bonds, or by any Affiliate of the foregoing, shall be disregarded and deemed not to be outstanding for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent, or waiver, but only Bonds that the Trustee knows to be so owned shall be disregarded; Bonds so owned that have been pledged in good faith may be regarded as outstanding for the purposes of this Section 1601 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not an Affiliate of the Issuer, the Lessee, the County, or any other obligor under the Bond Documents or on the Bonds; in case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 1602. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Lessee, the County, and the owners of the Bonds any legal or equitable right, remedy, or claim under or in respect to this Indenture, or any covenants, conditions, and provisions herein contained. This Indenture and all of the covenants, conditions, and provisions hereof are intended to be and are for the sole and exclusive benefit of the parties hereto, the Lessee, the County, and the owners of the Bonds herein provided for.

To the extent that this Indenture confers upon or gives or grants to the Series 2007 Insurer any right, remedy, or claim under or by reason of this Indenture, the Series 2007 Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy, or claim conferred, given, or granted hereunder.

Section 1603. Severability. If any provision of this Indenture shall be held or be deemed to be or shall, in fact, be illegal, invalid, inoperative, or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained illegal, invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, or sections in this Indenture contained shall not affect the remaining portions of this Indenture or any part thereof.

Section 1604. Notices. All notices, certificates, requests, demands, or other communications hereunder shall be sufficiently given and shall be deemed given upon receipt, by hand delivery, mail, overnight delivery, telecopy, or other electronic means, addressed as follows:

If to the Issuer:	Resource Recovery Development Authority of Cherokee County 90 North Street, Suite 310 Canton, Georgia 30114 Attention: Chairman
If to the Lessee:	Ball Ground Recycling, LLC 391 Marietta Road Canton, Georgia 30114 Attention: Manager
If to the County:	Cherokee County, Georgia 90 North Street Suite 310 Canton, Georgia 30114 Attention: County Manager

If to the Trustee:	The Bank of New York Trust Company, N.A. 100 Ashford Center North, Suite 520 Atlanta, Georgia 30338 Telecopy: (770) 698-5195 Attention: Corporate Trust Department
If to the Series 2007 Insurer	Ambac Assurance Corporation One State Street Plaza New York, New York 10004 Telecopy: (212) 797-5725 Attention: Public Finance Surveillance Department

A duplicate copy of each notice, certificate, or other communication given hereunder shall also be given to the Trustee. Any party named in this Section 1604 may, by notice given to all parties to this Indenture and the other Bond Documents, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent. For purposes of this Section, "electronic means" shall mean telecopy or facsimile transmission or other similar electronic means of communication that produces evidence of transmission

Section 1605. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date of maturity of interest on or principal of any Bonds or the date fixed for redemption of any Bonds shall be, in the location of the principal corporate trust office of the Trustee, a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday, legal holiday, or day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 1606. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1607. Laws Governing Indenture and Situs and Administration of Trust. The effect and meanings of this Indenture and the rights of all parties hereunder shall be governed by and construed according to the laws of the State, exclusive of such State's rules regarding choice of law, but it is the intention of the Issuer that the situs of the trust created by this Indenture be in the state in which is located the principal corporate trust office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to Section 1214 of this Indenture. It is the further intention of the Issuer that the Trustee administer such trust in the state in which it is located, from time to time, and that the same be, for all purposes hereunder, the situs of such trust.

Section 1608. No Liability of Issuer's or Trustee's Officers. No recourse under or upon any obligation, covenant, or agreement contained in this Indenture, or in the Bonds, or for any claim based thereon, or under any judgment obtained against the Issuer or the Trustee, or by

the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent of this Indenture, shall be had against any incorporator, member, director, or officer, as such, past, present, or future, of the Issuer or the Trustee, or any incorporator, member, director, or officer of any successor corporation, as such, either directly or through the Issuer or the Trustee or any successor corporation, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Trustee as trustee for the Bondholders or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Trustee as trustee for the Bondholders or otherwise, of any sum that may remain due and unpaid upon the Bonds, is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

Section 1609. **Series 2007 Insurer Provisions**. (a) Any provision of this Indenture expressly recognizing or granting rights in or to the Series 2007 Insurer may not be amended in any manner that affects the rights of the Series 2007 Insurer hereunder without the prior written consent of the Series 2007 Insurer. The Series 2007 Insurer reserves the right to charge the Lessee a fee for any consent or amendment to this Indenture while the Series 2007 Insurance Policy is outstanding.

(b) The Series 2007 Insurer's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any supplemental indenture or any amendment, supplement, or change to or modification of the Bond Documents other than this Indenture, (ii) removal of the Trustee and selection and appointment of any successor trustee, and (iii) initiation or approval of any action not described in (i) or (ii) above that requires Bondholder consent.

(c) Notwithstanding any other provision of this Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the Bondholders as if there were no Series 2007 Insurance Policy.

[End of Article XVI]

SIGNATURES AND SEALS

IN WITNESS WHEREOF, the Issuer has executed this Indenture by causing its name to be hereunto subscribed by its Vice Chairman and by causing the official seal of the Issuer to be impressed hereon and attested by its Secretary; and the Trustee, to evidence its acceptance of the trusts created hereunder, has executed this Indenture by causing its name to be hereunto subscribed by its Authorized Officer and by causing its corporate seal to be impressed hereon and attested by its Authorized Officer, all being done as of the day and year first above written but actually executed by the Issuer on October 5, 2007 and by the Trustee on October 5, 2007.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

(SEAL)

Attest:

Sheila R. Carlin
Secretary

As to the Issuer, signed, sealed, and delivered this ____ day of October 2007, in the presence of:

Unofficial Witness

Eunice S. Smith
Notary Public

My commission expires: 5/2/08

(NOTARIAL SEAL)

EUNICE S. SMITH NOTARY PUBLIC EXPIRES GEORGIA MAY 2, 2008 DEKALB COUNTY

[Signatures and Seals Continued on Following Page]

[Signatures and Seals Continued From Preceding Page]

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By: _____
Authorized Officer

(SEAL)

Attest:

_____
Authorized Officer

As to the Trustee, signed, sealed, and delivered this 5th day of October 2007, in the presence of:

_____
Unofficial Witness

_____
Notary Public

My commission expires: _____

(NOTARIAL SEAL)

D. DAWES NOTARY PUBLIC EXPIRES GEORGIA AUG 22, 2010 DEKALB COUNTY

EXHIBIT A

DESCRIPTION OF PREMISES

Exhibit "A"

Written Description

Property to be Bonded (Excluding Detention Tract)

All that tract or parcel of land lying and being in Land Lots 359, 360, 361, & 362, 3rd District, 2nd Section, Cherokee County, Georgia, and being more particularly described as follows:

To find the POINT OF BEGINNING, commence at a point at the intersection of the northwesterly right of way of Ball Ground Highway, AKA GA Hwy. 5 (130 Foot right of way) and the northeasterly right of way of Wilbanks Drive; thence northeasterly along said right of way of Ball Ground Highway 778.48 feet to a point; thence S 29° 57' 30"W, 537.69 feet to a point at the intersection of the southwesterly proposed right of way of Woodtech Parkway (60 foot right of way) and said northwesterly right of way of Ball Ground Highway; thence northwesterly along said proposed right of way of Woodtech Parkway 454.44 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 23.02 feet, said curve having a radius of 197.00 feet and being subtended by a chord of N 55° 44' 58" W, 23.00 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 88.03 feet, said curve having a radius of 197.00 feet and being subtended by a chord of S 39° 36' 06" E, 87.30 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 48.23 feet, said curve having a radius of 261.10 feet and being subtended by a chord of N 32 05' 31"W, 48.16 feet to a point; thence leaving said proposed right of way of Woodtech Parkway N 37° 23' 00" W a distance of 238.09 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 59.38 feet, said curve having a radius of 1,330.00 feet and being subtended by a chord of N 36°06'16" W 59.37 feet to a point; thence S **53°25'10" W** a distance of **63.44** feet to a point; thence S **52°44'00" W** a distance of **100.09** feet to a point; thence N **29°39'54" W** a distance of **78.85** feet to a point; thence N **14°25'42" W** a distance of **69.05** feet to a point; thence N **05°25'47" W** a distance of **151.80** feet to a point; thence N **13°53'42" W** a distance of **94.31** feet to a point; thence N **18°47'39" W** a distance of **129.61** feet to a point; thence N **17°06'23" W** a distance of **166.09** feet to a point; thence N **13°37'58" W** a distance of **105.50** feet to a point; thence N **45°04'24" E** a distance of **542.55** feet to a point; thence S **76°42'38" E** a distance of **176.42** feet to a point; thence S **81°22'26" E** a distance of **37.73** feet to a point; thence S **83°34'17" E** a distance of **55.99** feet to a point; thence S **87°39'41" E** a distance of **48.99** feet to a point; thence S **88°45'51" E** a distance of **55.45** feet to a point; thence N **86°40'13" E** a distance of **62.00** feet to a point; thence N **82°35'07" E** a distance of **53.94** feet to a point; thence N **78°30'30" E** a distance of **65.76** feet to a point; thence N **76°11'13" E** a distance of **91.42** feet to a point; thence S **03°35'01" W** a distance of **18.56** feet to a point; thence S **86°24'59" E** a distance of **298.94** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 309.73 feet, said curve

having a radius of 2,240.98 feet and being subtended by a chord of S 81°21'44" E 309.48 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 200.21 feet, said curve having a radius of 1,000.00 feet and being subtended by a chord of S 83°08'18" E 199.88 feet to a point; thence **S 88°52'27" E** a distance of **208.37** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 89.69 feet, said curve having a radius of 230.00 feet and being subtended by a chord of S 22°31'30" W 89.13 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 251.22 feet, said curve having a radius of 1,307.51 feet and being subtended by a chord of S 39°12'04" W 250.84 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 1,072.68 feet, said curve having a radius of 3,489.00 feet and being subtended by a chord of S 53°30'47" W 1,068.44 feet to a point; thence **S 62°19'14" W** a distance of **321.00** feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 76.37 feet, said curve having a radius of 70.00 feet and being subtended by a chord of S 31°03'53" W 72.64 feet to a point on the northeasterly proposed right of way of Woodtech Parkway (60 foot right of way); thence along the northeasterly, northerly, and northwesterly proposed right of way of Woodtech Parkway for the following courses and distances: thence along a curve to the left, following the curvature thereof, for an arc distance of 123.16 feet, said curve having a radius of 75.00 feet and being subtended by a chord of N 47°14'05" W 109.78' feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 34.62 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 72°29'55" W 34.31 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 117.94 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 14°13'26" W 106.16 feet to the **POINT OF BEGINNING.** Said tract contains or 35.846 acres and is shown on a preliminary plat for BG Land, LLC, by Barton Surveying, Inc., dated July 31, 2007, last revised September 26, 2007.

INTERGOVERNMENTAL SOLID WASTE CONTRACT

This **INTERGOVERNMENTAL SOLID WASTE CONTRACT** (this "Contract"), made and entered into as of September 1, 2007, by and between Cherokee County, Georgia (the "County"), a political subdivision of the State of Georgia, and the Resource Recovery Development Authority of Cherokee County (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia;

W I T N E S S E T H:

In consideration of the respective representations and agreements hereinafter contained and in furtherance of the mutual public purposes hereby sought to be achieved, the County and the Issuer do hereby agree, as follows:

ARTICLE I

DEFINITIONS

Certain words and terms used in this Contract shall have the meaning given them in Section 1.01 of the Lease Agreement, which by this reference is incorporated herein. In addition to the words and terms defined elsewhere herein, the following words and terms shall have the meanings set forth below. When used herein, such words and terms shall have the meanings given to them by the language employed in Section 1.01 of the Lease Agreement and in this Article I defining such words and terms, unless the context or use clearly indicates otherwise.

"Additional Contract" means a contract or supplemental agreement between the County and the Issuer or any other development authority that is now existing or that may hereafter be created or activated, pursuant to the terms of which a payment obligation is created or expanded from the County to any such authority.

"Contract" means this Contract between the County and the Issuer, as it may be supplemented and amended from time to time in accordance with the provisions hereof.

"Contracts" means this Contract, the Prior Contract, and all Additional Contracts.

"Lease Agreement" means the Lease Agreement, dated the date hereof, between the Issuer and Ball Ground Recycling, LLC, as the same may be supplemented and amended from time to time in accordance with the provisions thereof.

"Prior Contract" means the Intergovernmental Contract, dated as of September 1, 1997, as supplemented and amended by the First Amendment to Intergovernmental Contract, dated as of October 1, 2000, between the Development Authority of Cherokee County and the County, as the same may be supplemented and amended from time to time in accordance with the provisions thereof.

"Series 2007 Disclosure Certificate" means the Continuing Disclosure Certificate executed by the County and to be dated the date of issuance and delivery of the Series 2007 Bonds, as originally executed and as it may be amended from time to time in accordance with its terms.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations of the County. The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) There exists a need in the County to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, and the acquisition, construction, and installation of the Project as herein contemplated is a desirable method to meet such need.

(b) The Lessee has represented to the County and the Issuer that it desires to establish solid waste disposal and recycling operations, which are expected to employ approximately 40 full-time employees, in Cherokee County and has further represented to the County and the Issuer that it needs buildings and related facilities to house these solid waste disposal and recycling operations and that the acquisition, construction, and installation of the Project by the Issuer is of critical importance to the Lessee in making a determination as to the feasibility of establishing solid waste disposal and recycling operations in Cherokee County. The Issuer has represented to the County that the assistance by the County in financing the acquisition, construction, and installation of the Project by the Issuer is of critical importance to the Issuer in making the determination as to the feasibility of the Issuer acquiring, constructing, and installing the Project.

(c) The County has determined that the acquisition, construction, and installation of the Project by the Issuer for lease to the Lessee would be in the best interest of the County and the inhabitants thereof and that the same will achieve valid public purposes and will develop trade, commerce, industry, and employment opportunities for the benefit of the County and the inhabitants thereof.

(d) The County has, together with the Issuer, caused the Plans and Specifications to be developed.

(e) The County has determined that the best method of accomplishing and financing the cost of the acquisition, construction, and installation of the Project is for the same to be accomplished by the Issuer with the cooperation of the County in the manner provided for in this Contract.

(f) The County is authorized by Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983, to contract for any period not exceeding fifty years with the Issuer for joint services, for the provision of services, or for the joint or separate use of facilities or equipment but such contracts must deal with activities, services, or facilities which the contracting

parties are authorized by law to undertake or provide. Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Act"), known as the "Resource Recovery Development Authorities Law," authorizes the County to enter into contracts or agreements with the Issuer, upon such terms and for such purposes as they deem advisable, and without limiting the generality of the above, specifically grants authority to the County to enter into contracts or other undertakings relative to the furnishing of "project" (as defined in the Act) activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years. In addition, the County is authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated to levy and collect ad valorem property taxes upon all taxable property within its territorial limits for the public purpose of providing financial assistance to the Issuer for the purpose of developing trade, commerce, industry, and employment opportunities, provided that such tax does not exceed one mill per dollar upon the assessed value of such property.

(g) Article IX, Section VI, Paragraph III of the Constitution of the State of Georgia of 1983 provides that the development of trade, commerce, industry, and employment opportunities is a public purpose vital to the welfare of the people of the State of Georgia.

(h) The County has the power to enter into this Contract and perform all obligations contained herein, and has, by proper action, duly authorized the execution and delivery of this Contract.

(i) The County represents that there is not presently in force and effect any other contract or agreement that obligates the County to levy the one mill ad valorem tax authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, to provide revenues to fulfill the County's obligations under such contract or agreement, except for the Prior Contract. The Issuer and the County have obtained documentation evidencing that the condition of Section 5.2(d) of the Prior Contract has been satisfied, in order to permit the Issuer and the County to enter into this Contract, which documentation is attached to this Contract as Exhibit A.

Section 2.2. Representations of the Issuer. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a public corporation duly created and existing under the laws of the State of Georgia for the purpose of developing and promoting for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry. The Issuer is specifically empowered (1) to borrow money and issue its revenue bonds and to use the proceeds thereof for the purpose of paying all or part of the cost of any "project," which includes any property, real or personal, used as or in connection with a facility for the extraction, collection, storage, treatment, processing, utilization, or final disposal of resources contained in solid waste, including the conversion of solid waste or resources contained therein into steam, electricity, oil, charcoal, gas, or any other product or energy source and the collection, storage, treatment, utilization, processing, or final disposal of solid waste in connection with the foregoing, including the cost of extending, adding to, or improving such project, to otherwise carry out its purposes, and to pay all other costs of the Issuer incident to or necessary and appropriate to such purposes, including the providing of funds to be paid into any fund or funds to secure such bonds, (2) to acquire, construct, improve, or

modify, to place into operation, and to operate or cause to be placed into operation and operated, a project and to rent or lease the same to others or make contracts with respect to the use thereof or sell, lease, or otherwise dispose of or grant options for any such property in any manner which the Issuer deems to the best advantage of itself and its purposes, (3) to make contracts and leases and to execute all instruments necessary or convenient, including contracts for construction of projects and leases of projects or contracts with respect to the use of projects which it causes to be acquired or constructed and without limiting the generality of the above, to enter into contracts or other undertakings relative to the furnishing of project activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years, and (4) as security for repayment of its obligations, to pledge, convey, assign, hypothecate, or otherwise encumber any property, real or personal, of the Issuer and to execute any trust agreement, indenture, or security agreement containing any provisions not in conflict with law.

(b) The Issuer has determined that the issuance of the Series 2007 Bonds, the acquisition, construction, and installation of the Project as contemplated herein and in the Plans and Specifications, and the lease of the Project to the Lessee pursuant to the Lease Agreement is a lawful and valid public purpose in that it will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry.

(c) The Issuer has the power to enter into this Contract and perform all obligations contained herein, and has, by proper action, been duly authorized to execute and deliver this Contract.

(d) The Issuer hereby warrants that it is not subject to any bylaw or contractual or other limitation or provision of any nature whatsoever that in any way limits, restricts, or prevents it from entering into this Contract and performing its obligations hereunder.

(e) The Issuer has found and determined and does hereby declare that the most feasible way to finance the cost of acquiring, constructing, and installing the Project and to achieve the public purposes referred to in this Contract is to issue the Series 2007 Bonds and to pledge to the Trustee for the benefit of the owners of the Bonds the payments that the County has agreed to make to the Issuer pursuant to the provisions of Section 5.1 of this Contract.

ARTICLE III

TERM OF CONTRACT; CONTRACT AS SECURITY FOR BONDS

Section 3.1. Term. The term of this Contract shall commence with the execution and delivery hereof and shall extend until 91 days after the principal of, premium, if any, and interest on the Bonds have been paid in full or due provision is made therefor as provided in the Indenture, but in no event shall the term hereof exceed fifty years from the date hereof. The obligations of the County set forth in Section 5.1(c) hereof shall survive the termination of this Contract, but in no event shall extend beyond fifty years from the date hereof.

Section 3.2. <u>This Contract as Security for the Bonds</u>. The parties hereto agree and intend that:

(a) This Contract shall constitute security for the benefit of the owners of the Bonds and the obligations of the County hereunder shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Issuer. The County agrees that it shall not (i) withhold, suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in Section 5.1 hereof, (ii) fail to observe any of its other agreements contained in this Contract, or (iii) terminate its obligations under this Contract for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, failure of the Issuer to complete the acquisition, construction, and installation of the Project, failure of the Issuer to occupy or to use the Project as contemplated in the Lease Agreement or otherwise, any change or delay in the time of availability of the Project, any acts or circumstances that may impair or preclude the use or possession of the Project, any defect in the title, design, operation, merchantability, fitness, or condition of the Project or in the suitability of the Project for the Issuer's purposes or needs, failure of consideration, any declaration or finding that any of the Bonds are unenforceable or invalid, the invalidity of any provision of this Contract, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or the use of all or any part of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of any governmental authority, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Contract. Nothing contained in this Section 3.2(a) shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained. In the event the Issuer should fail to perform any such agreement on its part, the County may institute such action against the Issuer as the County may deem necessary to compel performance so long as such action does not abrogate the County's obligations hereunder. The Issuer hereby agrees that it shall not take or omit to take any action that would cause this Contract to be terminated.

(b) The payments to be made hereunder by the County to the Issuer will be assigned and pledged by the Issuer to the Trustee for the benefit of the owners of the Bonds pursuant to the Indenture.

(c) Following the issuance of the Series 2007 Bonds, the payments to be made to the Issuer by the County under the provisions of Section 5.1 of this Contract shall be made directly to the Trustee for the account of the Issuer.

(d) This Contract may not be amended, changed, modified, altered, or terminated except as provided in the Indenture and in each instance only with the prior written consent of the Trustee.

(e) The Issuer may assign, grant a security interest in, or otherwise transfer its rights in this Contract to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to the Issuer herein or otherwise. As provided in the Lease Agreement, it is understood and agreed that the Issuer, contemporaneously

with the execution and delivery of this Contract, will assign its rights under and grant a security interest in its right, title, and interest in this Contract to the Trustee pursuant to the Indenture, and the County hereby consents to the assignment and grant of the security interest and hereby agrees that any notice given to the Issuer herein required shall in addition be given to the Trustee at the address provided for herein and that any consent of the Issuer shall not be deemed to have been given unless such consent is obtained in writing from the Trustee. Upon execution and delivery of the Indenture to the Trustee, all appointments, designations, representations, warranties, covenants, assurances, remedies, title, interest, privileges, permits, licenses, and rights of every kind whatsoever herein conferred upon the Issuer shall be deemed to be conferred also upon the Trustee, and any reference herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee and the Bondholders are deemed to be and are third party beneficiaries of the representations, covenants, and agreements of the County herein contained.

ARTICLE IV

ISSUER'S OBLIGATIONS HEREUNDER

Section 4.1. Acquisition, Construction, and Installation of the Project. The Issuer agrees to acquire title to the Premises, to construct the Building, and to install the Equipment substantially in the manner set forth in the Plans and Specifications. The Issuer will not permit the construction of the Building to be accomplished in any manner that is not in accordance with the Plans and Specifications.

Section 4.2. Issuance of Series 2007 Bonds; Use of Bond Proceeds and Other Funds. The Issuer agrees that simultaneously with the execution and delivery hereof it will issue the Series 2007 Bonds containing the terms, including principal amounts, interest rates, and maturities, set forth in the Indenture, for the purpose of financing the costs of acquiring, constructing, and installing the Project. The Issuer hereby covenants and agrees that it will deposit the proceeds derived from the sale of the Series 2007 Bonds in the Bond Fund, the Debt Service Reserve Fund, the Issuance Cost Fund, and the Project Fund, as provided in Article VII of the Indenture and will use the moneys deposited in the Project Fund to pay the costs of acquiring, constructing, and installing the Project. The Issuer will use all other funds received from the County or from other sources for the acquisition, construction, and installation of the Project for the intended purpose.

Section 4.3. The Project. The Issuer agrees that throughout the term of this Contract title to the Project shall be vested in and shall be the sole property of the Issuer, subject to the Lease Agreement (including any releases and Permitted Encumbrances allowed under the Lease Agreement) and subject to any additional Liens or leases that the Issuer, with the written consent of the County, subject to the terms of the Lease Agreement and the Indenture, may create during the term of this Contract. The Issuer agrees that simultaneously with the execution of this Contract it shall enter into the Lease Agreement with the Lessee, in substantially the form presented to the County, under the terms of which (1) the Issuer will agree to acquire, construct, and install the Project and lease the Project to the Lessee and (2) the Lessee will agree to lease the Project from the Issuer and to pay to the Issuer such rentals at such times and in such amounts as

will be required to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due. The Issuer agrees that, upon the payment by the County of any amounts payable pursuant to this Contract, it shall terminate the Lease Agreement as required by Section 10.02(b) of the Lease Agreement. Upon the termination of the Lease Agreement, the Issuer shall, as directed by the County, subject to the provisions of the Indenture, negotiate sales and leases of the Project and work with prospective purchasers and prospective tenants of the Project upon such terms and conditions as are directed by the County. The Issuer shall investigate and make financial analyses and recommendations to the County with respect to all proposals submitted by such prospective purchasers or tenants desiring to purchase or lease the Project. Upon the termination of the Lease Agreement, subject to the provisions of the Indenture, the Issuer agrees that the proceeds of any sale, lease, or other disposition of any of the Project shall be deposited or disposed of as directed by the County (including, if directed by the County, transferred to the County). The County agrees that neither the sale, lease, or other disposition of all or any portion of the Project or any interest therein shall affect its obligations under this Contract.

ARTICLE V

COUNTY'S OBLIGATIONS HEREUNDER

Section 5.1. County's Payment Obligations. In order to provide financial assistance to the Issuer for the purpose of developing trade, commerce, industry, and employment opportunities, the County agrees that:

(a) It will pay to the Issuer, by making such payments directly to the Trustee for the account of the Issuer for deposit in the Debt Service Reserve Fund, as provided in Section 3.2 hereof, within 90 days of the date on which the balance held in the Debt Service Reserve Fund is less than 50% of the Debt Service Reserve Requirement, if an Event of Default under the Lease Agreement has occurred and is continuing, an amount sufficient, when added to funds held at the time of such payment in the Debt Service Reserve Fund, to cause the balance held therein to equal the Debt Service Reserve Requirement.

(b) The provisions of paragraph (a) above to the contrary notwithstanding, if, for any reason, on the third business day preceding any Interest Payment Date and any redemption date with respect to the Bonds, there is not on deposit in the Bond Fund monies sufficient to pay the total principal, interest, and premium coming due on the Bonds on such Interest Payment Date or redemption date (whether by mandatory redemption, maturity, or otherwise), the County shall on such date pay to the Issuer, by making such payments directly to the Trustee for the account of the Issuer for deposit into the Bond Fund, an amount equal to the amount by which the total principal, interest, and premium coming due on the Bonds (whether by mandatory redemption, maturity, or otherwise) on the next Interest Payment Date or redemption date exceeds the amount in the Bond Fund (and not being held for the payment of Bonds not yet presented for payment or interest checks not cashed).

(c) In the event the Trustee has notice that any payment of principal of, premium, if any, or interest on a Bond that has been made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from such Bondholder pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court of competent jurisdiction, the County shall pay to the Issuer, by making payments directly to the Trustee for the account of the Issuer for deposit in the Bond Fund, an amount equal to such recovery if sufficient funds are not otherwise available to reimburse such Bondholder.

(d) It will also pay to the Issuer an amount equal to (i) any costs incurred by the Issuer in connection with the issuance of any series of Bonds to the extent such costs are not paid from proceeds of such Bonds, and (ii) the fees and expenses of the Trustee under the Indenture if the Issuer is unable to pay such fees and expenses from the rental payments derived from the Project.

Section 5.2. <u>Source of Funds for County's Payment Obligations; Limitations on Additional Contracts</u>. (a) The obligation of the County to make payments under this Contract shall constitute a general obligation of the County, payable out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds). The County covenants and agrees that it shall, to the extent necessary, levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, as now existent and as the same may hereafter be extended, at such rate or rates within the one (1) mill limit authorized pursuant to Section 48-5-220(20) of the Official Code of Georgia Annotated or within such greater millage as may hereafter be prescribed by applicable law, as may be necessary to produce in each year revenues that will be sufficient to fulfill the County's obligations under this Contract, from which revenues the County agrees to appropriate sums sufficient to pay in full when due all of the County's obligations under this Contract. The County hereby creates and grants a lien in favor of the Issuer on any and all revenues realized by the County from such tax, to make the payments that are required under this Contract, which lien is superior to any that can hereafter be created, except that this lien shall be on a parity basis with the lien created by Section 5.2(a) of the Prior Contract and this lien may be extended to cover any Additional Contracts, as permitted by Section 5.2(d) hereof. Nothing herein contained, however, shall be construed as limiting the right of the County to make the payments called for by this Contract out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds).

(b) The County's obligation to levy an annual ad valorem tax within the one (1) mill limit authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, or such greater millage hereafter authorized by law, for the purpose of providing funds to meet the County's payment obligations under this Contract shall not be junior and subordinate, but shall be superior or equal to the County's obligation to levy an annual ad valorem tax at such rate or rates within such one (1) mill limit or such greater millage as hereinafter prescribed by law pursuant to the provisions of the Prior Contract and any Additional Contract. It is expressly provided, however, that the County shall not be required to levy a tax in any year at a rate or rates exceeding in the aggregate the maximum one (1) mill now authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, or any greater millage hereafter prescribed by law, in order to meet its obligations under the Contracts.

(c) So long as any of the Bonds are Outstanding, the County shall not:

(1) enter into an Additional Contract that creates a lien on the revenues to be derived from the tax to be levied hereunder by the County to fulfill its obligations hereunder, which is superior to the lien created hereunder,

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

(3) enter into any Additional Contract that provides for payment to be made by the County from moneys derived from the levy of a tax within the maximum millage now or hereafter authorized by law if each annual payment of all amounts payable with respect to debt service or that are otherwise fixed in amount or currently budgeted in amount under all Contracts then in existence, together with each annual payment to be made under the proposed Additional Contract, in each future Bond Year, would exceed the amount then capable of being produced by a levy of a tax within the maximum millage now or hereafter authorized by law on the taxable value of property located within the territorial limits of the County subject to taxation for such purposes, as shown by the latest tax digest available immediately preceding the execution of any such Additional Contract.

(d) It is further expressly provided that so long as the Bonds are Outstanding, the County shall not hereafter enter into any Additional Contract for the purpose of debt service payments (including creation and maintenance of reserves therefor), unless the amount then capable of being produced by the levy of an ad valorem tax within the maximum millage then authorized under Section 48-5-220(20) of the Official Code of Georgia Annotated or any successor provision on all taxable property within the territorial limits of the County, as shown by the latest tax digest available immediately preceding the execution of such Additional Contract, is equal to at least one and twenty-five hundredths (1.25) times the maximum combined amount payable in any future Bond Year with respect to debt service under all existing Contracts and any such Additional Contract. Debt service for purposes of this paragraph (d) shall mean required payments of principal, including principal to be paid through mandatory redemption, interest, and amounts required to be paid for creation and maintenance of reasonable debt service reserves and to establish and maintain mandatory investment programs, less principal and interest received or to be received from investment of any of the foregoing amounts (except funds on hand or to be on hand in any debt service reserve) required to be applied to debt service in each Bond Year. The County shall furnish the Issuer, not less than five (5) nor more than sixty (60) days prior to the date of execution and delivery of any such Additional Contract, a report of an independent certified public accountant to the effect that, based upon an affidavit of the Tax Commissioner of Cherokee County as to the taxable value of property located within the territorial limits of the County, the requirements of this paragraph (d) have been met.

Section 5.3. Financial Statements. While any of the Bonds are Outstanding, the County shall provide the Trustee annually, upon their availability, its general purpose financial statements for each fiscal year, with comparative totals for the preceding fiscal year, which general purpose financial statements shall be accompanied by an audit report resulting from an

audit conducted by an independent certified public accountant or firm of independent certified public accountants.

Section 5.4. Continuing Disclosure. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Series 2007 Disclosure Certificate. Notwithstanding any other provision of this Contract, failure of the County to comply with the Series 2007 Disclosure Certificate shall not be considered an event of default or default under this Contract; however, any beneficial owner of the Series 2007 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Country to comply with its obligations under this Section 5.4.

ARTICLE VI

MISCELLANEOUS

Section 6.1. Governing Law. This Contract and the rights and obligations of the parties hereto (including third party beneficiaries) shall be governed, construed, and interpreted according to the laws of the State of Georgia.

Section 6.2. Entire Agreement. This Contract expresses the entire understanding and all agreements between the parties hereto.

Section 6.3. Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses, or sections contained in this Contract shall not affect the remaining portions of this Contract or any part thereof.

Section 6.4. Survival of Warranties. All agreements, representations, and warranties of the parties hereunder, or made in writing by or on behalf of them in connection with the transactions contemplated hereby, shall survive the execution and delivery hereof, regardless of any investigation or other action taken by any person relying thereon.

Section 6.5. Counterparts. This Contract may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

Section 6.6. Amendments in Writing. No waiver, amendment, release, or modification of this Contract shall be established by conduct, custom, or course of dealing, but solely by an instrument in writing only executed by the parties hereto in accordance with the Indenture.

Section 6.7. Notices. Except as otherwise specifically provided herein, any notices, demands, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed given when the writing is delivered in person or five days after being mailed, if mailed, by certified mail, return receipt requested, postage prepaid, to the County and the Issuer, respectively, at the addresses shown below or at such other addresses as may be furnished by the County or the Issuer in writing from time to time:

COUNTY:	Cherokee County, Georgia 90 North Street Suite 310 Canton, Georgia 30114 Attention: County Manager
ISSUER:	Resource Recovery Development Authority of Cherokee County 90 North Street Suite 310 Canton, Georgia 30114 Attention: Chairman
TRUSTEE:	The Bank of New York Trust Company, N.A. 100 Ashford Center North, Suite 520 Atlanta, Georgia 30338 Attention: Corporate Trust Department

Section 6.8. Limitation of Rights. Nothing in this Contract, express or implied, shall give to any person, other than the parties hereto and their successors and assigns hereunder, any benefit or any legal or equitable right, remedy, or claim under this Contract.

IN WITNESS WHEREOF, the County and the Issuer have caused this Contract to be executed in their respective corporate names and have caused their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the day and year first above written.

(SEAL)

Attest:

Sheila R. Corkin
Clerk, Board of Commissioners

CHEROKEE COUNTY, GEORGIA

By: _____
Chairman, Board of Commissioners

(SEAL)

Attest:

Sheila R. Corkin
Secretary

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

EXHIBIT A

DOCUMENTATION SATISFYING CONDITION OF SECTION 5.2(d)
OF PRIOR CONTRACT

[Attached]

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners of Cherokee County, Georgia
Canton, Georgia

We have performed the procedures enumerated below, which were agreed to by you, to the accounting records of Cherokee County, Georgia (the "County"), solely to assist you in evaluating certain information with respect to the issuance of the $18,145,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and 2007B (the "Series 2007 Bonds"). Management of Cherokee County is responsible for the information used in the procedures below. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board of Commissioners of Cherokee County, Georgia. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures are as follows:

1. We compared the 1.20 coverage requirement used in the calculation in procedure 2 below to Section 5.2(d) of the Intergovernmental Contract dated September 1, 1997 between the County and the Development Authority of Cherokee County (the "Contract") and found it to be in agreement.
2. We recomputed the 2007 Coverage Ratio, presented in the Schedule below, by dividing the Revenues Generated from the One Mill Tax by the Maximum Annual Debt Service for any succeeding year. The Revenues Generated from the One Mill Tax were defined by the Contract as being the taxable value, as of the latest digest year and for taxation for maintenance and operations, of property located within the territorial limits of the County multiplied by a tax millage rate of $1.00 per $1,000 of taxable assessed value. We compared the County's 2007 Maintenance and Operation Tax Digest to the affidavit signed by the County's Tax Commissioner, which is attached to this letter as Exhibit A. The Maximum Annual Debt Service was agreed to the Debt Service Requirement Schedule prepared by the County and included in the Official Statement dated September 18, 2007 regarding the issuance of the Series 2007 Bonds which included the debt service on the Industrial Park Bonds (the previous bonds issued on parity with the 2007 Bonds under the Contract) and the debt service of the proposed issuance of the Series 2007 Bonds. Our recomputation agreed that the 2007 Coverage Ratio was not less than 1.20. This Coverage Ratio calculation is illustrated in the following table:

Cherokee County's 2007 Maintenance and Operation Tax Digest	$	8,238,779,503
Applicable tax millage rate per $1,000 assessed value		1.00
Revenues Generated from the One Mill Tax	$	8,238,780
Maximum Annual Debt Service	$	2,547,968
2007 Coverage Ratio		3.23
Coverage Requirement, as defined by the Contract		1.20

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Coverage Ratio or the specified elements, accounts, or items referenced above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report on is intended solely for the information and use of the Board of Commissioners of Cherokee County, Georgia as it relates to the 2007 Coverage Ratio, and it is not intended to be and should not be used by anyone other than this specified party.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 5, 2007

EXHIBIT A

STATE OF GEORGIA

COUNTY OF CHEROKEE

AFFIDAVIT OF 2007 MAINTENANCE AND OPERATION TAX DIGEST

Personally appeared before the undersigned attesting officer, duly authorized to administer oaths in and for such State and County, David Fields, who on oath deposes and says that he is the Tax Commissioner of Cherokee County, Georgia, and as such is familiar with the assessed value of taxable property located within the territorial limits of Cherokee County, Georgia subject to taxation for maintenance and operation purposes, and that the assessed value of the property so subject to taxation in Cherokee County, Georgia amounts to not less than $8,238,779,503, as shown by the Tax Digest for the year 2007, which is the latest tax digest available.

Tax Commissioner of Cherokee County, Georgia

Sworn to and subscribed before
me this 4 day of October 2007.

Notary Public

My Commission Expires:
MY COMMISSION EXPIRES APRIL 17, 2010

(Date)

(NOTARIAL SEAL)

STATE OF GEORGIA)
)
COUNTY OF CHEROKEE)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
(a public corporation created
and existing under the laws of the State of Georgia)
as Lessor

and

BALL GROUND RECYCLING, LLC
(a limited liability company duly formed and existing
under the laws of the State of Georgia)
as Lessee

LEASE AGREEMENT

Dated as of September 1, 2007

THE RIGHTS AND INTEREST OF THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY IN THIS LEASE AGREEMENT AND THE REVENUES AND RECEIPTS DERIVED HEREFROM, EXCEPT FOR ITS UNASSIGNED RIGHTS, AS DEFINED HEREIN, HAVE BEEN ASSIGNED AND ARE THE SUBJECT OF A GRANT OF A SECURITY INTEREST TO THE BANK OF NEW YORK TRUST COMPANY, N.A., AS TRUSTEE, UNDER A TRUST INDENTURE AND SECURITY AGREEMENT, DATED THE DATE HEREOF.

This instrument prepared by:

Kilpatrick Stockton LLP
1100 Peachtree Street
Suite 2800
Atlanta, Georgia 30309

LEASE AGREEMENT

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(This Table of Contents is not a part of the Lease Agreement and is only for convenience of reference.)

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LEASE AGREEMENT

This **LEASE AGREEMENT,** dated as of September 1, 2007, by and between the Resource Recovery Development Authority of Cherokee County (the "Issuer"), a public corporation created and existing under the laws of the State of Georgia, and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under the laws of the State of Georgia.

W I T N E S S E T H:

IN CONSIDERATION OF the respective representations and agreements hereinafter contained, the parties hereto agree as follows, provided, that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not constitute a general obligation of the Issuer but shall be payable solely out of the revenues, receipts, and other payments derived from the Bond Documents and the sale of the Series 2007 Bonds referred to in Section 1.01 hereof, and the Bonds shall not constitute a general obligation of the Issuer nor constitute an indebtedness or general obligation of Cherokee County, Georgia or of the State of Georgia or any other agency or political subdivision of the State of Georgia or Cherokee County, Georgia, within the meaning of any constitutional or statutory provision whatsoever:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions. Certain words and terms used in this Lease Agreement are defined herein. When used herein, such words and terms shall have the meanings given to them by the language employed in this Article I defining such words and terms, unless the context clearly indicates otherwise. In addition to the words and terms defined elsewhere herein, the following words and terms are defined terms under this Lease Agreement:

"Act" means Chapter 63 of Title 36 of the Official Code of Georgia Annotated, entitled "Resource Recovery Development Authorities Law," as amended, and as the same may be from time to time additionally supplemented and amended.

"Additional Bonds" means the additional parity bonds authorized to be issued by the Issuer pursuant to the terms and conditions of Section 211 of the Indenture.

"Additions or **Alterations"** means modifications, repairs, renewals, improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to the Project, including any and all machinery, furnishings, and equipment therefor.

"Affiliate" means any Person directly or indirectly controlling, controlled by, or under common control with another Person or any Person controlling ten percent (10%) or more of the voting securities or equity or membership interest of such Person or any officer, director, or partner of such Person and if such Person is an officer, director, or partner, any entity for which such Person acts in any such capacity. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or an equity interest, by contract, or otherwise.

"Authorized Issuer Representative" means the person at the time designated to act on behalf of the Issuer by written certificate furnished to the Lessee and the Trustee, containing the specimen signature of such person and signed on behalf of the Issuer by the Chairman or Vice Chairman of the Governing Body. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Authorized Lessee Representative" means the person at the time designated to act on behalf of the Lessee by written certificate furnished to the Issuer and the Trustee, containing the specimen signature of such person and signed on behalf of the Lessee by the Manager of the Lessee. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Basic Rent" means the rent payable by the Lessee to the Issuer, described under the subheadings "Basic Rent related to Series 2007 Bonds" and "Basic Rent related to Additional Bonds" in Section 5.03 of this Lease Agreement.

"Bond Documents" means, collectively, this Lease Agreement, the Indenture, and the Contract.

"Bond Fund" means the fund created in Section 602 of the Indenture and referred to herein.

"Bondholders" means the Persons in whose names any of the Bonds are registered on the books kept and maintained by the Trustee as bond registrar.

"Bond Resolution" means the resolution or resolutions adopted by the Governing Body of the Issuer authorizing the issuance and sale of the Series 2007 Bonds and the provision of the security therefor.

"Bonds" means the Series 2007 Bonds and all series of Additional Bonds from time to time authenticated and delivered under the Indenture.

"Bond Year" means the twelve-month period beginning on July 2 of each calendar year and ending on July 1 of the next succeeding calendar year.

"Building" means those certain buildings and all other facilities and improvements constituting part of the Project, which are or will be located on the Premises.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" means the date of completion of the acquisition, construction, and installation of the Project, as that date shall be certified as provided in Section 4.07 hereof.

"Construction Contracts" means the contracts between the Issuer and the general contractor for the construction of the Building and the contracts between the Issuer and suppliers of materials and Equipment.

"Consulting Architect" means the architect or architectural firm or construction management firm at the time employed by the Lessee on behalf of the Issuer and designated to act on behalf of the Issuer by written certificate furnished to the Trustee, containing the signature of such person or the signature of a partner or officer of such firm, and signed on behalf of the Issuer by the Chairman or Vice Chairman of the Governing Body. The Consulting Architect shall be registered and qualified to practice under the laws of the State and shall not be a full-time employee of the Issuer or the Lessee.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated the date hereof, between the Lessee and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Contract" means the Intergovernmental Solid Waste Contract, dated the date hereof, between the Issuer and the County, as the same may be amended from time to time in accordance with the provisions thereof, under the terms of which the County agreed (1) to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent rental payments derived from the Project are

insufficient for such purposes, and (2) to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract.

"Costs of the Project" means those costs and expenses in connection with the acquisition, construction, and installation of the Project permitted by Section 4.03 hereof to be paid or reimbursed from Bond proceeds.

"County" means Cherokee County, Georgia, a political subdivision of the State of Georgia.

"Date of Taxability" means the earliest effective date as of which the interest payable on Tax-Exempt Bonds becomes includable in the gross income for federal income tax purposes of any Bondholder or former Bondholder as a result of the occurrence of a Determination of Taxability.

"Debt Service Reserve Credit Facility" means the letter of credit, insurance policy, or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of this Lease Agreement, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

"Debt Service Reserve Credit Facility Provider" means any provider of a Debt Service Reserve Credit Facility.

"Debt Service Reserve Fund" means the fund created in Section 607 of the Indenture and referred to herein.

"Debt Service Reserve Requirement" means, at any given time of determination, the sum of the following:

(a) with respect to the Series 2007 Bonds and the liability of the Lessee under this Lease Agreement, 50% of the maximum amount of principal and interest coming due thereon in the then current or any succeeding Bond Year; provided, however, that with respect to the Series 2007 Bonds, the amount of principal due in any Bond Year shall be determined by reference to the principal amount of such Series 2007 Bonds to be retired by mandatory redemption in such year; and

(b) with respect to any Additional Bonds and the liability of the Lessee under the supplemental lease agreement relating to such Additional Bonds, 50% of the maximum amount of principal and interest coming due thereon in the then current or any succeeding Bond Year; provided, however, that with respect to any Additional Bonds for which a sinking fund is subsequently established or for which mandatory redemption is required, the amount of principal coming due in any Bond Year shall be determined by reference to the amounts required to be deposited in such year in the sinking fund established therefor or the principal amount of such Additional Bonds to be retired by mandatory redemption in such

year and not by reference to the aggregate principal amount of such Bonds due on such dates.

"Determination of Taxability" means:

(a) the issuance of a statutory notice of deficiency by the Internal Revenue Service that holds in effect that an Event of Taxability has occurred,

(b) the delivery by the Lessee to the Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the Date of Taxability,

(c) the rendering of a final and unappealable decision, judgment, decree, or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or

(d) the delivery to the Trustee and the Lessee by Independent Counsel retained by the Trustee that is nationally recognized bond counsel of an unqualified opinion to the effect that an Event of Taxability has occurred.

Such a Determination of Taxability shall be deemed for all purposes of this Lease Agreement to have occurred on the date borne by such statutory notice of deficiency, such certificate, such judicial pronouncement, or such opinion. If the Lessee provides the Issuer with assurances reasonably satisfactory to the Issuer that the additional rental payments that the Lessee is obligated under this Lease Agreement to pay will be paid if the pursuit of the hereinafter described remedies is unsuccessful, the issuance of a statutory notice of deficiency by the Internal Revenue Service or the deposit with the Lessee of the legal opinion described in clause (d) above shall not constitute a Determination of Taxability if the Lessee, within thirty (30) days after it receives a copy of such statutory notice of deficiency, makes written application for a private letter ruling or technical advice from the Internal Revenue Service, or, within thirty (30) days after it receives a copy of such statutory notice of deficiency or such legal opinion described in clause (d) above, obtains an unqualified opinion of Independent Counsel that is nationally recognized bond counsel reasonably acceptable to the Trustee, which ruling or advice is sought on the grounds that, or which opinion states that, an Event of Taxability has not occurred as a result of the facts and circumstances recited in such statutory notice of deficiency or such legal opinion described in clause (d) above. The Lessee shall furnish the Trustee with a copy of such written application or opinion, and, if an application, the Lessee shall deliver to the Trustee a copy of such private letter ruling or technical advice from the Internal Revenue Service within one hundred thirty-five (135) days after the date borne by such statutory notice of deficiency, the failure of which shall constitute the occurrence of a Determination of Taxability on the date that is one hundred thirty five (135) days after the date borne by such statutory notice of deficiency.

The Issuer shall cooperate with the Lessee in such pursuit of its administrative or judicial remedies, and the Lessee may pursue in the name of the Issuer such administrative or judicial remedies as may then be available to the Issuer; provided, however, that in no event will any Bondholder or any former Bondholder be obligated under this Lease Agreement or the Indenture to extend or waive, directly or by operation of law, the statute of limitations on assessment of federal income tax concerning any issue other than the excludability from gross income of the interest on the Tax-Exempt Bonds with respect to which a Determination of Taxability has occurred.

"Environmental Laws" means all federal, state, and local laws, rules, regulations, ordinances, programs, permits, guidances, orders, and consent decrees relating to health, safety, and environmental matters, including, but not limited to, the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, the Toxic Substances Control Act, as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, state and federal superlien and environmental cleanup programs and laws, and U.S. Department of Transportation regulations.

"Equipment" means the equipment, machinery, furnishings, and other personal property described in Exhibit B attached hereto, which, by this reference thereto, is incorporated herein, and all replacements, substitutions, and additions thereto.

"Event of Default" means the events specified in Section 10.01 of this Lease Agreement.

"Event of Taxability" means any event that has the effect of causing the interest payable on any Tax-Exempt Bonds to become includable in the gross income for federal income tax purposes of any Bondholders or former Bondholders (other than a Bondholder who is a "substantial user" of the Project or a "related person," as such terms are used or defined in Section 147(a) of the Code). Notwithstanding the foregoing, Event of Taxability shall not include any adverse amendment or modification to the provisions of the Code that has the effect of causing the interest payable on any Tax-Exempt Bonds to become includable in the gross income of any Bondholders or former Bondholders.

"Extraordinary Services of the Trustee" and **"Extraordinary Expenses of the Trustee"** mean all services rendered and all expenses incurred by the Trustee under the Indenture, including reasonable counsel fees, other than Ordinary Services of the Trustee and Ordinary Expenses of the Trustee.

"Fair Market Value" means (i) with respect to real property, the market value for such property as established by an independent real estate appraiser who is a member of the American Institute of Real Estate Appraisers selected by the Lessee and reasonably acceptable to the Issuer and (ii) with respect to property other than real property, the current market value of such property as established by a broker, appraiser, or other expert selected by the Lessee and reasonably acceptable to the Issuer. Whenever the Fair Market Value of property is required to be established pursuant to this Lease Agreement, such valuation shall be made in writing and delivered to the Issuer.

"Fiscal Year" means any period of twelve consecutive months adopted by the Lessee as its fiscal year for financial reporting purposes and shall initially mean the period beginning on January 1 of each calendar year and ending on December 31 of the same calendar year.

"Governing Body" means the Board of Directors of the Issuer.

"Governmental Issuer" means the State, any other state of the United States, any agency or instrumentality of the State, and any county, municipal corporation, or political subdivision of the State.

"Government Obligations" means:

(a) direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) or obligations the payment of the principal of and interest on which when due are fully and unconditionally guaranteed by the United States of America;

(b) receipts or certificates that evidence an undivided ownership interest in the right to the payment of the principal of or interest on obligations described in clause (a) above, provided that such obligations are held in the custody of a bank or trust company acceptable to the Trustee, in a special account separate from the general assets of such custodian; and

(c) bonds, notes, or other obligations of any Governmental Issuer the timely payment of the principal of and interest on which is fully provided for (without reinvestment) by the deposit in trust or escrow of cash or non-callable obligations described in clauses (a) or (b) above.

"Indenture" means the Trust Indenture and Security Agreement, dated the date hereof, between the Issuer and the Trustee, as the same may be amended from time to time in accordance with the provisions thereof, providing the terms and provisions under which the Bonds will be issued and pursuant to which the Issuer's right, title, and interest in this Lease Agreement (except Unassigned Rights), the Contract, the revenues and receipts received by the Issuer from the Project, and certain funds established and held under the Indenture are assigned and pledged, and are the subject of a grant of a first priority security interest, to the Trustee, as security for the payment of principal of, premium, if any, and interest on the Bonds.

"Independent Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state of the United States and not in the full-time employment of the Issuer or the Lessee.

"Issuance Cost Fund" means the fund created in Section 606 of the Indenture and referred to in Section 4.05 hereof.

"Issuance Costs" means:

(a) The initial or acceptance fee of the Trustee, the fees and taxes for recording this Lease Agreement and the Indenture or a summary hereof and thereof, financing statements, and any title curative documents that either the Trustee or Independent Counsel may reasonably deem desirable to file for record in order to perfect or protect the

title of the Issuer to the Project or the lien or security interest created or granted by the Indenture, and the reasonable fees and expenses in connection with any actions or proceedings that either the Trustee or Independent Counsel may reasonably deem desirable to bring in order to perfect or protect the lien or security interest created or granted by the Indenture.

(b) The costs of legal fees and expenses, underwriter's spread, underwriting fees, financing costs, financial advisor's fees, accounting fees and expenses, consulting fees, the Trustee's fees, paying agent and certifying and authenticating agent fees, publication costs, title insurance premiums, and printing and engraving costs incurred in connection with the authorization, sale, issuance, and carrying of the Bonds, and the preparation of the Bond Documents and all other documents in connection therewith.

(c) Other costs in connection with the issuance of the Bonds permitted by the Act to be paid or reimbursed from Bond proceeds.

"Issuer" means the Resource Recovery Development Authority of Cherokee County, a public corporation created and existing under the laws of the State, and its successors and assigns.

"Issuer Documents" means, collectively, this Lease Agreement, the Indenture, and the Contract.

"Lease Agreement" means this Lease Agreement between the Issuer and the Lessee, as it may be supplemented and amended from time to time in accordance with the provisions hereof.

"Lease Term" means the duration of the leasehold estate created in this Lease Agreement as specified in Section 5.01 hereof.

"Lessee" means Ball Ground Recycling, LLC, a limited liability company duly formed and existing under the laws of the State of Georgia, and its successors and assigns.

"Lessee Documents" means this Lease Agreement.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute, or contract, and including, but not limited to, the security interest, security title, or lien arising from a security agreement, mortgage, deed of trust, deed to secure debt, encumbrance, pledge, conditional sale, or trust receipt or a lease, consignment, or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property. For the purpose of this Lease Agreement, the Issuer shall be deemed to be the owner of any Property that it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Net Proceeds," when used with respect to any insurance or condemnation award or with respect to any other recovery on a contractual claim or claim for damage to or for taking of or failure of title to property, means the gross proceeds from the insurance or condemnation award or recovery with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and any Extraordinary Expenses of the Trustee) incurred in the collection of such gross proceeds.

"Ordinary Services of the Trustee" and **"Ordinary Expenses of the Trustee"** mean those reasonable services rendered and those reasonable expenses incurred by the Trustee in the performance of its duties under the Indenture of the type ordinarily performed by corporate trustees under like indentures, including reasonable counsel fees.

"Outstanding Bonds" or **"Bonds Outstanding"** or **"Outstanding"** means all Bonds that have been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore cancelled or required to be cancelled by the Trustee,

(b) Bonds that are deemed to have been paid in accordance with the defeasance provisions of Article X of the Indenture, and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered under Section 205 of the Indenture.

If the Indenture shall be discharged pursuant to the defeasance provisions of Article X thereof, no Bonds shall be deemed to be Outstanding within the meaning of this provision.

"Permitted Encumbrances" means, as of any particular time:

(a) any judgment lien or notice of pending action against the Lessee so long as such judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit, or provision of law, affecting the Project; (ii) any liens on the Project for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers, or vendors for work or services performed or materials furnished in connection with the Project, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested in accordance with this Lease Agreement; (iii) utility, access, and other easements and rights of way, servitudes, restrictions, and other minor defects, encumbrances, encroachments, and irregularities in the title to the Project that do not materially impair the use of the Project for its intended purpose or materially and adversely affect the value of the Project; (iv) rights reserved to or vested in any municipality or public authority to control, use, or regulate the Project in any manner, which rights do not materially impair the use of the Project for its intended purpose or materially and adversely affect the value of the Project; (v) to the extent that they affect title to the Project, the Bond Documents; (vi) landlord's liens; and (vii) the easements and leases permitted by this Lease Agreement;

(c) any Lien described in Exhibit A to this Lease Agreement that is existing on the date of execution of this Lease Agreement, provided that no such Lien (or the amount of indebtedness secured thereby) may be increased, extended, renewed, or modified to apply to any portion of the Project not subject to such Lien on such date, unless such Lien as so extended, renewed, or modified otherwise qualifies as a Permitted Encumbrance;

(d) any Lien in favor of the Trustee securing all Bonds on a parity basis; and

(e) any Lien on the Lessee's leasehold estate in the Project that does not encumber the Issuer's fee simple title to the Project.

"Permitted Investments" means obligations in which the Issuer is permitted to invest moneys of the Issuer pursuant to applicable law, which have (or are collateralized by obligations which have) a Rating by any Rating Agency that is equal to or greater than the third highest long-term Rating of such Rating Agency, or which bears (or are collateralized by obligations which bear) the second highest short-term Rating of such Rating Agency, or which consist of negotiable or non-negotiable certificates of deposit issued by or interest-bearing time or demand deposits in banks, provided that any such deposits are (a) fully insured by the Federal Deposit Insurance Corporation or (b) fully secured by Government Obligations. Obligations in which the Issuer is permitted to invest proceeds of Bonds are described, as of the date of execution of this Lease Agreement, in Section 36-82-7 and Section 50-17-2 of the Official Code of Georgia Annotated.

"Person" means natural persons, firms, joint ventures, associations, trusts, partnerships, corporations, and public bodies.

"Plans and Specifications" means the detailed plans and specifications for the construction of the Building prepared by the Consulting Architect or by architects and engineers acceptable to the Consulting Architect, as amended from time to time by the Lessee, a copy of which is or will be on file with the Issuer and the Trustee.

"Premises" means the real estate described in Exhibit A attached hereto, which, by this reference thereto, is incorporated herein.

"Project" means the solid waste disposal and recycling facility to be acquired, constructed, and installed and to be located in Cherokee County, Georgia, and all related property, consisting of the Premises, the Building, and the Equipment.

"Project Fund" means the Project Fund created in Section 702 of the Indenture and referred to herein.

"Property" means any interest in any kind of property or asset, whether real, personal, or mixed, or tangible or intangible.

"Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

"Rating Agencies" or **"Rating Agency"** means Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successors thereto and any other nationally recognized credit rating agency. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

"Rebate Amount" means the rebatable arbitrage in connection with any Tax-Exempt Bonds, which is payable to the United States Treasury pursuant to Section 148(f) of the Code and any Regulations proposed or promulgated in connection therewith.

"Rebate Calculator" means any nationally recognized bond counsel, nationally recognized firm of certified public accountants, or other firm acceptable to the Trustee that is expert in making the calculations required by Section 148(f) of the Code, appointed by the Lessee pursuant to Section 4.14 hereof to make the calculations required by Section 148(f) of the Code and any Regulations proposed or promulgated in connection therewith.

"Regulations" means the Treasury Regulations promulgated under and pursuant to the Code.

"Series 2007 Bonds" means, collectively, the Series 2007A Bonds and the Series 2007B Bonds.

"Series 2007A Bonds" means the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A," to be dated the date of issuance and delivery thereof, in the aggregate principal amount of $13,205,000, to be issued pursuant to the Indenture.

"Series 2007B Bonds" means the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B," to be dated the date of issuance and delivery thereof, in the aggregate principal amount of $4,940,000, to be issued pursuant to the Indenture.

"Series 2007 Insurance Policy" means the financial guaranty insurance policy issued by the Series 2007 Insurer insuring the payment when due of the principal of and interest on the Series 2007 Bonds as provided therein.

"Series 2007 Insurer" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"State" means the State of Georgia.

"Tax-Exempt Bonds" means any Bonds the interest on which has been determined, in an unqualified opinion of Independent Counsel that is nationally recognized bond counsel, to be excludable from the gross income of the owners thereof for federal income tax purposes, unless a Determination of Taxability has occurred with respect to such Bonds.

"Trustee" means the trustee or the co-trustee at the time serving as such under the Indenture. The Bank of New York Trust Company, N.A., Atlanta, Georgia, is the initial Trustee.

"Trust Estate" means any and all property subject to the operation of the granting clauses of the Indenture.

"Unassigned Rights" means all of the rights of the Issuer pursuant to Sections 3.04, 3.05, 3.06, 4.01, 5.03(e), 8.05, 8.10, 9.01, and 10.04 hereof, and pursuant to Articles VI and VII hereof.

"Underwriter" means Citigroup Global Markets Inc., Atlanta, Georgia.

Section 1.02. Construction of Certain Terms. For all purposes of this Lease Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(1) The use of the masculine, feminine, or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine, or neuter gender, as appropriate.

(2) All references in this instrument to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this instrument. The words "herein," "hereof," and "hereunder" and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section, or other subdivision.

(3) The terms defined in this Article include the plural as well as the singular.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants, on and as of the date of this instrument.

Section 1.03. Table of Contents; Titles and Headings. The table of contents, the titles of the articles, and the headings of the sections of this Lease Agreement are solely for convenience of reference, are not a part of this Lease Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 1.04. Contents of Certificates or Opinions. Every certificate or opinion with respect to the compliance with a condition or covenant provided for in this Lease Agreement shall include: (i) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto, (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with, and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an officer of the Issuer or the Lessee may be based, insofar as it relates to legal or accounting matters, upon a certificate or an opinion of counsel or an accountant, which certificate or opinion has been given only after due inquiry of the relevant facts and circumstances, unless such officer knows that the certificate or opinion with respect to the matters upon which his certificate or opinion may be based is erroneous or in the exercise of reasonable care should have known that the same was erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based (insofar as it relates to factual matters with respect to information that is in the possession of an officer of the Issuer or the Lessee or any third party) upon the certificate or opinion of or representations by an officer of the Issuer or the Lessee or any third party on whom counsel or an accountant could reasonably rely unless such counsel or such accountant knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same were erroneous. The same officer of the Issuer or the Lessee, or the same counsel or accountant, as the case may be, need not certify to or render an opinion as to all of the matters required to be certified or covered by an opinion under any provision of this Lease Agreement, but different officers, counsel, or accountants may certify to or render an opinion as to different matters, respectively.

[End of Article I]

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

Section 2.01. Representations by the Issuer. The Issuer makes the following representations and findings as the basis for the undertakings on its part herein contained:

(a) Creation and Authority. The Issuer is a public corporation duly created and validly existing under the provisions of the Act. The Issuer has all requisite power and authority under the Act (1) to issue the Series 2007 Bonds to finance the costs of acquiring, constructing, and installing the Project and to finance related costs, (2) to acquire, construct, and install the Project and to lease the Project to the Lessee, and (3) to enter into, perform its obligations under, and exercise its rights under the Issuer Documents. The Act authorizes the Issuer to borrow money and issue its revenue bonds and to use the proceeds thereof for the purpose of paying all or part of the cost of any "project," which includes any property, real or personal, used as or in connection with a facility for the extraction, collection, storage, treatment, processing, utilization, or final disposal of resources contained in solid waste, including the conversion of solid waste or resources contained therein into steam, electricity, oil, charcoal, gas, or any other product or energy source and the collection, storage, treatment, utilization, processing, or final disposal of solid waste in connection with the foregoing, including the cost of extending, adding to, or improving such project, to otherwise carry out its purposes, and to pay all other costs of the Issuer incident to or necessary and appropriate to such purposes, including the providing of funds to be paid into any fund or funds to secure such bonds. The Act authorizes the Issuer to acquire, construct, improve, or modify, to place into operation, and to operate or cause to be placed into operation and operated, a project and to rent or lease the same to others or make contracts with respect to the use thereof or sell, lease, or otherwise dispose of or grant options for any such property in any manner which the Issuer deems to the best advantage of itself and its purposes. The Act also authorizes the Issuer (1) to make contracts and leases and to execute all instruments necessary or convenient, including contracts for construction of projects and leases of projects or contracts with respect to the use of projects which it causes to be acquired or constructed and without limiting the generality of the above, to enter into contracts or other undertakings relative to the furnishing of project activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years, and (2) as security for repayment of its obligations, to pledge, convey, assign, hypothecate, or otherwise encumber any property, real or personal, of the Issuer and to execute any trust agreement, indenture, or security agreement containing any provisions not in conflict with law. The Issuer has found that the Project constitutes a "project" within the meaning of that term as defined in the Act, has found that the Project will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry, and appears to be in the best interest of the Issuer, and has found that the Project is for the lawful and valid public purposes set forth in the Act.

(b) Pending Litigation. There are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the Issuer, after making due inquiry with respect thereto, threatened against or affecting the Issuer in any court or by or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the ability of the Issuer to perform its obligations under the Issuer Documents or the transactions contemplated by the Issuer Documents or which, in any way, would adversely affect the validity or enforceability of the Series 2007 Bonds, the Issuer Documents, or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Issuer aware of any facts or circumstances presently existing that would form the basis for any such actions, suits, or proceedings. The Issuer is not in default with respect to any judgment, order, writ, injunction, decree, demand, rule, or regulation of any court, governmental authority, or arbitration board or tribunal, which would have a material adverse effect on the transactions contemplated by the Issuer Documents.

(c) Issue, Sale, and Other Transactions Are Legal and Authorized. The issue and sale of the Series 2007 Bonds, the execution and delivery by the Issuer of the Issuer Documents, the consummation of the transactions herein and therein contemplated, and the fulfillment of or compliance by the Issuer with all of the provisions of each thereof and of the Series 2007 Bonds (i) are within the purposes, powers, and authority of the Issuer, (ii) have been done in full compliance with the provisions of the Act and have been approved by the Governing Body and are legal and will not conflict with or constitute on the part of the Issuer a violation of or a breach of or a default under, or result in the creation or imposition of any lien, charge, restriction, or encumbrance (other than Permitted Encumbrances) upon any property of the Issuer under the provisions of, any charter instrument, bylaw, indenture, mortgage, security deed, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the Issuer is a party or by which the Issuer or its properties are otherwise subject or bound, or any license, judgment, decree, law, statute, order, writ, injunction, demand, rule, or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties, and (iii) have been duly authorized by all necessary corporate action on the part of the Issuer. The Issuer Documents are the valid, legal, binding, and enforceable obligations of the Issuer.

(d) Governmental Consents. Neither the nature of the Issuer nor any of its activities or properties, nor any relationship between the Issuer and any other Person, nor any circumstance in connection with the execution, delivery, and performance by the Issuer of its obligations under the Issuer Documents or the offer, issue, sale, or delivery of the Series 2007 Bonds is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Issuer in connection with the execution, delivery, and performance of the Issuer Documents, the consummation of any transaction therein contemplated, or the offer, issue, sale, or delivery of the Series 2007 Bonds, except as shall have been obtained or made and as are in full force and effect. To the knowledge of the Issuer, after making due inquiry with respect thereto, the Issuer will be able to obtain all such additional consents, approvals, permissions, orders, licenses, or

authorizations of governmental authorities as may be required on or prior to the date the Issuer is legally required to obtain the same.

(e) No Defaults. To the knowledge of the Issuer, after making due inquiry with respect thereto, no event has occurred and no condition exists that would constitute an Event of Default or that, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the Issuer, after making due inquiry with respect thereto, the Issuer is not in default or violation in any material respect under the Act or under any charter instrument, bylaw, or other agreement or instrument to which it is a party or by which it may be bound.

(f) No Prior Pledge. Neither the Issuer Documents or the Project nor any of the payments or amounts to be received by the Issuer under the Issuer Documents or with respect to the Project have been or will be pledged or hypothecated in any manner or for any purpose or have been or will be the subject of a grant of a security interest by the Issuer other than as provided in the Indenture as security for the payment of the Bonds.

(g) Disclosure. The representations of the Issuer contained in the Issuer Documents and any certificate, document, written statement, or other instrument furnished to the Trustee or the Underwriter by or on behalf of the Issuer in connection with the transactions contemplated hereby do not contain any untrue statement of a material fact relating to the Issuer and do not omit to state a material fact relating to the Issuer necessary in order to make the statements contained herein and therein relating to the Issuer not misleading. Nothing has come to the attention of the Issuer that would materially and adversely affect or in the future may (so far as the Issuer can now reasonably foresee) materially and adversely affect the acquisition, construction, or ownership of the Project, the ability of the Issuer to perform its obligations under the Issuer Documents or any of the documents or transactions contemplated hereby or thereby, or any other transactions contemplated by the Bond Documents that have not been set forth in the Official Statement relating to the Series 2007 Bonds or in the other certificates, documents, and instruments furnished to the Underwriter by or on behalf of the Issuer prior to the date of delivery of such Official Statement in connection with the transactions contemplated hereby.

(h) Compliance with Conditions Precedent to the Issuance of the Series 2007 Bonds. All acts, conditions, and things required to exist, happen, and be performed precedent to and in the execution and delivery by the Issuer of the Series 2007 Bonds do exist, have happened, and have been performed in due time, form, and manner as required by law; the issuance of the Series 2007 Bonds, together with all other obligations of the Issuer, do not exceed or violate any constitutional or statutory limitation, and the revenues, funds, property, and amounts pledged to the payment of the principal of, premium, if any, and interest on the Series 2007 Bonds, as the same become due, have been calculated to be sufficient in amount for that purpose.

Section 2.02. Representations by the Lessee. The Lessee makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Formation and Power. The Lessee is a limited liability company duly formed, validly existing, and in good standing under and by virtue of the laws of the State of Georgia, without limit as to the duration of its existence, and is duly qualified to do business as a foreign limited liability company in good standing in all jurisdictions in which such qualification is required and has all requisite power and authority and all necessary licenses and permits to own and operate its properties and to carry on its operations as they are now being conducted and as they are presently proposed to be conducted.

(b) Pending Litigation and Taxes. There are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the Lessee, after making due inquiry with respect thereto, threatened against or affecting the Lessee in any court or by or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the properties, business, prospects, profits, operations, or condition (financial or otherwise) of the Lessee, or the ability of the Lessee to perform its obligations under the Lessee Documents, or the transactions contemplated by the Lessee Documents or which, in any way, would adversely affect the validity or enforceability of the Lessee Documents or any agreement or instrument to which the Lessee is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Lessee aware of any facts or circumstances presently existing that would form the basis for any such actions, suits, or proceedings. The Lessee is not in default with respect to any judgment, order, writ, injunction, decree, demand, rule, or regulation of any court, governmental authority, or arbitration board or tribunal, which would have a material adverse effect on the transactions contemplated by the Lessee Documents. All tax returns (federal, state, and local) required to be filed by or on behalf of the Lessee have been duly filed, and all taxes, assessments, and other governmental charges shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Lessee in good faith, have been paid or adequate reserves have been made for the payment thereof.

(c) Agreements Are Legal and Authorized. The execution and delivery by the Lessee of the Lessee Documents, the consummation of the transactions herein and therein contemplated, and the fulfillment of or the compliance with all of the provisions hereof and thereof (i) are within the power, legal right, and authority of the Lessee, (ii) are legal and will not conflict with or constitute on the part of the Lessee a violation of or a breach of or a default under, or result in the creation or imposition of any lien, charge, restriction, or encumbrance (other than Permitted Encumbrances) upon any property of the Lessee under the provisions of, its articles of organization or operating agreement or any indenture, mortgage, security deed, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the Lessee is a party or by which the Lessee or its properties are otherwise subject or bound, or any license, law, statute, rule, regulation, judgment, order, writ, injunction, decree, or demand of any court or governmental agency or body having jurisdiction over the Lessee or any of its activities or properties, and (iii) have been duly authorized by all necessary and appropriate company action on the part of the Lessee. The Lessee Documents are the valid, legal, binding, and enforceable obligations of the Lessee.

(d) Governmental Consents. Neither the Lessee nor any of its activities or properties, nor any relationship between the Lessee and any other Person, nor any circumstances in connection with the execution, delivery, and performance by the Lessee of its obligations under the Lessee Documents or the offer, issue, sale, or delivery by the Issuer of the Series 2007 Bonds, is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Lessee in connection with the execution, delivery, and performance of the Lessee Documents, the consummation of any transaction therein contemplated, or the offer, issue, sale, or delivery of the Series 2007 Bonds, except as shall have been obtained or made and as are in full force and effect. To the knowledge of the Lessee, after making due inquiry with respect thereto, the Lessee will be able to obtain all such additional consents, approvals, permissions, orders, licenses, or authorizations of governmental authorities as may be required on or prior to the date the Lessee is legally required to obtain the same.

(e) No Defaults. To the knowledge of the Lessee, after making due inquiry with respect thereto, no event has occurred and no condition exists that would constitute an Event of Default or that, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the Lessee, after making due inquiry with respect thereto, the Lessee is not in default or violation in any material respect under any operating agreement or other agreement or instrument to which it is a party or by which it may be bound.

(f) Compliance with Law. To the knowledge of the Lessee, after making due inquiry with respect thereto, the Lessee is not in violation of any laws, ordinances, or governmental rules or regulations (including, without limitation, all Environmental Laws) to which it or its properties are subject and has not failed to obtain any licenses, permits, franchises, or other governmental authorizations (which are presently obtainable) necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain might materially and adversely affect the properties, business, prospects, profits, and condition (financial or otherwise) of the Lessee, and there have been no citations, notices, or orders of noncompliance issued to the Lessee under any such law, ordinance, rule, or regulation.

(g) Restrictions on the Lessee. The Lessee is not a party to or bound by any contract, instrument, or agreement, or subject to any other restriction, that materially and adversely affects its business, properties, assets, operations, or condition (financial or otherwise). The Lessee is not a party to any contract or agreement that restricts the right or ability of the Lessee to incur indebtedness for borrowed money or to enter into long-term leases.

(h) Disclosure. The representations of the Lessee contained in the Lessee Documents and any certificate, document, written statement, or other instrument furnished by or on behalf of the Lessee to the Issuer or the Underwriter in connection with the transactions contemplated hereby, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein or therein not misleading. To the best of the Lessee's knowledge, there

is no fact that the Lessee has not disclosed to the Issuer and to the Underwriter in writing that materially and adversely affects or in the future may (so far as the Lessee can now reasonably foresee) materially and adversely affect the lease or operation of the Project or the properties, business, operations, prospects, profits, or condition (financial or otherwise) of the Lessee, or the ability of the Lessee to perform its obligations under the Lessee Documents or any of the documents or transactions contemplated hereby or thereby or any other transactions contemplated by the Bond Documents that has not been set forth in the Official Statement relating to the Series 2007 Bonds or in the other certificates, documents, and instruments furnished to the Underwriter by or on behalf of the Lessee prior to the date of delivery of such Official Statement in connection with the transactions contemplated hereby.`

(i) Undertakings Required by the Act. The issuance of the Series 2007 Bonds by the Issuer and the acquisition, construction, and installation of the Project for lease to the Lessee has induced the Lessee to lease the Project from the Issuer to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, all to the public benefit and good. The Lessee warrants that throughout the Lease Term the Project will be used as or in connection with a facility for the extraction, collection, storage, treatment, processing, utilization, or final disposal of resources contained in solid waste, including the conversion of solid waste or resources contained therein into steam, electricity, oil, charcoal, gas, or any other product or energy source and the collection, storage, treatment, utilization, processing, or final disposal of solid waste in connection with the foregoing.

(j) Statutory Liens. There are no mechanics' or materialmen's liens or other statutory liens on the Project, and no excavation or work of any character, kind, or description has been or will be commenced nor any material of any description for any construction in connection with the Project delivered on or near the Premises prior to the execution of this Lease Agreement, except as the Issuer shall be advised in writing, and in the event the Issuer is so advised in writing of any work or deliveries, the Lessee will provide the Issuer with waivers of all liens with respect to such work or deliveries in such form as may be satisfactory to the Issuer.

(k) Compliance. The Project complies or will comply with all presently applicable building and zoning, health, environmental, and safety ordinances and laws (including, without limitation, Environmental Laws) and all other applicable laws, rules, and regulations of any and all governmental and quasi-governmental authorities having jurisdiction over any portion of the Project.

(l) Utilities. All utility services and facilities necessary for the operation of the Project for its intended purposes are available at the Premises.

(m) Condemnation. No condemnation or eminent domain proceeding has been commenced and is currently pending or, to the knowledge of the Lessee, threatened against the Project.

(n) Lessee's Tax Certificate. The representations and warranties of the Lessee set forth in the Lessee's Tax Certificate, dated as of the date of issuance and delivery of the Series 2007 Bonds, are hereby incorporated herein and made a part hereof by this reference thereto, as if fully set forth herein, and are true and correct as of the date hereof.

[End of Article II]

ARTICLE III

DEMISING CLAUSE; SECURITY; TITLE

Section 3.01. Demise of the Project. The Issuer demises and leases to the Lessee, and the Lessee leases from the Issuer, the Project at the rental set forth in Section 5.03 hereof and for the Lease Term and in accordance with the provisions of this Lease Agreement, subject to Permitted Encumbrances.

Section 3.02. [Reserved].

Section 3.03. Security for Payments Under the Bonds; Perfection. Contemporaneously with the issuance of the Series 2007 Bonds, as security for the payment of the Bonds, the Issuer shall execute and deliver the Indenture and the Contract. Contemporaneously with the issuance of the Series 2007 Bonds, as security for the payment of the Bonds, the Issuer shall also cause the County to execute and deliver the Contract. The Lessee hereby assents to the assignment and grant of a first priority security interest made in the Indenture and hereby agrees that its obligations to make all payments under this Lease Agreement shall be absolute and shall not be subject to any defense, except payment, or to any right of setoff, counterclaim, or recoupment arising out of any breach by the Issuer of any obligation to the Lessee, whether hereunder or otherwise, or arising out of any indebtedness or liability at any time owing to the Lessee by the Issuer. The Lessee further agrees that all payments required to be made under this Lease Agreement, except for those arising out of Unassigned Rights, shall be paid directly to the Trustee for the account of the Issuer. The Trustee shall have all rights and remedies herein accorded to the Issuer (except for Unassigned Rights), and any reference herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee and the Bondholders are deemed to be and are third party beneficiaries of the representations, covenants, and agreements of the Lessee herein contained.

Upon reasonable and timely written notice from the Trustee or the Issuer as to the required form, substance, timing, and place for filing, refiling, recording, or re-recording, or for taking possession of any collateral, the Lessee shall file, refile, record, or re-record all financing statements, continuation statements, documents, and notices or deliver possession of any instrument or cash necessary to perfect and maintain any lien or security interest created by the Indenture for the benefit of the Trustee as a first and preferred pledge, lien, encumbrance, and security interest in and to the payments and amounts to be received and held under this Lease Agreement and the Contract. The Issuer agrees that it will cooperate fully and will take any action required to assist the Lessee in meeting the provisions of this Section 3.03.

Section 3.04. Warranty of Title. The Lessee warrants that (a) the Issuer has acquired good and marketable fee simple title to the Premises, (b) the Issuer is or will be the legal and equitable owner of the Building and has or will have good and merchantable title to the Equipment, and (c) the Project is and will be free of all adverse claims and Liens, other than Permitted Encumbrances.

Section 3.05. Title Insurance. The Lessee shall, prior to or simultaneously with the issuance of the Series 2007 Bonds, furnish title insurance in the form of an ALTA owner's title binder or policy issued by a title insurance company acceptable to the Issuer in the face amount of at least $10,766,385 and shall furnish a copy of such binder or policy to the Issuer. The Lessee shall furnish within the time limit specified in any binder an original of an owner's title policy issued by such title insurance company. The owner's title policy shall insure that the Issuer has good and marketable fee simple title to the real property described in Exhibit "A" to this Lease Agreement subject only to Permitted Encumbrances. Such policy shall not contain the standard exceptions for discrepancies, encroachments, overlaps, conflicts in boundary lines, shortages in area, or other matters that would be disclosed by an accurate survey and inspection of the Premises, for mechanics' and materialmen's liens, or for rights or claims of parties in possession and easements or claims of easements not shown by the public records. Any Net Proceeds payable either to the Issuer or the Lessee under such policy shall be paid to the Trustee and held by the Trustee in the Net Proceeds Account of the Project Fund and applied as provided in Section 7.02 hereof. Any proceeds of title insurance remaining after all rent is paid under this Lease Agreement shall be paid to the Lessee.

Section 3.06. Lessee's Covenants Regarding Title. The Lessee agrees to protect, preserve, and defend the Issuer's interest in the Project and its title thereto, to appear and defend such interest and title in any action or proceeding affecting or purporting to affect the Project, and to pay on demand all costs and expenses incurred by the Issuer in or in connection with any such action or proceeding, including reasonable attorneys' fees, as described in Section 10.04 of this Lease Agreement, whether any such action or proceeding progresses to judgment and whether brought by or against the Issuer. The Issuer shall be reimbursed for any such costs and expenses in accordance with the provisions of Section 6.06 hereof. If the Lessee does not take the action contemplated herein, the Issuer may, but shall not be under any obligation to, appear or intervene in any such action or proceeding and retain counsel therein and defend the same or otherwise take such action therein as it may be advised and may settle or compromise the same and, in that behalf and for any of such purposes, may expend and advance such sums of money as it may deem necessary, and such sums shall be an advance payable in accordance with Section 6.06 of this Lease Agreement.

[End of Article III]

ARTICLE IV

ACQUISITION, CONSTRUCTION, AND INSTALLATION OF THE PROJECT; ISSUANCE OF THE SERIES 2007 BONDS; FUNDS

Section 4.01. Agreement to Acquire, Construct, and Install the Project. Simultaneously with the execution of this Lease Agreement, the Issuer will acquire the Premises. Promptly following the issuance and sale of the Series 2007 Bonds, the Issuer will acquire and construct the Building and acquire and install therein the Equipment. The Issuer hereby authorizes the Lessee to, on its behalf, acquire, construct, and install the Project. The Lessee agrees (i) that it will exercise the foregoing authorizations given to it by the Issuer, (ii) that it will cause the Equipment to be acquired in the name of the Issuer, and (iii) that the Project has been and will be acquired and constructed without material deviation from the Plans and Specifications. The Issuer will enter into, or accept the assignment of, such contracts as the Lessee may request in order to effectuate the purposes of this Section, but it will not execute any other contract or give any order for such construction or such purchase of material, supplies, furnishings, or equipment unless and until the Lessee shall have approved the same in writing. The Issuer shall not be required to enter into any contract providing for the payment of money unless its liability under such contract is limited to amounts on deposit in the Project Fund or payments received from the Lessee.

The Lessee further agrees that it will, at all times during the construction of the Building, maintain or cause the general contractor to maintain in full force and effect Builder's Risk - Completed Value Form insurance insuring the Building against fire, lightning, and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Building. Such policy or policies of insurance shall name the Lessee and the Issuer as insureds, as their respective interests may appear, and all Net Proceeds received under such policy or policies by the Lessee or the Issuer shall be paid over to the Trustee and deposited into the Net Proceeds Account of the Project Fund to be applied to the restoration or completion of the Project in accordance with the provisions of Section 7.01 hereof. In addition, the Lessee shall cause the general contractor at all times during the construction of the Building to maintain general liability insurance in an amount not less than that required to be maintained by the Lessee under Section 6.03 hereof, and the Lessee shall cause the general contractor to maintain worker's compensation insurance as required by law. Such insurance policy or policies shall contain a provision that such insurance may not be cancelled by the issuer thereof without at least thirty (30) days' advance written notice to the Issuer. All such policies or copies thereof or certificates that such insurance is in full force and effect shall be delivered to the Issuer at or prior to the commencement of construction.

The Lessee further agrees that the Construction Contracts shall require the general contractor thereunder, at or prior to the commencement of construction, to deliver to the Issuer separate performance and labor and material payment bonds in the full amount of the Construction Contracts, made by the contractor thereunder as the principal and a surety company or companies reasonably acceptable to the Issuer as surety, and such bonds shall be in such form as is reasonably acceptable to the Issuer. Such bonds shall name the Lessee and the Issuer as obligees, and all Net Proceeds received under such bonds shall be paid over to the Trustee and

deposited into the Net Proceeds Account of the Project Fund. Any amounts recovered by way of penalties or damages, whether liquidated or actual, for delays in completion by a contractor shall be deposited in the General Account of the Bond Fund.

The Lessee covenants to cause the Building to be constructed without material deviation from the Plans and Specifications and the Construction Contracts and warrants that the construction of the Building in accordance with the Plans and Specifications will, when supplemented by the Equipment, result in a facility suitable for use by the Lessee as a recycling facility and that all real and personal property provided for therein is necessary or appropriate in connection with the Project. The Lessee may make changes in or additions to the Plans and Specifications; provided, however, changes in or additions to the Plans and Specifications that are material shall be subject to the prior written approval of the Consulting Architect and the Issuer.

The Lessee shall not permit any mechanics' or materialmen's or other liens to be perfected or remain against the Project for labor or materials furnished in connection with the construction of the Project, provided that it shall not constitute an Event of Default hereunder if such a lien is filed if the Lessee notifies the Issuer of the existence of such lien and if the Lessee in good faith promptly contests such lien in accordance with the provisions of Section 6.08 of this Lease Agreement. The Lessee agrees, on behalf of the Issuer, to complete the acquisition, construction, and installation of the Project as promptly as practicable and with all reasonable dispatch after the date of issuance of the Series 2007 Bonds.

Section 4.02. Agreement to Issue the Series 2007 Bonds; Application of Proceeds. In order to provide funds for payment of the Costs of the Project and related costs, the Issuer agrees that it will sell and cause to be delivered to the Underwriter the Series 2007 Bonds in the aggregate principal amount of $18,145,000 and will thereupon (i) deposit in the General Account of the Bond Fund from the proceeds of the sale of the Series 2007 Bonds the amount specified in Section 701 of the Indenture, which shall constitute a credit on the payment of Basic Rent related to the Series 2007 Bonds as specified in Section 5.03 hereof, (ii) deposit in the Issuance Cost Fund from the proceeds of the sale of the Series 2007 Bonds the amount specified in Section 701 of the Indenture, (iii) deposit in the Debt Service Reserve Fund from the proceeds of the sale of the Series 2007 Bonds the amount specified in Section 701 of the Indenture, (iv) deposit in the Series 2007A Account of the Project Fund the remaining proceeds of the sale of the Series 2007A Bonds, and (v) deposit in the Series 2007B Account of the Project Fund the remaining proceeds of the sale of the Series 2007B Bonds.

Section 4.03. Application of Moneys in the Project Fund. The Issuer shall in the Indenture authorize and direct the Trustee to use the moneys in the Project Fund for the following purposes (but for no other purposes):

(a) payment of (i) the cost of the preparation of Plans and Specifications (including any preliminary study or planning of the Project or any aspect thereof), (ii) the cost of acquisition, construction, and installation of the Project and all construction, acquisition, and installation expenses required to provide utility services or other facilities and all real or personal properties deemed necessary in connection with the Project (including development, architectural,

engineering, and supervisory services with respect to any of the foregoing), and (iii) any other costs and expenses relating to the Project;

(b) payment of the purchase price of the Premises, the Building, and the Equipment, including all costs incident thereto, payment for labor, services, materials, and supplies used or furnished in site improvement and in the construction of the Project, including all costs incident thereto, payment for the cost of the construction, acquisition, and installation of utility services or other facilities, payment for all real and personal property deemed necessary in connection with the Project, payment of consulting and development fees payable to the Lessee or others, and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond;

(c) payment to the Issuer, as such payments become due, of the reasonable fees and expenses of inspecting the construction of the Project, or reimbursement thereof if paid by the Lessee;

(d) to such extent as they shall not be paid by a contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained until the Completion Date under this Lease Agreement, or reimbursement thereof if paid by the Lessee;

(e) payment of the taxes, assessments, and other charges, if any, referred to in Section 6.03 hereof that may become payable until the Completion Date, or reimbursement thereof if paid by the Lessee;

(f) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor or their surety in respect of any default under a contract relating to the Project;

(g) payment with respect to the Project, of the fees or out-of-pocket expenses of the Lessee, if any, including, but not limited to, architectural, engineering, and supervisory services with respect to the Project;

(h) payment of the fees, or out-of-pocket expenses, if any, of those providing services with respect to the Project, including, but not limited to, architectural, engineering, legal, accounting, and supervisory services;

(i) payment of interest on the Bonds that may become payable until the Completion Date;

(j) payment to the Lessee or the Issuer of such amounts, if any, as shall be necessary to reimburse the Lessee or the Issuer in full for all advances and payments made by either of them for any of the items set forth in clauses (a) through (i) above;

(k) payment of any other costs and expenses relating to the Project that would constitute a "cost of project" permitted to be paid by the Issuer under the Act; and

(l) all proceeds of the Bonds remaining in the Project Fund on the Completion Date (hereinafter referred to as "Surplus Money"), less amounts retained or set aside to meet costs not then due and payable or which are being contested, shall be used to redeem Bonds; if Bonds are not then redeemable or are redeemable only at a call premium or penalty or are redeemable only in an amount in excess of the Surplus Money, such Surplus Money shall be placed in the Redemption Account of the Bond Fund by the Trustee and used for the redemption of Bonds on the earliest possible redemption date on which there is no call premium or penalty and, until such redemption date and until such time as the Bonds are redeemable in an amount in excess of the Surplus Money, used to pay principal on serial Bonds, if any; the portion of the annual principal payment due on serial Bonds that may be paid from the Surplus Money is an amount which bears the same ratio to the annual principal amount due that the total Surplus Money bears to the face amount of the Bonds Outstanding; the amount so placed in the Redemption Account of the Bond Fund may be invested as permitted by Section 4.12 hereof to produce a yield that is not greater than the yield on the Bonds to which such moneys relate.

Section 4.04. <u>Disbursements from the Project Fund.</u>

(a) Subject to compliance by the Lessee with all of the terms, provisions, and conditions of this Lease Agreement, including, but not limited to, the applicable conditions for disbursements set forth in this Section 4.04, the Issuer shall pursuant to the Indenture cause the Trustee to disburse sums in the Project Fund to the Lessee or to the appropriate payee for "non-construction costs and fees," as hereinafter defined, in one or more disbursements in accordance with the following procedures:

(i) At the time of issuance of a series of Bonds, and with respect to requests subsequent to the initial request for a disbursement at the time of issuance of a series of Bonds, not less than five (5) banking days before the date on which the Lessee desires a disbursement, but not more frequently than monthly and in an amount not less than $10,000, the Lessee shall submit to the Trustee a disbursement request in the form attached hereto as Exhibit C, accompanied by an itemization of non-construction costs and fees in such detail as the Issuer shall require, and the accuracy of such cost and fee itemization shall be certified by the Lessee. The disbursement request must be signed by the Authorized Lessee Representative and the Authorized Issuer Representative.

(ii) For purposes of this Section 4.04, the term "non-construction costs and fees" shall include all costs and fees properly incurred and payable prior to and until the Completion Date in connection with the issuance and sale of a series of Bonds, the acquisition, construction, and installation of the Project, and the performance of all transactions contemplated by the Bond Documents other than the costs and fees that are properly payable to the appropriate contractors pursuant to the Construction Contracts.

(iii) A disbursement request for non-construction costs and fees submitted in accordance with the foregoing procedure need not comply with and shall not be subject to the requirements of paragraphs (b), (d), or (e) of this Section 4.04.

(b) Subject to compliance by the Lessee with all of the terms, provisions, and conditions of this Lease Agreement, including, but not limited to, the conditions for disbursements set forth in this Section 4.04, the Issuer will pursuant to the Indenture cause the Trustee to disburse sums in the Project Fund to the Lessee or to the appropriate contractor under the Construction Contracts for "construction costs and fees" as hereinafter defined in several disbursements in accordance with the following procedures:

(i) Not less than five (5) banking days before the date on which the Lessee desires a disbursement, but not more frequently than monthly and in an amount not less than $10,000, the Lessee shall submit to the Trustee an application for payment in the form of American Institute of Architects Document G702, Application and Certificate for Payment, and American Institute of Architects Form G703, Continuation Sheets, showing by trade the cost of work on the Project and the cost of materials incorporated into the Project or stored on the Premises, all to the date stated in the Application and Certificate for Payment. The Application and Certificate for Payment must be signed by the Authorized Lessee Representative, the Authorized Issuer Representative, and the appropriate contractor under the Construction Contracts and must be approved by the Consulting Architect. The cost break-down included in the Application and Certificate for Payment shall show the percentage of completion of each line item on the Lessee's detailed estimate of Project costs as submitted to the Trustee, and the accuracy of the cost breakdown shall be certified by the Lessee and the appropriate contractor under the Construction Contracts, or, as to any items not within the scope of a general contract, by the contractors directly responsible to the Lessee for such items.

(ii) The completed construction on the Project shall be reviewed (at the time each Application and Certificate for Payment is submitted) by the Consulting Architect, and the Consulting Architect shall certify to the Trustee as to (A) the cost of completed construction, (B) the percentage of completion, and (C) compliance with the Plans and Specifications.

(iii) The Consulting Architect shall determine the "maximum allowable disbursement" by adding to the cost of completed construction to date (as determined by the Consulting Architect on the basis of its review of the Application and Certificate of Payment and cost breakdown) any allowable non-construction disbursements related to the Project.

(iv) Subject to the requirements of paragraph (i) of this Section 4.04, the disbursement to be made by the Trustee shall not exceed the "maximum allowable disbursement" as determined under (iii) above less: (A) the percentage of the cost of completed construction specified in the Construction Contracts to be retained (hereinafter referred to as the "Retainage") and (B) the amounts previously disbursed by the Trustee. The Retainage (but in no event more than the balance in the Project Fund less amounts retained or set aside to meet costs not then due and payable or which are being contested) under the general Construction Contract or under any other Construction Contract shall be disbursed by the Trustee only after

(A) such contract shall have been performed to the satisfaction of the Lessee, as evidenced by the signature of the Authorized Lessee Representative on the final Application and Certificate for Payment, (B) the certificate and report or endorsement of the title insurance required by subsection (f)(iii) of this Section 4.04, (C) the Trustee shall have received from the contractor under such Construction Contract a lien waiver or an affidavit to the effect that such contractor and all of its subcontractors and suppliers of labor and materials have been paid in full (which lien waiver or affidavit must be in form and substance sufficient as a matter of law to dissolve all liens or claims of lien for labor or service performed or rendered and materials supplied or furnished, in connection with the construction and installation of the Project), (D) with respect to the general Construction Contract, the Lessee or the general contractor shall have exhibited to the Trustee the final certificates of approval from the various governmental authorities having jurisdiction over the construction and operation of the Project, including a final certificate of occupancy or a temporary certificate of occupancy for the Building, and other necessary operating permits, and the certificate of the board of fire underwriters acting in and for the locality in which the Project is situated along with a certificate of the Lessee that the same constitute all the certificates of approval necessary for operation of the Project, and (E) with respect to the general Construction Contract, the Lessee shall have delivered to the Trustee the certificate of completion described in Section 4.07 of this Lease Agreement.

(v) The Trustee shall have five (5) banking days from receipt of the fully executed Application and Certificate for Payment within which to fund each Application and Certificate for Payment.

(vi) For purposes of this Section 4.04, the term "construction costs and fees" shall include all costs and fees properly incurred and payable to the appropriate contractors pursuant to the Construction Contracts.

(vii) Nothing contained in subsection (a) herein shall be construed as preventing the Trustee from disbursing sums in the Project Fund to the appropriate payee for non-construction costs and fees if the request for a disbursement is submitted to the Trustee in accordance with the requirements of subsection (b) herein, provided, however, that the Trustee may not disburse sums in the Project Fund to the appropriate payee for construction costs and fees except pursuant to the submission of a request for a disbursement in accordance with the requirements of such subsection (b).

(viii) Notwithstanding any other term or provision set forth herein, the Trustee shall not be required to disburse more than once each month, and the Trustee shall limit the total amount disbursed from the Project Fund at any time to an amount which, when deducted from the total amount in the Project Fund, leaves a balance to be disbursed that is equal to the cost of completion of the Project (including all remaining non-construction expenses) plus the Retainage.

(c) Notwithstanding any other terms and provisions set forth herein, the Trustee may, in its discretion and with the prior written approval of the Lessee, make all disbursements or any disbursement directly to the Lessee, or to subcontractors, laborers, materialmen, or persons furnishing labor, services, or materials used or to be used on or in the construction of the Project (including authorized extras) or to any combination of them. Any such disbursement shall be deemed to have been made to the Lessee or for its account.

(d) The execution of each Application and Certificate for Payment submitted for disbursements relating to construction costs and fees by the Lessee shall constitute the certification, warranty, and agreement of the Lessee as follows:

(i) the Project is free and clear of all Liens except Permitted Encumbrances;

(ii) all evidence, statements, and other writings required to be furnished under the terms of this Lease Agreement are true and omit no material fact, the omission of which may make them misleading;

(iii) all moneys previously disbursed have been used solely to pay for Costs of the Project, and the Lessee has written evidence to support this item of warranty; and

(iv) all bills for labor, materials, and fixtures used, or on hand and to be used, in the construction of the Project have been paid, and no one is asserting a lien with respect thereto, except Permitted Encumbrances.

(e) The Lessee covenants and agrees that, upon the written request of the Issuer from time to time, but in no event more frequently than once a month, it will furnish to the Issuer, within 15 days of the request, evidence that is reasonably satisfactory to the Issuer (including, but not limited to, certificates and affidavits of the Lessee or the Consulting Architect or any contractor or such other person as the Issuer may reasonably require) showing (i) the value of construction existing at that time, (ii) that all outstanding claims for labor, materials, fixtures, furnishings, equipment, and other work have been paid or provided for in accordance with the requirements of this Lease Agreement, (iii) that there are no Liens outstanding or unpaid other than Permitted Encumbrances, (iv) that the Lessee has substantially complied with all of the Lessee's obligations hereunder, (v) that all construction has been done without material deviation from the Plans and Specifications, and (vi) that the performance and labor and material payment bonds required by this Lease Agreement are in full force and effect.

(f) Except for the initial disbursement at the time of issuance of any series of Bonds, the Trustee shall not make any disbursement from the Project Fund unless each and all of the conditions precedent set forth below shall have been met and complied with in full:

(i) if the disbursement is for "construction costs and fees," the Lessee shall have furnished to the Trustee evidence that the Builder's Risk - Completed Value Form insurance required by Section 4.01 hereof is in full force and effect;

(ii) at the time of each disbursement the Trustee shall not have notice of an Event of Default;

(iii) at the time of each disbursement the Lessee shall deliver to the Trustee a certificate and report of title or endorsement of the title insurer that the Project is free and clear of all Liens and exceptions of title except Permitted Encumbrances; and

(iv) at the time each disbursement is made pursuant to this Section 4.04 as a reimbursement to the Lessee, the Lessee shall deliver to the Trustee evidence satisfactory to the Trustee of contemporaneous or prior payment by the Lessee to the appropriate contractor or supplier under the Construction Contracts or other person of the amount then and theretofore approved for payment.

(g) Each disbursement request pursuant to this Section 4.04 shall constitute a representation by the Lessee that the moneys therein referred to have been or are to be used for one of the purposes set forth in Section 4.03 of this Lease Agreement and that none of the items for which payment is requested has formed the basis for any payment previously made from the Project Fund, to the best knowledge of the Lessee, and the Trustee shall be entitled to rely thereon and shall be held harmless by the Lessee for all liability in connection therewith.

(h) All disbursements (except the disbursement required to be made at the time of issuance of a series of Bonds in accordance with Section 4.04(a) of this Lease Agreement) shall be made within five (5) banking days after receipt by the Trustee of the completed Application and Certificate for Payment and shall be made at the office of the Trustee or at such other place as the Trustee may designate. If sufficient liquid funds are not available to the Trustee at the time of presentment of an Application and Certificate for Payment due to the particular form of investments of moneys held in the Project Fund or a lack of funds, payment of such Application and Certificate for Payment shall be delayed until liquid funds or additional funds sufficient to satisfy the requirements of this Section 4.04 are received by the Trustee.

(i) Except for Liens constituting Permitted Encumbrances, if any notice of lien shall be filed against the Project or any part thereof or if any interim title examination discloses any intervening Lien, the Issuer may suspend further disbursements from the Project Fund until such Lien shall have been discharged of record or proceedings to contest such Lien pursuant to Section 4.01 and Section 6.08 hereof shall have been instituted.

(j) The Trustee shall not make any disbursements from the Project Fund for Equipment unless the Trustee shall have first received copies of the bills of sale or other documentation evidencing that title to such Equipment has been taken in the name of the Issuer.

Section 4.05. Issuance Cost Fund. The Issuer shall in the Indenture authorize and direct the Trustee to use the moneys in the Issuance Cost Fund to pay Issuance Costs. The amounts held in the Issuance Cost Fund shall be disbursed by the Trustee to pay Issuance Costs upon receipt of a requisition, substantially in the form attached hereto as Exhibit D, executed by the Authorized Lessee Representative and the Authorized Issuer Representative setting forth the nature of the Issuance Costs to be paid and the name of the payee and certifying that the amounts

being paid are properly includable within the definition of Issuance Costs. Upon the date that is ninety (90) days after the date of issuance of a series of Bonds, all moneys remaining in the Issuance Cost Fund, if any, shall be deposited in the related series account of the Project Fund.

Section 4.06. Obligation of the Parties to Cooperate in Furnishing Documents; Trustee Reliance. Upon payment of any expenses of the Issuer incurred in connection therewith pursuant to Section 5.03 hereof, the Issuer agrees to cooperate with the Lessee in furnishing to the Trustee the documents referred to in this Article that are required to effect payments out of the Project Fund and the Issuance Cost Fund, and the Issuer agrees to cause such orders to be directed to the Trustee as may be necessary to effect payments out of the Project Fund and the Issuance Cost Fund in accordance with this Article. Such obligation of the Issuer is subject to any provisions of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Project Fund and the Issuance Cost Fund available for payment under the terms of the Indenture. In making any such payment from the Project Fund and the Issuance Cost Fund, the Trustee may rely on any such orders and certifications delivered to it pursuant to this Article.

Section 4.07. Establishment of Completion Date. The Completion Date shall be evidenced to the Trustee by a certificate of substantial completion listing the items to be completed or corrected, if any, and the amounts to be withheld therefor, signed by the Authorized Lessee Representative and approved by the Consulting Architect stating that, except for amounts retained by the Trustee for Costs of the Project not then due and payable, (i) construction of the Project has been completed without material deviation from the Plans and Specifications and all labor, services, materials, and supplies used in such construction have been paid or provided for, (ii) all other facilities necessary in connection with the construction of the Project have been constructed, acquired, and installed without material deviation from the Plans and Specifications and all costs and expenses incurred in connection therewith have been paid or provided for, (iii) according to the "as built" survey of the Premises or a certificate of the surveyor, the Building does not encroach on any other property or violate any setback or sideline requirements applicable to the Premises, and (iv) a certificate of occupancy for the Project has been issued by appropriate local governmental authorities. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or that may subsequently come into being. The Consulting Architect shall certify the matter covered by clauses (i) and (ii) above. It shall be the duty of the Lessee to cause the certificate contemplated by this Section to be furnished as soon as the construction of the Project shall have been substantially completed.

Section 4.08. Lessee Required to Pay Costs of the Project in Event Project Fund Insufficient. In the event the moneys in the Project Fund available for payment of the Costs of the Project shall not be sufficient to pay the costs thereof in full, the Lessee agrees to complete the acquisition, construction, and installation of the Project and to pay all that portion of the Costs of the Project as may be in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys which will be paid into the Project Fund and which, under the provisions of this Lease Agreement, will be available for payment of the Costs of the Project, will be sufficient to pay all the costs that will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Project Fund the Lessee shall pay any portion of the Costs of the Project pursuant to the

provisions of this Section, it shall not be entitled to any reimbursement therefor from the Issuer or from the Trustee or from the owners of any of the Bonds, nor shall it be entitled to any diminution of the rents payable under Section 5.03 hereof. The obligation of the Lessee to complete the construction of the Project shall survive any termination of this Lease Agreement.

Section 4.09. Authorized Lessee and Issuer Representatives and Successors. The Lessee and the Issuer, respectively, shall designate, in the manner prescribed in Section 1.01 hereof, the Authorized Lessee Representative and the Authorized Issuer Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Lease Agreement, a successor shall be appointed in the same manner.

Section 4.10. Enforcement of Remedies Against Contractors and Subcontractors and their Sureties and Against Manufacturers. The Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and subcontractors and material suppliers to complete their contracts diligently in accordance with the terms of such contracts, including, without limitation, the correction of any defective work, with all expenses incurred by the Lessee in connection with the performance of its obligations under this Section to be considered part of the Costs of the Project referred to in Section 4.03 hereof. The Issuer agrees that the Lessee may, from time to time, in its own name, or in the name of the Issuer, take such action as may be necessary or advisable, as determined by the Lessee, to ensure the construction of the Project in accordance with the terms of the Construction Contracts and the Plans and Specifications, to ensure the peaceable and quiet enjoyment of the Project for the Lease Term, and to ensure the performance by the Issuer of all covenants and obligations of the Issuer under this Lease Agreement, with all costs and expenses incurred by the Lessee in connection therewith to be considered as part of the Costs of the Project referred to in Section 4.03 hereof. All amounts recovered by way of penalties, damages, whether liquidated or actual, refunds, adjustments, or otherwise in connection with the foregoing prior to the Completion Date, less any unreimbursed legal expenses incurred to collect the same, shall be paid into the Project Fund to be applied to payment of the Costs of the Project and, after the Completion Date, shall be disbursed pursuant to the provisions of Section 4.03(k) of this Lease Agreement.

The Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require any manufacturers of the Equipment and any dealer to fulfill their warranties and contractual responsibilities diligently in accordance with the terms of any purchase and installation contracts, including, without limitation, the correction of any defective parts or workmanship, with all expenses incurred by the Lessee in connection with the performance of its obligations under this Section to be considered part of the Costs of the Project referred to in Section 4.03 hereof. The Issuer agrees that the Lessee may, from time to time, take such action as may be necessary or advisable, as may be determined by the Lessee, to ensure the conformity of the Equipment to the specifications therefor, with all costs and expenses incurred by the Lessee in connection therewith to be considered as part of the Costs of the Project referred to in Section 4.03 hereof.

Section 4.11. No Agency Relationships. The Issuer does not assume the duties of the contractor or architect of the Project and shall be under no obligation to construct or supervise

the construction of the Project or to make any inspections of the improvements related thereto, and it is further understood and agreed that any inspection by the Issuer or its agents of the Project, whether paid for by the Lessee, is for the sole purpose of protecting the title of the Issuer to the Project, and the Lessee shall not be entitled to claim any loss or damage against the Issuer or its agents or employees for the failure of the Issuer's agents or employees to properly discharge their responsibilities to the Issuer.

Section 4.12. Investment of Funds and Accounts. Subject to Article VIII of the Indenture and Section 4.13 hereof, any moneys held as a part of the Bond Fund, the Project Fund, the Issuance Cost Fund, the Debt Service Reserve Fund, or as reserves in connection with contested liens or any other special trust funds shall be invested or reinvested by the Trustee at the written direction of the Authorized Lessee Representative in such Permitted Investments as may be designated by the Lessee. The Trustee may make any and all such investments through its own bond or investment department or through its broker-dealer affiliate.

The investments so purchased shall be held by the Trustee and shall be deemed at all times a part of the Bond Fund and the accounts therein, the Project Fund and the accounts therein, the Issuance Cost Fund, the Debt Service Reserve Fund, or the trust account described in the preceding paragraph, as the case may be, and the interest accruing thereon and any profit realized therefrom shall be credited as provided in Section 802 of the Indenture, and any losses resulting from such investments shall be charged to such fund or account therein and paid by the Lessee.

Section 4.13. Special Investment Covenants. The Issuer and the Lessee each covenant that it will not directly or indirectly use or permit the use of any proceeds (as defined in the Regulations) of any Tax-Exempt Bonds or any other funds of the Issuer or the Lessee, or take or omit to take any action, or direct the Trustee to invest any funds held by it, in such manner as will, or allow any "related person" (as defined in Section 144(a)(3) of the Code) to enter into any arrangement, formal or informal, as will, cause any Tax-Exempt Bonds to be "federally guaranteed," as such term is used and defined in Section 149(b) of the Code, or to be "arbitrage bonds" within the meaning of Section 148 of the Code, and any Regulations proposed or promulgated in connection therewith. To that end, the Issuer and the Lessee shall comply with all requirements of Section 149(b) and Section 148 of the Code to the extent applicable to any Tax-Exempt Bonds. In the event that at any time the Issuer or the Lessee is of the opinion that for purposes of this Section 4.13 it is necessary to dispose of any investment or to restrict or limit the yield on any investment held under the Bond Documents or otherwise, the Issuer or the Lessee, as the case may be, shall so instruct the Trustee in writing.

Section 4.14. Calculation and Payment of Rebate Amount. The Lessee agrees to appoint and pay a Rebate Calculator to calculate and determine the Rebate Amount, if any, as required by Section 148(f) of the Code and any Regulations proposed or promulgated in connection therewith. All calculations and determinations made by a Rebate Calculator shall be accompanied by the opinion of a Rebate Calculator that such calculations and determinations have been made in accordance with the requirements of Section 148(f) of the Code. The Lessee agrees to pay to the United States Treasury for and on behalf of the Issuer the amount determined by the Rebate Calculator to be due to the United States Treasury before the due date specified by the Rebate Calculator. The Lessee agrees to hold the Issuer and the Trustee harmless against and

to indemnify the Issuer and the Trustee against all liability they may incur in connection with their obligations under Section 804 of the Indenture. The Lessee acknowledges having read Section 804 of the Indenture and agrees to perform all duties imposed upon it or the Issuer by such Sections. Insofar as such Section imposes duties and responsibilities upon the Lessee, they are specifically incorporated herein by reference. The obligations created by this Section 4.14 shall survive the termination of the Lease Term. The Issuer hereby delegates to the Lessee the authority and responsibility for compliance with Section 148(f) of the Code.

[End of Article IV]

ARTICLE V

EFFECTIVE DATE OF THIS LEASE AGREEMENT; DURATION OF LEASE TERM; RENTAL PROVISIONS; NATURE OF OBLIGATIONS OF LESSEE

Section 5.01. Effective Date of this Lease Agreement; Duration of Lease Term. This Lease Agreement shall become effective upon its delivery and shall be in full force and effect until midnight, July 1, 2037, subject to the provisions of this Lease Agreement permitting earlier termination (including particularly Articles X and XI hereof), or if all the Bonds have not been paid or retired (or provision for such payment has not been made as provided in the Indenture), until ninety-one (91) days after the date that such payment or provision shall have been made; provided, however, that the covenants and obligations expressed herein to so survive shall survive the termination of this Lease Agreement.

Section 5.02. Delivery and Acceptance of Possession. The Issuer agrees to deliver to the Lessee sole and exclusive possession of the Premises upon execution and delivery of this Lease Agreement (subject to Permitted Encumbrances and the right of the Issuer to enter thereon for inspection purposes and subject to the other provisions of Section 8.02 hereof), and the Lessee hereby accepts possession of the Premises. The Issuer shall be permitted such continued possession of the Project as shall be necessary and convenient for it to construct or cause to be constructed the Building and install or cause to be installed the Equipment and to construct or install or cause to be constructed or installed any Additions or Alterations and to make or cause to be made any repairs or restorations required or permitted to be made by the Issuer pursuant to the provisions hereof. The Issuer covenants and agrees that it shall not take any action, other than pursuant to Article X of this Lease Agreement, to prevent the Lessee from having quiet and peaceable possession and enjoyment of the Project during the Lease Term and shall, at the request of the Lessee and at the cost of the Lessee, cooperate with the Lessee in order that the Lessee may have quiet and peaceable possession and enjoyment of the Project.

Section 5.03. Rents and Other Amounts Payable.

(a) Basic Rent related to Series 2007 Bonds: Until the principal of, premium, if any, and interest on the Series 2007 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee for the account of the Issuer as rent for the Project, the following amounts:

(i) on or before July 20, 2007, or the date of issuance and delivery of the Series 2007 Bonds, whichever is later, and on or before the twentieth (20th) day of each month thereafter, a sum equal to one-sixth (1/6th) of the amount payable on the next succeeding January 1 or July 1, whichever is closer, as interest on the Series 2007 Bonds, as provided in the Indenture, and

(ii) on or before July 20, 2007, or the date of issuance and delivery of the Series 2007 Bonds, whichever is later, and on or before the twentieth (20th) day of each month thereafter, to and including June 20, 2037, a sum equal to (a) one-twelfth (1/12th) of the amount required to retire Series 2007 Bonds under the mandatory redemption requirements of Section 305 of the Indenture on the next

succeeding July 1, as principal of the Series 2007 Bonds, or (b) one-twelfth (1/12th) of the principal due on the next succeeding July 1, which is a maturity date of the Series 2007 Bonds, as provided in the Indenture, as the case may be.

Should there occur a Determination of Taxability, the Lessee shall be immediately required to pay to the Trustee for the account of the Issuer as rent for the Project a sum equal to all of the retroactive interest owed on the Series 2007A Bonds that were Outstanding on the Date of Taxability (irrespective of whether such Series 2007A Bonds are Outstanding on the date of the Determination of Taxability) as a result of the occurrence of a Determination of Taxability. This covenant and the Lessee's obligations arising from the occurrence of a Determination of Taxability shall survive the termination of this Lease Agreement.

(b) Basic Rent related to Additional Bonds: Until the principal of, premium, if any, and interest on Additional Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee for the account of the Issuer as rent for the Project the amounts set forth in amendments to this Lease Agreement as required by Section 8.07 hereof.

(c) Basic Rent General Provisions: Each payment of Basic Rent under this Section due on the 20th day of each month preceding an interest or principal payment date or redemption date until the Bonds are fully paid or payment is provided therefor in accordance with the Indenture shall in all events be sufficient, after giving credit for funds held in the Bond Fund available for such purpose, to pay the total amount of interest, principal, redemption requirement, and premium, if any, payable on the Bonds on the next succeeding principal or interest payment date or on the next succeeding redemption date for Bonds. Any payment of Basic Rent shall be reduced and need not be made to the extent that there are moneys on deposit in the Bond Fund in excess of the amount required for the payment of Bonds theretofore matured or called for redemption, the amount required for the payment of interest for which checks or drafts have been mailed by the Trustee, and past due interest in all cases where Bonds have not been presented for payment. Further, if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further payments of Basic Rent under the provisions of this Section. There shall also be a credit against remaining payments of Basic Rent for Bonds purchased, redeemed, or cancelled, as provided in Article III of the Indenture. Any payment of Basic Rent not received by the Trustee when due shall continue as an obligation of the Lessee until paid and shall bear interest at the rate of interest on the Bonds to which such Basic Rent relates.

(d) Reserve Rent: Upon the issuance of the Series 2007 Bonds, an amount equal to the Debt Service Reserve Requirement shall be deposited in the Debt Service Reserve Fund, for the purpose of paying principal of, premium, if any, and interest on the Bonds as the same become due in the event there should be insufficient funds for such purpose in the Bond Fund, unless provision for their payment in full has been duly made, and for payment of fees, charges, and expenses of the Trustee upon the occurrence of an Event of Default under the Indenture. Interest and profits earned upon the investment of amounts held in the Debt Service Reserve Fund shall be retained in the Debt Service Reserve Fund at all times the balance of the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement; thereafter and at all times the

balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Requirement, such interest and profits shall be deposited in the General Account of the Bond Fund. In the event any funds from the Debt Service Reserve Fund shall be withdrawn or if any losses result from the investment of amounts held in the Debt Service Reserve Fund or upon the failure of the Lessee to provide a substitute Debt Service Reserve Credit Facility as required in this subsection (d), the Lessee shall, beginning on the twentieth (20th) day of the month following notice of such withdrawal, diminution in value or losses, or failure to provide a substitute Debt Service Reserve Credit Facility, and on the twentieth (20th) day of each month thereafter, in addition to any other rental payments that may be due, pay to the Trustee for deposit in the Debt Service Reserve Fund, three (3) equal consecutive monthly rental payments as Reserve Rent, each equal to one-third (1/3rd) of the amount of such withdrawals, diminution in value or losses, or replenishment requirement, subject to a credit for earnings retained in or other deposits made to the Debt Service Reserve Fund during such period, until the balance of the Debt Service Reserve Fund reaches the Debt Service Reserve Requirement, at which point the obligation to make Reserve Rent payments shall be suspended.

The Lessee may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a Debt Service Reserve Credit Facility, subject to the following requirements: (A) the Debt Service Reserve Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the third highest long-term Rating of such Rating Agency; (B) the Lessee (and not the Issuer or the County) shall be responsible for repaying the Debt Service Reserve Credit Facility Provider for any draw-down on the Debt Service Reserve Credit Facility and any interest or fees due the Debt Service Reserve Credit Facility Provider under such Debt Service Reserve Credit Facility, and no obligation to the Debt Service Reserve Credit Facility Provider shall be secured by any lien on the Trust Estate; (C) each Debt Service Reserve Credit Facility shall have a term of at least one (1) year (or, if less, the remaining term of the Bonds) and shall entitle the Trustee to draw upon or demand payment and receive the amount so requested in immediately available funds on the date of such draw or demand; (D) the Debt Service Reserve Credit Facility shall permit a drawing by the Trustee for the full stated amount in the event (i) the Debt Service Reserve Credit Facility expires or terminates for any reason prior to the final maturity of the Bonds, and (ii) the Lessee fails to satisfy the Debt Service Reserve Requirement by the deposit to the Debt Service Reserve Fund of cash, obligations, a substitute Debt Service Reserve Credit Facility, or any combination thereof, on or before the date of such expiration or termination; (E) if the Rating issued by the Rating Agency to the Debt Service Reserve Credit Facility Provider is withdrawn or reduced below the third highest long-term Rating of such Rating Agency, the Lessee shall provide a substitute Debt Service Reserve Credit Facility within sixty (60) days after such rating change, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than three (3) equal consecutive monthly rental payments as Reserve Rent, commencing not later than the twentieth (20th) day of the month immediately succeeding the date representing the end of such sixty (60) day period; and (F) if the Debt Service Reserve Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the Lessee shall provide a substitute Debt Service Reserve Credit Facility within sixty (60) days thereafter, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than three (3) equal consecutive monthly rental payments as Reserve Rent, commencing not later than the twentieth (20th) day of the month immediately succeeding the date representing the end

of such sixty (60) day period. If the events described in either clauses (E) or (F) above occur, the Trustee shall not relinquish the Debt Service Reserve Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, obligations, or a substitute Debt Service Reserve Credit Facility or any combination thereof. Any amount received from the Debt Service Reserve Credit Facility shall be deposited directly into the Bond Fund, and such deposit shall constitute the application of amounts in the Debt Service Reserve Fund.

(e) Additional Rent: The Lessee agrees to pay to the Trustee until the principal of, premium, if any, and interest on the Bonds shall have been fully paid (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered and the Ordinary Expenses of the Trustee incurred under the Indenture, as and when the same become due, (ii) reasonable fees and charges of the Trustee, as bond registrar and paying agent, and of any other paying agents on the Bonds for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for the necessary Extraordinary Services of the Trustee rendered by it and Extraordinary Expenses of the Trustee incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services of the Trustee and Extraordinary Expenses of the Trustee and the reasonableness of any such fees, charges, or expenses.

In addition the Lessee agrees that during the Lease Term it shall pay directly to the Issuer an amount sufficient to reimburse the Issuer for all expenses reasonably incurred by the Issuer hereunder in connection with the Project, but only if such expenses are (1) approved in writing by the Lessee or (2) incurred after the occurrence of an Event of Default and after at least 10 days' written notice to the Lessee.

Such Additional Rent shall be billed to the Lessee by the Issuer or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by such party for one or more of the above items. Amounts so billed shall be paid by the Lessee within thirty (30) days after receipt of the bill by the Lessee.

In the event the Lessee shall fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid.

(f) Series 2007 Insurer Reimbursements: The Lessee hereby covenants and agrees that it shall reimburse the Series 2007 Insurer for any amounts paid under the Series 2007 Insurance Policy and all costs of collection thereof and enforcement of this Lease Agreement and any other documents executed in connection with this Lease Agreement, together with interest thereon, from the date paid or incurred by the Series 2007 Insurer until payment thereof in full by the Lessee, payable at the Insurer Payment Rate (as hereinafter defined), including without limitation (to the extent permitted by applicable law), interest on claims paid by the Series 2007 Insurer in respect of interest on the Series 2007 Bonds. Such payment obligation shall be payable on demand and on a parity with, and from the same sources and secured by the same security as, regularly scheduled principal and interest payments in respect of the Series 2007 Bonds. For purposes of the foregoing, "Insurer Payment Rate" shall mean the lesser of (a) the maximum rate

permissible under applicable usury or similar laws limiting interest rates and (b) the greater of (i) the then applicable highest rate of interest on the Series 2007 Bonds and (ii) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Series 2007 Insurer shall specify.

Section 5.04. Place of Rental Payments. The Basic Rent and Reserve Rent provided for in Section 5.03 hereof shall be paid in lawful money of the United States of America directly to the Trustee for the account of the Issuer and shall be deposited in the General Account of the Bond Fund or the Debt Service Reserve Fund, respectively. The payments of Additional Rent to be made to the Trustee under Section 5.03 hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be. The payment of the Additional Rent to be made to the Issuer pursuant to Section 5.03 hereof shall be paid directly to the Issuer for its own use.

Section 5.05. Nature of Obligations of Lessee Hereunder. (a) The obligations of the Lessee to make the payments required in Section 5.03 hereof and other sections hereof and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be a general obligation of the Lessee and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Issuer. The Lessee agrees that it shall not (i) suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in Section 5.03 hereof, (ii) fail to observe any of its other agreements contained in the Lessee Documents, or (iii) except as provided in Sections 11.01 and 11.02 hereof, terminate its obligations under the Lessee Documents for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, failure of the Lessee to complete the construction of the Project, failure of the Lessee to occupy or to use the Project as contemplated in this Lease Agreement or otherwise, any change or delay in the time of availability of the Project, any acts or circumstances that may impair or preclude the use or possession of the Project, any defect in the title, design, operation, merchantability, fitness, or condition of the Project or in the suitability of the Project for the Lessee's purposes or needs, failure of consideration, any declaration or finding that any of the Bonds are unenforceable or invalid, the invalidity of any provision of the Lessee Documents, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or the use of all or any part of the Project, failure of the Issuer's title to the Project or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of any governmental authority, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with the Lessee Documents.

(b) Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained. In the event the Issuer should

fail to perform any such agreement on its part, the Lessee may institute such action against the Issuer as the Lessee may deem necessary to compel performance so long as such action does not abrogate the Lessee's obligations hereunder. The Issuer hereby agrees that it shall not take or omit to take any action that would cause this Lease Agreement to be terminated. The Lessee may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons that the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy, and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Issuer in any such action or proceeding if the Lessee shall so request.

[End of Article V]

ARTICLE VI

MAINTENANCE, TAXES, AND INSURANCE

Section 6.01. Maintenance and Modification of Project by the Lessee. The Lessee agrees that during the Lease Term it shall at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit, (ii) keep the Building and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary and proper repairs thereto and renewals and replacements thereof, including external and structural repairs, renewals, and replacements, and (iii) use the Equipment in the regular course of its business only, within the normal capacity of the Equipment, without abuse, and in a manner contemplated by the manufacturer thereof, and cause the Equipment to be maintained in accordance with the manufacturer's then currently published standard maintenance contract and recommendations. Subject to the provisions of Section 8.09 hereof, the Lessee may also, at its own expense or with proceeds of Additional Bonds, from time to time make any Additions or Alterations to the Project it may deem desirable for its business purposes that do not, in the opinion of the Consulting Architect filed with the Issuer, adversely affect the operation or value of the Project. Subject to the provisions of Section 9.03 hereof, Additions or Alterations to the Project so made by the Lessee shall be approved in writing by the Authorized Issuer Representative, shall become a part of the Project, and shall become subject to the demise of this Lease Agreement. Such Additions or Alterations to the Project that cost in excess of $100,000 shall be made only by contractors who furnish performance and labor and material payment bonds in the full amount of such contracts, made by the contractor thereunder as the principal and a surety company or companies reasonably acceptable to the Issuer as surety, and such bonds shall be in such form as is reasonably acceptable to the Issuer. Such bonds shall name the Lessee and the Issuer as obligees, and all Net Proceeds received under such bonds shall be paid over to the Trustee and deposited in the Net Proceeds Account of the Project Fund to be applied to the completion of the Additions or Alterations to the Project. The Lessee further agrees that at all times during the construction of Additions or Alterations that cost in excess of $100,000 it shall maintain or cause to be maintained in full force and effect Builder's Risk-Completed Value Form insurance to the full insurable value of such Additions or Alterations. The Lessee shall not permit any mechanics' or materialmen's or other statutory liens to be perfected or remain against the Project for labor or materials furnished in connection with any Additions or Alterations so made by it, provided that it shall not constitute an Event of Default hereunder upon such lien being filed, if the Lessee shall promptly notify the Issuer of any such liens, and the Lessee in good faith promptly contests such liens in accordance with the provisions of Section 6.07 hereof. The Lessee shall not do or permit others under its control to do any work in or about the Project or related to any repair, rebuilding, restoration, replacement, alteration of, or addition to the Project, or any part thereof, unless the Lessee shall have first procured and paid for all requisite municipal and other governmental permits and authorizations. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning, and other laws, ordinances, governmental regulations, and requirements and in accordance with the requirements, rules, and regulations of all insurers under the policies required to be carried under the provisions of this Article VI.

Section 6.02. Removal of Equipment. The Issuer shall not be under any obligation to renew, repair, or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary Equipment. If no Event of Default under this Lease Agreement shall have happened and be continuing, in any instance where the Lessee in its discretion determines that any items of Equipment or parts thereof have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the Lessee may remove such items of Equipment or parts thereof from the demise of this Lease Agreement and (on behalf of the Issuer) sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer therefor, provided that the Lessee shall:

(a) substitute (either by direct payment of the cost thereof or by advancing to the Issuer the funds necessary therefor) and install as part of the Project items of replacement equipment or related property having equal or greater value or utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, provided such removal and substitution shall not impair the nature of the Project, all of which replacement equipment or related property shall be free of all Liens (other than Permitted Encumbrances) and shall become the property of the Issuer, shall become a part of the Equipment subject to the demise of this Lease Agreement, and shall be held by the Lessee on the same terms and conditions as the items originally constituting Equipment, or

(b) not make any such substitution and installation, unless in the case of: (i) the sale of any such Equipment, (ii) the trade-in of such Equipment for other machinery, furnishings, equipment, or related property not to become part of the Equipment to be demised hereby, or (iii) any other disposition thereof, the Lessee shall pay to the Trustee the proceeds of such sale or disposition or an amount equal to the credit received upon such trade-in for deposit into the Redemption Account of the Bond Fund. In the case of the sale, trade-in, or other disposition of any such Equipment to the Lessee or an Affiliate, the Lessee shall pay to the Trustee an amount equal to the greater of the amounts and credits received therefor or the Fair Market Value thereof at the time of such sale, trade-in, or other disposition for deposit into the Redemption Account of the Bond Fund.

The removal from the Project of any portion of the Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.03 hereof.

In the event that prior to such removal and disposition of items of Equipment from the Project, the Lessee has acquired and installed machinery, furnishings, equipment, or related property with its own funds, which become part of the Equipment and which have equal or greater utility, but not necessarily the same function, as the Equipment to be removed, the Lessee may take credit to the extent of the amount so spent by it against the requirement that it either substitute and install other machinery and equipment having equal or greater value or that it make payment to the Trustee for deposit into the Redemption Account of the Bond Fund.

The Lessee shall promptly report to the Issuer each such removal, substitution, sale, or other disposition and shall pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Redemption Account of the Bond Fund promptly after the sale, trade-in, or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Redemption Account on account of all such sales, trade-ins, or other dispositions not previously reported in the aggregate has a value of at least $100,000. The Lessee shall not remove, or permit the removal of, any of the Equipment from the Project except in accordance with the provisions of this Section 6.02.

Upon compliance with this Section, the Issuer agrees to deliver any bills of sale or releases in form and substance acceptable to the Lessee and which are deemed necessary by the Lessee with respect to the removal of such Equipment from the demise of this Lease Agreement. The Lessee shall execute and deliver to the Issuer such documents as it may from time to time require to confirm the title of the Issuer (subject to this Lease Agreement) to any items of equipment and other personal property which under the provisions of this Section are to become a part of the Equipment and shall pay all costs (including attorneys' fees) incurred in connection therewith.

Section 6.03. Taxes, Other Governmental Charges, and Utility Charges. The Lessee shall duly pay and discharge, as the same become due and payable, (i) all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project, including, without limiting the generality of the foregoing, all ad valorem taxes or payments in lieu of such taxes lawfully assessed upon the Lessee's rights in and to the Project and all sales and use taxes lawfully assessed upon the Issuer or the Lessee in connection with the Project, (ii) all utility and other charges incurred in the ownership, operation, maintenance, use, occupancy, and upkeep of the Project, and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Issuer of its intention so to do, the Lessee may, at its own expense and in its own name and behalf or in the name and behalf of the Issuer and in good faith, contest any such taxes, assessments, and other charges in accordance with the provisions of Section 6.07 hereof and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom.

Section 6.04. Insurance Required. Throughout the Lease Term, the Lessee shall keep the Project or cause the same to be kept continuously insured against such casualties, contingencies, and risks as are customarily insured against with respect to facilities of like size and type, paying as the same become due all premiums in respect thereto, including but not limited to:

(a) after the Completion Date, insurance upon the repair or replacement basis in an amount of not less than 100% of the then actual cost of replacement (excluding costs of replacing excavations and foundations but without deduction for depreciation) of the Project (with deductible provisions not to exceed $25,000 in any one casualty) against loss or damage by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke and such other risks as are now or hereafter included in the extended coverage endorsement then in use in the State for similar structures (including vandalism and malicious mischief),

(b) comprehensive general liability insurance providing insurance (with deductible provisions not to exceed $25,000 per occurrence) to the extent of not less than $1,000,000 per occurrence against liability for personal and bodily injury including death resulting therefrom and $1,000,000 per occurrence for damage to property, including loss of use thereof, occurring on or in any way related to the Project or any part thereof or the operation thereof, with excess coverage or "umbrella" insurance for claims under such coverage in the aggregate of not less than $2,500,000 for any one occurrence,

(c) insurance under the Federal Flood Insurance Program shall be maintained at all times within the minimum requirements and amounts required for federally financed or assisted loans under the Flood Disaster Protection Act of 1973, as amended, if the Project is eligible under such program,

(d) workers' compensation coverage, or other provision therefor, as required by the laws of the State, and

(e) after the Completion Date, boiler explosion insurance on steam boilers, if any, pressure vessels, and pressure piping in an amount not less than 100% of the then actual cost of replacement (excluding costs of replacing excavations and foundations but without deduction for depreciation) of the Project (with deductible provisions not to exceed $25,000 in any one occurrence) provided, that such insurance need not be taken out until steam boilers, pressure vessels, or pressure piping are installed in the Project.

Section 6.05. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.04(a), (c), and (e) hereof shall be paid and applied as provided in Section 7.01 hereof, and the Net Proceeds of insurance carried pursuant to the provisions of Sections 6.04(b) and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

Section 6.06. Additional Provisions Respecting Insurance. All insurance required by Section 6.04 hereof shall be taken out and maintained in generally recognized responsible insurance companies qualified to do business in the State, selected by the Lessee and subject to the approval of the Issuer, which approval shall not be unreasonably withheld. All policies evidencing such insurance shall be subject to the approval of the Issuer, which approval shall not

be unreasonably withheld. All policies evidencing such insurance shall provide for payment to the Issuer and the Lessee, as their respective interests may appear, the policies required by Section 6.04 shall name the Issuer as additional insured, and the policies required by Section 6.04(a), (c), and (e) hereof shall require that all Net Proceeds of insurance if in excess of $100,000 for loss or damage covered thereby be paid to the Trustee and applied pursuant to Section 7.01 hereof; provided, however, that all claims regardless of amount may be adjusted by the Lessee with the insurers, subject to prior written approval of the Issuer as to any settlement of any claim in excess of $100,000, which approval shall not be unreasonably withheld. A certificate or certificates of the insurers that such insurance is in force and effect shall be deposited with the Issuer and the Trustee, and prior to the expiration of any such policy the Lessee shall furnish the Issuer and the Trustee with evidence reasonably satisfactory to the Issuer that the policy has been renewed or replaced or is no longer required by this Lease Agreement. In lieu of separate policies, the Lessee may maintain one or more blanket policies of insurance having the coverage required by Section 6.04 hereof. All such policies shall provide that such insurance may not be modified adversely to the interests of the Issuer or cancelled by the issuer thereof before the termination of this Lease Agreement without at least thirty (30) days' notice to the Lessee and the Issuer.

Section 6.07. Advances by the Issuer or the Trustee. If the Lessee shall fail to maintain the insurance coverages required by this Lease Agreement or shall fail to pay the taxes and other charges required to be paid by this Lease Agreement or shall fail to keep the Project in as reasonably safe condition as its operation will permit or shall fail to keep the Project in good repair and good operating condition, the Issuer or the Trustee may (but shall be under no obligation to), after notifying the Lessee of its intention to do so, take out the required policies of insurance and pay the premiums on the same or pay the taxes or other charges or make the required repairs, renewals, and replacements. In addition, if the Lessee should fail to make any payment or to perform or comply with any of the agreements, covenants, or obligations of the Lessee under the Lessee Documents, then the Issuer or the Trustee, at the option of either one, may make such payment or perform such agreement, covenant, or obligation for the account and at the expense of the Lessee, but shall not be obligated to do so. Any and all payments and expenses incurred or paid in so doing shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon from the date of payment at the floating rate charged prime corporate borrowers from time to time plus two percent (2%) per annum on demand loans by the commercial lending department of the Trustee, the Lessee agrees to pay on demand. Any remedy herein vested in the Issuer or the Trustee for the collection of amounts due under Section 5.03 hereof shall also be available to the Issuer and the Trustee for the collection of all such amounts so advanced. The Trustee shall be under no obligation to make any such payment unless it is required to do so by the owners of at least twenty-five percent (25%) in the aggregate principal amount of all Bonds then Outstanding and is provided with adequate funds paid in cash to the Trustee (from a source or sources approved by the Trustee) for the purpose of such payment.

Section 6.08. Contest of Liens. In the event the Lessee in good faith contests Liens pursuant to Sections 6.01, 6.03, or 4.01 of this Lease Agreement, the Lessee may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, provided the Lessee shall furnish the Issuer with an opinion of Independent Counsel stating that by nonpayment of such items the title of the Issuer as to any

material part of the Project will not be materially and imminently endangered and neither the Project nor any material part thereof will be subject to imminent loss or forfeiture. If the Lessee is unable or otherwise fails to obtain such an opinion of Independent Counsel, the Lessee shall promptly cause to be satisfied and discharged all such unpaid items by payment thereof, by causing the lien to be transferred from the Project to other security as permitted by State law, or by payment of the amount so contested into a reserve held by the Trustee. Such reserve may be used by the Issuer to satisfy the items if action is taken to enforce the lien and such action is not stayed. Such reserve will be returned to the Lessee if the items are successfully contested. In the event the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the Issuer may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Issuer shall become an advance repayable in accordance with Section 6.06 of this Lease Agreement. The Issuer shall, at the expense of the Lessee, cooperate fully with the Lessee in any such contest.

[End of Article VI]

ARTICLE VII

DAMAGE, DESTRUCTION, CONDEMNATION, AND FAILURE OF TITLE

Section 7.01. Damage and Destruction. (a) If prior to the termination of this Lease Agreement, the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the Net Proceeds recovered under the insurance policies required to be carried pursuant to Section 6.04(a), (c), and (e) hereof resulting from such destruction or damage are not greater than $100,000, the Lessee (i) shall promptly repair, rebuild, restore, or re-equip the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as may be approved in writing by the Authorized Issuer Representative and as will not impair the value or the character of the Project and (ii) shall apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such recovery. All such Net Proceeds of insurance not in excess of $100,000 shall be paid to the Lessee, subject to the provisions of Section 7.01(e) hereof.

(b) If prior to the termination of this Lease Agreement, the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the Net Proceeds recovered under the insurance policies required to be carried pursuant to Section 6.04(a), (c), and (e) hereof resulting from such destruction or damage are in excess of $100,000, the Lessee shall promptly give written notice thereof to the Trustee. All such Net Proceeds of insurance shall be paid to and held by the Trustee in the Net Proceeds Account of the Project Fund, whereupon the Lessee shall proceed promptly to repair, rebuild, restore, or re-equip the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as may be approved in writing by the Authorized Issuer Representative and as will not impair the value or the character of the Project, whereupon the Trustee shall apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding, or restoration, either on completion thereof or as the work progresses in accordance with the procedures set forth in Section 4.04 of this Lease Agreement.

(c) In the event the Net Proceeds are not sufficient to pay in full the costs of any such repair, rebuilding, restoration, or re-equipping, the Lessee shall nonetheless complete such work and shall pay that portion of the costs thereof in excess of the amount of such Net Proceeds.

(d) The Lessee shall not, by reason of the payment of such excess costs, be entitled to any reimbursement from the Issuer, the Trustee, or the owners of the Bonds or any abatement or diminution of the rents payable under Section 5.03 hereof.

(e) Any balance of such Net Proceeds of insurance remaining after application pursuant to subsections (a) or (b) of this Section 7.01 shall be paid into the Redemption Account of the Bond Fund and used to redeem Bonds or to pay principal of and interest on the Bonds as the same becomes due. If the Bonds have been fully paid (or provision therefor has been made in accordance with the Indenture), any balance of such Net Proceeds remaining after application

pursuant to subsections (a) or (b) of this Section 7.01 shall be paid to the County, to the extent that the County has made payments under the Contract or, if the County has not made payments under the Contract, shall be paid to the Lessee.

(f) The proceeds of any insurance carried by the Lessee that is in addition to the insurance required to be carried pursuant to this Lease Agreement (including, but not limited to, the proceeds of any business interruption insurance) shall be paid to the Lessee.

Section 7.02. Condemnation and Failure of Title. In the event that title to any portion of the Project fails or title to or the temporary use of the Project or any part thereof is taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.03 hereof. Except for Net Proceeds received by the Lessee pursuant to Section 7.03 hereof, the Issuer and the Lessee shall cause the Net Proceeds received by them or any of them from any title insurance policy or any award made in such eminent domain proceedings to be paid to and held by the Trustee in the Net Proceeds Account of the Project Fund, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration of the Project to substantially the same condition thereof as existed prior to the failure of title or the exercise of such power of eminent domain, substantially in accordance with the procedures set forth in Section 4.04 of this Lease Agreement.

(b) To the acquisition of other suitable land and the acquisition, by construction or otherwise, in the name of the Issuer, to the extent permitted by applicable law, of improvements consisting of a building or buildings, facilities, furnishings, machinery, equipment, or other properties suitable for the Lessee's operations at the Project as conducted prior to such failure of title or taking (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such improvements were specifically described herein and demised by this Lease Agreement); provided, that such improvements and properties shall be acquired by the Lessee, in the name of the Issuer, subject to no Liens other than Permitted Encumbrances. Such improvements and properties must be approved in writing by the Authorized Issuer Representative, which approval shall not be unreasonably withheld. The Lessee and the Issuer shall enter into amendments to this Lease Agreement to identify such improvements and properties as part of the Project, and the Issuer shall enter into a supplemental indenture assigning and pledging, and granting a security interest in, the foregoing amendments to the Trustee.

(c) Any balance of the Net Proceeds of the title insurance policy or the award in such eminent domain proceedings remaining after application pursuant to subsections (a) and (b) of this Section 7.02 shall be paid into the Redemption Account of the Bond Fund to redeem Bonds or to pay principal of and interest on the Bonds as the same becomes due, or, if no Bonds then remain Outstanding, to

the County, to the extent that the County has made payments under the Contract or, if the County has not made payments under the Contract, to the Lessee.

Within sixty (60) days from the date of failure of title or the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the Issuer and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the title insurance proceeds or condemnation award applied.

The Issuer shall cooperate fully with the Lessee in handling and conducting any prospective or pending condemnation proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the Issuer. In no event shall the Issuer voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the prior written consent of the Lessee.

The Lessee shall be entitled to pursue any claims it may have as lessee of the Project under this Lease Agreement in any prospective or pending condemnation proceeding, independent and separate from any claims of the Issuer as owner of the Project.

Section 7.03. Condemnation of Lessee-Owned Property. The Lessee shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or for taking of its own property not included in the Project (except for damages for the value of its leasehold estate in the Project under this Lease Agreement, which shall be applied pursuant to Section 7.02 hereof).

[End of Article VII]

ARTICLE VIII

ADDITIONAL COVENANTS; ADDITIONAL BONDS

Section 8.01. No Warranty of Condition or Suitability by the Issuer. THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE HABITABILITY, MERCHANTABILITY, CONDITION, OR WORKMANSHIP OF ANY PART OF THE PROJECT OR THAT IT WILL BE SUITABLE FOR THE LESSEE'S PURPOSES OR NEEDS.

Section 8.02. Access to Premises and Records. The Lessee agrees that the Issuer, the Series 2007 Insurer, and their duly authorized representatives and agents shall have the right, upon reasonable prior notice, to enter the Project at all reasonable times during the Lease Term for the purpose of (i) examining and inspecting the same, including the construction thereof, (ii) performing such work in and about the Project made necessary by reason of an Event of Default, and (iii) upon an Event of Default, exhibiting the Project to prospective purchasers, lessees, or mortgagees.

Section 8.03. Lessee to Maintain its Existence; Conditions Under Which Exceptions Permitted. (a) The Lessee agrees that while this Lease Agreement is in effect it shall maintain its legal existence as a Georgia limited liability company, shall not merge into another entity or permit one or more other entities to merge into it, and shall not dissolve or otherwise dispose of all or substantially all of its assets. The Lessee may, without violating the agreement contained in this Section, merge into another domestic entity (that is, an entity organized and existing under the laws of one or more states of the United States of America), or permit one or more such domestic entities to merge into it, or sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, if the surviving, resulting, or transferee Person:

(1) is authorized to do business in the State,

(2) is a domestic corporation, partnership, limited liability company, or other entity, or if a natural person, is a resident of the United States of America,

(3) assumes in writing all of the obligations of the Lessee under the Lessee Documents, and

(4) obtains the prior written consent of the Issuer to the merger, sale, or transfer

(b) Prior to taking any action allowed by Section 8.03(a) hereof, the Lessee shall furnish or cause to be furnished to the Trustee an opinion of nationally recognized bond counsel reasonably acceptable to the Trustee or a ruling of the Internal Revenue Service to the effect that such merger, sale, or transfer will not cause the interest on any Tax-Exempt Bonds to become includable in the gross income of the owners thereof for federal income tax purposes.

(c) If the requirements of this Section 8.03 regarding merger, sale, or transfer are met, the Lessee shall be relieved from its obligations, and such successor Person shall succeed to and

be substituted for the Lessee, under the Lessee Documents, with the same effect as if such successor Person had originally been a party to such instruments.

Section 8.04. Qualification in the State. The Lessee warrants that it is and while this Lease Agreement is in effect it (or the surviving, resulting, or transferee entity permitted by Section 8.03 hereof) will continue to be duly qualified to do business in the State.

Section 8.05. Indemnity. (a) The Lessee shall and agrees to indemnify and save the Issuer, the Trustee, the County, and their directors, officers, members, and employees harmless against and from all claims by or on behalf of any Person arising from the conduct or management of or from any work or thing done on the Project and against and from all claims arising from (i) any condition of or operation of the Project, (ii) any breach or default on the part of the Lessee in the performance of any of its obligations under the Lessee Documents, (iii) any act or negligence of the Lessee or of any of its agents, contractors, servants, employees, or licensees, or (iv) any act or negligence of any assignee or sublessee of the Lessee or of any agents, contractors, servants, employees, or licensees of any assignee or sublessee of the Lessee, provided, however, this indemnity shall not apply to any acts of negligence or willful or intentional misconduct of the Issuer, the Trustee, or the County or their directors, officers, members, or employees. The Lessee shall indemnify and save the Issuer, the County, and the Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid from clauses (i), (ii), (iii), or (iv), supra, or in connection with any action or proceeding brought thereon, including attorneys' fees as provided in Section 10.04 hereof, and upon notice from the Issuer, the County, or the Trustee, the Lessee shall defend them or any of them in any such action or proceeding.

(b) The Lessee agrees that it will indemnify and hold the Trustee harmless from any and all liability, cost, or expense incurred without negligence or bad faith in the course of its duties, including any act, omission, delay, or refusal of the Trustee in reliance upon any signature, certificate, order, demand, instruction, request, notice, or other instrument or document believed by it to be valid, genuine, and sufficient.

(c) If the Issuer, the Trustee, the County, or their directors, officers, members, and employees incur pecuniary liability by reason of the terms of the Bond Documents or the undertakings required of the Issuer under the Issuer Documents, the County under the Contract, or the Trustee under the Indenture, by reason of (i) the issuance of the Bonds, (ii) the execution of the Bond Documents, (iii) the performance of any act required by the Bond Documents, (iv) the performance of any act requested by the Lessee, or (v) any other costs, fees, or expenses incurred by the Issuer, the County, or the Trustee with respect to the Project or the financing thereof, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, the Lessee shall indemnify and hold harmless the Issuer, the County, and the Trustee against all claims by or on behalf of any Person arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, including attorneys' fees as provided in Section 10.04 hereof, and upon notice from the Issuer, the County, or the Trustee, the Lessee shall defend the Issuer, the County, and the Trustee in any such action or proceeding. The indemnity contained in this Section 8.05(c) shall not apply to any acts of negligence or willful or intentional misconduct of the Issuer, the County, or the Trustee.

(d) Nothing contained in this Section 8.05 shall require the Lessee to indemnify the Issuer, the County, or the Trustee or their officers, directors, members, or employees for any claim or liability that the Lessee was not given any opportunity to contest or for any settlement of any such action effected without the Lessee's consent. The indemnity of the Issuer, the County, and the Trustee and their officers, directors, members, and employees contained in this Section 8.05 shall survive the termination of this Lease Agreement.

Section 8.06. Tax-Exempt Bonds. The Lessee recognizes that the purchasers and owners of the Tax-Exempt Bonds will have accepted the Tax-Exempt Bonds on, and paid for the Tax-Exempt Bonds a price that reflects, the understanding that interest on the Tax-Exempt Bonds is excluded from the gross income of the owners for federal income tax purposes under laws in force at the time the Tax-Exempt Bonds shall have been delivered.

The Lessee covenants that it will not take or omit to take any action nor permit any action to be taken or omitted that would cause the interest on any Tax-Exempt Bonds to become includable in the gross income of any owner thereof, provided, that the Lessee shall not have violated this covenant if the interest on any of the Tax-Exempt Bonds becomes includable in the gross income of any owner who is a "substantial user" of the Project or a "related person" pursuant to the provisions of Section 147(a) of the Code.

The Lessee further covenants and agrees that it shall comply with the representations and certifications it made in its Lessee's Tax Certificate dated the date of issuance and delivery of the Series 2007 Bonds and that it shall take no action nor omit to take any action that would cause such representations and certifications to be untrue.

The Lessee agrees to furnish the Issuer or the Trustee any items (including, without limitation, certificates of the Lessee and opinions of nationally recognized bond counsel) reasonably requested by either of them to evidence compliance with the covenants contained in this Section 8.06.

Section 8.07. Additional Bonds. (a) Additional Bonds may be issued by the Issuer to provide funds to pay any one or more of the following: (i) the costs of completing the Project, (ii) the costs of making such Additions or Alterations in, on, or to the Project as the Lessee may deem necessary or desirable and as will not impair the nature of the Project as a modern solid waste disposal and recycling facility and as will be located on the Premises, (iii) to refund any Bonds, and (iv) the costs of the issuance and sale of the Additional Bonds, the cost of funding the Debt Service Reserve Requirement with respect to such Additional Bonds, and capitalized or funded interest for such period and such other costs reasonably related to the financing as shall be agreed upon by the Lessee and the Issuer.

(b) If the Lessee is not in default hereunder, the Issuer may, on request of the Lessee, from time to time in its sole discretion issue the amount of Additional Bonds specified by the Lessee; provided, that the terms of such Additional Bonds, the purchase price to be paid therefor, and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the Lessee, provided, that the sale of any Additional Bonds shall be the sole responsibility of the Lessee, and provided further that the Lessee and the Issuer shall have entered into an amendment to this Lease Agreement to provide for additional Basic Rent in an

amount at least sufficient to pay principal of and interest on the Additional Bonds when due and to provide for any additional terms or changes to this Lease Agreement required because of such Additional Bonds, and provided further that the Issuer shall have otherwise complied with the provisions of Section 211 of the Indenture with respect to the issuance of such Additional Bonds.

(c) Prior to the issuance of any Additional Bonds to finance the costs of completing the Project or the cost of Additions or Alterations to the Project, the Lessee shall cause to be prepared and filed with the Issuer a certificate of the Lessee approved by the Consulting Architect setting forth the estimated cost of the completion of the Project or the proposed Additions or Alterations to the Project, including an allowance for contingencies, the estimated date of completion of the Project or estimated date on which such Additions or Alterations will be placed in service or completed, and the amount, if any, provided or to be provided by the Lessee from other sources toward payment of the costs of completion of the Project or such Additions or Alterations to the Project and the manner in which such funds will be provided.

(d) The Lessee shall cause to be deposited in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement with respect to Additional Bonds.

(e) Any Additional Bonds shall be secured by the liens and security interests granted by the Indenture, and the liens and security interests created by the Indenture shall be equal, without preference or priority, to the liens and security interests provided for the Series 2007 Bonds.

Section 8.08. Use of Party Walls. If the Lessee purchases any unimproved part of or interest in the Premises, pursuant to the provisions of Section 11.08 of this Lease Agreement, or otherwise acquires or leases other real property adjacent to the Premises, the Lessee and the Issuer agree that all walls presently standing or hereafter erected by the Issuer or the Lessee as a part of the Project on or contiguous to the boundary line of the portion of or interest in the Premises or other real property so purchased, acquired, or leased shall be party walls, and each party grants to the other a 10-foot easement adjacent to any such party wall for the purpose of inspection, maintenance, repair, and replacement thereof and the tying-in of new construction. If the Lessee utilizes any party wall for the purpose of tying in new construction that will be utilized under common control with the Project, the Lessee may also tie into the utility facilities on the Premises for the purpose of serving the new construction and may remove any non-loadbearing wall panels in the party wall; provided, however, that if the property so owned, purchased, acquired, or leased by the Lessee ceases to be operated under common control with the Project, the Lessee covenants that it shall install non-loadbearing wall panels similar in quality to those that have been removed and shall provide separate utility services for the new construction.

Section 8.09. Operation of Project and Safety Code. The Lessee warrants that throughout the Lease Term it shall operate the Project as a solid waste disposal and recycling facility or cause the same to be operated as a solid waste disposal and recycling facility and shall continue to maintain the Project in compliance with all applicable life and safety codes and all applicable building and zoning, health, and safety ordinances and laws, all applicable Environmental Laws, and all other applicable laws, ordinances, rules, and regulations of the United States of America, the State, and any political subdivision or agency thereof having jurisdiction over the Project.

Section 8.10. Hazardous Waste. (a) In addition to and without limitation of all other representations, warranties, and covenants made by the Lessee under this Lease Agreement, the Lessee further represents, warrants, and covenants that the Lessee has not and, to the best of its knowledge, any contractors with respect to the Project have not, used Hazardous Materials (as hereinafter defined) on, from, or affecting the Project in any manner that violates any Environmental Laws, and that, to the best of the Lessee's knowledge, after due investigation, no prior owner of the Project or any tenant, subtenant, prior tenant, or prior subtenant have used Hazardous Materials on, from, or affecting the Project in any manner that violates Environmental Laws. The Lessee shall keep or cause the Project to be kept free of Hazardous Materials except as otherwise provided in this Section 8.10.

(b) Without limiting the generality of the foregoing, the Lessee shall not cause or permit the Project or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce, or process Hazardous Materials, except in compliance with all applicable Environmental Laws, nor shall the Lessee cause or permit, as a result of any intentional or unintentional act or omission on the part of the Lessee or any tenant or subtenant, a release of Hazardous Materials onto the Project or onto any other property. The Lessee shall comply with and ensure compliance by all tenants and subtenants with all applicable Environmental Laws, whenever and by whomever invoked, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations, or permits required thereunder. The Lessee shall (i) conduct and complete all investigations, studies, samplings, and testing and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from, or affecting the Project (A) in accordance with all applicable Environmental Laws, and (B) in accordance with the directives of all federal, state, and local governmental authorities, and (ii) defend, indemnify, and hold harmless the Issuer from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise arising out of or in any way related to (x) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise of the Project, or (y) any violation of Environmental Laws or any policies or requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorneys' fees, investigation and laboratory fees, court costs, and litigation expenses. In the event of the termination of this Lease Agreement, the Lessee shall deliver the Project free of any and all Hazardous Materials so that the condition of the Project shall conform with all applicable Environmental Laws affecting the Project.

(c) For purposes of this Section 8.10, "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials or wastes, hazardous or toxic substances, or related materials defined in any Environmental Law; provided, however, that Hazardous Materials shall not include, for purposes of this Section 8.10, nonfriable asbestos or cleaning products, medical supplies, or other substances used by the Lessee in the ordinary course of conduct of its operations at the Project. The provisions of this Section 8.10 shall be in addition to any and all other obligations and liabilities the Lessee may have to the Issuer at common law and shall survive the termination of this Lease Agreement.

Section 8.11. Continuing Disclosure. The Lessee hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Lease Agreement, failure of the Lessee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the beneficial owners of at least 25% in aggregate principal amount of Outstanding Bonds, shall) or any beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Lessee to comply with its obligations under this Section 8.11.

Section 8.12. Reporting on Personal Property. Annually, within sixty (60) days after the end of each calendar year, the Lessee shall file with the Issuer a certificate describing, as of the last day of the immediately preceding calendar year, each item of tangible personal property not described in a previous similar certificate, which has been added to the Project, whether as a substitution, replacement, or addition, and whether or not, when added, it became real property, if the aggregate cost of such items in the preceding calendar year exceeds $25,000.

Section 8.13. Financial Statements and Notices. (a) The Lessee shall provide the Issuer, the Series 2007 Insurer, and the Trustee (1) annually, within one hundred twenty (120) days after the end of each Fiscal Year, the basic financial statements of the Lessee, including the balance sheet, income statement, and statement of cash flows, for the year then ended, in comparative form with the preceding Fiscal Year, which basic financial statements shall be accompanied by an audit report resulting from an audit conducted by independent certified public accountants in conformity with generally accepted auditing standards, (2) promptly upon receipt thereof, a copy of each other report submitted to the Lessee by its accountants in connection with any annual, interim, or special audit made by them of the books of the Lessee (including, without limitation, any management report prepared in connection with such accountants' annual audit of the Lessee), (3) promptly upon obtaining knowledge of an Event of Default, a certificate specifying the nature and period of existence thereof and what action the Lessee proposes to take with respect thereto, (4) promptly after (i) the occurrence thereof, notice of the institution by any Person of any action, suit, or proceeding or any governmental investigation or any arbitration, before any court or arbitrator or any governmental or administrative body, agency, or official, against the Lessee or the Project, which could reasonably be expected to have a material adverse effect upon, or a material adverse change in, any of the business, results of operations, properties, prospects, or condition (financial or other) of the Lessee or the ability of the Lessee to perform its obligations under the Lessee Documents or (ii) the receipt of actual knowledge thereof, notice of the threat of any such action, suit, proceeding, investigation, or arbitration, each such notice under this subsection to specify, if known, the amount of damages being claimed or other relief being sought, the nature of the claim, the Person instituting the action, suit, proceeding, investigation, or arbitration, and any other significant features of the claim, and (5) with reasonable promptness, such other information relating to the operations, management, business, properties, or condition (financial or other) of the Lessee as the Issuer, the Series 2007 Insurer, or the Trustee may reasonably request in writing from time to time. The audited financial statements to be furnished to the Issuer, the Series 2007 Insurer, and the Trustee annually pursuant to this Section 8.13 shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis and shall be accompanied by a certificate of the Lessee to the effect that the Lessee is not in

default under any provisions of the Lessee Documents and has fully complied with all of the provisions thereof, or if the Lessee is in default or has failed to so comply, setting forth the nature of the default or failure to comply.

(b) The Series 2007 Insurer shall have the right to direct an accounting at the Lessee's expense, and the Lessee's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Series 2007 Insurer shall be deemed an Event of Default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Bondholder.

[End of Article VIII]

ARTICLE IX

ASSIGNMENT, SUBLEASING, ENCUMBERING, AND SELLING; INSTALLATION OF LESSEE'S OWN MACHINERY AND EQUIPMENT

Section 9.01. Assignment and Subleasing. The rights and obligations of the Lessee under this Lease Agreement may be assigned and delegated, and the Project may be subleased, as a whole or in part, by the Lessee with the prior written consent of the Issuer (which shall not be unreasonably withheld), subject, however, to each of the following conditions:

(a) The assignee or sublessee shall meet the requirements of Section 8.03(a)(1) and (2) hereof, and the Lessee shall furnish or cause to be furnished to the Trustee the item required by Section 8.03(b) hereof.

(b) No assignment of less than all of the rights of the Lessee under this Lease Agreement or sublease of less than all of the Project shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or sublease, the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.03 hereof and for the payment, performance, and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

(c) The assignee or sublessee shall assume in writing the obligations of the Lessee under the Lessee Documents to the extent of the interest assigned or subleased.

(d) The Lessee shall furnish or cause to be furnished to the Issuer assurances reasonably satisfactory to the Issuer that the Project will continue to be operated as a "project" within the meaning of the Act.

(e) No such assignment or sublease shall give rise to a novation.

(f) The Lessee shall, within thirty (30) days after the execution thereof, furnish or cause to be furnished to the Issuer a true and complete copy of each such assignment, sublease, or assumption of obligation, as the case may be. The Issuer shall have the right, at any time and from time to time, to notify any assignee or sublessee of the rights of the Issuer as provided by this Section.

(g) All subleases shall contain an attornment clause providing in effect that if at any time during the term of the sublease, a purchaser from the Issuer shall become the owner of the Project, such sublessee agrees, at the election and upon demand of any owner of the Project, to attorn, from time to time, to any such owner upon the terms and conditions set forth in the sublease. Such sublessee shall agree, at the request of the party to whom it has attorned, to execute, acknowledge, and deliver, without charge, from time to time, instruments acknowledging such attornment. The attornment clause shall provide that upon such attornment, the sublease shall continue in full force and effect as, or as if it

were, a direct lease between the successor and the sublessee, except that the successor landlord shall not (i) have any liability for any previous act or omission of a predecessor landlord under the sublease, (ii) be bound by any previous modification of the sublease or by any previous prepayment of more than one month's rent, unless such modification or prepayment shall have been expressly approved in writing by the Issuer, or (iii) have any liability for refusal or failure to perform or complete landlord's work or otherwise prepare the demised premises for occupancy in accordance with the provisions of the sublease.

(h) All subleases shall be terminable at the option of the Issuer upon the occurrence of an Event of Default hereunder. If the entire Project is subject to any such sublease, such sublease shall contain provisions for increases in rentals up to the fair rental value of the Project, determined in a manner reasonably acceptable to the Issuer, upon the occurrence of an Event of Default hereunder.

Section 9.02. Restrictions on Sale, Encumbrance, or Conveyance of the Project by the Issuer. The Issuer agrees that it shall not (1) directly, indirectly, or beneficially sell, convey, or otherwise dispose of any part of its interest in the Project during the Lease Term, (2) permit any part of the Project or the Premises to become subject to any mortgage, lien, claim of title, encumbrance, security interest, conditional sale contract, title retention arrangement, finance lease, servitude, easement, license, restriction, reservation, defect in or cloud on title, or other charge of any kind, except for Permitted Encumbrances or except as otherwise permitted under this Lease Agreement, and (3) assign, transfer, or hypothecate (other than to the Trustee pursuant to the Indenture) any rent (or analogous payment) then due or to accrue in the future under any lease of the Project or the Premises, except for Permitted Encumbrances or except as otherwise permitted in this Lease Agreement, except that if the laws of the State at the time shall permit, nothing contained in this Section shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of the Project as an entirety to, any political subdivision, public corporation, or agency of the State whose property and income are not subject to taxation and which has authority to carry on the business of owning and leasing the Project, provided, that upon any such consolidation, merger, or transfer, the due and punctual payment of the principal of, premium, if any, and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of the Issuer Documents to be kept and performed by the Issuer, shall be expressly assumed in writing by the political subdivision, public corporation, or agency resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety.

Section 9.03. Installation of Lessee's Own Machinery and Equipment. The Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment, furnishings, and other personal property in the Building or on the Premises, which may be attached or affixed to the Building or the Premises. All such machinery, equipment, furnishings, and other personal property shall remain the sole property of the Lessee, and the Lessee may remove the same from the Building or the Premises at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any security interest, encumbrance, lien, or charge in or on any such machinery, equipment, furnishings, and other personal property. Neither the Issuer nor the Trustee shall have any

interest in or landlord's lien on any such machinery, equipment, furnishings, or personal property so installed pursuant to this Section, and all such machinery, equipment, furnishings, and personal property shall be and remain identified as the property of the Lessee by appropriate tags or other markings.

[End of Article IX]

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.01. Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement, and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) The Lessee's failure to pay the rents required to be paid under Section 5.03 of this Lease Agreement at the times specified therein and continuing for a period of five (5) days after notice by telegram, or if telegraphic service is not available, then after notice by mail, in the manner provided in Section 12.01 of this Lease Agreement, given to the Lessee by either the Trustee or the Issuer, that the payment referred to in such notice has not been received, or, without regard to notice, the Lessee's failure to pay the rents required to be paid under Section 5.03 of this Lease Agreement at the times specified therein and continuing for a period of ten (10) days after any such amount becomes due under Section 5.03 of this Lease Agreement, whichever occurs first.

(b) The Lessee's breach in any material respect of any representation or warranty contained in the Lessee Documents or the Lessee's failure to observe, perform, or comply in any material respect with any covenant, condition, or agreement in the Lessee Documents on the part of the Lessee to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Lessee by the Issuer or the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration. In the case of any such breach or default that cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of time not materially detrimental to the rights of the Issuer, the Trustee, and the Bondholders, to be determined conclusively by the Trustee, it shall not constitute an Event of Default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the breach or default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee.

(c) The Lessee shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of it or of all or a substantial part of its property or of the Project, (ii) fail to promptly lift or bond (if legally permissible) any execution, garnishment, or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, (iii) enter into an agreement of composition with its creditors, (iv) admit in writing its inability to pay its debts generally as such debts become due, (v) make a general assignment for the benefit of its creditors, (vi) commence a voluntary case under the federal bankruptcy law or any similar law in effect in a foreign jurisdiction (as now or hereafter in effect), (vii) file a petition or answer seeking to take advantage of any other law relating to bankruptcy, insolvency,

reorganization, winding-up, or composition or adjustment of debts, (viii) fail to controvert in a timely or appropriate manner or acquiesce in writing to any petition filed against it in an involuntary case under such federal bankruptcy law or any similar law in effect in a foreign jurisdiction, or (ix) take any action for the purpose of effecting any of the foregoing.

(d) A proceeding or case shall be commenced, without the application of the Lessee, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Lessee, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of the Lessee or of all or any substantial part of the assets of it or of the Project, or (iii) similar relief in respect of the Lessee under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition and adjustment of debts, and such proceeding or case shall continue undismissed or an order, judgment, or decree approving or ordering any of the foregoing shall be entered and shall continue unvacated and unstayed and in effect for a period of sixty (60) days, whether consecutive or not.

Section 10.02. Remedies on Default. (a) Whenever any Event of Default referred to in Section 10.01 hereof shall have happened and be subsisting, the Issuer, to the extent permitted by law, may take any one or more of the following remedial steps:

(1) The Issuer, upon ten (10) days' prior written notice to the Lessee, may terminate this Lease Agreement and exclude the Lessee from possession of the Project.

(2) The Issuer, upon ten (10) days' prior written notice to the Lessee, may, without terminating this Lease Agreement, exclude the Lessee from possession of the Project and use its best efforts to sublease the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of such sublease and for the excess, if any, of the rent and other amounts payable by the Lessee under this Lease Agreement over the rents and other amounts that are payable by such new sublessee under such new sublease.

(3) The Issuer may have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Lessee related to the Project.

(4) The Issuer may from time to time take whatever action at law or in equity or under the terms of the Bond Documents may appear necessary or desirable to collect the Basic Rent and other amounts payable by the Lessee hereunder then due or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Lessee under the Lessee Documents.

(b) The Issuer, upon ten (10) days' prior written notice to the Lessee, shall terminate this Lease Agreement and exclude the Lessee from possession of the Project upon the payment by the County to the Trustee, for the account of the Issuer, of any amounts payable pursuant to the Contract. Notwithstanding any other provision of this Lease Agreement, the Lessee shall not be entitled to receive a credit on or a reduction or abatement of its rental payment obligations under this Lease Agreement by virtue of any payments made by the County pursuant to the Contract. Any such rental payment obligations shall continue as an obligation of the Lessee until paid and shall bear interest at the rate of interest specified in Section 6.06 hereof, notwithstanding the use of payments made by the County pursuant to the Contract to pay principal of, premium, if any, and interest on the Bonds or to make deposits into the Bond Fund or the Debt Service Reserve Fund. **THE LESSEE ACKNOWLEDGES AND AGREES THAT THE OPERATION OF THE PROVISIONS OF THIS SECTION 10.02(b) ARE AUTOMATIC AND MANDATORY AND WILL RESULT IN A COMPLETE TERMINATION WITHOUT ANY COMPENSATION OF THE LESSEE'S RIGHTS UNDER THIS LEASE AGREEMENT AND OF THE LESSEE'S LEASEHOLD ESTATE IN THE PROJECT. THE LESSEE HAS AGREED TO THE PROVISIONS OF THIS SECTION 10.02(b) VOLUNTARILY, INTELLIGENTLY, AND KNOWINGLY, THROUGH ITS DULY AUTHORIZED REPRESENTATIVES AFTER THEY HAVE READ AND UNDERSTOOD THE PROVISIONS OF THIS SECTION 10.02(b) AND HAVE BEEN AFFORDED AN OPPORTUNITY TO BE INFORMED BY COUNSEL OF THE LESSEE'S POSSIBLE ALTERNATIVE RIGHTS, AND BY EXECUTING THIS LEASE AGREEMENT THE DULY AUTHORIZED REPRESENTATIVES OF THE LESSEE ACKNOWLEDGE AGREEING TO THE PROVISIONS OF THIS SECTION 10.02(b) ON BEHALF OF THE LESSEE.**

(c) Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) and the Lessee is then in good standing with respect to the payment of all rent hereunder and shall have paid the Issuer and the Trustee all other sums due and owing hereunder, then to the Lessee.

(d) No action taken pursuant to this Section (including repossession of the Project or termination of this Lease Agreement) shall relieve the Lessee from its obligations pursuant to Section 5.03 hereof, all of which shall survive any such action, and the Issuer may take whatever action at law or in equity as may appear necessary and desirable to collect the rent and other amounts then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement, or covenant of the Lessee hereunder.

Section 10.03. <u>No Remedy Exclusive</u>. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any

notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the owners of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 10.04. Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should default under any of the provisions of this Lease Agreement and the Issuer or the Trustee should employ attorneys, accountants, or other experts or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained or contained in the Lessee Documents, the Lessee agrees that it shall on demand therefor pay to the Issuer or the Trustee the reasonable fees of such attorneys, accountants, or other experts and such other expenses so incurred by the Issuer or the Trustee. Any attorneys' fees required to be paid by the Lessee under this Lease Agreement shall include attorneys' and paralegals' fees through all proceedings, including, but not limited to, negotiations, administrative hearings, trials, and appeals.

Section 10.05. Waiver of Events of Default. The Issuer, with the consent of the Trustee, may waive any Event of Default hereunder and its consequences. In case of any such waiver, or in case any proceeding taken by the Issuer or the Trustee on account of any such Event of Default shall be discontinued or abandoned or determined adversely to the Issuer or the Trustee, then and in every such case the Issuer and the Lessee shall be restored to their former position and rights hereunder, but no such waiver or rescission shall extend to or affect any subsequent or other Event of Default or impair or exhaust any right, power, or remedy consequent thereon.

[End of Article X]

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE; RENT PREPAYMENTS AND ABATEMENT

Section 11.01. General Options to Terminate Lease Term. The Lessee shall have, and is hereby granted, the following options to terminate the Lease Term:

(a) at any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by (i) paying to the Trustee an amount which, when added to the amount on deposit in the Bond Fund and the Debt Service Reserve Fund, will be sufficient to pay, retire, and redeem all of the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, redemption premium, interest to maturity or earliest applicable redemption date, as the case may be, premium, if any, expenses of redemption, and Trustee's and paying agents' fees and expenses), (ii) in the case of redemption, making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, (iii) paying to the Issuer any and all sums then due to the Issuer under this Lease Agreement, and (iv) otherwise complying with the provisions of Article X of the Indenture, and

(b) upon full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and of any and all sums then due to the Issuer and the Trustee under this Lease Agreement prior to the end of the Lease Term, the Lessee may terminate the Lease Term by giving the Issuer notice in writing of such termination, which shall become effective 91 days after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture).

Section 11.02. Option to Purchase Project. At any time within one hundred eighty (180) days after the expiration or sooner termination of the Lease Term pursuant to Section 11.01 hereof, the Lessee shall also have, and is hereby granted, the option to purchase the Project for a purchase price of One Hundred Dollars ($100.00), which shall be paid directly to the Issuer for its own account (and not into the Bond Fund) and any and all other sums then due to the Issuer under this Lease Agreement. To exercise such option, the Lessee shall give written notice of exercise to the Issuer. The purchase of the Project shall be closed within sixty (60) days from the date of such notice.

Section 11.03. Redemption of Bonds. The Issuer, at the written request of the Lessee at any time and if the Bonds are then callable or available for purchase, and if there are funds available therefor, shall forthwith take all steps that may be necessary under the applicable redemption or purchase provisions of the Indenture to effect redemption or purchase of all or part of the then outstanding Bonds, as may be specified by the Lessee, on the earliest date on which such redemption or purchase may be made under such applicable provisions.

Section 11.04. Prepayment of Rents. There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any

part of the Basic Rent and other amounts payable under Section 5.03 hereof, and the Issuer agrees that the Trustee may accept such prepayments of Basic Rent and other amounts when the same are tendered by the Lessee. All Basic Rent and other amounts so prepaid shall at the written direction of the Lessee be credited toward the Basic Rent and other amounts specified in Section 5.03 hereof, in the order of their due dates, or applied to the retirement of Bonds prior to maturity (either by redemption or purchase) in accordance with the Indenture. The Lessee shall also have the right to surrender Bonds acquired by it in any manner whatsoever to the Trustee for cancellation, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired and shall be allocated as credits to Basic Rent as provided in the Indenture.

Section 11.05. No Obligation to Prepay Rents or Purchase Project. The Lessee shall be under no obligation to prepay the rents payable hereunder or to purchase the Project except as herein expressly required or provided.

Section 11.06. Option to Prepay Basic Rent and Redeem Series 2007 Bonds at Prior Optional Redemption Dates. The Lessee shall also have the option to prepay Basic Rent related to the Series 2007 Bonds and other amounts payable under this Lease Agreement in such manner and amounts as will enable the Issuer to redeem the Series 2007 Bonds prior to maturity, as provided in Section 304 of the Indenture. Series 2007 Bonds redeemed pursuant to this Section shall be redeemed in accordance with the procedures set forth in Article III of the Indenture. The Basic Rent and other amounts payable by the Lessee in the event of its exercise of the option granted under this Section shall be (i), in the case of partial redemption, the amount necessary to pay principal, all interest to accrue to the redemption date, the applicable redemption premium, as provided in Section 304 of the Indenture, and any redemption expense, and (ii) in the case of a total redemption, the amounts set forth in Article X of the Indenture and the applicable redemption premium, as provided in Section 304 of the Indenture.

Section 11.07. Release of Certain Land. In addition to the rights granted by Section 11.08 hereof, the parties hereto reserve the right at any time and from time to time to amend this Lease Agreement for the purpose of effecting the release and removal from this Lease Agreement and the leasehold estate conveyed hereby of any part (or interest in such part) of the Premises with respect to which the Issuer, on the request of the Lessee, proposes to convey fee title to a railroad, public utility, or public body in order that railroad services, utility services, or public services may be provided to the Project; provided, that if at the time any such amendment is made any of the Bonds are Outstanding and unpaid, the Lessee shall deliver to the Trustee the following:

(a) a copy of the amendment as executed,

(b) a resolution of the Governing Body (i) giving an adequate legal description of that portion (together with the interest in such portion) of the Premises to be released, (ii) stating the purpose for which the Issuer desires the release, and (iii) approving such amendment to this Lease Agreement,

(c) a resolution of the governing body of the Lessee approving such amendment and a certificate of the Lessee to the effect that the Lessee is not in default under any of the provisions of this Lease Agreement and that neither the

Building nor any other improvements are located on a portion of the Premises with respect to which the release is to be granted, accompanied by a plat of survey of the Premises certified by a registered surveyor of the State depicting (i) the boundaries of the portion of the Premises with respect to which the release is to be granted, (ii) all improvements located on the property surveyed and the relation of the improvements by distances to the boundaries of the portion of such property with respect to which the release is to be granted, and (iii) all easements and rights of way with recording data and instruments establishing the same,

(d) a copy of the instrument conveying the title to a railroad, public utility, or public body, and

(e) a certificate of the Consulting Architect, dated not more than sixty (60) days prior to the date of the release and stating that, in the opinion of the person signing such certificate, (i) the portion of the Premises so proposed to be released is necessary or desirable in order to obtain railroad services, utility services, or public services to benefit the Project and (ii) the release so proposed to be made will not impair the usefulness of the Project as a modern solid waste disposal and recycling facility and will not materially impair the means of ingress thereto and egress therefrom.

If such release relates to a part of the Premises on which transportation or utility facilities are located, the Issuer shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as a modern solid waste disposal and recycling facility. Any money consideration received in connection with the release of any portion of the Premises pursuant to this Section 11.07 shall be deposited in the Redemption Account of the Bond Fund and used to redeem Bonds or to pay principal of the Bonds as the same becomes due.

No release or conveyance effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.03 hereof.

Section 11.08. <u>Option to Purchase Unimproved Land</u>. If no Event of Default under this Lease Agreement shall have happened and then be continuing, the Lessee shall have, and is hereby granted, the option to purchase any part of the Premises on which the Building is not situated (although transportation or utility facilities may be located thereon), at any time and from time to time, at and for a purchase price equal to the Fair Market Value thereof, provided that the Lessee furnishes the Issuer with the following:

(a) a notice in writing containing (i) an adequate legal description of that portion of the Premises with respect to which such option is to be exercised, and (ii) a statement that the Lessee intends to exercise its option to purchase such portion of the Premises on a date stated, which shall not be less than forty-five (45) days nor more than one hundred twenty (120) days from the date of such notice,

(b) a certificate of the Consulting Architect, dated not more than ninety (90) days prior to the date of the purchase, stating that in the opinion of the person signing such certificate (i) the portion of the Premises with respect to which the option is to be exercised is not needed for the operation of the Project for the purposes hereinabove stated and (ii) the purchase will not impair the usefulness of the Project as a modern solid waste disposal and recycling facility and will not materially impair the means of ingress thereto and egress therefrom,

(c) a certificate of an independent appraiser acceptable to the Issuer, dated not more than ninety days prior to the date of the purchase, stating that release from this Lease Agreement of that portion of the Premises with respect to which the option is to be exercised will not materially impair the Fair Market Value of the Project,

(d) a certificate of the Lessee to the effect that the Building is not located on the portion of the Premises with respect to which the option is to be exercised, accompanied by a plat of survey of the Premises certified by a registered surveyor of the State, depicting (i) the boundaries of the portion of the Premises with respect to which the option is to be exercised, (ii) all improvements located on the property surveyed and the relation of the improvements by distances to the boundaries of the portion of such property with respect to which the option is to be exercised, and (iii) all easements and rights of way with recording data and instruments establishing the same, and

(e) an amount of money equal to the purchase price computed as provided in this Section.

The Issuer agrees that upon receipt of the notice, certificates, and money required in this Section to be furnished to it by the Lessee, the Issuer shall promptly deliver such money to the Trustee for deposit in the Redemption Account of the Bond Fund to be used to redeem Bonds or purchase Bonds and shall execute a deed regarding such portion of the Premises with respect to which the Lessee shall have exercised the option granted to it in this Section. In the event the Lessee shall exercise the option granted to it under this Section, the Lessee shall not be entitled to an abatement or diminution of the rents payable under Section 5.03 hereof, and if such option relates to Premises on which transportation or utility facilities are located, the Issuer shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project.

Section 11.09. <u>Granting of Easements</u>. If no Event of Default under this Lease Agreement shall then be continuing, the Issuer, at the request of the Lessee, may at any time or times grant easements, licenses, rights of way (including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Project, or the Issuer, at the request of the Lessee, may release existing easements, licenses, rights of way, and other rights or privileges with or without consideration, and the Issuer agrees that it shall execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way, or other right or privilege upon receipt of (i) a copy of the instrument of grant or release, (ii) a written application signed by the Authorized

Lessee Representative requesting such instrument, and (iii) a certificate of the Consulting Architect, dated not more than sixty (60) days prior to the date of such grant or release, stating that such grant or release will not impair the effective use or interfere with the operation of the Project as a modern solid waste disposal and recycling facility, will not impair the Fair Market Value of the Project, and will not materially impair the means of ingress thereto and egress therefrom. Any money consideration received in connection with the granting or release of an easement pursuant to this Section 11.09 shall be deposited in the Redemption Account of the Bond Fund and used to redeem Bonds or to pay principal of the Bonds as the same becomes due. Any other consideration received shall be given to the Lessee. No grant or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.03 hereof.

Section 11.10. Reference to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with provisions of the Indenture) and all fees and charges of the Trustee, all references in this Lease Agreement to the Bonds and the Trustee shall be ineffective, and neither the Trustee nor the owners of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

Section 11.11. Relative Position of Options and the Indenture. The options respectively granted to the Lessee in this Article shall be and remain prior and superior to the Indenture.

Section 11.12. Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity. Upon full payment of the Bonds (or provision for payment of the Bonds in accordance with the Indenture), under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project, from such date to and including the end of the Lease Term, with no obligation to make payments of Basic Rent or Reserve Rent specified in Section 5.03 hereof during that interval (but otherwise on the terms and conditions hereof).

Section 11.13. Conveyance on Exercise of Option to Purchase. At the closing of any purchase pursuant to the exercise of any option to purchase granted herein, the Issuer shall upon receipt of the purchase price deliver to the Lessee documents conveying to the Lessee good and marketable title (of the same quality as received by the Issuer) to the property being purchased, as such property then exists, subject to the following: (i) those Liens (if any) to which title to such property was subject immediately following the delivery of the Series 2007 Bonds but excluding the Bond Documents, (ii) those Liens created by, through, or under the Lessee or to the creation or suffering of which the Lessee consented, (iii) those Liens resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in the Lessee Documents, and (iv) Permitted Encumbrances other than the Bond Documents.

Section 11.14. Public Purpose of Option to Purchase. The Issuer and the Lessee acknowledge that the options to purchase the Project granted in this Article are a material inducement to the Lessee to operate the Project on behalf of the Issuer and that in granting such options the Issuer is considering the entire transaction as a whole, including the development and promotion for the public good and general welfare trade, commerce, industry, and employment

opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources.

[End of Article XI]

ARTICLE XII

MISCELLANEOUS

Section 12.01. Notices. All notices, certificates, and other communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent to any party hereto at the following addresses or to such other address as any party hereto shall have specified in writing to the other party:

If to the Issuer:	Resource Recovery Development Authority of Cherokee County 90 North Street, Suite 310 Canton, Georgia 30114 Attention: Chairman
If to the Lessee:	Ball Ground Recycling, LLC 391 Marietta Road Canton, Georgia 30114 Attention: President
If to the Trustee:	The Bank of New York Trust Company, N.A. 100 Ashford Center North, Suite 520 Atlanta, Georgia 30338 Telecopy: (770) 698-5195 Attention: Corporate Trust Department
If to the Series 2007 Insurer:	Ambac Assurance Corporation One State Street Plaza New York, New York 10004 Telecopy: (212) 480-3682 Attention: Surveillance Department

A duplicate copy of each notice, certificate, or other communication given hereunder shall also be given to the Trustee and to the Underwriter. Any party named in this Section 12.01 may, by notice given to each of the others, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent.

Section 12.02. Recording and Filing. This Lease and the Indenture, or appropriate notices thereof, shall be recorded in all offices as may at the time be provided by law as the proper place for recordation thereof. The security interest of the Trustee created by the Indenture shall be perfected by the filing of financing statements or instruments effective as financing statements, which fully comply with the State Uniform Commercial Code or by the taking of possession of appropriate collateral. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the State Uniform Commercial Code and the appropriate parties shall maintain possession of appropriate collateral in order to continue the

security interests identified in this Section 12.02, to the end that the rights of the owners of the Bonds and the Trustee in the Trust Estate shall be fully preserved as against third party creditors of, or purchasers for value in good faith from, the Issuer.

Section 12.03. Construction and Binding Effect. This Lease Agreement constitutes the entire agreement of the parties and supersedes any prior agreements. This Lease Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Lessee, and their respective successors and assigns subject, however, to the limitations contained in Sections 8.03 and 9.01 hereof. To the extent that this Lease Agreement confers upon or gives or grants to the Series 2007 Insurer any right, remedy, or claim under or by reason of this Lease Agreement, the Series 2007 Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy, or claim conferred, given, or granted hereunder.

Section 12.04. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.05. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Bond Fund, the Debt Service Reserve Fund, the Project Fund, or other funds provided for herein upon expiration or sooner termination of the Lease Term, as provided in this Lease Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the fees, charges, and expenses of the Trustee and paying agents in accordance with the Indenture, and all sums due and owing to the Issuer, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

Section 12.06. Fees and Expenses Paid by the Lessee. The Lessee shall pay all fees and expenses relating to this Lease Agreement, including but not limited to, the expense of examination of title, premiums of owner's title insurance in such amount and form as may be satisfactory to the Issuer, costs of all supplemental examinations and certifications of title, recording fee and tax, expenses of any present or future assignment or assignments of collateral security, if any, required by the Trustee, and attorneys' fees. In case the Trustee or the Issuer pays or advances any money for fees, surveys, recording, recording tax, examination of title, owner's title insurance policies, preparation of documents, any expenses incurred in the completion of this transaction, the payment of any insurance premiums, encumbrance, tax, assessment, or other charge or lien upon the Project, or any other amounts necessary for the payment of the cost of improvements, the same shall be advances payable in accordance with Section 6.06 of this Lease Agreement. Notwithstanding the foregoing provisions of this Section 12.06, the Lessee, during any period in which no Event of Default has occurred that is continuing, shall incur no obligation under this Section 12.06 unless it approves in writing the incurrence of the fees or expenses.

Section 12.07. Amendments, Changes, and Modifications. Except in the instance of an amendment pursuant to Section 8.07 or Article XI hereof, neither this Lease Agreement nor the Indenture may be amended, changed, modified, altered, or terminated, except as provided in the Indenture and in each instance only with the prior written consent of the Trustee. Any provision of this Lease Agreement expressly recognizing or granting rights in or to the Series

2007 Insurer may not be amended in any manner that affects the rights of the Series 2007 Insurer hereunder without the prior written consent of the Series 2007 Insurer. The Series 2007 Insurer reserves the right to charge the Lessee a fee for any consent or amendment to this Lease Agreement while the Series 2007 Insurance Policy is outstanding.

Section 12.08. Execution of Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.09. Law Governing Construction of this Lease Agreement. This Lease Agreement is prepared and entered into with the intention that the law of the State of Georgia, exclusive of such state's rules governing choice of law, shall govern its construction.

Section 12.10. Subordination to Indenture. This Lease Agreement and the rights and privileges hereunder of the Lessee are specifically made subject and subordinate to the rights and privileges of the Trustee and the owners of the Bonds appertaining thereto set forth in the Indenture except as provided in Section 11.11 hereof.

Section 12.11. Quiet Enjoyment. The Issuer agrees that so long as the Lessee shall fully and punctually pay all of the rents and other amounts provided to be paid hereunder by the Lessee and shall fully and punctually perform all of its other covenants and agreements hereunder, the Lessee shall peaceably and quietly have, hold, and enjoy the Project during the Lease Term, and the Issuer warrants and covenants that it shall defend the Lessee in such peaceable and quiet possession of the Project from claims arising by, through, or under the Issuer.

Section 12.12. Time of Essence. Time is of the essence of this Lease Agreement. Anywhere a day certain is stated for payment or for performance of any obligation, the day certain so stated enters into and becomes a part of the consideration for this Lease Agreement.

Section 12.13. Estate for Years. This Lease Agreement shall be deemed and construed to create an estate for years and not a usufruct.

Section 12.14. No Merger. There shall be no merger of this Lease Agreement or the leasehold estate created hereby with the fee simple estate in the Project or any part thereof, by reason of the fact that the same person or entity may acquire, own, or hold, directly or indirectly, this Lease Agreement or the leasehold estate created hereby or any interest in this Lease Agreement or such leasehold estate, and the fee simple estate in the Project or any interest in such fee simple estate, and this Lease Agreement shall not be terminated except as expressly provided herein.

Section 12.15. Covenants Run with Premises. The covenants, agreements, and conditions herein contained shall run with the property and premises hereby leased and shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assigns.

Section 12.16. Triple Net Lease. This Lease Agreement shall be deemed and construed to be a "net, net, net lease," and the Lessee shall pay absolutely net during the Lease

Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution, or set-off other than those herein expressly provided.

Section 12.17. Surrender of Project. Except as otherwise provided in this Lease Agreement, at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the Issuer in as good condition as at the commencement of the Lease Term, ordinary wear, tear, and obsolescence only excepted.

Section 12.18. Tenancy at Sufferance. If the Lessee remains in possession of the Project after expiration of the Lease Term, without any express written agreement by the Issuer, the Lessee shall be and become a tenant at sufferance, and there shall be no renewal or extension of this Lease Agreement by operation of law.

Section 12.19. Third Party Beneficiary. The County is hereby declared to be and is a third party beneficiary of this Lease Agreement and shall be entitled to enforce the performance and observance by the Issuer and the Lessee of their respective agreements and covenants herein contained as fully and completely as if the County was a party to this Lease Agreement.

[End of Article XII]

SIGNATURES AND SEALS

IN WITNESS WHEREOF, the Issuer has executed this Lease Agreement by causing its name to be hereunto subscribed by its Vice Chairman and by causing the official seal of the Issuer to be impressed hereon and attested by its Secretary; and the Lessee has executed this Lease Agreement by causing its name to be hereunto subscribed by its Manager; all being done as of the day and year first above written but actually executed by the Issuer on October 5, 2007 and by the Lessee on October 5, 2007.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

(SEAL)

Attest:
Sheila R. Corlin
Secretary

As to the Issuer, signed, sealed, and delivered this 5th day of October 2007, in the presence of:

Unofficial Witness

Eunice S. Smith
Notary Public

My commission expires: 5/2/08

(NOTARIAL SEAL)

EUNICE S. SMITH NOTARY PUBLIC EXPIRES GEORGIA MAY 2, 2008 DEKALB COUNTY

[Signatures and Seals Continued on Following Page]

[Signatures and Seals Continued From Preceding Page]

BALL GROUND RECYCLING, LLC

BY: J. BOBO, LLC, its sole manager

By: _____
Manager

As to the Lessee, signed, sealed, and delivered this 5th day of October 2007, in the presence of:

_____
Unofficial Witness

_____
Notary Public

My commission expires: 5/2/08

(NOTARIAL SEAL)

EUNICE S. SMITH
NOTARY PUBLIC
GEORGIA
EXPIRES
MAY 2, 2008
DEKALB COUNTY

EXHIBIT A

DESCRIPTION OF PREMISES

[Attached]

Exhibit "A"

Written Description

Property to be Bonded (Excluding Detention Tract)

All that tract or parcel of land lying and being in Land Lots 359, 360, 361, & 362, 3rd District, 2nd Section, Cherokee County, Georgia, and being more particularly described as follows:

To find the POINT OF BEGINNING, commence at a point at the intersection of the northwesterly right of way of Ball Ground Highway, AKA GA Hwy. 5 (130 Foot right of way) and the northeasterly right of way of Wilbanks Drive; thence northeasterly along said right of way of Ball Ground Highway 778.48 feet to a point; thence S 29° 57' 30"W, 537.69 feet to a point at the intersection of the southwesterly proposed right of way of Woodtech Parkway (60 foot right of way) and said northwesterly right of way of Ball Ground Highway; thence northwesterly along said proposed right of way of Woodtech Parkway 454.44 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 23.02 feet, said curve having a radius of 197.00 feet and being subtended by a chord of N 55° 44' 58" W, 23.00 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 88.03 feet, said curve having a radius of 197.00 feet and being subtended by a chord of S 39° 36' 06" E, 87.30 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 48.23 feet, said curve having a radius of 261.10 feet and being subtended by a chord of N 32 05' 31"W, 48.16 feet to a point; thence leaving said proposed right of way of Woodtech Parkway N 37° 23' 00" W a distance of 238.09 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 59.38 feet, said curve having a radius of 1,330.00 feet and being subtended by a chord of N 36°06'16" W 59.37 feet to a point; thence **S 53°25'10" W** a distance of **63.44** feet to a point; thence **S 52°44'00" W** a distance of **100.09** feet to a point; thence **N 29°39'54" W** a distance of **78.85** feet to a point; thence **N 14°25'42" W** a distance of **69.05** feet to a point; thence **N 05°25'47" W** a distance of **151.80** feet to a point; thence **N 13°53'42" W** a distance of **94.31** feet to a point; thence **N 18°47'39" W** a distance of **129.61** feet to a point; thence **N 17°06'23" W** a distance of **166.09** feet to a point; thence **N 13°37'58" W** a distance of **105.50** feet to a point; thence **N 45°04'24" E** a distance of **542.55** feet to a point; thence **S 76°42'38" E** a distance of **176.42** feet to a point; thence **S 81°22'26" E** a distance of **37.73** feet to a point; thence **S 83°34'17" E** a distance of **55.99** feet to a point; thence **S 87°39'41" E** a distance of **48.99** feet to a point; thence **S 88°45'51" E** a distance of **55.45** feet to a point; thence **N 86°40'13" E** a distance of **62.00** feet to a point; thence **N 82°35'07" E** a distance of **53.94** feet to a point; thence **N 78°30'30" E** a distance of **65.76** feet to a point; thence **N 76°11'13" E** a distance of **91.42** feet to a point; thence **S 03°35'01" W** a distance of **18.56** feet to a point; thence **S 86°24'59" E** a distance of **298.94** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 309.73 feet, said curve

having a radius of 2,240.98 feet and being subtended by a chord of S 81°21'44" E 309.48 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 200.21 feet, said curve having a radius of 1,000.00 feet and being subtended by a chord of S 83°08'18" E 199.88 feet to a point; thence **S 88°52'27" E** a distance of **208.37** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 89.69 feet, said curve having a radius of 230.00 feet and being subtended by a chord of S 22°31'30" W 89.13 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 251.22 feet, said curve having a radius of 1,307.51 feet and being subtended by a chord of S 39°12'04" W 250.84 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 1,072.68 feet, said curve having a radius of 3,489.00 feet and being subtended by a chord of S 53°30'47" W 1,068.44 feet to a point; thence **S 62°19'14" W** a distance of **321.00** feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 76.37 feet, said curve having a radius of 70.00 feet and being subtended by a chord of S 31°03'53" W 72.64 feet to a point on the northeasterly proposed right of way of Woodtech Parkway (60 foot right of way); thence along the northeasterly, northerly, and northwesterly proposed right of way of Woodtech Parkway for the following courses and distances: thence along a curve to the left, following the curvature thereof, for an arc distance of 123.16 feet, said curve having a radius of 75.00 feet and being subtended by a chord of N 47°14'05" W 109.78' feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 34.62 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 72°29'55" W 34.31 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 117.94 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 14°13'26" W 106.16 feet to the **POINT OF BEGINNING**. Said tract contains or 35.846 acres and is shown on a preliminary plat for BG Land, LLC, by Barton Surveying, Inc., dated July 31, 2007, last revised September 26, 2007.

EXHIBIT B

DESCRIPTION OF EQUIPMENT

All equipment purchased with proceeds of the Bonds.

EXHIBIT C

PROJECT FUND REQUISITION

[Attached]

CERTIFICATE AND REQUISITION FOR PAYMENT

Date: _____

Draw Request #_____

Ball Ground Recycling, LLC (the "Lessee") and the Resource Recovery Development Authority of Cherokee County (the "Issuer") hereby jointly request, pursuant to the Lease Agreement (the "Lease Agreement"), dated as of September 1, 2007, by and between the Lessee and the Issuer, that the following amounts be disbursed to the following parties for the account of them from the Project Fund created under the Trust Indenture and Security Agreement, dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A. (the "Trustee"):

Name of Payee	Nature of Disbursement	Amount

The Lessee does hereby certify to the Trustee that, as of the date hereof, (1) the representations and warranties of the Lessee in the Lease Agreement are hereby ratified and confirmed and (2) the above listed items are "non-construction costs and fees" (within the meaning of Section 4.04 of the Lease Agreement) and are properly included within the definition "Costs of the Project" included within the Lease Agreement.

BALL GROUND RECYCLING, LLC

By:_____
Authorized Lessee Representative

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By:_____
Authorized Issuer Representative

EXHIBIT D

ISSUANCE COST FUND REQUISITION

[Attached]

CERTIFICATE AND REQUISITION FOR PAYMENT

Date: _____

Draw Request #_____

Ball Ground Recycling, LLC (the "Lessee") and the Resource Recovery Development Authority of Cherokee County (the "Issuer") hereby jointly request, pursuant to the Lease Agreement (the "Lease Agreement"), dated as of September 1, 2007, by and between the Lessee and the Issuer, that the following amounts be disbursed to the following parties for the account of them from the Issuance Cost Fund created under the Trust Indenture and Security Agreement, dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A. (the "Trustee"):

Name of Payee	Nature of Disbursement	Amount

The Lessee does hereby certify to the Trustee that, as of the date hereof, (1) the representations and warranties of the Lessee in the Lease Agreement are hereby ratified and confirmed and (2) the above-listed items are properly included within the definition "Issuance Costs" included within the Lease Agreement.

BALL GROUND RECYCLING, LLC

By:_____
Authorized Lessee Representative

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By:_____
Authorized Issuer Representative

$18,145,000
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT)

$13,205,000	**$4,940,000**
Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A	**Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B**

BOND PURCHASE AGREEMENT

September 18, 2007

Resource Recycling Development
Authority of Cherokee County
Canton, Georgia

Ball Ground Recycling, LLC
Canton, Georgia

Ladies and Gentlemen:

On the basis of the representations, warranties, and covenants contained in this Bond Purchase Agreement, and upon the terms and conditions contained in this Bond Purchase Agreement, the undersigned, Citigroup Global Markets Inc. (the "Underwriter"), hereby offers to purchase from the Resource Recovery Development Authority of Cherokee County (the "Issuer") $18,145,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), consisting of $13,205,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds") and $4,940,000 in aggregate principal amount of its Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (the "Series 2007B Bonds") (collectively the "Bonds"), and hereby offers to enter into this Bond Purchase Agreement with the Issuer and Ball Ground Recycling, LLC (the "Lessee"), which will become binding upon the Issuer and the Lessee and upon the Underwriter upon the Issuer's and the Lessee's validly authorized acceptance by execution of this Bond Purchase Agreement and its delivery to the Underwriter at or prior to 9:00 p.m., Atlanta, Georgia time, on September 18, 2007.

SECTION 1. BACKGROUND.

Pursuant to a Series 2007 Bond Resolution duly adopted by the governing body of the Issuer on July 3, 2007, as ratified, reaffirmed, supplemented, and amended by a Supplemental Series 2007 Bond Resolution duly adopted by the governing body of the Issuer on September 18, 2007 (collectively the "Bond Resolution"), at meetings duly called and held, the Issuer has authorized the issuance, delivery, and sale of the Bonds. The Bonds will be issued under and secured by a Trust Indenture and Security Agreement (the "Indenture"), to be dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee").

The Issuer will use the proceeds of the sale of the Bonds to finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility, to be located in Cherokee County, Georgia (the "Project"), and to finance a portion of the costs of issuing the Bonds.

The Issuer will lease the Project to the Lessee pursuant to a Lease Agreement (the "Lease"), to be dated as of September 1, 2007, between the Issuer and the Lessee, under the terms of which the Lessee will agree to make rental payments to the Issuer in amounts calculated to be sufficient in amount and time to pay the principal of, premium, if any, and interest on the Bonds when due.

In addition, the Issuer and Cherokee County, Georgia (the "County") will enter into an Intergovernmental Solid Waste Contract (the "Contract"), to be dated as of September 1, 2007, under the terms of which the County will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes. The County will agree in the Contract to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues which are sufficient to fulfill the County's obligations under the Contract.

To secure its obligations under the Bonds, the Issuer will (i) assign to the Trustee, and grant a first priority security interest in, all of its right, title, interest, and remedies in and to the Lease (except for certain rights reserved to the Issuer), the Contract, and all amounts to be received thereunder, and (ii) assign and pledge to the Trustee, and grant a first priority security interest in, all revenues and receipts derived from the Issuer's ownership of the Project, pursuant to the Indenture.

Simultaneously with the issuance of the Bonds, Ambac Assurance Corporation (the "Bond Insurer") will issue its irrevocable insurance policy (the "Bond Insurance Policy"), which will insure the payment of principal of and interest on the Bonds when due.

With the consent of the Lessee and the Issuer, the Underwriter has distributed a Preliminary Official Statement, dated September 12, 2007 (the "Preliminary Official Statement"), relating to the Bonds in connection with the marketing of the Bonds. The Bonds

will be offered for sale by the Underwriter pursuant to a definitive Official Statement, to be dated September 18, 2007 (the "Official Statement"), relating to the Bonds.

The Lessee will undertake, pursuant to the Lease and a Continuing Disclosure Agreement (the "Disclosure Agreement"), between the Lessee and the Trustee, and the County will undertake, pursuant to the Contract and a Continuing Disclosure Certificate (the "Disclosure Certificate"), to provide annual reports and notices of certain events. A description of these undertakings is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

Capitalized terms used herein and not defined shall have the meaning assigned to such terms in the Indenture and the Lease.

SECTION 2. REPRESENTATIONS, WARRANTIES, AND AGREEMENTS OF THE ISSUER.

By the Issuer's acceptance hereof it hereby represents and warrants to, and covenants and agrees with, the Underwriter that:

(a) The Issuer is a public corporation duly created and validly existing under the laws of the State of Georgia. The Issuer is authorized by virtue of the laws of the State of Georgia, including (i) Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Resource Recovery Development Authorities Law") and (ii) Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, to issue the Bonds to provide funds to be used to acquire and construct the Project and to pay all expenses necessary to accomplish the foregoing, to lease the Project to the Lessee and to charge and collect rent therefor, to be the pledgor and assignor as provided in the Indenture, to execute and deliver the Official Statement, and to enter into and execute, deliver, and perform this Bond Purchase Agreement, the Lease, the Contract, and the Indenture (collectively the "Issuer Contracts").

(b) The Issuer has complied with all provisions of the Constitution and laws of the State of Georgia with respect to the consummation of, and has full power and authority to consummate, all transactions contemplated by the Bonds, the Bond Resolution, the Issuer Contracts, and any and all other agreements relating thereto and to issue, sell, and deliver the Bonds to the Underwriter as provided herein, subject to the Bonds being validated by the Superior Court of Cherokee County, Georgia.

(c) By the Bond Resolution duly adopted by the Issuer at meetings duly called and held, it has duly and validly authorized the issuance and sale of the Bonds and the execution and delivery of the Issuer Contracts and any other agreements relating thereto.

(d) The information relating to the Issuer contained in the Preliminary Official Statement and in the Official Statement, and in any amendment or supplement that may be authorized for use by the Issuer with respect to the Bonds, is, and as of the Closing Time (as hereinafter defined) and the End of the Underwriting Period (as determined in Section 10 hereof) will be, complete, accurate, true, and correct and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact required to be stated therein or necessary in order to make the statements therein made, in light

of the circumstances under which they were made, not misleading. The Issuer has reviewed the Official Statement and consents to the use of the Official Statement by the Underwriter to offer and sell the Bonds.

(e) The Issuer has duly and validly authorized all necessary action to be taken by it for: (1) the issuance and sale of the Bonds upon the terms set forth herein and in the Bond Resolution, (2) the execution and delivery of the Indenture providing for the issuance of and security for the Bonds (including the pledge by the Issuer of the payments to be received pursuant to the Lease and the Contract sufficient to pay the principal of, premium, if any, and interest on the Bonds) and appointing the Trustee as trustee, paying agent, and bond registrar under the Indenture, (3) the lease of the Project to the Lessee pursuant to the Lease, (4) the execution, delivery, receipt, and due performance of the Bonds, the Bond Resolution, the Issuer Contracts, and any and all such other agreements and documents as may be required to be executed, delivered, or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Bond Resolution, (5) the approval of the Preliminary Official Statement and the Official Statement and their use by the Underwriter in the public offering and sale of the Bonds and the execution of the Official Statement by the Chairman of the Board of Directors or other authorized official of the Issuer, and (6) the carrying out, giving effect to, and consummation of the transactions contemplated hereby and by the Bond Resolution and the Official Statement. The Issuer Contracts, when executed by the other parties thereto on the Closing Date (as hereinafter defined), will have been duly and validly executed and delivered by the Issuer, will be in full force and effect as to the Issuer, and will constitute the legal, valid, binding, and enforceable obligations of the Issuer, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws and usual equitable principles. The Bonds, when issued, delivered, and paid for as herein and in the Indenture provided, will have been duly and validly authorized and issued and will constitute valid and binding special or limited obligations of the Issuer enforceable in accordance with their terms and provisions and entitled to the benefits and security of the Indenture. Original executed counterparts of the Issuer Contracts, a certified copy of the Bond Resolution, and ten (10) manually executed counterparts of the Official Statement will be delivered to the Underwriter by the Issuer at the Closing Time (as hereinafter defined).

(f) There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board, or body pending or, to the knowledge of the Issuer, after making due inquiry with respect thereto, threatened against or affecting the Issuer (or to its knowledge, after making due inquiry with respect thereto, any basis therefor), wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, the Issuer Contracts, the Bond Resolution, or any other agreement or instrument to which the Issuer is a party or by which the Issuer is bound and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement.

(g) The Issuer is not in violation of any material provision of its organic documents, any statute, court or administrative rule or regulation, decree, judgment, or order (collectively the "Legal Requirements") to which it is a party or by which it or its property is subject or bound, or in breach of or default under any agreement, note, resolution, ordinance, indenture, mortgage, security deed, lease, indebtedness, lien, instrument, plan, or other restriction (collectively the

"Contractual Requirements") to which it is a party or by which it or its property is subject or bound, which materially and adversely affects the transactions contemplated hereby and by the Official Statement. The consent to the use of the Official Statement and the execution and delivery of the Bonds, the Bond Resolution, the Issuer Contracts, and the other agreements contemplated hereby and by the Bond Resolution and the compliance with the provisions thereof will not conflict with or violate or constitute on the Issuer's part a breach of or a default under any of the Legal Requirements or Contractual Requirements to which it is a party or by which it or its property is subject or bound. No approval, authorization, consent, or other action by any governmental authority is required in connection with the execution and delivery by the Issuer of the Bonds, the Bond Resolution, or the Issuer Contracts, or in connection with the performance by it of its obligations hereunder or thereunder, which has not been previously obtained or accomplished.

(h) The Issuer will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Series 2007A Bonds to be applied in a manner other than as provided in the Indenture and the Lease or which would cause the interest on the Series 2007A Bonds to become includable in the gross income of the owners thereof for federal income tax purposes.

(i) Any certificate signed by any of the Issuer's authorized officials and delivered to the Underwriter shall be deemed a representation and warranty by the Issuer to the Underwriter under this Bond Purchase Agreement as to the statements made therein.

(j) The Issuer will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter shall designate; provided, however, the Issuer shall not be required to register as a dealer or broker in any such jurisdiction, nor execute a general consent to service of process or qualify to do business in connection with any such qualification of the Bonds in any such jurisdiction. The Lessee will reimburse the Issuer or cause the Issuer to be reimbursed for its reasonable out-of-pocket expenses, including attorneys' fees, in connection therewith.

(k) The Issuer will notify the Underwriter for the period from the date hereof until the expiration of 90 days after the End of the Underwriting Period (as determined in Section 10 hereof) of any event which occurs and comes to the Issuer's attention, which event materially and adversely affects the Issuer, the Lessee, the County, the Bond Insurer, or the transactions contemplated by the Official Statement and which would cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact which should be included therein for the purposes for which the Official Statement was to be used or which is necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and, if in the opinion of the Underwriter, a change in the information contained in the Official Statement is required in order to make the statements therein made true and not misleading or to make the Official Statement comply with any applicable state securities law in connection with the offering of the Bonds, such change shall be made, and the corrected information shall be supplied to the Underwriter in sufficient quantity for distribution to the purchasers of the Bonds. If such change occurs subsequent to the Closing Time, the Issuer shall furnish to the Underwriter such legal opinions, certificates, instruments, and documents as the

Underwriter may reasonably request to evidence the truth and accuracy of such corrected information. Thereafter, this Bond Purchase Agreement shall refer to such corrected information.

(l) Prior to the execution of this Bond Purchase Agreement, the Issuer delivered to the Underwriter copies of the Preliminary Official Statement which the Issuer "deemed final" as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

(m) As of the Closing Date, the Issuer will have good and marketable title to the Project, and the Trustee will have received a valid and effective first priority pledge of and security interest in the Trust Estate (as defined in the Indenture).

(n) The Issuer acknowledges and agrees that these representations and warranties are made to induce the Underwriter to purchase the Bonds, and that such representations and warranties and any other representations and warranties made by the Issuer to the Underwriter are made for the benefit of the ultimate purchasers of the Bonds and may be relied upon by such purchasers.

SECTION 3. REPRESENTATIONS, WARRANTIES, AND AGREEMENTS OF THE LESSEE.

By the Lessee's acceptance hereof it hereby represents and warrants to, and covenants and agrees with, the Underwriter that:

(a) The Lessee has been duly organized and is validly existing as a limited liability company in good standing under the laws of the State of Georgia, with full power and authority to execute and deliver the Official Statement and to enter into and execute, deliver, and perform the Lease, the Disclosure Agreement, and this Bond Purchase Agreement (collectively the "Lessee Contracts"). The Lessee has complied with all applicable laws with respect to the consummation of, and has full power and authority to consummate, all transactions contemplated by the Lessee Contracts and any and all other agreements relating thereto.

(b) The Lessee has duly authorized by all necessary action the approval of the Official Statement and its use by the Underwriter in the public offering and sale of the Bonds and the execution of the Official Statement by the Manager of the Lessee and the execution, delivery, and performance of the Lessee Contracts, and no approval, authorization, consent, or other action by any governmental body (other than consents and approvals already obtained) is required in connection with the execution or performance by the Lessee of the same, and neither the execution nor the performance of the Lessee Contracts or the consent to the use of the Official Statement will conflict with, breach, or violate any Legal Requirements or Contractual Requirements to which the Lessee is a party or by which it or its property may be subject or bound. The Lessee Contracts, when executed by the other parties thereto at or before the Closing Time (as hereinafter defined), will have been duly and validly executed and delivered by the Lessee, will be in full force and effect as to the Lessee, and will constitute the legal, valid, binding, and enforceable obligations of the Lessee, enforceable in accordance with their terms.

(c) As of the Closing Date, the Issuer will have good and marketable title to the Project.

(d) The Lessee is not in violation of any material provision of or in default under any Legal Requirement or Contractual Requirement to which it is a party or by which it or its property is subject or bound, which violation will have any material adverse effect on the financing contemplated by the Official Statement, nor will any such violation result in any material adverse effect upon the operations, properties, assets, liabilities, or condition (financial or other) of the Lessee.

(e) There is no pending or, to the best of the Lessee's knowledge, after making due inquiry with respect thereto, threatened, action, suit, proceeding, inquiry, or investigation, before or by any court, public board, or body against the Lessee, nor, to the best knowledge of the Lessee, after making due inquiry with respect thereto, is there any basis therefor, which would materially and adversely affect the transactions contemplated by the Official Statement or which would materially and adversely affect the Bonds, the Lessee Contracts, or the acquisition and construction of the Project or which might result in any material adverse change in the operations, properties, assets, liabilities, or condition (financial or other) of the Lessee, or which affects the information contained in the Official Statement.

(f) To the best knowledge of the Lessee, no legislation, ordinance, rule, or regulation has been enacted by any governmental body, department, or agency nor has any decision been rendered by any court of competent jurisdiction, which would materially and adversely affect the transactions contemplated by the Official Statement.

(g) The contents of the Preliminary Official Statement and the Official Statement relating to the Lessee and the Project and of any amendment or supplement that may be authorized by the Lessee for use with respect to the Bonds, are, and as of the Closing Time (as hereinafter defined) and the End of the Underwriting Period (as determined in Section 10 hereof) will be, complete, accurate, true, and correct and do not and will not contain an untrue statement of a material fact and do not and will not omit to state a material fact required to be stated therein or necessary to make the statements therein made, in light of the circumstances under which they were made, not misleading. The Lessee has reviewed the Official Statement and consents to the use of the Official Statement by the Underwriter to offer and sell the Bonds. The Lessee shall deliver at least ten (10) manually executed counterparts of the Official Statement to the Underwriter at the Closing Time.

(h) The Lessee will notify the Underwriter for the period from the date hereof until the expiration of 90 days after the End of the Underwriting Period (as determined in Section 10 hereof) of any material adverse change in the business, properties, or financial condition of the Lessee, and of any event which occurs and comes to the Lessee's attention, which event materially and adversely affects the Issuer, the Lessee, the Bond Insurer, or the transactions contemplated by the Official Statement and which would cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact which should be included therein for the purposes for which the Official Statement was to be used or which is necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and, if in the opinion of the Underwriter, a change in the information contained

in the Official Statement is required in order to make the statements therein made true and not misleading or to make the Official Statement comply with any applicable state securities law in connection with the offering of the Bonds, such change shall be made, and the corrected information shall be supplied to the Underwriter in sufficient quantity for distribution to the purchasers of the Bonds. If such change occurs subsequent to the Closing Time, the Lessee shall furnish to the Underwriter such legal opinions, certificates, instruments, and documents as the Underwriter may reasonably request to evidence the truth and accuracy of such corrected information. Thereafter, this Bond Purchase Agreement shall refer to such corrected information.

(i) The Lessee will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter shall designate; provided, however, the Lessee shall not be required to register as a dealer or broker in any such jurisdiction, nor execute a general consent to service of process or qualify to do business in connection with any such qualification of the Bonds in any such jurisdiction.

(j) Subsequent to the respective dates as of which information is given in the Official Statement, and prior to the Closing Date, except as set forth in or contemplated by the Official Statement, (1) no loss or damage (whether or not insured) to the property of the Lessee has been or will have been sustained which materially and adversely affects the operations of the Lessee, and (2) no legal or governmental proceeding affecting the Lessee or the transactions contemplated by this Bond Purchase Agreement has been or will have been instituted or threatened which is material.

(k) Any certificate signed by any of its authorized officials and delivered to the Underwriter shall be deemed a representation and warranty by the Lessee to the Underwriter under this Bond Purchase Agreement as to the statements made therein.

(l) The Lessee will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Series 2007A Bonds to be applied in a manner other than as provided in the Indenture and the Lease or which would cause the interest on the Series 2007A Bonds to become includable in the gross income of the owners thereof for federal income tax purposes.

(m) Prior to the execution of this Bond Purchase Agreement, the Lessee delivered to the Underwriter copies of the Preliminary Official Statement which the Lessee "deemed final" as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

(n) The Lessee acknowledges and agrees that these representations and warranties are made to induce the Underwriter to purchase the Bonds, and that such representations and warranties and any other representations and warranties made by the Lessee to the Underwriter are made for the benefit of the ultimate purchasers of the Bonds and may be relied upon by such purchasers.

SECTION 4. PURCHASE, SALE, AND DELIVERY OF THE BONDS.

On the basis of the representations, warranties, and covenants contained herein and in the other agreements referred to herein, and subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the Issuer at the Closing Time and the Issuer hereby agrees to sell to the Underwriter at the Closing Time, the Series 2007A Bonds at a price of 97.1422249% of the aggregate principal amount thereof ($12,827,630.80), and the Series 2007B Bonds at a price of 99.25% of the aggregate principal amount thereof ($4,902,950.00). The Underwriter, in its discretion, may permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Bonds. If the Underwriter permits other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Bonds, the Underwriter shall enter into a selected dealers agreement or selling group agreement with such other securities dealers.

The Bonds shall be issued under and secured as provided in the Indenture, and the Bonds shall have the maturities and interest rates, be subject to redemption, and shall be otherwise as described and as set forth in the Indenture and the Bond Resolution.

Payment of the purchase price for the Bonds shall be made by wire or check in immediately available funds payable to the order of the Trustee for the account of the Issuer at the offices of Kilpatrick Stockton LLP, Atlanta, Georgia at 10:00 a.m., local time, on October 5, 2007, or such other place, time, or date as shall be mutually agreed upon by the Issuer, the Lessee, and the Underwriter, against delivery of the Bonds to the Underwriter or the persons designated by the Underwriter. The date of such delivery and payment for the Bonds is herein called the "Closing Date," and the hour and date of such delivery and payment is herein called the "Closing Time." The delivery of the Bonds shall be made in definitive form bearing CUSIP numbers (provided neither the printing of a wrong CUSIP number on any Bond nor the failure to print a CUSIP number thereon shall constitute cause to refuse delivery of any Bond) and registered in the name(s) of such owner(s) as the Underwriter shall designate to the Issuer, at least forty-eight (48) hours prior to the Closing Time. The Bonds shall be available for examination and packaging at the offices of The Depository Trust Company in New York, New York, by the Underwriter or its representative at least twenty-four (24) hours prior to the Closing Time and at the Closing Time shall be delivered to the Underwriter or the persons designated by the Underwriter.

SECTION 5. CONDITIONS TO THE UNDERWRITER'S OBLIGATIONS.

The Underwriter's obligations hereunder shall be subject to the due performance in all material respects by the Lessee and the Issuer of their obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy of and compliance with in all material respects their representations and warranties contained herein, as of the date hereof and as of the Closing Time, and are also subject to receipt of the following evidence and documents and satisfaction of the following conditions, as appropriate, at or prior to the Closing Time:

(a) The Bonds, the Lease, the Contract, the Disclosure Agreement, the Disclosure Certificate, the Indenture, and the Bond Insurance Policy shall have been duly

authorized, executed, and delivered by the respective parties thereto in the forms heretofore approved by the Underwriter with only such changes therein as shall be mutually agreed upon by the parties thereto and the Underwriter, and shall be in full force and effect on the Closing Date.

(b) There shall not have occurred, in the sole opinion of the Underwriter, any material adverse change, or any material adverse development involving a prospective change, in or affecting the business, condition (financial or other), results of operations, prospects, or properties of the Lessee, the County, or the Bond Insurer.

(c) At or before the Closing Time, the Underwriter shall receive:

(1) The opinions, dated as of the Closing Date, of (A) Jarrard & Davis, LLP, counsel to the Issuer, in substantially the form attached hereto as Exhibit A, (B) Jarrard & Davis, LLP, counsel to the County, in substantially the form attached hereto as Exhibit B, (C) Kilpatrick Stockton LLP, Bond Counsel, in substantially the forms attached hereto as Exhibit C, (D) Flint & Connolly, LLP, counsel to the Lessee, in substantially the form attached hereto as Exhibit D, (E) Kilpatrick Stockton LLP, disclosure counsel to the County, in substantially the form attached hereto as Exhibit E, all as may be in form and substance satisfactory to, and approved by, the Underwriter, and (F) the Assistant General Counsel to the Bond Insurer, in substantially the form attached hereto as Exhibit F.

(2) A closing certificate of the Issuer, satisfactory in form and substance to the Underwriter, executed by the Chairman of the Board of Directors of the Issuer, attested by the Secretary of the Issuer, or of any other of the Issuer's duly authorized officers satisfactory to the Underwriter, dated as of the Closing Date, to the effect that: (A) the Issuer has duly performed and satisfied hereunder or complied with all of its obligations and conditions to be performed and satisfied hereunder at or prior to the Closing Time and each of its representations and warranties contained herein have not been amended, modified, or rescinded and is in full force and effect and is true and correct in all material respects as of the Closing Time, (B) the Issuer has duly authorized, by all necessary action, the execution, delivery, receipt, and due performance of the Bonds, the Bond Resolution, the Issuer Contracts, and any and all such other agreements and documents as may be required to be executed, delivered, received, and performed by the Issuer to carry out, give effect to, and consummate the transactions contemplated hereby and by the Bond Resolution and the Official Statement, (C) no litigation is pending, or, to his knowledge after making due inquiry with respect thereto, threatened against the Issuer, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Bond Resolution, the Issuer Contracts, or the Issuer's existence or powers or its right to use the proceeds of the Bonds as contemplated in the Indenture, (D) all information furnished to the Underwriter for use in connection with the marketing of the Bonds and the information contained in the Preliminary Official Statement and the Official Statement relating to the Issuer were, as of the

respective dates thereof and are as of the Closing Date, true in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (E) the execution, delivery, receipt, and due performance of the Bonds, the Bond Resolution, the Issuer Contracts, and the other agreements contemplated hereby and by the Bond Resolution and the Official Statement under the circumstances contemplated hereby and thereby and the Issuer's compliance with the provisions thereof will not conflict with or be in violation of or constitute on the Issuer's part a breach of or a default under any Legal Requirement or Contractual Requirement to which the Issuer is a party or by which it or its property may be subject or bound.

(3) A closing certificate of the Lessee, satisfactory in form and substance to the Underwriter, executed by the Manager of the Lessee or of any other duly authorized official of the Lessee satisfactory to the Underwriter, dated as of the Closing Date, to the effect that: (A) since the date hereof there has not been any material adverse change in the business, properties, financial position, or results of operations of the Lessee, whether or not arising from transactions in the ordinary course of business, other than as previously disclosed in writing to the Underwriter and as disclosed in the Official Statement, (B) there is no action, suit, proceeding, or, to the best of the official's knowledge after making due inquiry with respect thereto, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to his knowledge after making due inquiry with respect thereto, threatened against or affecting the Lessee or its property or, to his knowledge after making due inquiry with respect thereto, any basis therefor, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity or enforceability of the Bonds or the Lessee Contracts, which have not been previously disclosed in writing to the Underwriter and which is not disclosed in the Official Statement, (C) to the best of his knowledge, after making due inquiry with respect thereto, all information furnished to the Underwriter for use in connection with the marketing of the Bonds and the information contained in the Preliminary Official Statement and the Official Statement pertaining to the Lessee and the Project were, as of the respective dates thereof and are as of the Closing Date, true in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, (D) the Lessee has duly authorized, by all necessary action, the execution, delivery, receipt, and due performance of the Lessee Contracts and any and all such other agreements as may be required to be executed, delivered, received, and performed by the Lessee to carry out, give effect to, and consummate the transactions contemplated by this Bond Purchase Agreement and the Official Statement, (E) the Lessee has duly performed or complied with all of its obligations and conditions to be performed and satisfied hereunder at or prior to the Closing Date, (F) the representations contained herein have not been amended, modified, or rescinded and are in full force and effect, and the

information and representations and warranties contained herein are true and correct, as of the Closing Date, and (G) the execution, delivery, receipt, and due performance of the Lessee Contracts and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and the Lessee's compliance with the provisions thereof will not conflict with or violate or constitute on the Lessee's part a breach of or a default under any Legal Requirement or Contractual Requirement to which the Lessee is a party or by which it or its property may be subject or bound.

(4) A Letter of Representation, dated the Closing Date, of the County, in substantially the form attached hereto as Exhibit G.

(5) An Agreed-Upon Procedures Letter and a Consent Letter, dated the date of the Official Statement, and an Agreed-Upon Procedures Letter, dated the Closing Date, of Mauldin & Jenkins, LLC, in substantially the forms attached hereto as Exhibit H.

(6) Letters confirming the Aaa/AAA ratings of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, respectively, with respect to the Bonds.

(7) A Bond Insurance Policy issued by the Bond Insurer insuring the payment of principal of and interest on the Bonds, when due, in substantially the form appended to the Official Statement, with appropriate insertions.

(8) Such additional certificates and other documents, agreements, and opinions as the Underwriter and its counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby and by the Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

All opinions shall be addressed to the Underwriter, and may also be addressed to such other parties as the giver of such opinion agrees to. All certificates, if addressed to any party, shall also be addressed to the Underwriter. All such opinions, letters, certificates, and documents shall be in compliance with the provisions hereof only if they are in all material respects satisfactory to the Underwriter and its counsel, as to which both the Underwriter and its counsel shall act reasonably. If any condition of the Underwriter's obligation hereunder to be satisfied prior to the Closing Time is not so satisfied, this Bond Purchase Agreement may be terminated by the Underwriter by notice in writing or by telegram to the Issuer and the Lessee. The Underwriter may waive in writing compliance by the Issuer or the Lessee of any one or more of the foregoing conditions or extend the time for their performance.

SECTION 6. THE UNDERWRITER'S RIGHT TO CANCEL.

The Underwriter shall have the right to cancel its obligations hereunder (and such cancellation shall not constitute a default of the Underwriter for purposes of this Bond Purchase Agreement) by notifying the Issuer and the Lessee in writing or by telegram of its election so to

do between the date hereof and the Closing Time, if at any time hereafter and prior to the Closing Time:

(a) A committee of the House of Representatives or the Senate of the Congress of the United States of America (the "United States") shall have pending before it legislation, or a tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in, or be passed by, the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted by the Congress of the United States, or an announcement or a proposal for any such legislation shall be made by a member of the House of Representatives or the Senate of the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation, or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in or proposes the imposition of federal income taxation, upon revenues or other income of the general character to be derived by state and local governmental units or by any similar body or upon interest received on obligations of the general character of the Series 2007A Bonds, which, in the Underwriter's opinion, materially and adversely affects the market price of the Series 2007A Bonds.

(b) Any legislation, ordinance, rule, or regulation shall be introduced in or be enacted or imposed by any governmental body, department, or agency of the United States or of any state, or a decision by any court of competent jurisdiction within the United States or any state shall be rendered which, in the Underwriter's sole opinion, materially and adversely affects the market price of the Bonds.

(c) A stop order, ruling, regulation, or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Bonds, or the issuance, offering, or sale of the Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provisions of the federal securities laws, including without limitation the registration provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect.

(d) Legislation shall be introduced by amendment or otherwise in, or be enacted by, the Congress of the United States, or a decision by a court of the United States shall be rendered to the effect that obligations of the general character of the Bonds, or the Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended

and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or from other requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering, or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby or by the Official Statement.

(e) Any event shall have occurred, or information becomes known, which, in the Underwriter's sole opinion, makes untrue in any material respect any statement or information furnished to the Underwriter by the Issuer, the Lessee, the County, or the Bond Insurer for use in connection with the marketing of the Bonds or any material statement or information contained in the Preliminary Official Statement or the Official Statement as originally circulated contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; provided, however, that the Issuer, the Lessee, and the County shall be granted a reasonable amount of time in which to cure any such untrue or misleading statement or information.

(f) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.

(g) The New York Stock Exchange or any other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the net capital requirements of, the Underwriter.

(h) A general banking moratorium shall have been established by federal, New York, or Georgia authorities.

(i) A default has occurred with respect to the obligations of, or proceedings have been instituted under the federal bankruptcy laws or any similar state laws by or against, any state of the United States or any city or county located in the United States having a population in excess of one million persons or any entity issuing obligations on behalf of such a city, county, or state.

(j) Any proceeding shall be pending, or to the knowledge of the Underwriter, threatened, to restrain, enjoin, or otherwise prohibit the issuance, sale, or delivery of the Bonds by the Issuer or the purchase, offering, sale, or distribution of the Bonds by the Underwriter, or for any investigatory or other proceedings under any federal or state securities laws or the rules and regulations of the National Association of Securities Dealers, Inc. relating to the issuance, sale, or delivery of the Bonds by the Issuer or the purchase, offering, sale, or distribution of the Bonds by the Underwriter.

(k) A war involving the United States shall have been declared, or any conflict involving the armed forces of the United States shall have escalated, or any other

national emergency relating to the effective operation of government or the financial community shall have occurred, which, in the Underwriter's sole opinion, materially and adversely affects the market price of the Bonds.

(l) Moody's Investors Service, Inc. or Standard & Poor's Ratings Services shall withdraw their respective Aaa/AAA ratings on the Bonds prior to the Closing Time.

SECTION 7. CONDITIONS OF THE ISSUER'S AND THE LESSEE'S OBLIGATIONS.

The Issuer's and the Lessee's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder. The Underwriter represents that it is duly authorized to execute and deliver this Bond Purchase Agreement and that upon execution and delivery of this Bond Purchase Agreement by the other parties hereto, this Bond Purchase Agreement shall constitute a legal, valid, and binding agreement of the Underwriter enforceable in accordance with its terms. The Issuer and the Lessee covenant to use their best efforts to accomplish, or cause to be accomplished, the conditions set forth herein to the Underwriter's obligations. To the extent to which the Issuer and the Lessee are not in breach of this covenant, the Issuer and the Lessee shall not be liable to the Underwriter for its lost profits, if any.

SECTION 8. REPRESENTATIONS, WARRANTIES, AND AGREEMENTS TO SURVIVE DELIVERY.

All of the Issuer's and the Lessee's representations, warranties, and agreements shall remain operative and in full force and effect (unless expressly waived in writing by the Underwriter), regardless of any investigations made by the Underwriter or on its behalf, and shall survive delivery of the Bonds to the Underwriter and the resale by the Underwriter of the Bonds.

SECTION 9. PAYMENT OF EXPENSES.

Whether or not the Bonds are sold by the Issuer, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the Issuer's or the Lessee's obligations hereunder. Unless the Issuer, the Lessee, and the Underwriter otherwise agree, all costs incurred in connection with the issuance or attempted issuance of the Bonds and all expenses and costs to effect the authorization, preparation, issuance, delivery, distribution, and sale of the Bonds (including, without limitation, attorneys' and accountants' fees, trustee's fees, bond insurance premiums, rating agency fees, and the expenses and costs for the preparation, printing, photocopying, execution, and delivery of the Bonds, the Bond Resolution, the Issuer Contracts, the Lessee Contracts, the Preliminary Official Statement and any amendments or supplements thereto, the Official Statement and any amendments or supplements thereto, and all other agreements and documents contemplated hereby) shall be paid by the Issuer out of the proceeds of the Bonds to the extent permitted under federal tax law or, if the Bonds are not sold by the Issuer or if the proceeds of the Bonds are not sufficient or are not available under federal tax law, shall be paid by the Lessee.

SECTION 10. DELIVERY AND USE OF OFFICIAL STATEMENT.

The Issuer and the Lessee authorize the use and distribution of, and will make available, the Preliminary Official Statement and the Official Statement for the use and distribution by the Underwriter in connection with the sale of the Bonds.

The Issuer and the Lessee shall deliver, or cause to be delivered, to the Underwriter copies of the Preliminary Official Statement in sufficient quantity in order for the Underwriter to comply with Rule 15c2-12(b)(2) promulgated under the Securities Exchange Act of 1934, as amended.

The Issuer and the Lessee shall deliver, or cause to be delivered, to the Underwriter copies of the final Official Statement in sufficient quantity in order for the Underwriter to comply with Rule 15c2-12(b)(4) promulgated under the Securities Exchange Act of 1934, as amended, and the rules of the Municipal Securities Rulemaking Board, upon the earlier of (1) seven (7) business days after this Bond Purchase Agreement is executed and delivered or (2) the date which will allow such final Official Statement to accompany any confirmation that requests payment from any customer.

The Underwriter shall promptly notify the Issuer and the Lessee in writing of (a) the date which, in its opinion, is the "end of the underwriting period" within the meaning of Rule 15c2-12(e)(2) ("End of the Underwriting Period") and (b) whether the Underwriter delivered the Official Statement to a nationally recognized municipal securities information repository and, if so delivered, the date on which delivered. The Issuer and the Lessee may request from the Underwriter from time to time, and the Underwriter shall provide to the Issuer and the Lessee upon request, such information as may be reasonably required by the Issuer or the Lessee in order to determine whether the End of the Underwriting Period has occurred.

SECTION 11. RESPONSIBILITY FOR PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT.

The Underwriter acknowledges that the Issuer has not participated in the preparation of the Preliminary Official Statement or the Official Statement and has made no independent investigation and has furnished no information contained in the Preliminary Official Statement or the Official Statement, except the information contained under the heading "THE ISSUER" and the information relating to itself contained under the heading "LEGAL MATTERS - Pending Litigation," and that, except for the information contained under the heading "THE ISSUER" and the information relating to itself contained under the heading "LEGAL MATTERS - Pending Litigation," the Issuer assumes no responsibility with respect to the sufficiency, accuracy, or completeness of any of the information contained in the Preliminary Official Statement or the Official Statement or any other document used in connection with the offer and sale of the Bonds.

SECTION 12. LIMITED OBLIGATIONS.

The Underwriter acknowledges that the Bonds and the pecuniary obligations of the Issuer under this Bond Purchase Agreement do not constitute a debt or a pledge of the faith and credit or the taxing power of the State of Georgia or any political subdivision thereof, but are the

Issuer's special and limited obligations payable solely from the payments received under the Lease and the Contract.

SECTION 13. INDEMNITY AND CONTRIBUTION.

(a) The Lessee hereby agrees to indemnify and hold harmless the Issuer and the Underwriter, together with each officer and member of the Board of Directors of the Issuer and the Underwriter and each person who controls the Issuer and the Underwriter within the meaning of either the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, from and against any and all losses, claims, damages, liabilities, costs, and expenses (including, without limitation, fees and disbursements of counsel and other expenses incurred by them or either of them in connection with investigating or defending any loss, claim, damage, or liability or any suit, action, or proceeding, whether or not resulting in liability), joint or several, to which they or any of them may become subject under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any other applicable statute or regulation, whether federal or state, or at common law or otherwise, insofar as such losses, claims, damages, liabilities, costs, and expenses (or any suit, action, or proceeding in respect thereof) arise out of or are based upon any untrue or misleading statement or alleged untrue or misleading statement of a material fact relating to the Lessee or the Project contained in the Preliminary Official Statement or the Official Statement, or in any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a fact relating to the Lessee or the Project required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading, provided, however, the Lessee will not be liable in any such case to the extent that any such loss, claim, damage, liability, cost, or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished by the Underwriter specifically for use in connection with the preparation thereof. This indemnity agreement will be in addition to any liability which the Lessee may otherwise have.

(b) Promptly after receipt by any party entitled to indemnification under this paragraph of notice of the commencement of any suit, action, or proceeding, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this paragraph, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under this paragraph or from any liability under this paragraph unless the failure to provide notice prejudices the defense of such suit, action, or proceeding. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall be entitled, but not obligated, to participate therein, and to the extent that it may elect by written notice delivered to the indemnified party, promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party, and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate

in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party shall not be liable to such indemnified party under this paragraph for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel representing the indemnified parties under this paragraph who are parties to such action), (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii).

(c) The Lessee shall not be liable for any settlement of any such action effected without its consent, but if settled with its consent, the Lessee agrees to indemnify and hold the Issuer, the Underwriter, such officer or director, or such controlling person harmless from and against any loss or liability, including reasonable legal and other expenses incurred in connection with the defense of the action, by reason of such settlement to the extent of the indemnification provided for in this Section 13.

(d) In the event and to the extent that any indemnified party is entitled to indemnification from the Lessee under the terms of paragraph (a) above in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to therein, but such indemnification is unavailable to such indemnified party in respect of any such losses, claims, damages, liabilities, costs, or expenses due to such indemnification being impermissible under applicable law or otherwise, then the Lessee shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, costs, or expenses in such proportion as is appropriate to reflect the relative benefits received by the Lessee and such indemnified party, respectively, from the offering of the Bonds, the relative fault of the Lessee and such indemnified party, respectively, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, costs, or expenses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact related to information supplied by the Lessee or the indemnified party and the relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission of the Lessee or the indemnified party. The Lessee, the Underwriter, and the Issuer, respectively, agree that it would not be just and equitable if contribution pursuant to this paragraph (d) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above in this paragraph (d). The amount paid or payable by any indemnified party as a result of the losses, claims, damages, liabilities, costs, or expenses referred to above in this paragraph (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with defending any such action or claim. This paragraph (d) shall not apply in the event of losses, claims, damages, liabilities,

costs, or expenses caused by or attributable to the willful misconduct or gross negligence of an indemnified party. Notwithstanding anything to the contrary contained in this paragraph (d), it is understood and agreed that this paragraph (d) is not intended, and shall not be construed, to expand, broaden, or increase in any way, whether in terms of scope, amount, or otherwise, the liability of the Lessee in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to in paragraph (a) or otherwise, as that liability is set forth in paragraph (a) above.

SECTION 14. NOTICE.

Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by mailing or delivering the same in writing to the Resource Recycling Development Authority of Cherokee County, 90 North Street, Suite 310, Canton, Georgia 30114, Attention: Chairman, any notice or other communication to be given to the Lessee under this Bond Purchase Agreement may be given by mailing or delivering the same in writing to Ball Ground Recycling, LLC, 391 Marietta Road, Canton, Georgia 30114, Attention: Manager, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by mailing or delivering the same in writing to Citigroup Global Markets Inc., 3455 Peachtree Road, NE, Suite 300, Atlanta, GA 30326, Attention: Bryce W. Holcomb, Jr.

SECTION 15. APPLICABLE LAW: NONASSIGNABILITY.

This Bond Purchase Agreement shall be governed by the laws of the State of Georgia. This Bond Purchase Agreement shall not be assigned by the Issuer or the Lessee.

SECTION 16. PARTIES IN INTEREST.

This Bond Purchase Agreement shall be binding upon, and has been and is made for the benefit of, the Issuer, the Lessee, and the Underwriter, and to the extent expressed, any person controlling the Issuer or the Underwriter and their respective executors, administrators, successors, and assigns, and no other person shall acquire or have any right or interest under or by virtue hereof. The term "successors and assigns" shall not include any purchaser, as such, of any Bond.

SECTION 17. EXECUTION OF COUNTERPARTS.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By: _____
Authorized Officer

Accepted as of the date
first above written:

RESOURCE RECYCLING DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

Accepted as of the date
first above written:

BALL GROUND RECYCLING, LLC

BY: J. BOBO, LLC, as sole Manager

By: Jimmy L Bobo
Manager

EXHIBIT A

Form of Issuer's Counsel Opinion

[Attached]

[Letterhead of Jarrard & Davis, LLP]

_____, 2007

Citigroup Global Markets Inc.
Atlanta, Georgia

Kilpatrick Stockton LLP
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as counsel to the Resource Recovery Development Authority of Cherokee County (the "Issuer") preliminary to and in connection with the issuance and sale by the Issuer of the above-captioned bonds (the "Bonds"). In so acting, we have examined, among other things, Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Resource Recovery Development Authorities Law"), certified copies of the resolution, as amended, adopted by the Board of Commissioners of Cherokee County activating the Issuer and appointing the initial members of the Board of Directors of the Issuer, certified copies of excerpts from minutes of each meeting of the Board of Commissioners of Cherokee County at which the current members of the Board of Directors of the Issuer were appointed for their current terms, and originals, executed counterparts, or certified copies of the following:

1. The proceedings, including a Series 2007 Bond Resolution adopted by the Board of Directors of the Issuer on July 3, 2007, as ratified, reaffirmed, supplemented, and amended by a Supplemental Series 2007 Bond Resolution adopted by the Board of Directors of the Issuer on September 18, 2007 (collectively the "Bond Resolution"), authorizing, among other things, the issuance and delivery of the Bonds and the execution, delivery, receipt, and approval of the following:

(a) Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"),

(b) Lease Agreement (the "Lease"), dated as of September 1, 2007, between the Issuer and Ball Ground Recycling, LLC (the "Lessee"),

(c) Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, between Cherokee County, Georgia (the "County") and the Issuer,

(d) Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 2007, among the Issuer, the Lessee, and Citigroup Global Markets Inc.,

(e) Preliminary Official Statement dated September 12, 2007 (the "Preliminary Official Statement"), and

(f) Official Statement dated September 18, 2007 (the "Official Statement").

2. The Indenture, the Lease, the Contract, and the Bond Purchase Agreement (collectively the "Issuer Contracts"), the Preliminary Official Statement, the Official Statement, and a specimen Bond.

Based upon the foregoing and an examination of such other information, papers, and documents as we believed necessary or advisable to enable us to render this opinion, we are of the opinion, as of the date hereof, that:

1. The Issuer is a public corporation duly created and validly existing under and by virtue of the laws of the State of Georgia, including particularly the Resource Recovery Development Authorities Law, and has all requisite power and authority to adopt the Bond Resolution and perform its obligations thereunder, to lease the property demised by the Lease (the "Project") to the Lessee, to issue, sell, and deliver the Bonds for the benefit of the Lessee as contemplated by the Lease, to enter into and perform its obligations under the Issuer Contracts, to execute and deliver the Official Statement to the Underwriter for distribution to the general public in connection with the offering by the Underwriter of the Bonds, and to grant the liens granted by it to the Trustee under the Indenture.

2. The Issuer has taken all action legally required to authorize the issuance, sale, and delivery of the Bonds and has duly authorized the adoption and performance of the Bond Resolution, the execution, delivery, and performance of the Issuer Contracts, and the approval of the Official Statement.

3. The adoption by the Issuer of the Bond Resolution, the authorization by the Issuer of the Official Statement, the issuance and delivery by the Issuer of the Bonds, the execution and delivery by the Issuer of the Issuer Contracts and the other agreements

and documents described in the Bond Purchase Agreement, and the performance by the Issuer of its obligations under and the consummation of the transactions described in all of the foregoing instruments and documents do not and will not conflict with or constitute, on the part of the Issuer, a breach or violation of or default under, any of the terms and provisions of the Issuer's organic documents, any existing constitution, statute, law, or court or administrative rule or regulation, decree, order, or judgment to which the Issuer is subject or by which the Issuer or any of its properties is bound or any agreement, indenture, mortgage, lease, security deed, note, resolution, ordinance, contract, commitment, or other instrument or agreement to which the Issuer is a party or by which the Issuer or any of its properties is bound.

4. Each of the officers of the Issuer was on the date of execution of each of the instruments relating to the Bonds, was on the date of the execution of the Bonds, and is on the date hereof the duly elected or appointed qualified incumbent of his or her office of the Issuer.

5. The notices given prior to the meetings of the Board of Directors of the Issuer at which the Bond Resolution was adopted comply with the applicable notice requirements of Georgia law, and such meetings were conducted in accordance with the applicable requirements of Georgia law.

6. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, by or before any court or public board or body pending or, to the best of our knowledge and belief, after making due inquiry with respect thereto, threatened against or affecting the Issuer, nor to our knowledge is there any basis therefor, which in any way questions the creation or existence of the Issuer referred to in Section 2(a) of the Bond Purchase Agreement or the powers of the Issuer referred to in Section 2(b) of the Bond Purchase Agreement, or the validity of the proceedings resulting in the issuance and delivery of the Bonds, or wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated by the Bond Purchase Agreement or which in any way would adversely affect the validity or enforceability of the Bonds, the Bond Resolution, the Issuer Contracts, or any other agreement or instrument to which the Issuer is a party and which is used or contemplated for use in connection with the consummation of the transactions contemplated by the Bond Purchase Agreement.

7. All permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies that are required to have been obtained as of the date hereof by the Issuer in connection with the ownership of the Project, as contemplated by the Official Statement, the issuance, sale, and delivery of the Bonds, the adoption, execution, delivery, and performance of the Bond Resolution and the Issuer Contracts, and the consummation of the transactions

contemplated by the Official Statement have been duly obtained and remain in full force and effect. We have no reason to believe, after making due inquiry, that the Issuer will not be able to maintain all such permits, consents, permissions, approvals, and licenses described in the preceding sentence or to obtain all such additional permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies as may be required on or prior to the date the Issuer is legally required to obtain the same. No additional or further approval, consent, permission, authorization, or order of any court or any governmental or public agency or authority not already obtained is required by the Issuer as of the date hereof in connection with the ownership of the Project, the issuance, sale, and delivery of the Bonds, or the adoption, execution, delivery, and performance of the Bond Resolution and the Issuer Contracts. The opinion expressed in this paragraph 7 shall not extend to or otherwise cover any approvals that may be required by any federal or state securities laws.

8. The Issuer has never issued, assumed, guaranteed, or otherwise become liable in respect of any bonds, notes, or other obligations which are presently outstanding and which are secured in any manner by the Trust Estate (as defined in the Indenture), other than as set forth in the Indenture, and the Issuer has not entered into or issued any instrument, resolution, ordinance, agreement, mortgage, security agreement, indenture, contract, or arrangement of any kind which might, on or after the date hereof, give rise to any lien or encumbrance on the Trust Estate, other than the Indenture.

9. The Bond Resolution has been duly adopted by the Issuer, is in full force and effect in the form in which it was adopted, and constitutes the valid, binding, and legally enforceable obligation of the Issuer according to its import. The Issuer Contracts have been duly authorized, executed, and delivered by the Issuer and, assuming the due authorization, execution, and delivery by the other parties thereto, are each in full force and effect and constitute the valid, binding, and legally enforceable obligations of the Issuer according to their import, and the Issuer is entitled to the benefits of the same. The Bonds have been duly authorized, executed, issued, and delivered by the Issuer and, assuming the due authentication thereof by the Trustee, constitute the valid and legally binding special or limited obligations of the Issuer, are entitled to the benefit and security of the Indenture, and are enforceable in accordance with their terms.

10. The Official Statement has been duly authorized, executed, and delivered by the Issuer, and the Issuer has duly approved the use of the Preliminary Official Statement and the Official Statement by the Underwriter in connection with the offering of the Bonds.

11. To the best of our knowledge, after making due inquiry with respect thereto, the statements contained in the Preliminary Official Statement and the Official

Statement under the captions "INTRODUCTION - The Issuer," "THE ISSUER," "LEGAL MATTERS - Pending Litigation (pertaining to the Issuer) and - Validation Proceedings" are accurate statements or summaries of the matters set forth therein and fairly represent the information purported to be shown and do not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. In addition, while we do not pass upon or assume responsibility for the accuracy, completeness, or fairness of the Preliminary Official Statement or the Official Statement (other than the opinion given in the preceding sentence), nothing has come to our attention which leads us to believe that any portions of the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds, the Bond Resolution, or the Issuer Contracts might be limited by (i) bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally heretofore or hereafter enacted to the extent of their enforcement, (ii) judicial discretion in the application of principles of equity, and (iii) the valid exercise of the sovereign police powers of the State of Georgia and its governmental bodies and the constitutional powers of the United States of America. The foregoing opinions are also qualified to the extent that any rights to indemnity contained in the Bond Purchase Agreement might be limited by applicable law.

No opinion is given as to the tax-exempt status of the Bonds or the interest thereon. No opinion is given concerning the requirement for registration of the Bonds under the securities laws of any state or the Securities Act of 1933, as amended, nor is an opinion given concerning qualification of any document under the Trust Indenture Act of 1939, as amended, nor is any opinion given as to the proper filing, recordation, or other necessary steps for perfecting a security interest under the Uniform Commercial Code or other like statute or to establish a lien or other matter of record in the real property records.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

Very truly yours,

JARRARD & DAVIS, LLP

By:_____
Partner

EXHIBIT B

Form of County's Counsel Opinion

[Attached]

[Letterhead of Jarrard & Davis, LLP]

_____, 2007

Citigroup Global Markets Inc.
Atlanta, Georgia

Kilpatrick Stockton LLP
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as counsel to Cherokee County, Georgia (the "County") preliminary to and in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). In so acting, we have examined, among other things, Article IX, Section III, Paragraph I of the Constitution of the State of Georgia, Chapter 63 of Title 36 of the Official Code of Georgia Annotated, Section 48-5-220(20) of the Official Code of Georgia Annotated, and originals, executed counterparts, or certified copies of the following:

1. The proceedings, including a resolution adopted by the Board of Commissioners of the County on June 19, 2007 (the "Resolution"), authorizing the execution, delivery, and performance of an Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, between the Resource Recovery Development Authority of Cherokee County (the "Issuer") and the County.

2. The Contract.

Based upon the foregoing and an examination of such other information, papers, and documents as we believed necessary or advisable to enable us to render this opinion, we are of the opinion, as of the date hereof, that:

1. The County is a political subdivision of the State of Georgia duly created and validly existing under and by virtue of the Constitution and laws of the State of Georgia and has all requisite power and authority to adopt the Resolution and perform its obligations thereunder and to enter into and perform its obligations under the Contract.

2. The County has taken all action legally required to authorize and has duly authorized the adoption and performance of the Resolution and the execution, delivery, and performance of the Contract.

3. The adoption by the County of the Resolution, the execution and delivery by the County of the Contract, and the performance by the County of its obligations under and the consummation of the transactions described in the Contract do not and will not conflict with or constitute, on the part of the County, a breach or violation of or default under, any of the terms and provisions of any existing constitution, statute, law, or court or administrative rule or regulation, decree, order, or judgment to which the County is subject or by which the County or any of its properties is bound or any agreement, indenture, mortgage, lease, security deed, note, resolution, ordinance, contract, commitment, or other instrument or agreement to which the County is a party or by which the County or any of its properties is bound.

4. Each of the officials of the County was on the date of execution of the Contract and is on the date hereof the duly elected or appointed qualified incumbent of his or her office of the County.

5. The notice given prior to the meeting of the Board of Commissioners of the County at which the Resolution was adopted complies with the applicable notice requirements of Georgia law, and such meeting was conducted in accordance with the applicable requirements of Georgia law.

6. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, by or before any court or public board or body pending or, to the best of our knowledge and belief, after making due inquiry with respect thereto, threatened against or affecting the County, nor to our knowledge is there any basis therefor, which in any way questions the creation or existence of the County or the power of the County to execute, deliver, and perform its obligations under the Contract or the validity of the proceedings resulting in the execution and delivery of the Contract, or which might result in a material adverse change in the condition (financial or other), business, or affairs of the County, or wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated by the Contract or which in any way would adversely affect the validity or enforceability of the Resolution or the Contract or which in any way would adversely affect the levy or collection of any taxes or fees by the County.

7. All permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies that are required to have been obtained as of the date hereof by the County in connection with the adoption, execution, delivery, and performance of the Resolution and the Contract, and the consummation of the transactions contemplated by the Contract have been duly obtained and remain in full force and effect. We

have no reason to believe, after making due inquiry, that the County will not be able to maintain all such permits, consents, permissions, approvals, and licenses described in the preceding sentence or to obtain all such additional permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies as may be required on or prior to the date the County is legally required to obtain the same. No additional or further approval, consent, permission, authorization, or order of any court or any governmental or public agency or authority not already obtained is required by the County as of the date hereof in connection with the adoption, execution, delivery, and performance of the Resolution or the Contract. The opinion expressed in this paragraph 7 shall not extend to or otherwise cover any approvals that may be required by any federal or state securities laws.

8. The Resolution has been duly adopted by the County, is in full force and effect in the form in which it was adopted, and constitutes the valid, binding, and legally enforceable obligation of the County according to its import. The Contract has been duly authorized, executed, and delivered by the County and, assuming the due authorization, execution, and delivery by the Issuer, is in full force and effect and constitutes the valid, binding, and legally enforceable obligation of the County according to its import, and the County is entitled to the benefits of the same. All taxable property within the territorial limits of the County is subject to ad valorem taxation, at such rate or rates within the one mill limit authorized pursuant to Section 48-5-220(20) of the Official Code of Georgia Annotated or within such greater millage as may hereafter be prescribed by applicable law, to pay the County's obligations under the Contract.

9. Except for the Contract and the Prior Contract (as defined in the Contract), there is not presently in force and effect any contract between the County and the Issuer or any other development authority, pursuant to which the County has agreed to levy, or may levy, the ad valorem tax authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated to provide revenues to fulfill the County's obligations under such contract.

10. As general counsel to the County, we have rendered legal advice and assistance to the County in the course of the financing. Such assistance involved, among other things, discussions and inquiries concerning various legal matters and review of various documents relating to the offering and the preparation of the Preliminary Official Statement and the Official Statement and participation in conferences during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed and reviewed. To the best of our knowledge, after making due inquiry with respect thereto, the statements contained in the Preliminary Official Statement and the Official Statement under the captions "INTRODUCTION - The County," "THE COUNTY - Introduction, - County Administration and Officials, - County Services, - County Facilities, and - Employees, Employee Relations, and Labor Organizations," "COUNTY DEBT STRUCTURE - Proposed Debt," "COUNTY AD VALOREM TAXATION - Introduction, - Property Subject to Taxation, - Assessed Value, -

Annual Tax Levy, and - Property Tax Collections," "COUNTY FINANCIAL INFORMATION - Budgetary Process, - Employee Benefits, and - Insurance Coverage and Governmental Immunity," and "LEGAL MATTERS - Pending Litigation" (pertaining to the County) (other than the financial and statistical data included therein, as to which we express no view) are accurate statements or summaries of the matters set forth therein and fairly represent the information purported to be shown and do not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. In addition, while we do not pass upon or assume responsibility for the accuracy, completeness, or fairness of the Preliminary Official Statement or the Official Statement (other than the opinion given in the preceding sentence), nothing has come to our attention which leads us to believe that any portions of the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The foregoing opinions are qualified to the extent that the enforceability of the Resolution or the Contract might be limited by (i) bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally heretofore or hereafter enacted to the extent of their enforcement, (ii) judicial discretion in the application of principles of equity, and (iii) the valid exercise of the sovereign police powers of the State of Georgia and its governmental bodies and the constitutional powers of the United States of America. The foregoing opinions are also qualified to the extent that any rights to indemnity contained in the Bond Purchase Agreement might be limited by applicable law.

No opinion is given as to the tax-exempt status of the Bonds or the interest thereon. No opinion is given concerning the requirement for registration of the Bonds under the securities laws of any state or the Securities Act of 1933, as amended, nor is an opinion given concerning qualification of any document under the Trust Indenture Act of 1939, as amended.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

Very truly yours,

JARRARD & DAVIS, LLP

By:_____
Partner

EXHIBIT C

Forms of Bond Counsel Opinions

[Attached]

FORM OF OPINION OF BOND COUNSEL

_____, 2007

Resource Recovery Development Authority
of Cherokee County
Canton, Georgia

Re: $_____ Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds")

$_____ Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery on this date by the Resource Recovery Development Authority of Cherokee County (the "Issuer") of the captioned bonds (collectively the "Bonds").

We have examined the law and such certified proceedings and other papers authorizing and relating to the Bonds as we deem necessary to render this opinion, including the following:

1. Chapter 63 of Title 36 of the Official Code of Georgia Annotated, known as the "Resource Recovery Development Authorities Law" (the "Resource Recovery Development Authorities Law"), and Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the "Revenue Bond Law" (the "Revenue Bond Law").

2. Certified copy of a Series 2007 Bond Resolution of the Issuer adopted on July 3, 2007, as ratified, reaffirmed, supplemented, and amended by a Supplemental Bond Resolution of the Issuer adopted on _____, 2007 (collectively the "Bond Resolution").

3. Certified transcript of validation proceedings in the Superior Court of Cherokee County, Georgia, resulting in a final judgment validating and confirming the Bonds and the security therefor.

4. Certified copy of a resolution of the Cherokee County, Georgia (the "County") adopted on June 19, 2007.

5. Fully executed counterpart of the Trust Indenture (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee").

6. Fully executed counterpart of the Lease Agreement (the "Lease"), dated as of September 1, 2007, between the Issuer and Ball Ground Recycling, LLC (the "Lessee").

7. Fully executed counterpart of the Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, between the Issuer and the County.

8. Fully executed counterpart of the Lessee's Tax Certificate (the "Tax Certificate"), dated the date hereof.

9. Fully executed counterpart of the Certificate As To Arbitrage Matters (the "Non-Arbitrage Certificate") of the Issuer, dated the date hereof.

The Bonds are being issued under and pursuant to the Resource Recovery Development Authorities Law and the Bond Resolution for the purpose of financing the costs, in whole or in part, of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project"), located in Cherokee County, Georgia, to be leased by the Issuer to the Lessee.

As to questions of fact material to our opinion, we have relied upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to us, (b) certifications furnished to us by or on behalf of the Lessee, the County, and the Issuer (including certifications made in the Tax Certificate and in the Non-Arbitrage Certificate), and (c) representations of the Lessee, the County, and the Issuer contained in such proceedings and in documents delivered in connection with the issuance of the Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Reference is made to an opinion of even date of Flint & Connolly, LLP, Canton, Georgia, with respect, among other matters, to the company status and good standing of the Lessee, to the company power of the Lessee to enter into and perform the Lease, and to the due authorization, execution, and delivery by the Lessee of the Lease.

Based upon the foregoing, it is our opinion, as of the date hereof and under existing law, that:

(1) The Issuer was duly created and is validly existing as a body corporate and politic and public corporation under the Constitution and laws of the State of Georgia, including particularly the Resource Recovery Development Authorities Law, and has all requisite power and authority (i) to adopt the Bond Resolution, (ii) to issue, sell, and deliver the Bonds and use the proceeds thereof for the purposes and upon the terms and conditions set forth in the Lease and the Indenture, and (iii) to enter into and perform its obligations under the Indenture, the Lease, and the Contract.

(2) The Lease, the Contract, and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute the legal, valid, and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the Trust Estate (as defined in the Indenture).

(3) The Bonds have been duly authorized, executed, issued, and delivered by the Issuer and are the legal, valid, and binding special obligations of the Issuer, payable solely from the amounts pledged under the Indenture.

(4) The Contract has been duly authorized, executed, and delivered by the County and constitutes the legal, valid, and binding obligation of the County enforceable upon the County.

(5) The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person", within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds that is so excluded is a specific "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. In addition to the foregoing exception, the opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Lessee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2007A Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Series 2007A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2007A Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

(6) The interest on the Series 2007A Bonds is exempt from State of Georgia income taxation (as long as such interest remains excluded from gross income for federal income tax purposes), although the Series 2007A Bonds and the interest thereon may be included in the measure of State of Georgia estate and inheritance taxes and of certain State of Georgia corporate excise and franchise taxes.

(7) The Bonds are exempt from registration under the Securities Act of 1933, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Lease, and the Contract (i) may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights, (ii) may be subject to usual equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (iii) may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

KILPATRICK STOCKTON LLP

By: _____
Earle R. Taylor, III, Partner

[Letterhead of Kilpatrick Stockton LLP]

_____, 2007

Citigroup Global Markets Inc.
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to Section 5(c)(1)(C) of the Bond Purchase Agreement, dated September 18, 2007, among you, the Resource Recovery Development Authority of Cherokee County (the "Issuer"), and Ball Ground Recycling, LLC, relating to the above-referenced bonds (the "Bonds").

We have acted as Bond Counsel in connection with the issuance of the Bonds, and reference is hereby made to our approving opinion of even date herewith addressed to the Issuer and delivered to you concurrently herewith. You may rely upon such opinion as if the same were addressed to you.

In connection with the issuance of the Bonds, we have examined the following:

(a) the proceedings, documents, and papers described in our opinion of even date herewith addressed to the Issuer;

(b) the Preliminary Official Statement, dated September 12, 2007 (the "Preliminary Official Statement"), and the Official Statement, dated September 18, 2007 (the "Official Statement"), relating to the Bonds; and

(c) such other information, papers, and documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed.

In all such examinations, we have assumed the authenticity of all documents submitted to us as original documents and the authenticity of originals and conformity to original documents of all documents submitted to us as certified, conformed, or photostatic copies. We have assumed, but not independently verified, that the signatures on all documents and certificates that

we have examined are genuine, and, as to certificates, we have assumed the same to be properly given and to be accurate.

Based upon the foregoing we are of the opinion that the statements in the Preliminary Official Statement and in the Official Statement under the headings "INTRODUCTION - Security and Sources of Payment for the Series 2007 Bonds, - Description of the Series 2007 Bonds, - Tax Consequences, and - Legal Authority," "THE SERIES 2007 BONDS - Description, - Redemption, and - Legal Authority," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS," and "LEGAL MATTERS - Opinion of Bond Counsel, - Collateral Federal Tax Consequences of Owning Series 2007A Bonds, - Certain Tax Consequences of Owning the Series 2007B Bonds" and in "APPENDIX C: DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS," and in the Official Statement under the heading "LEGAL MATTERS - Original Issue Discount and Premium on Series 2007A Certificates," insofar as such statements constitute summaries of the matters set forth therein, constitute fair and accurate summaries of the matters purported to be summarized; but no further opinion is expressed with respect to the accuracy, completeness, or sufficiency of the Preliminary Official Statement or the Official Statement nor is any opinion expressed with respect to compliance by the Issuer or any other person with any federal or state statute, regulation, or ruling with respect to the sale or distribution of the Bonds.

We have acted as Bond Counsel in connection with the issuance of the Bonds and, as such, have reviewed only those documents, opinions, certificates, and proceedings necessary to enable us to render our opinion to the Issuer of even date herewith as to the legality and validity of the Bonds and the tax-exempt status of the interest thereon. In our capacity as Bond Counsel, we have not prepared or reviewed the Preliminary Official Statement or the Official Statement and have not undertaken to check or confirm the accuracy or completeness of, or verified the information contained in, the Preliminary Official Statement or the Official Statement except to the extent necessary to render the opinion set forth above.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

Very truly yours,

KILPATRICK STOCKTON LLP

By:_____
Earle R. Taylor, III, Partner

EXHIBIT D

Form of Lessee's Counsel Opinion

[Attached]

[Letterhead of Flint & Connolly, LLP]

_____, 2007

Citigroup Global Markets Inc.
Atlanta, Georgia

Kilpatrick Stockton LLP
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as counsel to Ball Ground Recycling, LLC (the "Lessee"), preliminary to and in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). In so acting, we have examined, among other things, originals, executed counterparts, or certified copies of the following:

1. the Articles of Organization of the Lessee,

2. the Operating Agreement of the Lessee,

3. the Certificate of Existence of the Lessee issued by the Secretary of State of the State of Georgia,

4. a Certificate of J. Bobo, LLC, the sole manager of the Lessee, authorizing, among other things, the execution and delivery or approval of the following:

(a) the Lease Agreement (the "Lease"), dated as of September 1, 2007, between the Lessee and the Resource Recovery Development Authority of Cherokee County (the "Issuer"),

(b) the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 2007, among the Issuer, the Lessee, and Citigroup Global Markets Inc. (the "Underwriter"),

(c) the Preliminary Official Statement dated September 12, 2007 (the "Preliminary Official Statement"), relating to the Bonds,

(d) the Official Statement dated September 18, 2007 (the "Official Statement"), relating to the Bonds, and

(e) certificates as to factual matters relating to the issuance and sale of the Bonds,

5. the Lease and the Bond Purchase Agreement (collectively the "Lessee Contracts"), the Preliminary Official Statement, and the Official Statement, and

6. minutes and other company records of the Lessee.

Based upon the foregoing and an examination of such other information, papers, and documents as we believed necessary or advisable to enable us to render this opinion, and subject to the qualifications set forth below, we are of the opinion, as of the date hereof, that:

1. The Lessee is a limited liability company duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Georgia and has all requisite power and authority to lease the property demised by the Lease (the "Project") from the Issuer, to enter into and perform its obligations under the Lessee Contracts, and to execute and deliver the Official Statement to the Underwriter for distribution to the general public in connection with the offering by the Underwriter of the Bonds.

2. The Lessee has taken all action legally required to authorize and has duly authorized the execution, delivery, and performance of the Lessee Contracts and the approval of the Official Statement. The Manager of the Lessee has been duly authorized by appropriate company action and has the authority and power to execute and deliver on behalf of the Lessee. The Lessee Contracts and the Official Statement have been duly executed and delivered by the Manager of the Lessee on behalf of the Lessee. The Lessee Contracts, assuming the due authorization, execution, and delivery by the other parties thereto, are each in full force and effect and constitute the valid, binding, and legally enforceable obligations of the Lessee according to their import, and the Lessee is entitled to the benefits of the same..

3. The approval by the Lessee of the Official Statement, the execution and delivery by the Lessee of the Lessee Contracts, and the performance by the Lessee of its obligations under and the consummation of the transactions described in all of the foregoing instruments and documents, do not and will not conflict with or constitute, on the part of the Lessee, a breach of or violation of or default under any of the terms and provisions of the Lessee's Articles of Organization or Operating Agreement, under any indenture, mortgage, lease, note, contract, security deed, commitment, agreement, or other instrument to which the Lessee is a party or by which it or any of its properties is bound, or under any existing constitution, statute, law, or court

or administrative rule or regulation, judgment, order, or decree to which the Lessee is subject or by which the Lessee or any of its properties is bound.

4. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, by or before any court or public board or body pending or, to the best of our knowledge and belief, after making due inquiry with respect thereto, threatened against or affecting the Lessee, nor to our knowledge is there any basis therefor, which in any way questions the organization, existence, or good standing of the Lessee or the powers and authority of the Lessee referred to in Section 3(a) of the Bond Purchase Agreement, or wherein an unfavorable decision, ruling, or finding would materially and adversely affect the transactions contemplated by the Bond Purchase Agreement or which in any way would adversely affect the validity or enforceability of the Lessee Contracts, or any other agreement or instrument to which the Lessee is a party and which is used or contemplated for use in connection with the consummation of the transactions contemplated by the Bond Purchase Agreement.

5. All permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies that are required to have been obtained as of the date hereof by the Lessee in connection with the lease of the Project from the Issuer, the execution, delivery, and performance of the Lessee Contracts and the consummation of the transactions contemplated thereby have been duly obtained and remain in full force and effect. We have no reason to believe, after making due inquiry, that the Lessee will not be able to maintain all such permits, consents, permissions, approvals, and licenses described in the preceding sentence or to obtain all such additional permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies as may be required on or prior to the date the Lessee is legally required to obtain the same. No additional or further approval, consent, permissions, authorization, or order of any court or any governmental or public agency or authority not already obtained is required by the Lessee as of the date hereof in connection with the lease of the Project from the Issuer or the execution, delivery, and performance of the Lessee Contracts. The opinion expressed in this paragraph 5 shall not extend to or otherwise cover any approvals that may be required by any federal or state securities laws.

6. The Official Statement has been duly authorized, executed, and delivered by the Lessee, and the Lessee has duly approved the use of the Preliminary Official Statement and the Official Statement by the Underwriter in connection with the offering of the Bonds.

7. As general counsel to the Lessee, we have rendered legal advice and assistance to the Lessee in the course of the financing. Such assistance involved, among other things, discussions and inquiries concerning various legal matters and review of various documents relating to the offering and the preparation of the Preliminary Official Statement and the Official Statement and participation in conferences during which the contents of the Preliminary Official

Statement and the Official Statement and related matters were discussed and reviewed. To the best of our knowledge, after making due inquiry with respect thereto, the statements contained in the Preliminary Official Statement and the Official Statement under the captions "INTRODUCTION - The Lessee," "THE LESSEE," and "LEGAL MATTERS - Pending Litigation" (pertaining to the Lessee) are accurate statements or summaries of the matters set forth therein and fairly represent the information purported to be shown and do not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. In addition, while we do not pass upon or assume responsibility for the accuracy, completeness, or fairness of the Preliminary Official Statement or the Official Statement (other than the opinion given in the preceding sentence), nothing has come to our attention which leads us to believe that any portions of the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

[INSERT APPROPRIATE QUALIFICATIONS AND LIMITATIONS]

Very truly yours,

FLINT & CONNOLLY, LLP

By:_____
Partner

EXHIBIT E

Form of County's Disclosure Counsel Opinion

[Attached]

[Letterhead of Kilpatrick Stockton LLP]

_____, 2007

Cherokee County, Georgia
Canton, Georgia

Citigroup Global Markets Inc.
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as disclosure counsel to Cherokee County, Georgia (the "County") preliminary to and in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). In so acting, we have examined originals, executed counterparts, or certified copies of the following:

(a) the Series 2007 Bond Resolution adopted by the Resource Recovery Development Authority of Cherokee County (the "Issuer") on July 3, 2007, as supplemented and amended by a Supplemental Series 2007 Bond Resolution adopted by the Issuer on September 18, 2007,

(b) the Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"),

(c) the Lease Agreement, dated as of September 1, 2007, between Ball Ground Recycling, LLC (the "Lessee") and the Issuer,

(d) the Contract, dated as of September 1, 2007, between Cherokee County, Georgia (the "County") and the Issuer,

(e) the Bond Purchase Agreement, dated September 18, 2007 (the "Bond Purchase Agreement"), among the Issuer, the Lessee, and Citigroup Global Markets Inc.,

(f) the resolution adopted by the County on June 19, 2007,

(g) the Preliminary Official Statement, dated September 12, 2007 (the "Preliminary Official Statement"), relating to the Bonds,

(h) the Official Statement, dated September 18, 2007 (the "Official Statement"), relating to the Bonds,

(i) the insurance policy (the "Bond Insurance Policy") issued by Ambac Assurance Corporation (the "Bond Insurer") with respect to the Bonds,

(j) the Continuing Disclosure Agreement (the "Disclosure Agreement"), dated the date hereof, between the Lessee and the Trustee,

(k) the Continuing Disclosure Certificate (the "Disclosure Certificate"), dated the date hereof, of the County, and

(l) a transcript of the proceedings of the Issuer relating to the authorization, issuance, and delivery of the Bonds.

In all such examinations, we have assumed the authenticity of all documents submitted to us as original documents and the authenticity of originals and conformity to original documents of all documents submitted to us as certified, conformed, or photostatic copies. We have assumed, but not independently verified, that the signatures on all documents and certificates that we have examined are genuine, and, as to certificates, we have assumed the same to be properly given and to be accurate. We are not expressing any opinion or views on the authorization, issuance, delivery, or validity of the Bonds.

Based upon the foregoing and an examination of such other information, papers, and documents as we believe necessary or advisable to enable us to render this opinion, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act"), the Bond Insurance Policy is an exempt security within the meaning of Section 3(a)(8) of the 1933 Act, and the Indenture is exempt from qualification under Section 304(a)(4) of the Trust Indenture Act of 1939, as amended (the "1939 Act"), to the extent provided in such Acts, respectively, and it is not necessary in connection with the offer and sale of the Bonds, together with the Bond Insurance Policy, to the public to register the Bonds or the Bond Insurance Policy under the 1933 Act, or to qualify the Indenture under, or to issue the Bonds under any indenture qualified under, the 1939 Act.

2. The Bonds and the Bond Insurance Policy are exempted from the registration provisions of the Georgia Securities Act of 1973, as amended, by virtue of Section 10-5-8(1) thereof.

3. The Bonds are covered securities within the meaning of Section 18(b)(4)(C) of the 1933 Act, to the extent provided in the 1933 Act, and it is not necessary in connection with the offer and sale of the Bonds, together with the Bond Insurance Policy, to the public to register or qualify the Bonds or the Bond Insurance Policy under the securities or "Blue Sky" laws of any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States, or any political subdivision thereof. It should be noted, however, that filing fees may be payable in certain jurisdictions if the Bonds are offered or sold in such jurisdictions.

4. The Disclosure Agreement and the Disclosure Certificate comply as to form with the requirements of Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended.

Because the primary purpose of our professional engagement as disclosure counsel to the County was not to establish factual matters and because of the wholly or partially nonlegal character of many determinations involved in the preparation of the Preliminary Official Statement and the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness, or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, and we have not independently verified the accuracy, completeness, or fairness of such statements. Nevertheless, we have rendered legal advice and assistance to the County in the course of the offering and sale of the Bonds, the preparation of the Preliminary Official Statement and the Official Statement. Such assistance involved, among other things, discussions and inquiries concerning various legal matters, the review of the documents referred to above, and discussions with representatives of the Issuer, the Lessee, and the County, their counsel, and the County's auditors in connection with the preparation of the Preliminary Official Statement and the Official Statement. We have obtained and reviewed the certificates as to factual matters and the legal opinions from these parties and their counsel in regard to the Preliminary Official Statement and the Official Statement and certain information contained therein. The performance of the services referred to above, the discussions referred to above, and our examination of the factual certifications and legal opinions referred to above did not disclose to us any information which would lead us to believe that the Preliminary Official Statement or the Official Statement (other than the financial statements and related notes and other financial and statistical data included therein, as to which we express no view) contains any untrue statement of a material fact or omits to state a material fact required to be stated or necessary to make the statements therein made, in light of the circumstances under which they were made, not misleading.

The opinions set forth in paragraphs 2 and 3 above are subject to the existence of broad discretionary powers vested in the administrative authorities administering the securities or "Blue Sky" laws in the jurisdictions named in paragraphs 2 and 3, authorizing them, among other things, to withdraw exemptions accorded by statute, to impose additional requirements, to refuse registration, or to issue stop orders.

The opinions set forth in paragraphs 2 and 3 above are subject to the existence of broad discretionary powers vested in the administrative authorities administering the securities or "Blue Sky" laws in the jurisdictions named in paragraphs 2 and 3, authorizing them, among other things, to withdraw exemptions accorded by statute, to impose additional requirements, to refuse registration, or to issue stop orders.

This opinion does not purport to cover the requirements under the laws of any jurisdiction with respect to the registration or licensing of dealers, brokers, or salesmen, the form or substance of advertising materials or the filing requirements applicable thereto, or the legality of investments in the Bonds by any institutional investor that is subject to statutory or other restrictions as to its investments.

As disclosure counsel to the County, we are furnishing this letter to you solely for your benefit and not for dissemination in connection with the offer and sale of the Bonds. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters expressly so stated.

Very truly yours,

KILPATRICK STOCKTON LLP

By:_____
Kenneth B. Pollock, Partner

EXHIBIT F

Form of Bond Insurer's Counsel Opinion

[Attached]

FORM OF THE AMBAC LEGAL OPINION

Date:

Ladies and Gentlemen:

This opinion has been requested of the undersigned, a Vice President and an Assistant General Counsel of Ambac Assurance Corporation, a Wisconsin stock insurance company ("Ambac Assurance"), in connection with the issuance by Ambac Assurance of a certain Financial Guaranty Insurance Policy and endorsement thereto, effective as of the date hereof (the "Policy"), insuring $> in aggregate principal amount of the > (the "Obligor"), > dated > (the "Obligations").

In connection with my opinion herein, I have examined the Policy, such statutes, documents and proceedings as I have considered necessary or appropriate under the circumstances to render the following opinion, including, without limiting the generality of the foregoing, certain statements contained in the Official Statement of the Obligor dated >, relating to the Obligations (the "Official Statement") under the headings ">" and ">".

Based upon the foregoing and having regard to legal considerations I deem relevant, I am of the opinion that:

1. Ambac Assurance is a stock insurance company duly organized and validly existing under the laws of the State of Wisconsin and duly qualified to conduct an insurance business in the State of >.

2. Ambac Assurance has full corporate power and authority to execute and deliver the Policy and the Policy has been duly authorized, executed and delivered by Ambac Assurance and constitutes a legal, valid and binding obligation of Ambac Assurance enforceable in accordance with its terms except to the extent that the enforceability (but not the validity) of such obligation may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law or enactment now or hereafter enacted affecting the enforcement of creditors' rights.

3. The execution and delivery by Ambac Assurance of the Policy will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Authority, Articles of Incorporation or By-Laws of Ambac Assurance, or any restriction contained in any contract, agreement or

4. instrument to which Ambac Assurance is a party or by which it is bound or constitute a default under any of the foregoing.

5. Proceedings legally required for the issuance of the Policy have been taken by Ambac Assurance and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.

6. The statements contained in the Official Statement under the heading ">," insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements describe Ambac Assurance, fairly and accurately describe Ambac Assurance.

7. The form of Policy contained in the Official Statement under the heading ">" is a true and complete copy of the form of Policy.

The opinions expressed herein are solely for your benefit, and may not be relied upon by any other person.

Very truly yours,

Vice President and
Assistant General Counsel

EXHIBIT G

Form of County's Letter of Representation

[Attached]

_____, 2007

Resource Recovery Development
Authority of Cherokee County
Canton, Georgia

Citigroup Global Markets Inc.
Atlanta, Georgia

Re: **Letter of Representation**

Ladies and Gentlemen:

Cherokee County, Georgia (the "County") is providing the Resource Recovery Development Authority of Cherokee County (the "Issuer") and Citigroup Global Markets Inc. (the "Underwriter") this Letter of Representation in order to induce the Issuer and the Underwriter to perform their respective obligations under a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 2007, among the Issuer, Ball Ground Recycling, LLC, and the Underwriter, relating to the sale by the Issuer to the Underwriter of $18,145,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), consisting of $13,205,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and $4,940,000 in aggregate principal amount of its Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (collectively the "Bonds"). Unless otherwise expressly provided herein or unless the context clearly requires otherwise, capitalized terms used in this Letter shall have the meanings assigned to them in the Bond Purchase Agreement.

The County hereby represents and warrants to, and covenants and agrees with, the Issuer and the Underwriter that:

(a) The County is a political subdivision of the State of Georgia duly created and validly existing under the laws of the State of Georgia. It is authorized by virtue of the laws of the State of Georgia to enter into and execute, deliver, and perform the Contract. The County has complied with all provisions of the Constitution and laws of the State of Georgia with respect to the consummation of, and has full power and authority to consummate, all transactions contemplated by the Contract.

(b) The County has duly authorized by all necessary action the approval of the Official Statement and its use by the Underwriter in the public offering and sale of the Bonds and the execution of the Official Statement by the Chairman of the Board of Commissioners or other authorized official of the County and the execution, delivery, and performance of the Contract, and no approval, authorization, consent, or other action by any governmental body (other than consents and approvals already obtained) is required in connection with the execution or performance by the County of the same, and neither the execution nor the performance of the

Contract or the consent to the use of the Official Statement will conflict with, breach, or violate any Legal Requirements or Contractual Requirements to which the County is a party or by which it or its property may be subject or bound. The Contract, when executed by the Issuer at or before the Closing Time, will have been duly and validly executed and delivered by the County, will be in full force and effect as to the County, and will constitute the legal, valid, binding, and enforceable obligation of the County, enforceable in accordance with its terms.

(c) The County is not in violation of any material provision of or in default under any Legal Requirement or Contractual Requirement to which it is a party or by which it or its property is subject or bound, which violation will have any material adverse effect on the financing contemplated by the Official Statement, nor will any such violation result in any material adverse effect upon the operations, properties, assets, liabilities, or condition (financial or other) of the County.

(d) There is no pending or, to the best of the County's knowledge, after making due inquiry with respect thereto, threatened, action, suit, proceeding, inquiry, or investigation, before or by any court, public board, or body against the County, nor, to the best knowledge of the County, after making due inquiry with respect thereto, is there any basis therefor, which would materially and adversely affect the transactions contemplated by the Official Statement or which would materially and adversely affect the Bonds or the Contract or which might result in any material adverse change in the operations, properties, assets, liabilities, or condition (financial or other) of the County, or which affects the information contained in the Official Statement.

(e) To the best knowledge of the County, no legislation, ordinance, rule, or regulation has been enacted by any governmental body, department, or agency of the State of Georgia nor has any decision been rendered by any court of competent jurisdiction in the State of Georgia, which would materially and adversely affect the transactions contemplated by the Official Statement.

(f) The contents of the Preliminary Official Statement and the Official Statement relating to the County and of any amendment or supplement that may be authorized by the County for use with respect to the Bonds, including the information contained in Appendix A, are, and as of the Closing Time and the End of the Underwriting Period will be, complete, accurate, true, and correct and do not and will not contain an untrue statement of a material fact and do not and will not omit to state a material fact required to be stated therein or necessary to make the statements therein made, in light of the circumstances under which they were made, not misleading. The County has reviewed the Official Statement and consents to the use of the Official Statement by the Underwriter to offer and sell the Bonds. The County shall deliver at least ten (10) manually executed counterparts of the Official Statement to the Underwriter at the Closing Time.

(g) The County will notify the Underwriter for the period from the date hereof until the expiration of 90 days after the End of the Underwriting Period of any material adverse change in the business, properties, or financial condition of the County, and of any event which occurs and comes to the County's attention, which event materially and adversely affects the County or the transactions contemplated by the Official Statement and which would cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact which should be included therein for the purposes for which the Official Statement was to be used or which is necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and, if in the opinion of the Underwriter, a change in the information contained in the Official Statement is required in order to make the statements therein made true and not misleading or to make the Official Statement comply with any applicable state securities law in connection with the offering of the Bonds, such change shall be made, and the corrected information shall be supplied to the Underwriter in sufficient quantity for distribution to the purchasers of the Bonds. If such change occurs subsequent to the Closing Time, the County shall furnish to the Underwriter such legal opinions, certificates, instruments, and documents as the Underwriter may reasonably request to evidence the truth and accuracy of such corrected information. Thereafter, this Letter shall refer to such corrected information.

(h) The County will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter shall designate; provided, however, the County shall not be required to register as a dealer or broker in any such jurisdiction, nor execute a general consent to service of process or qualify to do business in connection with any such qualification of the Bonds in any such jurisdiction.

(i) Subsequent to the respective dates as of which information is given in the Official Statement, and prior to the Closing Date, except as set forth in or contemplated by the Official Statement, (1) the County has not incurred and shall not have incurred any material liabilities or obligations, direct or contingent, except in the ordinary course of business and has not entered and will not have entered into any material transaction not in the ordinary course of business, (2) there has not been and will not have been any increase in the long-term debt or decrease in the fund balances of the County, (3) there has not been and will not have been any material adverse change in the business or the financial position or results of operations of the County, (4) no loss or damage (whether or not insured) to the property of the County has been or will have been sustained which materially and adversely affects the operations of the County, and (5) no legal or governmental proceeding affecting the County or the transactions contemplated by the Official Statement has been or will have been instituted or threatened which is material.

(j) Any certificate signed by any of its authorized officials and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter under this Letter as to the statements made therein.

(k) The County will furnish to the Underwriter, upon request, for so long as the Bonds remain outstanding, annual audited financial statements of the County as soon as such financial statements become available.

(l) Prior to the execution of this Letter, the County delivered to the Underwriter copies of the Preliminary Official Statement which the County "deemed final" as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12. Except as disclosed in the Official Statement, there have been no instances in the previous five years in which the County failed to comply, in any material respects, with any previous undertakings in a written contract or agreement specified in Rule 15c2-12(b)(5)(i).

(m) The County acknowledges and agrees that these representations and warranties are made to induce the Underwriter to purchase the Bonds, and that such representations and warranties and any other representations and warranties made by the County to the Underwriter are made for the benefit of the ultimate purchasers of the Bonds and may be relied upon by such purchasers.

(n) The County hereby agrees to indemnify and hold harmless the Issuer and the Underwriter, together with each officer and member of the Board of Directors of the Issuer and the Underwriter and each person who controls the Issuer and the Underwriter within the meaning of either the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, from and against any and all losses, claims, damages, liabilities, costs, and expenses (including, without limitation, fees and disbursements of counsel and other expenses incurred by them or either of them in connection with investigating or defending any loss, claim, damage, or liability or any suit, action, or proceeding, whether or not resulting in liability), joint or several, to which they or any of them may become subject under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any other applicable statute or regulation, whether federal or state, or at common law or otherwise, insofar as such losses, claims, damages, liabilities, costs, and expenses (or any suit, action, or proceeding in respect thereof) arise out of or are based upon any untrue or misleading statement or alleged untrue or misleading statement of a material fact relating to the County contained in the Preliminary Official Statement or the Official Statement, including the information contained in Appendix B thereto, or in any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a fact relating to the County required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were

made, not misleading, provided, however, the County will not be liable in any such case to the extent that any such loss, claim, damage, liability, cost, or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished by the Underwriter specifically for use in connection with the preparation thereof. This indemnity agreement will be in addition to any liability which the County may otherwise have.

(o) Promptly after receipt by any party entitled to indemnification under this paragraph of notice of the commencement of any suit, action, or proceeding, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this paragraph, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under this paragraph or from any liability under this paragraph unless the failure to provide notice prejudices the defense of such suit, action, or proceeding. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall be entitled, but not obligated, to participate therein, and to the extent that it may elect by written notice delivered to the indemnified party, promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party, and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party shall not be liable to such indemnified party under this paragraph for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel representing the indemnified parties under this paragraph who are parties to such action), (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii).

(p) The County shall not be liable for any settlement of any such action effected without its consent, but if settled with its consent, the County agrees to indemnify and hold the Issuer, the Underwriter, such officer or director, or such controlling person harmless from and against any loss or liability, including reasonable legal and other expenses incurred in connection with the defense of the action, by reason of such settlement to the extent of the indemnification provided for in paragraph (n).

(q) In the event and to the extent that any indemnified party is entitled to indemnification from the County under the terms of paragraph (n) above in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to therein, but such indemnification is unavailable to such indemnified party in respect of any such losses, claims, damages, liabilities, costs, or expenses due to such indemnification being impermissible under applicable law or otherwise, then the County shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, costs, or expenses in such proportion as is appropriate to reflect the relative benefits received by the County and such indemnified party, respectively, from the offering of the Bonds, the relative fault of the County and such indemnified party, respectively, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, costs, or expenses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact related to information supplied by the County or the indemnified party and the relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission of the County or the indemnified party. The County, the Underwriter, and the Issuer, respectively, agree that it would not be just and equitable if contribution pursuant to this paragraph (q) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above in this paragraph (q). The amount paid or payable by any indemnified party as a result of the losses, claims, damages, liabilities, costs, or expenses referred to above in this paragraph (q) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with defending any such action or claim. This paragraph (q) shall not apply in the event of losses, claims, damages, liabilities, costs, or expenses caused by or attributable to the willful misconduct or gross negligence of an indemnified party. Notwithstanding anything to the contrary contained in this paragraph (q), it is understood and agreed that this paragraph (q) is not intended, and shall not be construed, to expand, broaden, or increase in any way, whether in terms of scope, amount, or otherwise, the liability of the County in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to in paragraph (n) or otherwise, as that liability is set forth in paragraph (n) above.

Given this ___ day of _____ 2007.

(SEAL)

CHEROKEE COUNTY, GEORGIA

By:_____
Chairman, Board of Commissioners

Attest:

_____
Clerk, Board of Commissioners

EXHIBIT H

Forms of Agreed-Upon Procedures Letters and Consent Letter

[Attached]

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

PRELIMINARY DRAFT For Review and Discussion Purposes Only Subject to Change Not to be Reproduced

Board of Commissioners of Cherokee County, Georgia
Canton, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cherokee County, Georgia (the "County") as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements.

We are independent certified public accountants with respect to Cherokee County, Georgia, within the meaning of the Rules of Conduct and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you with respect to the issuance of the $18,445,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project) Series 2007A and 2007B (the "Bonds"). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board of Commissioners of Cherokee County, Georgia. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

In connection with the Official Statement dated September 18, 2007:

1. We compared the amounts under the column entitled "Amount Outstanding (less Sinking Fund Installments Paid)" in the table included under the heading "Summary of County Debt by Category" (page 28 of the Official Statement) to supporting schedules as follows:

   General Obligation Bonds - $29,400,000

   We compared this amount to the outstanding balance reported in the December 31, 2006 audited financial statements and the amortization schedule on the bonds provided by the County.

Capital Leases - $2,212,122

We compared this amount to the outstanding balance as of August 1, 2007 per the amortization schedules on the capital leases provided by the County.

No matters or exceptions were noted which would require further comment in this report.

2. We compared the amounts in the table included under the caption "Debt Service Requirements" under the columns "General Obligation" and "Capital Leases" (page 29 of the Official Statement) to the corresponding amounts in amortization schedules provided by the County. No matters or exceptions were noted which would require further comment in this report.

3. We compared the amounts in the table included under the caption "Debt History" (page 31 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

4. We compared the amounts in the table included under the caption "County General Fund" (page 38 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

5. We compared the amounts in the table included under the caption "General Fund Budget for Year Ending December 31, 2007" (page 40 of the Official Statement) to the County's 2007 budget for the General Fund. No matters or exceptions were noted which would require further comment in this report.

6. We compared the amounts shown in the table relating to a historical, comparative summary of revenues and expenditures, budget and actual, of the County's General Fund under the heading "County General Fund" (page 41 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

7. We compared the amounts in the table entitled "General Fund Unfavorable Variances" (page 42 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

8. We compared the amounts in the table relating to the additions to the County's capital assets under the heading "Capital Improvements" (page 42 of the Official Statement) to the capital assets footnotes included in the audited basic financial statements of the County for the years ended December 31, 2002,

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2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

9. We compared the amounts for the years 2004, 2005 and 2006 in the table entitled "General Fund Tax Revenues By Source" (page 43 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2004, 2005 and 2006. We compared the amounts for the years 2002 and 2003 to adjusted trial balances of the County's General Fund for the years ended December 31, 2002 and 2003. No matters or exceptions were noted which would require further comment in this report.

10. We obtained the County's unaudited accounting records as of August 31, 2007 and 2006, and found the total fund balance of the General Fund as of those dates to be $ and $, respectively.

11. We obtained the County's unaudited accounting records as of August 31, 2007 and 2006, and found the total revenue of the General Fund for the eight month periods ended August 31, 2007 and 2006 to be $ and $, respectively.

12. We obtained the County's unaudited accounting records as of August 31 2007 and 2006, and found the total liabilities of the General Fund as of those dates to be $ and $, respectively.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records for any items referenced above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report on is intended solely for the information and use of the Board of Commissioners of Cherokee County, Georgia as it relates to the Series 2007 Bonds, and it is not intended to be and should not be used by anyone other than this specified party.

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Atlanta, Georgia
September 18, 2007

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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Board of Commissioners of Cherokee County, Georgia
Canton, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cherokee County, Georgia (the "County") as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements.

We are independent certified public accountants with respect to Cherokee County, Georgia, within the meaning of the Rules of Conduct and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you with respect to the issuance of the $18,445,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project) Series 2007A and 2007B (the "Bonds"). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board of Commissioners of Cherokee County, Georgia. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

In connection with the Official Statement dated September 18, 2007:

1. We compared the amounts under the column entitled "Amount Outstanding (less Sinking Fund Installments Paid)" in the table included under the heading "Summary of County Debt by Category" (page 28 of the Official Statement) to supporting schedules as follows:

   General Obligation Bonds - $29,400,000

   We compared this amount to the outstanding balance reported in the December 31, 2006 audited financial statements and the amortization schedule on the bonds provided by the County.

Capital Leases - $2,212,122

We compared this amount to the outstanding balance as of August 1, 2007 per the amortization schedules on the capital leases provided by the County.

No matters or exceptions were noted which would require further comment in this report.

2. We compared the amounts in the table included under the caption "Debt Service Requirements" under the columns "General Obligation" and "Capital Leases" (page 29 of the Official Statement) to the corresponding amounts in amortization schedules provided by the County. No matters or exceptions were noted which would require further comment in this report.

3. We compared the amounts in the table included under the caption "Debt History" (page 31 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

4. We compared the amounts in the table included under the caption "County General Fund" (page 38 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

5. We compared the amounts in the table included under the caption "General Fund Budget for Year Ending December 31, 2007" (page 40 of the Official Statement) to the County's 2007 budget for the General Fund. No matters or exceptions were noted which would require further comment in this report.

6. We compared the amounts shown in the table relating to a historical, comparative summary of revenues and expenditures, budget and actual, of the County's General Fund under the heading "County General Fund" (page 41 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

7. We compared the amounts in the table entitled "General Fund Unfavorable Variances" (page 42 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

8. We compared the amounts in the table relating to the additions to the County's capital assets under the heading "Capital Improvements" (page 42 of the Official Statement) to the capital assets footnotes included in the audited basic financial statements of the County for the years ended December 31, 2002,

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2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

9. We compared the amounts for the years 2004, 2005 and 2006 in the table entitled "General Fund Tax Revenues By Source" (page 43 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2004, 2005 and 2006. We compared the amounts for the years 2002 and 2003 to adjusted trial balances of the County's General Fund for the years ended December 31, 2002 and 2003. No matters or exceptions were noted which would require further comment in this report.

10. We obtained the County's unaudited accounting records as of September 30, 2007 and 2006, and found the total fund balance of the General Fund as of those dates to be $ and $, respectively.

11. We obtained the County's unaudited accounting records as of September 30, 2007 and 2006, and found the total revenue of the General Fund for the nine month periods ended September 30, 2007 and 2006 to be $ and $, respectively.

12. We obtained the County's unaudited accounting records as of September 30, 2007 and 2006, and found the total liabilities of the General Fund as of those dates to be $ and $, respectively.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records for any items referenced above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report on is intended solely for the information and use of the Board of Commissioners of Cherokee County, Georgia as it relates to the Series 2007 Bonds, and it is not intended to be and should not be used by anyone other than this specified party.

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Atlanta, Georgia
October 5, 2007

Board of Commissioners of Cherokee County, Georgia
Canton, Georgia

Re: $18,445,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project) Series 2007A and 2007B

Ladies and Gentlemen:

We consent to the references made to our firm under the captions "INTRODUCTION - Professionals Involved in the Offering" and "MISCELLANEOUS - Independent Auditors" included in the Preliminary Official Statement dated September 12, 2007 and the Official Statement dated September 18, 2007 relating to the issuance of the $18,445,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project) Series 2007A and 2007B and the use of our report dated June 18, 2007 on our audit of Cherokee County, Georgia's financial statements as of and for the year ended December 31, 2006, included in Appendix A to the Preliminary Official Statement and Official Statement. Our report makes reference to the report of other auditors for the Cherokee County Department of Public Health and Sequoyah Regional Library, discretely presented component units, which represent 43% and 49%, respectively, of the assets and revenue of the aggregate discretely presented component units. The financial statements of the Cherokee County Department of Public Health and Sequoyah Regional Library and the auditor's reports thereon were furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of other auditors.

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Atlanta, Georgia
September 18, 2007

Unless this Bond is presented by an authorized representative of The Depository Trust Company ("DTC"), a New York corporation, to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF GEORGIA
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL REVENUE BOND
(BALL GROUND RECYCLING, LLC PROJECT)
SERIES 2007A

Number RA-2 Principal Amount $3,960,000

Rate of Interest:	Maturity Date:	Dated:	CUSIP:
4.75%	July 1, 2031	October 9, 2007	164227AB6

Registered Owner: CEDE & CO.

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS that the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia, for value received, hereby promises to pay, but only from the source as hereinafter provided, to the registered owner shown above, or registered assigns, on the maturity date specified above (unless this bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for), the principal sum stated above and in like manner to pay interest on such principal sum from time to time remaining unpaid from and including the date hereof or from and including the most recent Interest Payment Date (as defined in the hereinafter defined Indenture) with respect to which interest has been paid or duly provided for, until payment of such principal sum has been made, at the rate of interest stated above per annum (computed on the basis of a 360-day year consisting of twelve 30-day months), on January 1, 2008, and semiannually thereafter on July 1 and January 1 of each year until payment in full of such principal sum. This bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the aforesaid rate.

Principal of and premium, if any, on this bond shall be payable by check or draft in lawful money of the United States of America by presentation and surrender of this bond at the principal corporate trust office of The Bank of New York Trust Company, N.A., Atlanta, Georgia, as trustee, or its successor in trust (the "Trustee") or at the duly

designated office of any duly appointed alternate or successor paying agent. Payment of interest on this bond shall be made to the registered owner and shall be paid in lawful money of the United States of America by check or draft mailed on the applicable Interest Payment Date to such registered owner as of the close of business on the applicable Record Date (as defined in the Indenture) at its address as it appears on the registration books of the Issuer maintained by the Trustee, as bond registrar, or at such other address as is furnished in writing by such registered owner to the Trustee. If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such defaulted interest shall be paid to the owner in whose name this bond is registered at the close of business on the Special Record Date (as defined in the Indenture) next preceding the date of payment of such defaulted interest.

Upon the occurrence of a Determination of Taxability (as defined in the Indenture), the interest rate per annum borne by this bond shall be increased to the Taxable Rate (as hereinafter defined) as of, from, and after the Date of Taxability (as defined in the Indenture). "Taxable Rate" means the interest rate borne by this bond before the Date of Taxability plus 1.53 percent per annum. An amount equal to the difference between the interest paid on this bond at the rate of interest stated above per annum during the Inclusion Period (as defined in the Indenture) and the interest that would have accrued on this bond during the Inclusion Period had the interest rate on this bond during the Inclusion Period been equal to the Taxable Rate, which amount shall be owed retroactively on this bond as a result of the occurrence of a Determination of Taxability, shall be payable thirty (30) days after the date of the Determination of Taxability and shall be apportioned among registered owners of this bond during the Inclusion Period according to the ratio of the number of days they were registered owners of this bond during the Inclusion Period to the total number of days within the Inclusion Period.

SPECIMEN

Retroactive interest payable on this bond as a result of the occurrence of a Determination of Taxability shall be paid by check or draft mailed to each person in whose name this bond was registered during the Inclusion Period at its address as it appears on the registration books of the Issuer maintained by the Trustee, as bond registrar.

This bond is one of an authorized issue of bonds in the original aggregate principal amount of $13,205,000 (the "Series 2007A Bonds"), authorized to be issued, together with $4,940,000 in original aggregate principal amount of the Issuer's Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project, Series 2007B (the "Series 2007B Bonds"), for the purpose of financing the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located in Cherokee County, Georgia, including the land, buildings, improvements, fixtures, and other real and personal property therefor, located within the territorial limits of Cherokee County, Georgia (hereinafter referred to as the "Project"), and related costs and necessary expenses incidental thereto. The Project will be owned by the Issuer, and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under the laws of the State of Georgia, will lease the Project from the Issuer pursuant to a Lease Agreement (the "Lease Agreement"), dated as of September 1, 2007, between the

Issuer and the Lessee. The Lessee is obligated pursuant to the Lease Agreement to pay to the Issuer such rentals as will always be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007A Bonds and the Series 2007B Bonds (collectively the "Series 2007 Bonds"), as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay all expenses of operating and maintaining the Project in good repair, to keep it properly insured, and to pay all taxes, assessments, and other charges levied or assessed against or with respect to the Project.

The Issuer and Cherokee County, Georgia (the "County") have entered into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, under the terms of which the County agreed (1) to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract.

SPECIMEN

The Series 2007 Bonds are all issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, duly executed and delivered by and between the Issuer and the Trustee. Pursuant to the Indenture, as security for the payment of the principal of, premium, if any, and interest on the Series 2007 Bonds, the Issuer assigned and pledged to the Trustee, and granted a first priority security interest in, all of its right, title, and interest in the Lease Agreement (except for the Unassigned Rights, as defined in the Lease Agreement) and the Contract and in certain funds established and held under the Indenture. It is provided in the Indenture that the Issuer may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds will rank on a parity with the Series 2007 Bonds. Reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the property subject to the lien and security interest of the Indenture, the provisions, among others, with respect to the nature and extent of the security for the Series 2007 Bonds, the rights, duties, and obligations of the Issuer, the Trustee, and the owners of the Series 2007 Bonds, the issuance of Additional Bonds, the terms upon which Additional Bonds may be issued and secured, and the provisions regulating the manner in which the terms of the Indenture, the Lease Agreement, and the Contract may be modified, to all of which provisions the owner of this bond, on behalf of itself and its successors in interest, assents by acceptance hereof.

THIS BOND SHALL NEVER CONSTITUTE AN INDEBTEDNESS, DEBT, OR GENERAL OBLIGATION OF THE STATE OF GEORGIA, CHEROKEE COUNTY, GEORGIA, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY DEBT LIMITATION WHATSOEVER, NOR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF ANY OF THE

FOREGOING, NOR SHALL ANY OF THE FOREGOING BE SUBJECT TO ANY PECUNIARY LIABILITY HEREON. THE ISSUER HAS NO TAXING POWER. THIS BOND SHALL NOT BE PAYABLE FROM NOR A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES PLEDGED TO THE PAYMENT HEREOF AND SHALL BE A LIMITED OR SPECIAL OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR IN THE INDENTURE, INCLUDING THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX THAT CHEROKEE COUNTY, GEORGIA IS OBLIGATED TO LEVY. NO OWNER OF THIS BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF GEORGIA, CHEROKEE COUNTY, GEORGIA, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, EXCEPT TO LEVY THE HEREINBEFORE DESCRIBED AD VALOREM TAX, TO PAY THE PRINCIPAL OF THIS BOND OR THE INTEREST OR ANY PREMIUM HEREON, OR TO ENFORCE PAYMENT HEREOF AGAINST ANY PROPERTY OF THE FOREGOING, OTHER THAN THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX, NOR SHALL THIS BOND CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE FOREGOING OTHER THAN THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX. NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY PERSON EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND BY REASON OF THE ISSUANCE THEREOF.

SPECIMEN

The Series 2007 Bonds are issuable only in the form of fully registered bonds without coupons in the denominations of $5,000 each or any integral multiple thereof. The Issuer has established a book-entry system of registration for the Series 2007 Bonds. Except as specifically provided otherwise in the Indenture, an agent will hold this bond on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery, or transfer, the beneficial owner of this bond shall be deemed to have agreed to such arrangement. While the Series 2007 Bonds are in the book-entry system of registration, the Indenture provides special provisions relating to the Series 2007 Bonds that override certain other provisions of the Indenture. This bond is transferable by the registered owner hereof in person or by its attorney duly authorized in writing at the principal corporate trust office of the Trustee but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer, a new registered bond or bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same series, interest rate, and maturity or maturities will be issued to the transferee in exchange herefor.

Series 2007A Bonds are subject to optional redemption by the Issuer upon written request of the Lessee prior to maturity, in whole on any date or in part on any interest payment date, in either event on or after July 1, 2017, and if in part in inverse order of maturity and by lot within a maturity in amounts not less than $5,000, in such manner as may be designated by the Trustee, at a redemption price equal to 100% of the Series 2007A Bonds being redeemed plus accrued interest to the redemption date.

In addition, Series 2007A Bonds maturing on July 1, 2026, 2031, and 2037 are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in accordance with the mandatory redemption requirements of Article III of the Indenture, at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following principal amounts (which include the principal amount that will be outstanding on the date of maturity) and on the dates set forth below:

Series 2007A Bonds Maturing July 1, 2026

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2018	$ 95,000	2022	$120,000
2019	105,000	2023	600,000
2020	75,000	2024	630,000
2021	90,000	2025	660,000

(Leaving $690,000 to mature July 1, 2026)

Series 2007A Bonds Maturing July 1, 2031

SPECIMEN

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2027	$720,000	2029	$790,000
2028	755,000	2030	830,000

(Leaving $865,000 to mature July 1, 2031)

Series 2007A Bonds Maturing July 1, 2037

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2032	$ 910,000	2035	$1,050,000
2033	955,000	2036	1,105,000
2034	1,000,000		

(Leaving $1,160,000 to mature July 1, 2037)

A copy of the notice of the call for any redemption identifying the Series 2007 Bonds to be redeemed shall be given by first class mail, postage prepaid, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, to the registered owners of Series 2007 Bonds to be redeemed at their addresses as shown on the registration books.

This bond and the series of which it forms a part, as may be outstanding from time to time, are issued pursuant to and in full conformity with a resolution duly adopted by the governing body of the Issuer under the authority of and in full conformity with the Constitution and statutes of the State of Georgia, particularly the provisions of Chapter 63 of Title 36 of the Official Code of Georgia Annotated, entitled "Resource Recovery Development Authorities Law," as amended (the "Act"). This bond and the series of which it forms a part are not general obligations of the Issuer but are payable solely from the revenues and receipts derived from the Project and otherwise as provided in the Indenture. Pursuant to the provisions of the Lease Agreement and the Contract, rental payments (or, if rental payments are not made, payments by the County) sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Series 2007 Bonds are to be paid to the Trustee for the account of the Issuer and deposited in a special account created by the Issuer and designated the "Bond Fund" and have been and are hereby again duly pledged for that purpose. The obligations hereunder shall be limited as provided in Section 36-63-10 of the Act. This Series 2007 Bond is issued by the Issuer to aid in the financing of a "project," as such term is defined in the Act, to accomplish the public purposes of the Act.

SPECIMEN

The owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in, or defend any suit or other proceedings with respect thereto except as provided in the Indenture. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of this bond do exist, have happened, and have been performed in due time, form, and manner as required by law in order to make this bond a valid and legal revenue obligation of the Issuer and that the issuance of the Series 2007 Bonds, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation applicable to the Issuer.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Trustee's certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** has caused this bond to be executed by its Vice Chairman by his manual signature, has caused its official seal to be impressed hereon, and has caused this bond to be attested by its Secretary by his manual signature.

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E. Hubbard
Vice Chairman

Attest: Sheila R. Corbin
Secretary

SPECIMEN

Financial Guaranty Insurance Policy No. 27092BE (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under such Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee, and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds of the series described in the within-mentioned Indenture.

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

By: _____
Authorized Signatory

Date of
Registration and
Authentication:

October 5, 2007

SPECIMEN

VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF CHEROKEE

The undersigned Clerk of the Superior Court of Cherokee County, Georgia, does hereby certify that the within bond and the security therefor was validated and confirmed by judgment of the Superior Court of Cherokee County, Georgia, rendered on the 14th day of August 2007, that no intervention or objection was filed opposing the validation of the within bond and the security therefor, and that no appeal of such judgment of validation has been taken.

IN WITNESS WHEREOF, the undersigned has hereunto executed this certificate by her manual signature and has impressed hereon the official seal of the Superior Court of Cherokee County, Georgia.

Chief Deputy Jeanie Potter
Clerk, Superior Court of Cherokee County,
Georgia

(COURT SEAL)

The following abbreviations, when used in the inscription on this bond or in the assignment below, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common and not as community property
UNIF TRANS MIN ACT	-	_____ Custodian _____ (Custodian) (Minor) under Uniform Transfers to Minors Act _____ (State)

Additional abbreviations may also be used although not in the above list.

SPECIMEN

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned, _____, _____, hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____
(Signature Guaranteed)

Notice: Signature(s) must be guaranteed by an eligible guarantor institution (such as banks, stockbrokers, savings and loan associations, and credit unions) with membership in an approved Signature Guarantee Medallion Program pursuant to S.E.C. Rule 17Ad-15.

_____
Registered Owner

Notice: The signature(s) on this assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

Unless this Bond is presented by an authorized representative of The Depository Trust Company ("DTC"), a New York corporation, to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF GEORGIA
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL TAXABLE REVENUE BOND
(BALL GROUND RECYCLING, LLC PROJECT)
SERIES 2007B

Number RB-1 Principal Amount $4,940,000

COPY

Rate of Interest:	Maturity Date:	Dated:	CUSIP:
5.80%	July 1, 2022	October 5, 2007	164224 AA5

Registered Owner: CEDE & CO.

KNOW ALL MEN BY THESE PRESENTS that the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia, for value received, hereby promises to pay, but only from the source as hereinafter provided, to the registered owner shown above, or registered assigns, on the maturity date specified above (unless this bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for), the principal sum stated above and in like manner to pay interest on such principal sum from time to time remaining unpaid from and including the date hereof or from and including the most recent Interest Payment Date (as defined in the hereinafter defined Indenture) with respect to which interest has been paid or duly provided for, until payment of such principal sum has been made, at the rate of interest stated above per annum (computed on the basis of a 360-day year consisting of twelve 30-day months), on January 1, 2008, and semiannually thereafter on July 1 and January 1 of each year until payment in full of such principal sum. This bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the aforesaid rate.

Principal of and premium, if any, on this bond shall be payable by check or draft in lawful money of the United States of America by presentation and surrender of this bond at the principal corporate trust office of The Bank of New York Trust Company, N.A., Atlanta, Georgia, as trustee, or its successor in trust (the "Trustee") or at the duly

designated office of any duly appointed alternate or successor paying agent. Payment of interest on this bond shall be made to the registered owner and shall be paid in lawful money of the United States of America by check or draft mailed on the applicable Interest Payment Date to such registered owner as of the close of business on the applicable Record Date (as defined in the Indenture) at its address as it appears on the registration books of the Issuer maintained by the Trustee, as bond registrar, or at such other address as is furnished in writing by such registered owner to the Trustee. If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such defaulted interest shall be paid to the owner in whose name this bond is registered at the close of business on the Special Record Date (as defined in the Indenture) next preceding the date of payment of such defaulted interest.

This bond is one of an authorized issue of bonds in the original aggregate principal amount of $4,940,000 (the "Series 2007B Bonds"), authorized to be issued, together with $13,205,000 in original aggregate principal amount of the Issuer's Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project, Series 2007A (the "Series 2007A Bonds"), for the purpose of financing the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located in Cherokee County, Georgia, including the land, buildings, improvements, fixtures, and other real and personal property therefor, located within the territorial limits of Cherokee County, Georgia (hereinafter referred to as the "Project"), and related costs and necessary expenses incidental thereto. The Project will be owned by the Issuer, and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under the laws of the State of Georgia, will lease the Project from the Issuer pursuant to a Lease Agreement (the "Lease Agreement"), dated as of September 1, 2007, between the Issuer and the Lessee. The Lessee is obligated pursuant to the Lease Agreement to pay to the Issuer such rentals as will always be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007A Bonds and the Series 2007B Bonds (collectively the "Series 2007 Bonds"), as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay all expenses of operating and maintaining the Project in good repair, to keep it properly insured, and to pay all taxes, assessments, and other charges levied or assessed against or with respect to the Project.

The Issuer and Cherokee County, Georgia (the "County") have entered into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, under the terms of which the County agreed (1) to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract.

The Series 2007 Bonds are all issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture and Security Agreement (the

"Indenture"), dated as of September 1, 2007, duly executed and delivered by and between the Issuer and the Trustee. Pursuant to the Indenture, as security for the payment of the principal of, premium, if any, and interest on the Series 2007 Bonds, the Issuer assigned and pledged to the Trustee, and granted a first priority security interest in, all of its right, title, and interest in the Lease Agreement (except for the Unassigned Rights, as defined in the Lease Agreement) and the Contract and in certain funds established and held under the Indenture. It is provided in the Indenture that the Issuer may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds will rank on a parity with the Series 2007 Bonds. Reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the property subject to the lien and security interest of the Indenture, the provisions, among others, with respect to the nature and extent of the security for the Series 2007 Bonds, the rights, duties, and obligations of the Issuer, the Trustee, and the owners of the Series 2007 Bonds, the issuance of Additional Bonds, the terms upon which Additional Bonds may be issued and secured, and the provisions regulating the manner in which the terms of the Indenture, the Lease Agreement, and the Contract may be modified, to all of which provisions the owner of this bond, on behalf of itself and its successors in interest, assents by acceptance hereof.

THIS BOND SHALL NEVER CONSTITUTE AN INDEBTEDNESS, DEBT, OR GENERAL OBLIGATION OF THE STATE OF GEORGIA, CHEROKEE COUNTY, GEORGIA, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY DEBT LIMITATION WHATSOEVER, NOR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF ANY OF THE FOREGOING, NOR SHALL ANY OF THE FOREGOING BE SUBJECT TO ANY PECUNIARY LIABILITY HEREON. THE ISSUER HAS NO TAXING POWER. THIS BOND SHALL NOT BE PAYABLE FROM NOR A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES PLEDGED TO THE PAYMENT HEREOF AND SHALL BE A LIMITED OR SPECIAL OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR IN THE INDENTURE, INCLUDING THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX THAT CHEROKEE COUNTY, GEORGIA IS OBLIGATED TO LEVY. NO OWNER OF THIS BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF GEORGIA, CHEROKEE COUNTY, GEORGIA, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, EXCEPT TO LEVY THE HEREINBEFORE DESCRIBED AD VALOREM TAX, TO PAY THE PRINCIPAL OF THIS BOND OR THE INTEREST OR ANY PREMIUM HEREON, OR TO ENFORCE PAYMENT HEREOF AGAINST ANY PROPERTY OF THE FOREGOING, OTHER THAN THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX, NOR SHALL THIS BOND CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE FOREGOING OTHER THAN THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX. NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY PERSON EXECUTING THIS

BOND SHALL BE LIABLE PERSONALLY ON THIS BOND BY REASON OF THE ISSUANCE THEREOF.

The Series 2007 Bonds are issuable only in the form of fully registered bonds without coupons in the denominations of $5,000 each or any integral multiple thereof. The Issuer has established a book-entry system of registration for the Series 2007 Bonds. Except as specifically provided otherwise in the Indenture, an agent will hold this bond on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery, or transfer, the beneficial owner of this bond shall be deemed to have agreed to such arrangement. While the Series 2007 Bonds are in the book-entry system of registration, the Indenture provides special provisions relating to the Series 2007 Bonds that override certain other provisions of the Indenture. This bond is transferable by the registered owner hereof in person or by its attorney duly authorized in writing at the principal corporate trust office of the Trustee but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer, a new registered bond or bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same series, interest rate, and maturity or maturities will be issued to the transferee in exchange herefor.

In addition, Series 2007B Bonds maturing on July 1, 2022 are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in accordance with the mandatory redemption requirements of Article III of the Indenture, at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following principal amounts (which include the principal amount that will be outstanding on the date of maturity) and on the dates set forth below:

Series 2007B Bonds Maturing July 1, 2022

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2010	$290,000	2016	$410,000
2011	310,000	2017	435,000
2012	325,000	2018	360,000
2013	345,000	2019	380,000
2014	365,000	2020	435,000
2015	385,000	2021	450,000

(Leaving $450,000 to mature July 1, 2022)

A copy of the notice of the call for any redemption identifying the Series 2007 Bonds to be redeemed shall be given by first class mail, postage prepaid, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, to the registered owners of Series 2007 Bonds to be redeemed at their addresses as shown on the registration books.

This bond and the series of which it forms a part, as may be outstanding from time to time, are issued pursuant to and in full conformity with a resolution duly adopted by the governing body of the Issuer under the authority of and in full conformity with the Constitution and statutes of the State of Georgia, particularly the provisions of Chapter 63 of Title 36 of the Official Code of Georgia Annotated, entitled "Resource Recovery Development Authorities Law," as amended (the "Act"). This bond and the series of which it forms a part are not general obligations of the Issuer but are payable solely from the revenues and receipts derived from the Project and otherwise as provided in the Indenture. Pursuant to the provisions of the Lease Agreement and the Contract, rental payments (or, if rental payments are not made, payments by the County) sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Series 2007 Bonds are to be paid to the Trustee for the account of the Issuer and deposited in a special account created by the Issuer and designated the "Bond Fund" and have been and are hereby again duly pledged for that purpose. The obligations hereunder shall be limited as provided in Section 36-63-10 of the Act. This Series 2007 Bond is issued by the Issuer to aid in the financing of a "project," as such term is defined in the Act, to accomplish the public purposes of the Act.

The owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in, or defend any suit or other proceedings with respect thereto except as provided in the Indenture. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of this bond do exist, have happened, and have been performed in due time, form, and manner as required by law in order to make this bond a valid and legal revenue obligation of the Issuer and that the issuance of the Series 2007 Bonds, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation applicable to the Issuer.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Trustee's certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** has caused this bond to be executed by its Vice Chairman by his manual signature, has caused its official seal to be impressed hereon, and has caused this bond to be attested by its Secretary by his manual signature.

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: _____
Vice Chairman

Attest: _____
Secretary

COPY

Financial Guaranty Insurance Policy No. 27092BE (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under such Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee, and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds of the series described in the within-mentioned Indenture.

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

COPY

By: _____
Authorized Signatory

Date of
Registration and
Authentication:

October 5, 2007

VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF CHEROKEE

The undersigned Clerk of the Superior Court of Cherokee County, Georgia, does hereby certify that the within bond and the security therefor was validated and confirmed by judgment of the Superior Court of Cherokee County, Georgia, rendered on the 14th day of August 2007, that no intervention or objection was filed opposing the validation of the within bond and the security therefor, and that no appeal of such judgment of validation has been taken.

IN WITNESS WHEREOF, the undersigned has hereunto executed this certificate by her manual signature and has impressed hereon the official seal of the Superior Court of Cherokee County, Georgia.

COPY

Chief Deputy Jeanie Potter
Clerk, Superior Court of Cherokee County, Georgia

(COURT SEAL)

US2000 10358190.1

The following abbreviations, when used in the inscription on this bond or in the assignment below, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common and not as community property
UNIF TRANS MIN ACT	-	_____ Custodian _____ (Custodian) (Minor) under Uniform Transfers to Minors Act _____ (State)

Additional abbreviations may also be used although not in the above list.

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned, _____, _____, hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____
(Signature Guaranteed)

Notice: Signature(s) must be guaranteed by an eligible guarantor institution (such as banks, stockbrokers, savings and loan associations, and credit unions) with membership in an approved Signature Guarantee Medallion Program pursuant to S.E.C. Rule 17Ad-15.

_____
Registered Owner

Notice: The signature(s) on this assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

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

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 12, 2007

TWO SEPARATE ISSUES
(Book-Entry Only)

RATINGS
Moody's: Aaa
Standard & Poor's: AAA
See "MISCELLANEOUS - Ratings" herein.

In the opinion of Bond Counsel, assuming continuing compliance with certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series 2007A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person", within the meaning of Section 147(a) of the Code. Interest on the Series 2007A Bonds IS a specific "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Series 2007A Bonds is exempt from State of Georgia income taxation. The opinion contains greater detail, and is subject to exceptions, as noted in ***"LEGAL MATTERS - Opinion of Bond Counsel"*** *herein.*

Interest on the Series 2007B Bonds is included in gross income for federal income tax purposes and may not be exempt from State of Georgia income taxation. See ***"LEGAL MATTERS - Certain Tax Consequences of Owning Series 2007B Bonds"*** *herein.*

$18,445,000*
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)
Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project)

New Issue
$13,450,000*
Solid Waste Disposal Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007A

New Issue
$4,995,000*
Solid Waste Disposal Taxable Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007B

Dated: Date of Issuance

Due: July 1, as shown on the inside front cover hereof

The Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds") and the Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (the "Series 2007B Bonds") are being issued by the Resource Recovery Development Authority of Cherokee County (the "Issuer") for the purpose of financing the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") to be leased by the Issuer to Ball Ground Recycling, LLC (the "Lessee") pursuant to a Lease Agreement (the "Lease"), dated as of September 1, 2007. See **"PLAN OF FINANCING"** herein.

Interest on the Series 2007A Bonds and the Series 2007B Bonds (collectively the "Series 2007 Bonds") is payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2008. All Series 2007 Bonds bear interest from their date of issuance. See **"INTRODUCTION - Description of the Series 2007 Bonds"** herein.

The Series 2007 Bonds are subject to mandatory and optional redemption prior to maturity as described herein. See **"THE SERIES 2007 BONDS - Redemption"** herein.

The Series 2007 Bonds are **special limited obligations** of the Issuer payable solely from and secured by amounts pledged (the "Trust Estate") under a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee. The Trust Estate consists primarily of amounts to be paid to the Issuer under the Lease and the hereinafter described Contract. The Lease will obligate the Lessee to make rental payments to the Issuer in amounts calculated to be sufficient to pay, when due, the principal of, premium, if any, and interest on the Series 2007 Bonds. In addition, the Issuer and Cherokee County, Georgia (the "County") will enter into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, under the terms of which the County will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent rental payments derived from the Project are insufficient for such purposes. The County will agree in the Contract to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues which are sufficient to fulfill the County's obligations under the Contract. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS"** herein.

Payment of the principal of and interest on the Series 2007 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2007 Bonds.

Ambac

Upon the occurrence of a Determination of Taxability (as defined herein), the Series 2007A Bonds will bear interest from the Date of Taxability (as defined herein) and thereafter at the Taxable Rate (as defined herein).

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

The Series 2007 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and are subject to the approving opinion of Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Issuer and the County by their counsel, Jarrard & Davis, LLP, Cumming, Georgia, for the County by its disclosure counsel, Kilpatrick Stockton LLP, Atlanta, Georgia, for the Lessee by its counsel, Flint & Connolly, LLP, Canton, Georgia, and for the Underwriter by its counsel, Smith Gambrell & Russell, LLP, Atlanta, Georgia. The Series 2007 Bonds in definitive form are expected to be delivered to The Depository Trust Company in New York, New York on or about _____, 2007.

Citi

Dated: _____, 2007

* Preliminary; subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS

$13,450,000*
Solid Waste Disposal Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007A

$2,945,000* ____% Term Bonds due July 1, 2026*, Priced at ____% to Yield ____%
$10,505,000* ____% Term Bonds due July 1, 2037*, Priced at ____% to Yield ____%

$4,995,000*
Solid Waste Disposal Taxable Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007B

$4,995,000* ____% Term Bonds due July 1, 2022*, Priced at ____% to Yield ____%

PARTICIPANTS IN FINANCING

Issuer

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
Canton, Georgia

Lessee

BALL GROUND RECYCLING, LLC
Canton, Georgia

County

CHEROKEE COUNTY, GEORGIA
Canton, Georgia

Trustee

THE BANK OF NEW YORK TRUST COMPANY, N.A.
Atlanta, Georgia

Underwriter

CITIGROUP GLOBAL MARKETS INC.
Atlanta, Georgia

County's Auditors

MAULDIN & JENKINS, LLC
Atlanta, Georgia

Counsel to the Issuer and the County

JARRARD & DAVIS, LLP
Cumming, Georgia

Counsel to the Lessee

FLINT & CONNOLLY, LLP
Canton, Georgia

Bond Counsel and Disclosure Counsel to the County

KILPATRICK STOCKTON LLP
Atlanta, Georgia

Counsel to the Underwriter

SMITH GAMBRELL & RUSSELL, LLP
Atlanta, Georgia

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OFFICIAL STATEMENT

of the

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)

relating to its

$18,445,000* SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT)

New Issue
$13,450,000*
Solid Waste Disposal Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007A

New Issue
$4,995,000*
Solid Waste Disposal Taxable Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007B

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the Resource Recovery Development Authority of Cherokee County of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), consisting of $13,450,000* in aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds"), and $4,995,000* in aggregate principal amount of its Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (the "Series 2007B Bonds"). The Series 2007A Bonds and the Series 2007B Bonds are referred to collectively as the "Series 2007 Bonds" in this Official Statement and will be differentiated, where necessary, by reference to the Series 2007A Bonds and the Series 2007B Bonds. Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix B to this Official Statement under the heading **"DEFINITIONS."**

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2007 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.

The Issuer

The Resource Recovery Development Authority of Cherokee County (the "Issuer"), the issuer of the Series 2007 Bonds, is a public corporation created and existing under the laws of the State of Georgia. For more complete information, see **"THE ISSUER"** herein.

The Lessee

Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under and the laws of the State of Georgia, will lease the hereinafter described Project from the Issuer. The Lessee was formed for the sole purpose of leasing the Project from the Issuer. The Lessee is an affiliate of the hereinafter described Manager. For more complete information, see **"THE LESSEE"** herein.

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* Throughout this Preliminary Official Statement, the asterisk indicates information that is preliminary and subject to change.

The Manager

Bobo Grinding, Inc. (the "Manager"), a corporation duly formed and existing under and the laws of the State of Georgia, will operate and manage the Project for and on behalf of the Lessee. The Manager is an affiliate of the Lessee. For more complete information, see **"THE MANAGER"** herein.

The County

Cherokee County, Georgia (the "County") is a political subdivision of the State of Georgia created by an Act of the General Assembly of the State of Georgia on December 26, 1831. The County is located in the northwestern portion of the State of Georgia approximately 35 miles north of the City of Atlanta. For more complete information, see **"THE COUNTY"** herein.

Purpose of the Series 2007 Bonds

The Issuer is issuing the Series 2007 Bonds for the purpose of providing funds (i) to finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") to be leased by the Issuer to the Lessee, and (ii) to pay the costs of issuance of the Series 2007 Bonds. For more complete information, see **"PLAN OF FINANCING"** herein.

Security and Sources of Payment for the Series 2007 Bonds

The Series 2007 Bonds are special limited obligations of the Issuer, payable solely from and secured by the Trust Estate (as defined in **"DEFINITIONS"** in Appendix A hereto and as described below).

The Lessee will lease the Project from the Issuer pursuant to a Lease Agreement (the "Lease"), dated as of September 1, 2007, which will obligate the Lessee to make monthly rental payments to the Issuer in amounts calculated to be sufficient to pay, when due, the principal of, premium, if any, and interest on the Series 2007 Bonds.

In addition, the Issuer and the County will enter into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, under the terms of which the County will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes. The County will agree in the Contract to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, as now existent and as the same may hereafter be extended, at such rate or rates within the one (1) mill limit authorized pursuant to Section 48-5-220(20) of the Official Code of Georgia Annotated or within such greater millage as may hereafter be prescribed by applicable law (the "One Mill Tax"), as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract. Pursuant to an Intergovernmental Contract, dated as of September 1, 1997, as supplemented and amended by the First Amendment to Intergovernmental Contract, dated as of October 1, 2000, between the Development Authority of Cherokee County and the County (the "Prior Contract"), the County has previously pledged the One Mill Tax to the payment of two series of revenue bonds (collectively the "Industrial Park Bonds") issued by the Development Authority of Cherokee County to refinance industrial park projects in the County. The Industrial Park Bonds are presently outstanding in the aggregate principal amount of $6,610,000. The Contract creates a lien in favor of the Issuer on any and all revenues realized by the County from the One Mill Tax, to make the payments that are required under the Contract, which lien is superior to any that can hereafter be created, except that this lien is on a parity basis with the lien created by the Prior Contract and this lien may be extended to cover any additional parity obligations that may be hereafter issued, as permitted by the Contract.

To secure its obligations under the Series 2007 Bonds, the Issuer will enter into a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, with The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), pursuant to which the Issuer will (i) assign to the Trustee, and grant a first priority security interest in, all of its right, title, interest, and remedies in and to the Lease (except for certain rights reserved to the Issuer), the Contract, and all amounts to be received thereunder, and (ii) assign and pledge to the Trustee, and grant a first priority security interest in, all revenues and receipts derived from the Issuer's ownership of the Project.

The Series 2007 Bonds will also be secured by the Debt Service Reserve Fund, to be held by the Trustee under the Indenture in an amount equal to 50% of the maximum amount of principal and interest coming due on the Series 2007 Bonds in the then current or any succeeding bond year (July 2 - July 1). The Debt Service Reserve Fund will be fully funded upon the issuance of the Series 2007 Bonds in an amount equal to $637,998*.

Simultaneously with the issuance of the Series 2007 Bonds, Ambac Assurance Corporation (the "Bond Insurer") will issue a financial guaranty insurance policy (the "Bond Insurance Policy") that will insure payment of

principal of and interest on the Series 2007 Bonds, when due. The Bond Insurance Policy will extend for the term of the Series 2007 Bonds and cannot be cancelled. For more complete and detailed information, see **"BOND INSURANCE"** herein.

For more complete and detailed information, see **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS"** herein.

Description of the Series 2007 Bonds

Redemption. The Series 2007A Bonds are redeemable at the option of the Issuer upon the request of the Lessee, not earlier than July 1, 2017*, at the prices and on the terms described in this Official Statement. The Series 2007A Bonds maturing on July 1, 2026* and 2037* are subject to mandatory redemption in part prior to maturity on the dates and in the amounts described in this Official Statement. The Series 2007B Bonds maturing on or after July 1, 2018* are redeemable at the option of the Issuer upon the request of the Lessee, not earlier than July 1, 2017*, at the prices and on the terms described in this Official Statement. The Series 2007B Bonds are subject to mandatory redemption in part prior to maturity on the dates and in the amounts described in this Official Statement. For more complete information, see **"THE SERIES 2007 BONDS - Redemption"** herein.

Denominations. The Series 2007 Bonds are issuable in denominations of $5,000 or any integral multiple thereof.

Book-Entry Bonds. Each of the Series 2007 Bonds will be issued as fully registered certificates in the denomination of one certificate per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2007 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2007 Bonds purchased. Purchases of beneficial interests in the Series 2007 Bonds will be made in book-entry only form (without certificates), in authorized denominations, and, under certain circumstances as more fully described in this Official Statement, such beneficial interests are exchangeable for one or more fully registered certificates of like principal amount and maturity in authorized denominations. For more complete information, see **"THE SERIES 2007 BONDS - Book-Entry Only System"** herein.

Payments. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2007 Bonds, payments of the principal of, premium, if any, and interest on the Series 2007 Bonds will be made directly to Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the beneficial owners of the Series 2007 Bonds.

For a more complete description of the Series 2007 Bonds, see **"THE SERIES 2007 BONDS"** herein.

Tax Consequences

In the opinion of Bond Counsel, assuming continuing compliance with certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series 2007A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person", within the meaning of Section 147(a) of the Code. Interest on the Series 2007A Bonds that is so excluded IS a specific "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Series 2007A Bonds is exempt from State of Georgia income taxation. Although no opinion of Bond Counsel will be rendered as to such tax matters, interest on the Series 2007B Bonds is included in gross income for federal income tax purposes and may not be exempt from State of Georgia income taxation. See Appendix C hereto for the form of the opinion Bond Counsel proposes to deliver in connection with issuance of the Series 2007 Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Series 2007 Bonds, including certain exceptions to the exclusion of the interest on the Series 2007A Bonds from gross income, see **"LEGAL MATTERS - Opinion of Bond Counsel, - Collateral Federal Tax Consequences of Owning Series 2007A Bonds,** and **- Certain Tax Consequences of Owning Series 2007B Bonds"** herein.

Trustee

The Bank of New York Trust Company, N.A., Atlanta, Georgia, will act as trustee, as bond registrar, and as paying agent for the Series 2007 Bonds under the Indenture.

Professionals Involved in the Offering

Certain legal matters pertaining to the Issuer and its authorization and issuance of the Series 2007 Bonds are subject to the approving opinion of Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Series 2007 Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix C. Certain legal matters will be passed upon for the Issuer and the County by their counsel, Jarrard & Davis, LLP, Cumming, Georgia, for the County by its disclosure counsel, Kilpatrick Stockton LLP, Atlanta, Georgia, for the Lessee by its counsel, Flint & Connolly, LLP, Canton, Georgia, and for the Underwriter by its counsel, Smith Gambrell & Russell, LLP, Atlanta, Georgia. The basic financial statements of the County as of December 31, 2006 and for the year then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Atlanta, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon that appears in Appendix A hereto. See **"MISCELLANEOUS - Independent Auditors"** herein.

Legal Authority

The Series 2007 Bonds are being issued and secured pursuant to the authority granted by the laws of the State of Georgia and under the provisions of a Bond Resolution of the Issuer, adopted by the Board of Directors of the Issuer on July 3, 2007, as ratified, reaffirmed, supplemented, and amended by a Supplemental Bond Resolution of the Issuer, adopted by the Board of Directors of the Issuer on _____, 2007 (collectively the "Bond Resolution"). For more complete information, see **"THE SERIES 2007 BONDS - Legal Authority"** herein.

Offering and Delivery of the Series 2007 Bonds

The Series 2007 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice. The Series 2007 Bonds in definitive form are expected to be delivered to The Depository Trust Company in New York, New York on or about _____, 2007.

Continuing Disclosure

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Series 2007 Bonds, and the Issuer will not provide any such information. The Lessee and the County have undertaken all responsibilities for any continuing disclosure to beneficial owners of the Series 2007 Bonds as described below, and the Issuer will have no liability to the beneficial owners of the Series 2007 Bonds or any other person with respect to such disclosures.

The Lessee has covenanted in the Lease and a Continuing Disclosure Agreement (the "Disclosure Agreement") for the benefit of the beneficial owners of the Series 2007 Bonds to provide certain financial information relating to the Lessee (the "Lessee's Annual Report") by not later than 180 days after the end of each fiscal year of the Lessee, commencing with fiscal year 2008, and to provide notices of the occurrence of certain enumerated events, if material. The Lessee's Annual Report will be filed by the Lessee with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed by the Trustee on behalf of the Lessee with each Nationally Recognized Municipal Securities Information Repository. The specific nature of the information to be contained in the Lessee's Annual Report or the notices of material events is summarized in Appendix B hereto under the caption **"THE CONTINUING DISCLOSURE AGREEMENT."** These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2 12(b)(5) (the "Rule").

The County has covenanted in the Contract and a Continuing Disclosure Certificate (the "Disclosure Certificate") for the benefit of the beneficial owners of the Series 2007 Bonds to provide certain financial information and operating data relating to the County (the "County's Annual Report") by not later than 180 days after the end of each fiscal year of the County, commencing with fiscal year 2007. The County's Annual Report will be filed by the County with each Nationally Recognized Municipal Securities Information Repository. The specific nature of the information to be contained in the County's Annual Report is summarized in Appendix B hereto under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE."** These covenants have been made in order to assist the Underwriter in complying with the Rule.

The County failed to timely file its annual report for fiscal year 2004, which was due on June 30, 2005, as required by previous continuing disclosure undertakings entered into pursuant to the Rule. This annual report was not filed by June 30, 2005 because the County's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004 was not finalized until after that date. The County filed its annual report for fiscal year 2004 on September 29, 2005. In addition, the County's annual reports for fiscal years 2002 through 2006 did not contain the following categories of financial information and operating data of the County, as required by these previous undertakings: (1) estimated value of total tax executions owned by the County and (2) the insurance coverage of the County. The County has taken steps to ensure that this information is included in future annual reports.

Ad Valorem Tax Coverage of Debt Service

Set forth below are the pro forma ratios of (a) Estimated Revenues that Would Be Produced by the Levy of the One Mill Tax to (b) Maximum Annual Debt Service on Obligations Supported by the One Mill Tax (which presently consist of only the Series 2007 Bonds and the Industrial Park Bonds), for the past five fiscal years.

Debt Service Coverage Ratios Based Upon Ad Valorem Tax Levy

	Years Ended December 31				
	2002	2003	2004	2005	2006
Pro Forma Debt Service Coverage Ratio*	3.60x	3.90x	4.31x	4.80x	5.38x

For more complete information, see **"COUNTY AD VALOREM TAXATION - Ad Valorem Tax Coverage of Debt Service"** herein.

Other Information

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

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

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Lessee, the County, the Bond Insurer, the Series 2007 Bonds, the Bond Insurance Policy, the Project, the Indenture, the Lease, the Contract, and the security and sources of payment for the Series 2007 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Indenture, the Lease, the Contract, the Bond Insurance Policy, and other documents are intended as summaries only and are qualified in their entirety by reference to such laws and documents, and references herein to the Series 2007 Bonds are qualified in their entirety to the form thereof included in the Indenture. A specimen Bond Insurance Policy is included as Appendix D to this Official Statement. Copies of the Indenture, the Lease, the Contract, and other documents and information are available, upon request and upon payment to the Trustee of a charge for copying, mailing, and handling, from The Bank of New York Trust Company, N.A., 100 Ashford Center North, Suite 520, Atlanta, Georgia 30338, Attention: Corporate Trust Department, telephone (770) 698-5186. During the period of the offering of the Series 2007 Bonds copies of such documents are available, upon request and upon payment to the Underwriter of a charge for copying, mailing, and handling, from Citigroup Global Markets Inc., 3455 Peachtree Road, N.E., Suite 300, Atlanta, Georgia 30326, telephone (404) 842-2435.

The Series 2007 Bonds and their underlying obligations and the Bond Insurance Policy have not been registered under the Securities Act of 1933, and the Indenture has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2007 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Lessee, the County, the Bond Insurer, or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Lessee, the County, the Bond Insurer, or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer, the Lessee, and the County. The information set forth herein has been obtained by the Issuer, the Lessee, and the County from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the Underwriter. The Issuer has not provided information regarding the Lessee, the County or the Bond Insurer and does not certify as to the accuracy or sufficiency of the disclosure practices of or content of the information provided by the Lessee, the County, or the Bond Insurer, and is not responsible for the information provided by the Lessee, the County, or the Bond Insurer. The Issuer has not provided information regarding the Bond Insurer and does not certify as to the accuracy or sufficiency of the disclosure practices of or content of the information provided by the Bond Insurer and is not responsible for the information provided by the Bond Insurer. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, the Lessee, the County, or the Bond Insurer or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Series 2007 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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PLAN OF FINANCING

Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Series 2007 Bonds are estimated below.

Estimated Sources of Funds*:	
Proceeds of Series 2007A Bonds	$13,450,000
Proceeds of Series 2007B Bonds	4,995,000
Estimated Interest Earnings During Construction[1]	517,512
Total Sources of Funds	$18,962,512
Estimated Applications of Funds*:	
Project Costs[2]	$15,517,512
Deposit to Reserve Account[3]	637,998
Capitalized Interest[4]	1,862,046
Bond Insurance Premium	
Costs of Issuance[5]	
Underwriting Discount[6]	
Total Applications of Funds	$18,962,512

[1] Based on estimated earnings on the unexpended construction funds at an investment rate of 4.75% over a period of 26 months.

[2] See **"PLAN OF FINANCING - The Project"** herein.

[3] This amount fully funds the Reserve Account in an amount equal to the maximum amount of principal and interest coming due on the Series 2007 Bonds in the then current or any succeeding sinking fund year (July 2 - July 1).

[4] Represents interest on the Series 2007 Bonds for approximately 23 months

[5] Includes legal and accounting fees, initial Trustee's fees, printing costs, validation court costs, rating agencies' fees, and other costs of issuance.

[6] ____% of the principal amount of the Series 2007 Bonds. See **"MISCELLANEOUS - Underwriting"** herein.

The Project

The Project will consist of a solid waste disposal and recycling facility that will be used to convert land clearing debris (the "LC Debris") into two marketable products, colored mulch and reconstituted soil. The LC Debris primarily consists of an amalgam of rocks, wood branches, building by-products, dirt, soil, and soil aggregates from nearby building and land development sites. The LC Debris will either be deposited at the Project site by or on behalf of the owners of the development sites or collected at such sites and transported by the Manager to the Project site, in each case for a tipping fee expected to initially range from approximately $3.00 to $6.00 per cubic yard. Once offloaded at the Project site, the LC Debris will be transported by a conveyor system through a multi-stage process including a sequence of mechanical devices, together with instrumentation and controls, to recycle and reconstitute the LC Debris. These devices will separate, reconstitute, dehydrate, inject dye into, and otherwise alter the chemical composition of the LC Debris so that, as so recycled, it will constitute either colored mulch or reconstituted soil. Waste products of the recycling process will be disposed of in nearby landfills. The finished recycled products will be packaged, as necessary, and stored at the Project site, and then marketed to expected purchasers of such products, including lawn and garden centers and retail purchasers of mulch and soil, such as property management companies. The Manager will operate and manage the Project for and on behalf of the Lessee.

The Project site consists of approximately 33 acres located on Ball Ground Highway in Cherokee County, Georgia on which the physical plant will be located. The Project site is zoned for heavy industrial, which is consistent with the intended use of the Project. The Project site is believed to provide sufficient area for immediate use and foreseeable expansion. Access to the Project site is by State Highway 5 (Ball Ground Highway), a public road which is capable of accommodating heavy truck traffic and which is adjacent to the Project site. The Project is located approximately one-half of a mile from U.S. Interstate Highway 575. B G Land, LLC, an affiliate of the

Lessee, acquired the parcel of land that contains the Project site in 2006 and will convey the site to the Issuer on or about the date of issuance of the Series 2007 Bonds.

The Project facilities will consist of various land improvements, approximately three buildings containing in the aggregate approximately 60,000 square feet, and various equipment necessary for the recycling process. These improvements, buildings, and equipment include paved roads (for delivery equipment), truck-dumping facilities and one or more hoppers for the off-loading of LC Debris, an open-air conveyer system, specially-designed transportation vehicles, and associated equipment, instrumentation, and other facilities necessary for recycling the LC Debris. The buildings will be constructed of steel frame and sheet metal on concrete foundations.

The expected categories of expenditures related to the Project, based upon cost estimates and the plans and specifications for the Project, are set forth below:

Uses of Funds*:	
Land Acquisition	$3,650,000
Site Development	2,200,000
Buildings	2,000,000
Vehicles	600,000
Other Equipment	6,767,512
Architectural, Engineering, and Other Project Professional Fees	300,000
Total	$15,517,512

The estimated expenditures set forth above are preliminary and will change as the final plans and specifications and the final construction budget for the Project are developed and completed.

Pursuant to the Lease, the Lessee will acquire, construct, and install the Project on behalf of the Issuer. The Lessee has hired Upland Development Group, Inc. ("Upland"), an affiliate of the Lessee, to provide land development and building construction services for the Project. Upland will oversee and manage the construction of the Project, including engaging the major subcontractors for the Project, for a price no greater than cost based on final plans and specifications developed by the architect. Upland is Georgia corporation owned and operated by Jimmy L. Bobo and David G. Bobo, who are also the principals of the Lessee and the Manager, and acts as the real estate development company for the Bobos' various business ventures. See **"MISCELLANEOUS - Transactions with Related Persons"** herein. The Lessee began preliminary site development in November of 2006 and expects to commence construction of the Project by April of 2008. The Lessee anticipates construction of the Project to be substantially complete by December of 2009.

Schieffer and Grant Architects (the "Architect"), Atlanta, Georgia, is serving as the design and inspecting architect for the Project under an architectural contract with the Lessee. The Architect is registered in Georgia. Under the architectural contract, the Architect agreed to design the Project to conform to program requirements established by the Lessee, to prepare construction documents consisting of plans and specifications setting forth in detail the requirements for the construction of the Project, and to provide construction administration services, including inspection of construction progress to ensure conformity with the plans and specifications and review of applications for payment to determine whether they comply with the construction contract. There is no relationship of any kind, by blood, marriage, or business, between any director, officer, stockholder, or employee of the Architect and the Lessee.

The timely completion of the construction of the Project is dependent upon, among other factors, promptly obtaining approvals and permits from various governmental agencies and the absence of delays due to strikes, shortages of materials, and adverse weather conditions. The cost of constructing the Project may be affected by factors beyond the control of the Lessee, including strikes, energy and material shortages, subcontractor defaults, adverse weather conditions, and other unforeseen contingencies. There can be no assurance that the Lessee will complete the construction of the Project in accordance with its present construction schedule and construction budget.

THE SERIES 2007 BONDS

Description

The Series 2007A Bonds are being issued in the aggregate principal amount of $13,450,000*, and the Series 2007B Bonds are being issued in the aggregate principal amount of $4,995,000*. The Series 2007 Bonds, as initially issued, will be dated as of their date of issuance and delivery and will bear interest at the rates per annum set forth on the inside front cover page of this Official Statement, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008 and semi-annually thereafter on July 1 and January 1 of each year and will mature on the dates and in the amounts set forth on the inside front cover page of this Official Statement, unless earlier called for redemption.

Each Series 2007 Bond authenticated prior to the first Interest Payment Date will bear interest from its dated date. Each Series 2007 Bond authenticated on or after the first Interest Payment Date will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date to which interest on such Series 2007 Bond has been paid in full or duly provided for, in which case from such date of authentication; provided that if, as shown by the records of the Trustee, interest on such Series 2007 Bond is in default, such Series 2007 Bond will bear interest from the date to which interest has been paid in full on such Series 2007 Bond or, if no interest has been paid on such Series 2007 Bond, its dated date.

Upon the occurrence of a Determination of Taxability, the interest rate per annum borne by the Series 2007A Bonds will be increased to the Taxable Rate as of, from, and after the Date of Taxability. An amount equal to the difference between the interest paid on the Series 2007A Bonds at the rates set forth on the inside front cover page of this Official Statement during the Inclusion Period and the interest that would have accrued on the Series 2007A Bonds during the Inclusion Period had the interest rate on the Series 2007A Bonds during the Inclusion Period been equal to the Taxable Rate, which amount will be owed retroactively on the Series 2007A Bonds as a result of the occurrence of a Determination of Taxability, will be payable thirty (30) days after the date of the Determination of Taxability and will be apportioned among registered owners of Series 2007A Bonds during the Inclusion Period according to the ratio of the number of days they were registered owners of Series 2007A Bonds during the Inclusion Period to the total number of days within the Inclusion Period.

The Series 2007 Bonds are issuable only as fully registered certificates, without coupons, in the denomination of $5,000 or any integral multiple thereof. Purchases of beneficial ownership interests in the Series 2007 Bonds will be made in book-entry form and purchasers will not receive certificates representing interests in the Series 2007 Bonds so purchased. If the book-entry system is discontinued, Series 2007 Bonds will be delivered as described in the Indenture, and beneficial owners will become the registered owners of the Series 2007 Bonds. See **"THE SERIES 2007 BONDS - Book-Entry Only System"** herein.

Redemption

Optional Redemption
of Series 2007A Bonds

The Series 2007A Bonds will be subject to optional redemption by the Issuer upon the written request of the Lessee prior to maturity, in whole on any date or in part on any Interest Payment Date, in either event on or after July 1, 2017*, and if in part in inverse order of maturity and by lot within a maturity in amounts not less than $5,000, at a redemption price equal to 100% of the Series 2007A Bonds being redeemed plus accrued interest to the redemption date, all in the manner provided in the Indenture.

Mandatory Redemption of Series 2007A Bonds

The Series 2007A Bonds maturing on July 1, 2026* are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in specified amounts as described below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following years:

Series 2007A Bonds Maturing July 1, 2026*

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2018	$35,000	2022	$ 65,000
2019	80,000	2023	605,000
2020	85,000	2024	635,000
2021	75,000	2025	665,000

(Leaving $700,000 to mature July 1, 2026)

The Series 2007A Bonds maturing on July 1, 2037* are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in specified amounts as described below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following years:

Series 2007A Bonds Maturing July 1, 2037*

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2027	$735,000	2032	$ 945,000
2028	775,000	2033	990,000
2029	810,000	2034	1,045,000
2030	855,000	2035	1,095,000
2031	895,000	2036	1,150,000

(Leaving $1,210,000 to mature July 1, 2037)

Optional Redemption of Series 2007B Bonds

The Series 2007B Bonds maturing on or after July 1, 2018* will be subject to optional redemption by the Issuer upon the written request of the Lessee prior to maturity, in whole on any date or in part on any interest payment date, in either event on or after July 1, 2017*, and if in part in inverse order of maturity and by lot within a maturity in amounts not less than $5,000, at a redemption price equal to 100% of the Series 2007B Bonds being redeemed plus accrued interest to the redemption date, all in the manner provided in the Indenture.

Mandatory Redemption of Series 2007B Bonds

The Series 2007B Bonds maturing on July 1, 2022* are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in specified amounts as described below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following years:

Series 2007B Bonds Maturing July 1, 2022*

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2010	$280,000	2016	$400,000
2011	295,000	2017	425,000
2012	315,000	2018	415,000
2013	335,000	2019	400,000
2014	355,000	2020	425,000
2015	380,000	2021	465,000

(Leaving $505,000 to mature July 1, 2022)

Redemption Notices

In the event any of the Series 2007 Bonds are called for redemption as described above, notice thereof identifying the Series 2007 Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the registered owner of each Series 2007 Bond to be redeemed at the address shown on the registration books at the close of business on the fifth day preceding the date of mailing; provided, however, that failure to give such notice by mailing or any defect therein will not affect the validity of any proceedings for the redemption of the Series 2007 Bonds not affected by such failure or defect. All Series 2007 Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and will no longer be protected by the Indenture and will not be deemed to be outstanding under the provisions of the Indenture. Each notice will specify the numbers of the Series 2007 Bonds being called, if less than all of the Series 2007 Bonds are being called, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable. Such notice will further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption, if such date is not an interest payment date, will be made upon presentation and surrender of the Series 2007 Bonds to be redeemed and that on the redemption date, the redemption price will become due and payable upon each Series 2007 Bond to be redeemed and that interest thereon will cease to accrue on and after such date.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2007 Bond will be issued for each maturity, in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as DTC or its nominee is the registered owner of the Series 2007 Bonds, payments of the principal and redemption premium of and interest due on the Series 2007 Bonds will be payable directly to DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants accounts. This eliminates the need for physical movement of securities certificates. Direct

Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2007 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2007 Bonds, except in the event that use of the book-entry system for the Series 2007 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2007 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2007 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, and interest payments on the Series 2007 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2007 Bonds at any time by giving reasonable notice to the Issuer and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2007 Bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2007 Bonds will be printed and delivered to DTC.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE ISSUER SHALL TREAT CEDE & CO. AS THE ONLY BONDHOLDER FOR ALL PURPOSES, INCLUDING RECEIPT OF ALL PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2007 BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE ISSUER TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS. THE ISSUER HAS NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2007 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Beneficial Owners of the Series 2007 Bonds may experience some delay in their receipt of distributions of principal and interest on the Series 2007 Bonds since such distributions will be forwarded by the Trustee to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants.

Issuance of the Series 2007 Bonds in book-entry form may reduce the liquidity of the Series 2007 Bonds in the secondary trading market since investors may be unwilling to purchase Series 2007 Bonds for which they cannot obtain physical certificates. In addition, since transactions in the Series 2007 Bonds can be effected only through DTC, Direct Participants, Indirect Participants, and certain banks, the ability of a Beneficial Owner to pledge Series 2007 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Series 2007 Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Trustee as registered owners for purposes of the Indenture, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct or Indirect Participants.

Legal Authority

The Series 2007 Bonds are being issued and secured pursuant to the authority granted by (i) the Constitution of the State of Georgia, (ii) Chapter 63 of Title 36 of the Official Code of Georgia Annotated, known as the "Resource Recovery Development Authorities Law" (the "Resource Recovery Development Authorities Law"), and (iii) Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the "Revenue Bond Law." The Series 2007 Bonds are being issued under the provisions of the Bond Resolution.

The Issuer is authorized pursuant to the Resource Recovery Development Authorities Law and the Revenue Bond Law:

(1) to issue its revenue bonds and to use the proceeds thereof for the purpose of paying all or part of the cost of any "project," which includes any property, real or personal, used as or in connection with a facility for the extraction, collection, storage, treatment, processing, utilization, or final disposal of resources contained in solid waste, including the conversion of solid waste or resources contained therein into steam, electricity, oil, charcoal, gas, or any other product or energy source and the collection, storage, treatment, utilization, processing, or final disposal of solid waste in connection with the foregoing;

(2) to acquire, construct, improve, or modify, to place into operation, and to operate or cause to be placed into operation and operated, a "project" and to rent or lease the same to others or make contracts with respect to the use thereof or sell, lease, or otherwise dispose of or grant options for any such property in any manner which the Issuer deems to the best advantage of itself and its purposes;

(3) to make contracts and leases and to execute all instruments necessary or convenient; and

(4) as security for repayment of its revenue bonds, to pledge, assign, hypothecate, or otherwise encumber any property, real or personal, of the Issuer and to execute any trust agreement, indenture, or security agreement containing any provisions not in conflict with law.

Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes any county of the State of Georgia to contract for any period not exceeding fifty years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake or provide.

Section 48-5-220(20) of the Official Code of Georgia Annotated provides that county taxes may be levied and collected for the public purpose of providing financial assistance to county development authorities for the purpose of developing trade, commerce, industry, and employment opportunities, as long as any tax for this purpose does not exceed one mill per dollar upon the assessed value of the taxable property in the county levying the tax. The Resource Recovery Development Authorities Law authorizes the County to enter into contracts with the Issuer.

The execution, delivery, and performance of the Contract by the County was authorized and approved pursuant to a resolution adopted by the Board of Commissioners of the County on June 19, 2007.

Investments

For a description of how the proceeds of the Series 2007 Bonds are to be invested pending their use, the provisions governing those investments, the conditions that must be satisfied before the proceeds of the Series 2007 Bonds may be applied to their intended use, and other provisions governing the investment of the proceeds of the Series 2007 Bonds and the amounts held to pay debt service on the Series 2007 Bonds, see **"THE INDENTURE - Project Fund** and **- Investments"** in Appendix B hereto.

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Principal and Interest Requirements

Following are the principal and interest payment requirements with respect to the Series 2007 Bonds, for the calendar years shown below. For purposes of calculating the principal payable in any year, the relevant maturity or mandatory redemption amount is used.

	Series 2007A Bonds*			Series 2007B Bonds*			
Year Ending December 31	Principal	Interest	Total Debt Service Requirements[2]	Principal	Interest	Total Debt Service Requirements	Combined Debt Service Requirements*
2008	$ ---	$ 512,318.91	$ 512,318.91	$ ---	$ 229,914.30	$ 229,914.30	$ 742,233.21
2009	---	685,631.26	685,631.26	---	307,692.00	307,692.00	993,323.26
2010	---	685,631.26	685,631.26	280,000	307,692.00	587,692.00	1,273,323.26
2011	---	685,631.26	685,631.26	295,000	290,444.00	585,444.00	1,271,075.26
2012	---	685,631.26	685,631.26	315,000	272,272.00	587,272.00	1,272,903.26
2013	---	685,631.26	685,631.26	335,000	252,868.00	587,868.00	1,273,499.26
2014	---	685,631.26	685,631.26	355,000	232,232.00	587,232.00	1,272,863.26
2015	---	685,631.26	685,631.26	380,000	210,364.00	590,364.00	1,275,995.26
2016	---	685,631.26	685,631.26	400,000	186,956.00	586,956.00	1,272,587.26
2017	---	685,631.26	685,631.26	425,000	162,316.00	587,316.00	1,272,947.26
2018	35,000	685,631.26	720,631.26	415,000	136,136.00	551,136.00	1,271,767.26
2019	80,000	683,881.26	763,881.26	400,000	110,572.00	510,572.00	1,274,453.26
2020	85,000	679,881.26	764,881.26	425,000	85,932.00	510,932.00	1,275,813.26
2021	75,000	675,631.26	750,631.26	465,000	59,752.00	524,752.00	1,275,383.26
2022	65,000	671,881.26	736,881.26	505,000	31,108.00	536,108.00	1,272,989.26
2023	605,000	668,631.26	1,273,631.26	---	---	---	1,273,631.26
2024	635,000	638,381.26	1,273,381.26	---	---	---	1,273,381.26
2025	665,000	606,631.26	1,271,631.26	---	---	---	1,271,631.26
2026	700,000	573,381.26	1,273,381.26	---	---	---	1,273,381.26
2027	735,000	538,381.26	1,273,381.26	---	---	---	1,273,381.26
2028	775,000	500,712.50	1,275,712.50	---	---	---	1,275,712.50
2029	810,000	460,993.76	1,270,993.76	---	---	---	1,270,993.76
2030	855,000	419,481.26	1,274,481.26	---	---	---	1,274,481.26
2031	895,000	375,662.50	1,270,662.50	---	---	---	1,270,662.50
2032	945,000	329,793.76	1,274,793.76	---	---	---	1,274,793.76
2033	990,000	281,362.50	1,271,362.50	---	---	---	1,271,362.50
2034	1,045,000	230,625.00	1,275,625.00	---	---	---	1,275,625.00
2035	1,095,000	177,068.76	1,272,068.76	---	---	---	1,272,068.76
2036	1,150,000	120,950.00	1,270,950.00	---	---	---	1,270,950.00
2037	1,210,000	62,012.50	1,272,012.50	---	---	---	1,272,012.50
Total	$13,450,000	$16,063,975.39	$29,513,975.39	$4,995,000	$2,876,250.30	$7,871,250.30	$37,385,225.69

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS

Lease

Pursuant to the Lease, the Lessee has agreed to pay to the Issuer rental payments for the Project in such amounts and at such times as will be sufficient to pay the principal of, premium, if any, and interest on the Series 2007 Bonds, as and when the same shall become due and payable. See **"THE LEASE"** in Appendix B hereto.

Contract

Under the terms of the Contract, the County has agreed to pay to the Trustee, for the account of the Issuer, within 90 days of the date on which the balance held in the Debt Service Reserve Fund is less than 50% of the Debt Service Reserve Requirement, amounts sufficient, when added to funds held at the time of such payment in the Debt Service Reserve Fund, to cause the balance held therein to equal the Debt Service Reserve Requirement. In addition, the County has agreed that if, for any reason, on the third business day preceding any Interest Payment Date and any redemption date with respect to the Bonds, there is not on deposit in the Bond Fund monies sufficient to pay the total principal, interest, and premium coming due on the Bonds on such Interest Payment Date or redemption date (whether by mandatory redemption, maturity, or otherwise), the County shall on such date pay to the Trustee for deposit into the Bond Fund an amount equal to the amount by which the total principal, interest, and premium coming due on the Bonds (whether by mandatory redemption, maturity, or otherwise) on the next interest payment date or redemption date exceeds the amount in the Bond Fund (and not being held for the payment of Bonds not yet presented for payment). In addition, the County has agreed that, in the event the Trustee has notice that any payment of principal of, premium, if any, or interest on a Bond that has been made to a registered owner of such Bond by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, the County will make payments to the Trustee for the account of the Issuer, for deposit in the Bond Fund, to the extent of such recovery if sufficient funds are not otherwise available to reimburse such registered owner. The County will also pay to the Issuer an amount equal to the fees and expenses of the Trustee if the Issuer is unable to pay such fees and expenses from the rental payments derived from the Project.

Under the terms of the Lease, the Issuer (or the Trustee as its assignee) is required to immediately terminate the Lease upon the receipt of any payments by the County pursuant to the Contract.

The County agreed in the Contract to levy the One Mill Tax as may be necessary to produce in each year revenues that will be sufficient to fulfill the County's obligations under the Contract, from which revenues the Contract requires to be appropriated sums sufficient to pay in full when due all of the obligations under the Contract contracted to be paid by the County. The Contract creates a lien in favor of the Issuer on any and all revenues realized by the County from the One Mill Tax, to make the payments that are required under the Contract, which lien is superior to any that can hereafter be created, except that this lien is on a parity basis with the lien created by the Prior Contract and this lien may be extended to cover any additional parity obligations that may be hereafter issued, as permitted by the Contract. See **"THE CONTRACT - Additional Contracts"** in Appendix B hereto.

The County's obligation to make the payments required under the Contract is absolute and unconditional and will not expire so long as any of the Series 2007 Bonds remain outstanding and unpaid. See **"THE CONTRACT - Obligations Absolute"** in Appendix B hereto.

The obligations of the County under the Contract have been determined by the Superior Court of Cherokee County, Georgia to be legal, valid, binding, and enforceable obligations of the County. See **"LEGAL MATTERS - Validation Proceedings"** herein.

Indenture

As security for its obligations under the Series 2007 Bonds, the Issuer has (1) assigned and pledged to the Trustee, and granted a first priority security interest in, all of its right, title, interest, and remedies in and to the Lease, including all monies, revenues, and receipts to be received thereunder (except for the Unassigned Rights), the Contract, and all amounts to be received thereunder, and (2) assigned and pledged to the Trustee, and granted a first priority security interest in, all revenues and receipts derived from the Issuer's ownership of the Project, all pursuant to the Indenture.

Under the Indenture, a Debt Service Reserve Fund has been created and will be fully funded upon the issuance of the Series 2007 Bonds in an amount equal to the Debt Service Reserve Requirement (which, in the case of the Series 2007 Bonds, is equal to $637,998*). See the definition of "Debt Service Reserve Requirement" in **"DEFINITIONS"** in Appendix B hereto. Amounts deposited in the Debt Service Reserve Fund will be used to pay

debt service on the Series 2007 Bonds if amounts on hand are otherwise insufficient. See **"THE LEASE - Reserve Rent," "THE CONTRACT - County's Payment Obligations,"** and **"THE INDENTURE - Debt Service Reserve Fund"** in Appendix B hereto.

Parity Bonds

Upon the satisfaction of certain conditions, the Indenture permits the Issuer, at the direction of the Lessee, to issue additional revenue bonds without express limit as to principal amount, which will be equally and ratably secured on a parity basis with the Series 2007 Bonds under the Indenture. See **"THE INDENTURE - Parity Bonds"** in Appendix B hereto. Upon the satisfaction of certain conditions, the Contract permits the County to enter into additional contracts or supplemental agreements with the Issuer or any additional development authority that is now existing or that may hereafter be created or activated. See **"THE CONTRACT - Additional Contracts"** in Appendix B hereto. The issuance of additional parity bonds or the execution of additional contracts or supplemental agreements with the Issuer or any additional development authority may, for a period of time, dilute the security for the Series 2007 Bonds.

Bond Insurance

Payment of the principal of and interest on the Series 2007 Bonds when due will be insured by a Bond Insurance Policy, which will be issued by the Bond Insurer simultaneously with the delivery of the Series 2007 Bonds. Payment under the Bond Insurance Policy is subject to certain conditions described under **"BOND INSURANCE - Bond Insurance Policy"** herein. The Bond Insurance Policy will extend for the life of the Series 2007 Bonds and cannot be cancelled. For a description of the Bond Insurer and the terms and conditions of the Bond Insurance Policy, see **"BOND INSURANCE"** herein and **"SPECIMEN BOND INSURANCE POLICY"** attached hereto as Appendix D.

Limited Obligations

The Series 2007 Bonds are special limited obligations of the Issuer payable solely from the Trust Estate pledged under the Indenture. The Series 2007 Bonds are not payable from and are not secured by a lien, security interest, or encumbrance upon the Project or any other funds or assets of the Issuer.

The Series 2007 Bonds, however, do not constitute direct obligations of the County and are not directly secured by the general faith and credit or the taxing power of the County, the State of Georgia, or any other political subdivision thereof, and the Series 2007 Bonds will not be or be deemed to constitute a debt of the State of Georgia, the Issuer, or the County or any other political subdivision of the State of Georgia within the meaning of any pertinent constitutional or statutory limitation on indebtedness. The Issuer has no taxing power and has no legal right to receive appropriations from the State of Georgia or the County, except under the Contract. No owner of any Series 2007 Bonds shall, by virtue of being such an owner and without regard to any rights such owner may have under other instruments and agreements, including the Contract, ever have the right to compel the exercise of the taxing power of the State of Georgia or any political subdivision thereof, including the County, to pay such Series 2007 Bonds or the interest thereon, or to enforce the payment thereof against any property of the Issuer (other than property assigned and pledged under the Indenture), the State of Georgia, or any political subdivision thereof, including the County.

Enforceability of Remedies

The realization of value from the pledge of the Trust Estate under the Indenture upon any default will depend upon the exercise of various remedies specified by the Indenture, the Lease, and the Contract. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2007 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. A court may decide not to order the specific performance of the covenants contained in the Indenture, the Lease, or the Contract.

If the Lessee were to file a petition for relief under federal bankruptcy law, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Lessee and its property. If the bankruptcy court so ordered, the Lessee's property, including its revenues, could be used for the benefit of the Lessee, despite the claims of the Trustee with respect to the Lease. A bankruptcy court may also have the power to invalidate certain provisions of the Lease that make bankruptcy and related proceedings by the Lessee an event of default thereunder. The various legal opinions to be delivered concurrently with the delivery of the Series 2007 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state, federal, and foreign laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no authority or county created under the Constitution or laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, board of commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any authority or county created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

BOND INSURANCE

The Issuer has applied to the Bond Insurer for the issuance, concurrently with the issuance of the Series 2007 Bonds, of the Bond Insurance Policy. The following information has been furnished solely by the Bond Insurer for inclusion in this Official Statement. No representation is made by the Issuer or the Underwriter as to the accuracy, completeness, or adequacy of such information or as to the absence of material adverse changes in the condition of the Bond Insurer. Reference is made to Appendix D for a specimen of the Bond Insurance Policy, which should be read in its entirety.

Payment Pursuant to Financial Guaranty Insurance Policy

The Bond Insurer has made a commitment to issue the Bond Insurance Policy relating to the Series 2007 Bonds, effective as of the date of issuance of the Series 2007 Bonds. Under the terms of the Bond Insurance Policy, the Bond Insurer will pay to The Bank of New York, in New York, New York, or any successor thereto (the "Insurance Trustee"), that portion of the principal of and interest on the Series 2007 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Bond Insurance Policy). The Bond Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which the Bond Insurer shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2007 Bonds and, once issued, cannot be cancelled by the Bond Insurer.

The Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2007 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2007 Bonds, the Bond Insurer will remain obligated to pay the principal of and interest on outstanding Series 2007 Bonds on the originally scheduled interest and principal payment dates, including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2007 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that the Bond Insurer elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, the Bond Insurer's obligations under the Bond Insurance Policy shall be fully discharged.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2007 Bond that has become Due for Payment and that is made to a Bondholder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, non-appealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available.

The Bond Insurance Policy does not insure any risk other than Nonpayment (as defined in the Bond Insurance Policy). Specifically, the Bond Insurance Policy does not cover:

(1) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;

(2) payment of any redemption, prepayment or acceleration premium; and

(3) nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent, or Bond Registrar, if any.

If it becomes necessary to call upon the Bond Insurance Policy, payment of principal requires surrender of the Series 2007 Bonds to the Insurance Trustee, together with an appropriate instrument of assignment so as to permit ownership of such Series 2007 Bonds to be registered in the name of the Bond Insurer to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to the Bond Insurer.

Upon payment of the insurance benefits, the Bond Insurer will become the owner of the Series 2007 Bonds, appurtenant coupon, if any, or right to payment of the principal of or interest on such Series 2007 Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

The Bond Insurer

The Bond Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $10,391,000,000 (unaudited) and statutory capital of approximately $6,730,000,000 (unaudited) as of June 30, 2007. Statutory capital consists of the Bond Insurer's policyholders' surplus and statutory contingency reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings have each assigned a triple-A financial strength rating to the Bond Insurer.

The Bond Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Bond Insurer will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by the Bond Insurer under policy provisions substantially identical to those contained in the Bond Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor.

The Bond Insurer makes no representation regarding the Series 2007 Bonds or the advisability of investing in the Series 2007 Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement, other than the information supplied by the Bond Insurer and presented under the heading **"BOND INSURANCE"** and in Appendix D to this Official Statement.

Available Information

The parent company of the Bond Insurer, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). These reports, proxy statements and other information can be read and copied at the Commission's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. The Commission maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the Commission, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of the Bond Insurer's financial statements prepared in accordance with statutory accounting standards are available from the Bond Insurer. The address of the Bond Insurer's administrative offices and its telephone number are Ambac Assurance Corporation, One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Commission (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007;

2. The Company's Current Report on Form 8-K dated and filed on April 25, 2007;

3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2007 and filed on May 10, 2007;

4. The Company's Current Report on Form 8-K dated and filed on July 25, 2007;

5. The Company's Current Report on Form 8-K dated and filed on August 3, 2007; and

6. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2007 and filed on August 9, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in **"BOND INSURANCE - Available Information."**

THE ISSUER

The Resource Recovery Development Authority of Cherokee County is a public corporation created and existing under the laws of the State of Georgia, particularly the Resource Recovery Development Authorities Law, and was activated by a resolution adopted by the Board of Commissioners of the County on November 7, 2006. THE ISSUER HAS NO TAXING POWER AND HAS NO LEGAL RIGHT TO RECEIVE APPROPRIATIONS OR OTHER PAYMENTS FROM THE COUNTY OR ANY OTHER GOVERNMENTAL BODY, EXCEPT FOR THE PAYMENTS THE COUNTY HAS CONTRACTED TO MAKE UNDER THE CONTRACT.

The Issuer has authorized the use of this Official Statement but has not participated in the preparation of this Official Statement and, except for the information under the caption **"THE ISSUER"** and **"LEGAL MATTERS - Pending Litigation"** pertaining to the Issuer, has not provided or made any investigation with respect to any of the information contained in this Official Statement, and does not assume any responsibility for the accuracy or completeness of the information contained herein.

The affairs of the Issuer are conducted by a Board of Directors consisting of five members. The Board of Commissioners of the County appoints the members of the Board of Directors of the Issuer for terms of office of four years. The Resource Recovery Development Authorities Law requires all directors of the Issuer to be residents of the County.

Information concerning the current members of the Board of Directors of the Issuer is set forth below:

Name and Office Held[1]	Expiration of Term	Number of Years in Office	Principal Occupation
James E. Hubbard, *Vice Chairman*	December 31, 2008	10 Months	Owner, Telecommunications Company
Harry B. Johnston	December 31, 2010	10 Months	Certified Public Accountant, The Southern Company
Karen Mahurin	December 31, 2008	10 Months	Self Employed
Derek V. Good	December 31, 2010	10 Months	Insurance Broker

[1] There is currently one vacancy on the Board of Directors of the Issuer.

THE LESSEE

Introduction

Ball Ground Recycling, LLC (the "Lessee") is a Georgia limited liability company and is an affiliate of the Manager. The Lessee was formed on September 5, 2007 for the purpose of leasing the Project from the Issuer. The Lessee has conducted no operations to date, will have no appreciable assets other than its leasehold interest in the Project, and is subject to all of the risks incident to the creation and development of a new business, including the absence of a history of operations upon which to evaluate performance. The rental payments to be made under the Lease must be made from revenues derived from the operation of the Project. The Lessee's office is located at 391 Marietta Road, Canton, Georgia 30114.

Members and Manager

The members of the Lessee and their ownership interests are set forth below:

Member	Ownership Interest
J. Bobo, LLC	50%
D. Bobo, LLC	50%

J. Bobo, LLC ("JBL") is the manager of the Lessee. JBL is a Georgia limited liability company and is an affiliate of the Manager. JBL was formed on April 7, 2003 for the purpose of owning and managing certain business ventures on behalf of Jimmy L. Bobo. The sole member and manager of JBL is Jimmy L. Bobo. D. Bobo, LLC ("DBL") is a Georgia limited liability company and is an affiliate of the Manager. DBL was formed on April 7, 2003 for the purpose of owning and managing certain business ventures on behalf of David G. Bobo. The sole member and manager of DBL is David G. Bobo. For information concerning Jimmy L. Bobo and David G. Bobo, see **"THE MANAGER - Directors and Officers"** herein. See also **"MISCELLANEOUS - Transactions with Related Persons"** herein.

THE MANAGER

Introduction

Bobo Grinding, Inc. (the "Manager") is a Georgia corporation organized in 1997 for the purpose of owning, designing, constructing, maintaining, managing, and operating facilities and sites used to receive and recycle wood waste, land clearing debris, and green yard waste generated by local governments and private land developers in the north Georgia area. The Manager was organized by brothers Jimmy L. Bobo and David G. Bobo, who recognized that burgeoning real estate development in the rapidly growing counties north of Atlanta, combined with increasingly stringent regulations concerning the disposal of these waste products, created an increasing demand to provide alternative solutions for their disposal or reuse. Each of the Bobo brothers own 50% of the common stock of the Manager. See **"MISCELLANEOUS - Transactions with Related Persons"** herein. The Manager's office is located at 391 Marietta Road, Canton, Georgia 30114.

Directors and Officers

Following are the names and positions of the directors and executive officers of the Manager:

Name	Office
David G. Bobo	Chief Executive Officer and Director
Jimmy L. Bobo	Chief Financial Officer, Secretary, and Director

Jimmy L. Bobo, age 45, and *David G. Bobo*, age 40, currently own and manage several interrelated companies and business ventures, including the Manager. The businesses engage in recycling, land clearing, land materials manufacturing, land development, and private lending. David is generally responsible for managing the daily operations of the various ventures. His responsibilities include field operations, manufacturing operations, and human resources. Jimmy is generally responsible for the financial, strategic, and marketing aspects of the various ventures. Over the course of their careers, the brothers have developed over 1,000 individual home sites and over $100 million in commercial properties. Jimmy Bobo received a BBA in Finance from Mercer University in 1985.

Operations

The Manager is currently engaged, either directly or through subsidiaries or affiliates controlled by the Bobo brothers, in all aspects of the wood waste recycling business. The Manager currently operates three wood waste recycling facilities, two of which are located in Cherokee County, Georgia, and one of which is located in Cherokee County, Alabama in the northeastern region of that state. One of the Georgia facilities, constructed in 1998, focuses primarily on receiving and recycling wood waste for use as erosion control media and bio-filter media products utilized for the construction and air-filtration industries. The other Georgia facility, constructed in 1997, focuses primarily on receiving and recycling wood waste for use as mulches and soil products utilized by the landscape industry. A portion of the business of this facility will be relocated to the Project. The Alabama facility, constructed in 2003, focuses primarily on receiving and recycling wood waste for use by the green plant industry. Each of the three recycling facilities are owned by separate entities controlled by the Bobo brothers. For the year ended December 31, 2006, the three facilities in the aggregate produced approximately 2.2 million cubic yards of recycled material. In addition to operating these facilities, the Manager also provides transportation and clean-up services to paper mill operators located along the Georgia and Alabama borders and into the middle Tennessee Valley. The Manager currently employs approximately 100 full-time and 10 part-time employees. For its fiscal year ended December 31, 2006, the Manager reported total assets of approximately $ 35,000,000 million and total revenues of approximately $25,000,000 million.

Management Agreement

The Lessee will enter into a Management Agreement (the "Management Agreement"), to be dated as of September 1, 2007, with the Manager, under the terms of which the Manager will agree to manage and operate the Project as the agent of the Lessee. The Management Agreement will give the Manager the exclusive right, authorization, and responsibility to manage the day-to-day business and affairs of the Project, and will entitle the Manager to receive consulting/management fees equal to the Project revenues remaining after payment of the monthly rental payments due to the Issuer under the terms of the Lease and other expenses of operating the Project.

THE COUNTY

Introduction

Cherokee County, Georgia is a political subdivision created and existing under the laws of the State of Georgia and has as its formal name "Cherokee County." Cherokee County was created by an Act of the General Assembly of the State of Georgia on December 26, 1831. Cherokee County is located in the northwestern portion of the State of Georgia approximately 35 miles north of the City of Atlanta. Cherokee County is bordered on the south by Fulton County and Cobb County, on the east by Forsyth County, on the north by Pickens County, and on the west by Bartow County. The terrain is rolling, and the elevation ranges from 1,000 feet to 1,400 feet above sea level. The incorporated municipalities located either entirely or partially within Cherokee County are (i) Canton, the county seat, with a population of 15,094, (ii) Ball Ground, with a population of 791, (iii) Holly Springs, with a population of 4,699 (iv) Mountain Park, with a population of 492, (v) Nelson, with a population of 722, (vi) Waleska, with a population of 726, and (vii) Woodstock, with a population of 17,214. Cherokee County presently has a land area of approximately 434 square miles.

County Administration and Officials

The affairs of the County are conducted by a Board of Commissioners consisting of five members. For the purposes of electing the members of the Board of Commissioners, the County is divided into an Eastern District and a Western District. The County is further divided into four commissioner districts, such that the Eastern District and the Western District each contains two commissioner districts. The Chairman of the Board of Commissioners is elected at-large by the voters of the entire County. Each candidate for the other four positions must be a resident of the commissioner district that such person offers to represent and is elected by the voters of the Eastern District or the Western District, whichever includes the commissioner district to which such candidate seeks election. Members of the Board of Commissioners are elected to serve staggered four-year terms of office. To be eligible to serve as the Chairman of the Board of Commissioners, a person must have attained the age of 30 years and have been a resident of Cherokee County for not less than two years next preceding his election. To be eligible to serve as a member of the Board of Commissioners, other than the Chairman, a person must have attained the age of 21 years and have been a resident of his respective commissioner district for not less than one year preceding his election.

Information concerning the current members of the Board of Commissioners is set forth below.

Name and Office Held	Expiration of Term	Number of Years in Office	Principal Occupation
Leavitt B. Ahrens, Jr., *Chairman*	December 31, 2010	0.5	Retired
Derek V. Good, *Vice Chairman*	December 31, 2010	4.5	Insurance Broker
James E. Hubbard	December 31, 2008	2.5	Owner, Telecommunications Company
Harry B. Johnston	December 31, 2010	4.5	Certified Public Accountant, The Southern Company
Karen Mahurin	December 31, 2008	2.5	Self Employed

The daily operation of the County is directed by a County Manager, who is appointed by and serves at the pleasure of the Board of Commissioners. The County Manager is the chief executive officer of the County government, responsible to the Board of Commissioners for the proper and efficient administration of all affairs of the County. Jerry W. Cooper has served as County Manager since April of 2001. Sheila Corbin has been the County Clerk since 2000. Amy Davis has been the Finance Director of the County since 2000.

County Services

The County provides several services. The County provides police protection services to residents of the County, the cost of which is financed by General Fund revenues. The County provides fire protection services to most of the residents of the County, the cost of which is financed by a special ad valorem property tax. The County also provides planning and zoning, library, recreational, cultural, ambulance, building permits and code enforcement, animal control, animal shelter, jail, court, and other general governmental services to its residents and acquires, constructs, and maintains roads and infrastructure, the cost of which is financed by General Fund revenues and special one percent sales and use tax proceeds. The County also provides transportation services for the elderly and disabled, the cost of which is financed through special grants to the County.

County Facilities

The County maintains more than 1,300 miles of roads. The County's sheriff's department, a full-service sheriff's department accredited by the Council on Law Enforcement Accreditation, has 7 stations, 345 sworn officers, 54 civilian employees, 255 vehicles, and one jail and maintains a 24-hour uniformed patrol. The County's fire department has 22 fire stations, 40 vehicles, 30 pumpers ranging from 750 to 1,500 gallons per minute, 28 light air rescue trucks and 456 firefighters, 256 paid and 200 volunteer. The National Board of Fire Underwriters' fire insurance rating for the County is Class 5 for part of the County and Class 9 for the remainder of the County. The County's emergency medical service has 14 ambulances and the County's emergency management agency owns an emergency response command vehicle. The County owns and operates 6 libraries. The Cherokee County Recreation and Parks Authority owns and maintains 24 public parks containing approximately 873 acres, including one amphitheater, 32 softball/baseball fields, 20 tennis courts, 5 soccer fields/ football fields, 8 jogging/walking trails, one disc/Frisbee golf course, 6 outdoor basketball courts, one boating/fishing ramp, 3 fitness courses, 15 playgrounds, and one recreation center.

Demographic Information

Set forth below is selected demographic data for the County.

Year	Population[1]	Per Capita Income[2] County	Per Capita Income[2] State	Median Household Effective Buying Income[3] County	Median Household Effective Buying Income[3] State	Median Age[1]
2006	195,327	$ n/a	$ n/a	$ n/a	$ n/a	n/a
2005	184,360	32,358	30,914	53,574	39,247	n/a
2004	174,859	30,721	29,628	52,768	38,114	n/a
2003	166,894	29,800	28,663	53,545	38,335	n/a
2002	159,584	29,923	28,490	48,748	38,043	n/a
2001	151,738	31,451	28,563	50,130	35,713	n/a
2000	141,903	31,145	27,988	48,749	34,908	34.0
1990	90,204	16,950	17,603	29,008	26,342	31.1
1980	51,699	8,530	8,420	14,221	16,301	28.5
1970	31,059	2,953	3,378	n/a	n/a	26.6
1960	23,001	n/a	n/a	n/a	n/a	27.1

Sources:

1 U.S. Department of Commerce, Bureau of the Census. All population figures for years other than 2000, 1990, 1980, 1970, and 1960 are estimates by the U.S. Department of Commerce, Bureau of the Census.

2 U.S. Department of Commerce, Bureau of Economic Analysis.

3 Sales and Marketing Management Magazine. New effective buying income measurement benchmarks were used for 2003.

Economic Information

The following information is provided to give prospective investors an overview of the general economic conditions in the County. These statistics have not been adjusted to reflect economic trends.

Retail Sales (in thousands)

Year	Amount
2005	$2,596,582
2004	2,318,095
2003	2,082,461
2002	1,970,853
2001	1,899,491

Source: Sales and Marketing Management Magazine.

Summary of County Building Permits

	Commercial/Industrial/Other[1]		Residential[2]			
			Single Family		Multi-Family	
Year	Permits	Value	Permits	Value	Units	Value
2006	133	$37,567,713	3,485	$518,353,062	238	$15,603,274
2005	21	28,743,000	4,065	587,329,275	97	7,363,318
2004	21	88,711,703	3,812	514,603,874	272	14,074,058
2003	33	41,307,454	3,442	461,485,216	362	18,096,280
2002	36	26,662,924	3,199	407,527,317	596	29,324,114

Sources:

1 Cherokee County Building and Inspection Department. Includes only unincorporated areas of Cherokee County.

2 U.S. Department of Commerce, Bureau of the Census, Construction Statistics Division. Includes all reporting places in Cherokee County.

Set forth below are the percentages of land use for various purposes within Cherokee County, computed based upon the assessed value of the various categories, as classified for ad valorem property tax purposes.

	Category of Land Use				
Year	Residential	Agricultural	Commercial	Industrial	Other[1]
2006	62.97%	15.06%	13.85%	3.02%	5.10%
2005	62.30	15.51	14.03	3.01	5.15
2004	60.98	16.56	14.13	2.95	5.38
2003	58.27	17.69	14.62	3.38	6.04
2002	56.44	18.04	15.04	3.55	6.93

1 Includes preferential, conservation use, utility, timber, and miscellaneous.

Source: State of Georgia Department of Revenue, Property Tax Division.

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Following is a table showing the percentage of the 2005 payroll distribution in the County for each major sector of the local economy.

Percentage of 2005 Payroll
Distribution in Cherokee County By Sector

Industry	Percentage of 2005 Payroll Distribution
Forestry, Fishing, Hunting, and Agriculture Support; Mining; Utilities	0.79%
Construction	15.75
Manufacturing	11.35
Wholesale Trade	6.62
Retail Trade	16.17
Transportation and Warehousing	1.43
Information	1.62
Finance and Insurance	5.69
Real Estate and Rental and Leasing	3.11
Professional, Scientific, and Technical Services	8.19
Management of Companies and Enterprises	0.90
Administrative, Support, Waste Management, and Remediation Services	6.17
Educational Services	1.31
Health Care and Social Assistance	10.87
Arts, Entertainment, and Recreation	1.27
Accommodation and Food Services	4.99
Other Services	3.72
Unclassified Establishments	0.05
	100.00%

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

Set forth below are the ten largest private employers located in the County as of March 1, 2007, their products/services, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below.

Employer	Product/Service	Employees
Pilgrim's Pride Corporation	Poultry Processing	850
Northside Hospital-Cherokee	Health Care	740
Universal Alloy Corporation	Aluminum Extrusion	280
Chart Industries, Inc.	Steel Cylinders	262
Meyn America, LLC	Poultry Equipment	255
Kingway Acquisition, Inc.	Metal Storage Racks	250
Piolax Corporation	Automobile Parts	250
Reinhardt College	Education	180
ERB Industries, Inc.	Safety Equipment/Aprons	130
Hydro-Chem	Hydrogen for Wastewater Treatment	125

Source: Cherokee County Chamber of Commerce.

Set forth below are the largest public employers located in the County, other than the County, as of August 31, 2007, and their approximate number of employees.

Employer	Employees
Cherokee County School System	4,747
Cherokee County Water and Sewerage Authority	170
City of Woodstock	170
City of Canton	160

Source: Individual employers.

Set forth below are labor statistics for the County for the past five years, with comparative data for the State of Georgia.

	2002	2003	2004	2005	2006
Employment	86,037	88,243	91,955	94,624	99,786
Unemployment	3,447	3,558	3,438	3,721	3,741
Total Labor Force	89,484	91,801	95,393	98,345	103,527
County Unemployment Rate	3.9%	3.9%	3.6%	3.8%	3.6%
State Unemployment Rate	4.9%	4.8%	4.8%	5.3%	4.6%

Source: State of Georgia Department of Labor.

According to the State of Georgia Department of Labor, the July 2007 unemployment rate of the County was 3.8 percent, compared to 4.9 percent for the State of Georgia.

Total Deposits in Financial Institutions
as of June 30 (in thousands)

Year	Cherokee County
2006	$2,732,070
2005	2,405,964
2004	2,084,623
2003	1,588,983
2002	1,412,929

Source: State of Georgia Department of Banking and Finance.

According to the State of Georgia Department of Banking and Finance, as of June 30, 2007, the County had 19 financial institutions with a total of 51 branch offices.

Employees, Employee Relations, and Labor Organizations

The County employed 1,520 persons in all departments of government as of June 30, 2007, 1,506 full-time and 14 part-time and temporary. Other than approximately 35% of the County's firefighters who are members of the Professional Firefighter's Association, no employees of the County are represented by labor organizations. In addition, no employees of the County, including any of the County's firefighters, are covered by collective bargaining agreements. Although County employees are entitled to join labor organizations, the County is not obligated under Georgia law nor does the County intend to recognize any labor organization as a collective bargaining unit for County employees. The County is not aware of any union organizing efforts at the present time. The County Manager believes that employee relations are good.

COUNTY DEBT STRUCTURE

Summary of County Debt By Category

Set forth below is information concerning debt of the County as of August 1, 2007. The information set forth below should be read in conjunction with the County's financial statements included as Appendix A hereto.

Category of Debt	Amount Authorized but Unissued	Amount Outstanding (less Sinking Fund Installments Paid)	Amount to be Outstanding Upon Issuance of Bonds
General Obligation Bonds[1]	$10,600,000	$29,400,000	$29,400,000
Intergovernmental Contracts[2]			
The Issuer (securing the Series 2007 Bonds)	18,445,000*	-0-	18,445,000*
Development Authority of Cherokee County (securing its Industrial Park Bonds)	-0-	6,610,000	6,610,000
Capital Leases[3]	-0-	2,212,122	2,212,122
Total	$29,045,000	$38,222,122	$56,667,122*

[1] General obligations of the County to which its full faith and credit and taxing power are pledged.

[2] General obligations of the County to which its full faith and credit and unlimited taxing power are pledged. These obligations are represented by (i) the Contract, which is pledged to the payment of the Series 2007 Bonds, and (ii) the Prior Contract, which is pledged to the payment of the Industrial Park Bonds. These obligations do not constitute debt of the County for purposes of the constitutional debt limit described in **"COUNTY DEBT STRUCTURE - Limitations on County Debt"** herein and do not count against the County's debt limitation. The County's obligations to levy an ad valorem tax to make payments to the Issuer pursuant to the Contract and the Development Authority of Cherokee County pursuant to the Prior Contract is limited by law to one mill a year.

[3] The financial obligations of the County under the leases do not constitute general obligations of the County to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues being made by the Board of Commissioners to pay the lease payments due in each fiscal year under the leases. The County's obligations under the leases are from year to year only and do not constitute a mandatory payment obligation of the County in any fiscal year in which funds are not appropriated by the County to pay the lease payments due in such fiscal year.

Reference is made to Note 13 of the basic financial statements of the County included as Appendix A for a discussion of the commitments and contingencies of the County.

There has never been a default in payment of the principal of or interest on any general obligation bonds issued by the County.

Proposed Debt

The County is authorized to issue the remaining $10.4 million of $40 million in aggregate principal amount of general obligation debt approved in an election held in the County on November 4, 2004 in conjunction with the reimposition of a special one percent sales and use tax. The County will use the proceeds of this debt, if issued, to finance additional components of the capital outlay projects authorized in the election approving the sales tax. The County presently has not determined whether or when it will issue this debt. In addition, the County has in the past periodically entered into capital leases to finance equipment and vehicles, and the County expects to continue to do so in the future. The County has no other present plans to incur additional debt in the next five years.

Debt Service Requirements

Set forth below are the debt service requirements of the County for all categories of debt upon the issuance of the Series 2007 Bonds.

Year Ending December 31	General Obligation	Intergovernmental Contracts: Series 2007 Bonds[1]*	Intergovernmental Contracts: Industrial Park Bonds[2]	Capital Leases	Total Debt Service Requirements*
2007	$ 5,438,090.00	$ ---	$ ---	$ 234,285	$ 5,626,416.00
2008	6,031,256.20	742,233.21	1,332,867.50	716,545	9,006,361.91
2009	5,968,576.30	993,323.26	1,334,505.00	580,923	8,843,983.56
2010	5,952,386.20	1,273,323.26	1,331,825.00	374,119	8,931,653.46
2011	5,923,144.10	1,271,075.26	559,345.00	151,374	7,920,980.41
2012	3,771,950.00	1,272,903.26	562,977.50	151,374	5,759,204.76
2013	---	1,273,499.26	559,877.50	151,374	1,984,750.76
2014	---	1,272,863.26	560,045.00	138,759	1,984,282.26
2015	---	1,275,995.26	563,095.00	---	1,839,090.26
2016	---	1,272,587.26	558,540.00	---	1,831,127.26
2017	---	1,272,947.26	561,143.75	---	1,834,091.01
2018	---	1,271,767.26	560,965.00	---	1,832,732.26
2019	---	1,274,453.26	562,805.00	---	1,837,258.26
2020	---	1,275,813.26	561,465.00	---	1,837,278.26
2021	---	1,275,383.26	---	---	1,275,383.26
2022	---	1,272,989.26	---	---	1,272,989.26
2023	---	1,273,631.26	---	---	1,273,631.26
2024	---	1,273,381.26	---	---	1,273,381.26
2025	---	1,271,631.26	---	---	1,271,631.26
2026	---	1,273,381.26	---	---	1,273,381.26
2027	---	1,273,381.26	---	---	1,273,381.26
2028	---	1,275,712.50	---	---	1,275,712.50
2029	---	1,270,993.76	---	---	1,270,993.76
2030	---	1,274,481.26	---	---	1,274,481.26
2031	---	1,270,662.50	---	---	1,270,662.50
2032	---	1,274,793.76	---	---	1,274,793.76
2033	---	1,271,362.50	---	---	1,271,362.50
2034	---	1,275,625.00	---	---	1,275,625.00
2035	---	1,272,068.76	---	---	1,272,068.76
2036	---	1,270,950.00	---	---	1,270,950.00
2037	---	1,272,012.50	---	---	1,272,012.50
Total	$33,085,402.80	$37,385,225.69	$9,609,456.25	$2,498,753	$77,085,235.79

[1] Represents the Contract, which is pledged to the payment of the Series 2007 Bonds.

[2] Represents the Prior Contract, which is pledged to the payment of the Industrial Park Bonds.

Overlapping Debt

In addition to the County's debt obligations, property owners in the County are responsible for any debt obligations of other taxing entities in the proportion to which the jurisdiction of the County overlaps such entities. Set forth below is the estimated overlapping general obligation debt and estimated overlapping property tax supported or guaranteed revenue debt of the County as of June 30, 2007. Although the County has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity that has this information available, and the amounts are based on information supplied by others.

Name of Overlapping Entity	Amount of of Authorized but Unissued Debt	Amount of Outstanding Debt (less Sinking Fund)	Percent of Outstanding Debt Chargeable to Property in the County[1]
Cherokee County School System	$263,085,000	$267,930,000	100%
City of Ball Ground	-0-	60,693	100
City of Canton	-0-	37,330,168	100
City of Waleska	-0-	1,276,375	100
Total	$263,085,000	$306,597,236	

[1] The percentage of each overlapping entity's outstanding debt chargeable to property in the County is calculated by dividing the gross assessed valuation of property in the County by the gross assessed valuation of property in the overlapping entity.

Debt Ratios

Set forth below is the property tax supported debt per capita of the County for the years ended December 31, 2002 to 2006.

Year Ended December 31	Direct Tax Supported Debt	Overlapping Tax Supported Debt	Overall Tax Supported Debt
2006	$188.45	$1,012.55	$1,201.00
2005	152.72	960.20	1,112.92
2004	93.56	887.54	981.10
2003	146.89	992.12	1,139.01
2002	204.47	777.13	981.60

Set forth below is the property tax supported debt of the County expressed as a percentage of total assessed value of taxable property within the County for the years ended December 31, 2002 to 2006.

Year Ended December 31	Direct Tax Supported Debt	Overlapping Tax Supported Debt	Overall Tax Supported Debt
2006	0.48%	2.56%	3.04%
2005	0.41	2.57	2.98
2004	0.26	2.50	2.76
2003	0.43	2.93	3.36
2002	0.62	2.36	2.98

Set forth below is the property tax supported debt of the County expressed as a percentage of total estimated market value of taxable property within the County for the years ended December 31, 2002 to 2006.

Year Ended December 31	Direct Tax Supported Debt	Overlapping Tax Supported Debt	Overall Tax Supported Debt
2006	0.19%	1.02%	1.21%
2005	0.16	1.03	1.19
2004	0.11	1.00	1.11
2003	0.17	1.17	1.34
2002	0.25	0.94	1.19

Set forth below is the property tax supported debt per capita of the County expressed as a percentage of per capita income for the years ended December 31, 2002 to 2006.

Year Ended December 31	Direct Tax Supported Debt	Overlapping Tax Supported Debt	Overall Tax Supported Debt
2006[1]	0.58%	3.13%	3.71%
2005	0.47	2.97	3.44
2004	0.30	2.89	3.19
2003	0.49	3.33	3.82
2002	0.68	2.60	3.28

[1] Based upon most recent available figures.

Debt History

Set forth below is information concerning the different categories of liabilities (excluding interfund payables) of the County outstanding as of the past five years.

Category of Liabilities	Amount Outstanding as of December 31 (Audited)				
	2002[1]	2003	2004	2005	2006
Current	$ 95,179,795	$20,326,651	$14,222,134	$ 9,273,992	$17,226,060
Long-Term	29,024,558	15,170,386	10,762,846	30,551,460	32,350,102
Total	$124,204,353	$35,497,037	$24,984,980	$39,285,452	$49,576,162

[1] Amounts shown for fiscal year 2002 are not comparable to amounts shown for fiscal years 2003 through 2006 due primarily to the County's implementation of GASB 34 (as hereinafter defined) beginning in fiscal year 2003, which required that the liabilities (and assets) of the County's agency funds no longer be included with the County's financial information on the statement of net assets.

Limitations on County Debt

The Constitution of the State of Georgia provides that the County may not incur long-term obligations payable out of general property taxes without the approval of a majority of the qualified voters of the County voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the County may not incur long-term obligations payable out of general property taxes in excess of 10 percent of the assessed value of all taxable property within the County.

Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations (such as the Capital Leases and Intergovernmental Contracts described in **"COUNTY DEBT STRUCTURE - Summary of County Debt by Category"** herein) are not subject to the legal limitations described above. In addition, refunded obligations cease to count against the County's debt limitation upon being refunded. Georgia law provides, however, that no lease or installment purchase contract subject to annual appropriation may be delivered if the principal portion of such contract, when added to the amount of debt subject to the debt limitation described above,

exceeds 10 percent of the assessed value of all taxable property within the County. Georgia law also provides that no lease or installment purchase contract subject to annual appropriation with respect to real property may be developed and executed or renewed, refinanced, or restructured if the lesser of either of the following is exceeded:

(1) the average annual payments on the aggregate of all such outstanding contracts exceed 7.5 percent of the governmental fund revenues of the County for the calendar year preceding the delivery of such contract plus any available special county one percent sales and use tax proceeds collected; or

(2) the outstanding principal balance on the aggregate of all such outstanding contracts exceeds $25 million.

As computed in the table below, based upon its 2006 assessed value and after issuance of the Bonds, the County could incur (upon necessary voter approval) approximately $816,610,786 of long-term obligations payable out of general property taxes (or general obligation bonds).

Computation of Legal Debt Margin

Assessed Value of Taxable Property as of August 31, 2007	$8,460,107,863
Debt Limit (10% of Assessed Value)	$846,010,786
Amount of Debt Applicable to Debt Limit	29,400,000
Legal Debt Margin	$816,610,786

COUNTY AD VALOREM TAXATION

Introduction

An important source of revenue to fund the operations of the County is ad valorem property taxes. Ad valorem property taxes accounted for an annual average of approximately 58% of County General Fund revenues for the years ended December 31, 2002 to 2006 and are budgeted to account for approximately 53% of General Fund revenues for the year ending December 31, 2007. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

Property Subject to Taxation

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

In addition, the County allows exemptions from ad valorem taxation for (1) homesteads, or owner-occupied residences, of all persons, in the amount of $5,000 of assessed value (this exemption, however, is inapplicable to taxes levied to pay bonded indebtedness), (2) homesteads, or owner-occupied residences, of disabled veterans, not to exceed the greater of $50,000 or an amount determined under federal law, (3) homesteads, or owner-occupied residences, of persons 62 years of age or older with net income from all sources (including the spouse's income) not exceeding $30,000, in an amount equal to the amount of the assessed value of that homestead for the taxable year immediately preceding the taxable year in which this exemption is first granted to such person (this exemption, however, is inapplicable to taxes levied to pay bonded indebtedness), and (4) the inventory of companies that manufacture or warehouse goods in the County, known as the "freeport" exemption.

Assessed Value

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 percent of the property's fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes, and

requires certain agricultural, timber, and environmentally sensitive real property and certain single-family real property located in transitional developing areas to be valued at their "current use value" (as opposed to fair market value).

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the County to the Cherokee County Board of Tax Assessors. The Cherokee County Board of Tax Assessors is required to complete its revision and assessment of returns and to forward the completed digest to the Cherokee County Tax Commissioner by July 1 of each year. The Cherokee County Tax Commissioner then has to forward the digest to the State of Georgia Revenue Commissioner by August 1 for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the Cherokee County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the County, which bills these taxes to the utilities.

Annual Tax Levy

The County determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its territorial limits, will produce the necessary amount of property tax revenues. The County then levies its ad valorem property taxes.

Property Tax Collections

The County bills and collects its own property taxes. Real and personal property taxes are levied on or about July 1 of each year on the assessed value listed as of January 1. Real and personal property taxes, except motor vehicle taxes, are levied on January 1 of each year on the assessed value listed as of January 1. Taxes levied by the County on January 1 are normally billed on October 20 and are normally payable on or before December 20. Motor vehicle taxes are levied, due, and collected on a staggered basis throughout the entire calendar year. Interest of 12% per annum applies to taxes paid after the due date, and a one-time penalty of 10% applies to taxes paid more than 90 days after the due date.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed arising after January 1 in the year in which taxed. The lien normally becomes enforceable on March 20 of the following year. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, the County Clerk may issue an execution for nonpayment of taxes to the Sheriff. The Sheriff may then publish a notice of the sale in a local newspaper weekly for four weeks and give the taxpayer ten days written notice by registered or certified mail. A public sale of the property may then be made by the Sheriff at the County Courthouse on the first Tuesday of the month after the required notices are given.

the audited financial statements for fiscal years 2002 to 2006, copies of which are available from the County upon request.

County General Fund

	Years Ended December 31 (Audited)				
	2002	2003	2004	2005	2006
Revenues					
Taxes	$33,968,690	$38,397,990	$39,213,142	$41,689,967	$44,377,580
Charges for Services	4,870,073	5,651,816	6,032,039	7,830,147	9,124,506
Licenses and Permits	1,996,921	1,848,181	2,004,381	2,079,424	2,292,418
Fines and Forfeitures	4,497,740	5,060,395	5,485,271	5,963,867	4,569,501
Intergovernmental	89,694	24,132	27,316	25,292	25,562
Investment Income	489,252	189,071	185,186	342,026	968,781
Other	637,023	1,080,030	529,859	1,068,472	4,961,367
Total Revenues	46,549,393	52,251,615	53,477,194	58,999,195	66,319,715
Expenditures					
Current Operating:					
General Government	8,095,608	8,707,646	10,608,694	9,060,886	9,945,773
Judicial	6,815,358	7,861,448	8,697,681	8,886,772	9,816,041
Public Safety	18,536,768	19,888,314	22,507,230	23,444,486	25,091,264
Health and Welfare	444,251	654,928	1,036,203	1,359,315	1,327,644
Public Works	3,700,429	3,409,264	3,849,709	3,647,480	3,828,726
Housing and Development	1,563,679	1,621,777	4,396,018	4,040,217	3,503,130
Culture and Recreation	256,475	---	3,486,733	3,606,019	3,701,209
Capital Outlay	---	1,626,836	---	---	---
Debt Service	---	---	12,614	---	---
Total Expenditures	39,412,568	43,770,213	54,594,882	54,045,175	57,213,787
Excess (Deficiency) of Revenues Over Expenditures	7,136,825	8,481,402	(1,117,688)	4,954,020	9,105,928
Other Financing Sources (Uses)					
Transfers In	140,526	199,319	798,100	619,687	456,421
Transfers Out[1]	(1,032,585)	(1,418,775)	(1,556,840)	(1,931,690)	(5,768,026)
Transfers Out to Component Units[2]	(4,010,267)	(4,683,638)	---	---	---
Proceeds from Capital Leases	---	---	1,173,134	---	---
Proceeds from Sale of Assets	---	---	115,622	33,538	125,160
Total Other Financing Sources (Uses)	(4,902,326)	(5,903,094)	(536,016)	(1,278,465)	(5,186,445)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	2,234,499	2,578,308	(587,672)	3,675,555	3,919,483
Fund Balance, Beginning of Year	29,376,319	30,057,039	32,176,314	31,588,642	35,264,197
Prior Period Adjustment[3]	(1,553,779)	(459,033)	---	---	---
Fund Balance, End of Year	$30,057,039	$32,176,314	$31,588,642	$35,264,197	$39,183,680

[1] Represents primarily amounts transferred from the General Fund to fund certain capital expenditures and required matching contributions to grant-supported programs. Fiscal year 2006 also included a one-time transfer of approximately $4.5 million to the County's Emergency Medical Fund to fund certain start-up costs for new emergency medical services provided by the County.

[2] Beginning in 2004, the County began classifying transfers out to component units as current operating expenditures.

[3] The prior period adjustment for 2002 related to an error in the deferred tax calculation and the reclassification of grant revenue to another fund. The prior period adjustment for 2003 related to deferred taxes that were understated in the prior year.

requires certain agricultural, timber, and environmentally sensitive real property and certain single-family real property located in transitional developing areas to be valued at their "current use value" (as opposed to fair market value).

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the County to the Cherokee County Board of Tax Assessors. The Cherokee County Board of Tax Assessors is required to complete its revision and assessment of returns and to forward the completed digest to the Cherokee County Tax Commissioner by July 1 of each year. The Cherokee County Tax Commissioner then has to forward the digest to the State of Georgia Revenue Commissioner by August 1 for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the Cherokee County Board of Equalization and by state courts.

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Property Tax Collections

The County bills and collects its own property taxes. Real and personal property taxes are levied on or about July 1 of each year on the assessed value listed as of January 1. Real and personal property taxes, except motor vehicle taxes, are levied on January 1 of each year on the assessed value listed as of January 1. Taxes levied by the County on January 1 are normally billed on October 20 and are normally payable on or before December 20. Motor vehicle taxes are levied, due, and collected on a staggered basis throughout the entire calendar year. Interest of 12% per annum applies to taxes paid after the due date, and a one-time penalty of 10% applies to taxes paid more than 90 days after the due date.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed arising after January 1 in the year in which taxed. The lien normally becomes enforceable on March 20 of the following year. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, the County Clerk may issue an execution for nonpayment of taxes to the Sheriff. The Sheriff may then publish a notice of the sale in a local newspaper weekly for four weeks and give the taxpayer ten days written notice by registered or certified mail. A public sale of the property may then be made by the Sheriff at the County Courthouse on the first Tuesday of the month after the required notices are given.

Historical Property Tax Data

Set forth below is information concerning the assessed (40% of fair market value) and estimated actual value of taxable property within the County for calendar years 2001 through 2007.

Calendar Year	Assessed Values: Real & Personal Property	Public Utilities	Motor Vehicles	Mobile Homes	Gross Tax Digest	Bond Exemptions	General Obligation Bond Tax Digest[1]	Maintenance & Operation Exemptions	Maintenance & Operation Tax Digest[2]	Estimated Actual Value
2001	$4,028,433,533	$101,372,240	$440,407,370	$17,881,402	$4,588,094,545	$218,732,933	$4,369,361,612	$382,080,573	$4,206,013,972	$11,470,236,363
2002	4,664,087,004	108,564,320	474,486,570	18,295,566	5,265,433,460	262,958,107	5,002,475,353	436,583,667	4,828,849,793	13,163,666,150
2003	5,024,892,464	122,810,080	491,520,700	17,576,879	5,656,800,123	235,398,346	5,421,401,777	418,802,146	5,237,997,977	14,142,000,308
2004	5,557,068,751	118,192,880	509,954,880	17,053,857	6,202,270,368	223,335,810	5,978,934,558	416,574,730	5,785,695,638	15,505,675,920
2005	6,246,350,517	121,344,080	512,763,041	17,376,041	6,897,833,679	248,552,903	6,649,280,776	451,267,383	6,446,566,296	17,244,584,198
2006	7,064,058,041	132,571,800	548,945,180	19,195,476	7,724,770,497	281,949,006	7,442,821,431	492,231,106	7,232,539,391	19,311,926,243
2007	8,072,883,847	140,820,080	591,198,680	17,848,640	8,822,751,247	362,643,384	8,460,107,863	583,971,744	8,238,779,503	22,056,878,118

[1] Total assessed value, after deducting exemptions, for purposes of levying tax for County general obligation bonds.

[2] Total assessed value, after deducting exemptions, for purposes of levying tax for County maintenance and operation.

Sources: State of Georgia Department of Revenue, Property Tax Division; Cherokee County Tax Commissioner.

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Set forth below is information concerning the rate of levy of property taxes per $1,000 of assessed value, or millage rates, of the County and all overlapping governments for calendar years 2002 through 2007.

Calendar Year	County[1]	Cherokee County School System	State of Georgia	County-Wide Total	Fire District
2002	5.250	19.719	0.25	25.219	2.351
2003	5.125	19.610	0.25	24.985	2.295
2004	4.935	19.570	0.25	24.755	2.215
2005	4.739	19.350	0.25	24.339	2.500
2006	4.547	18.950	0.25	23.747	2.750
2007	4.400	18.850	0.25	23.500	2.750

Calendar Year	Ball Ground	Canton	Holly Springs	Mountain Park	Nelson	Waleska	Woodstock
2002	5.892	7.500	8.250	5.759	1.872	4.396	6.990
2003	6.250	7.385	7.920	7.000	1.872	4.396	6.859
2004	6.250	7.115	7.290	6.952	1.545	4.396	6.458
2005	5.863	6.778	7.421	9.923	1.538	4.265	6.115
2006	5.500	6.256	7.470	9.890	4.296	4.264	6.115
2007[2]	n/a	5.966	7.470	11.780	n/a	n/a	5.880

[1] Millage rates for unincorporated and incorporated areas of the County were the same for calendar years shown.

[2] Millage rates for calendar year 2007 for Ball Ground, Nelson, and Waleska are not yet available.

Source: Cherokee County Tax Commissioner.

Set forth below is information concerning property tax levies and collections of the County for the past five calendar years.

Calendar Year	Tax Levy	Tax Collections[1] Current Year's Levy	Prior Years	Total	Percentage of Collection of Current Year's Levy to Tax Levy	Percentage of Total Tax Collections to Tax Levy	Delinquent Taxes Outstanding as of Year End
2002	$21,319,023	$20,811,801	$2,877,669	$23,689,470	97.6%	111.1%	$2,272,595
2003	22,747,203	22,428,511	3,481,359	25,909,870	98.6	113.9	2,728,527
2004	24,428,233	24,417,912	3,185,774	27,603,686	100.0	113.0	2,513,001
2005	28,835,466	28,763,942	2,951,153	31,715,095	99.7	110.0	3,092,696
2006	31,389,079	31,406,386	3,586,721	34,993,107	100.0	114.8	3,015,306

[1] Because property taxes levied by the County for each calendar year are normally not due until December 20 of that year, a portion of taxes levied each calendar year are normally not received until the first quarter of the following year. Current year tax collections shown include collections through March 31 of the following year after the due date of the taxes. See **"DISTRICT AD VALOREM TAXATION - Property Tax Collections"** herein.

Source: Cherokee County Tax Commissioner.

Set forth below is the estimated value of total tax executions (or fi fas) owned by the County for the past four calendar years. The amounts set forth below are cumulative amounts from all preceding years.

Estimated Value as of December 31				
2002	2003	2004	2005	2006
$2,272,595	$2,272,527	$2,513,001	$3,092,696	$3,015,306

Source: Cherokee County Tax Commissioner.

Delinquent property taxes of the County are written off when the statute of limitations for their collection (7 years) expires or if no property is found to levy upon, if earlier. The delinquent taxes written off are usually for personal property, which are more difficult to collect than taxes on real property.

Ten Largest Taxpayers

Set forth below are the ten largest taxpayers of the County for calendar year 2006. A determination of the largest taxpayers within the County can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the County. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the County.

Taxpayer	Nature of Business	Taxes Levied	Gross Assessed Valuation	Percent of Gross Tax Digest
Atlanta Gas Light Company	Gas Utility	$143,222	$ 32,550,440	0.42%
Georgia Power Company	Electric Utility	122,337	27,803,890	0.36
AllTell	Telephone	85,672	19,471,000	0.25
Cobb EMC	Electric Co.	82,011	18,638,920	0.24
BellSouth Telecommunications C	Telephone	76,013	17,275,760	0.22
Inland Southeast Riverstone, LLC	Real Estate Development	61,470	13,970,520	0.18
Georgia Transmission Corporation	Electric Utility	56,112	12,752,640	0.17
Mid-America Apartment Communities, Inc.	Real Estate Development	46,197	10,499,286	0.14
Inland Rome, Inc.	Real Estate Development	40,572	9,221,000	0.12
Sawnee EMC	Electric Co.	36,304	8,250,840	0.11
Totals		$749,910	$170,434,296	2.21%

Source: Cherokee County Tax Commissioner.

Ad Valorem Tax Coverage of Debt Service

The County has made calculations to demonstrate the Debt Service Coverage Ratios, based upon estimated revenues that would be produced by the levy of the One Mill Tax, that would have occurred for the past five fiscal years (i) had the Series 2007 Bonds and the Industrial Park Bonds been outstanding during such periods and (ii) had the maximum annual debt service payable on the Series 2007 Bonds and the Industrial Park Bonds been paid during such periods. Set forth below is the pro forma ratios of Estimated Revenues that Would be Produced By the Levy of the One Mill Tax to Maximum Annual Debt Service on Obligations Supported by the One Mill Tax (which presently consist of the Series 2007 Bonds and the Industrial Park Bonds only), for the past five fiscal years.

Pro Forma Debt Service Coverage Ratios Based Upon Ad Valorem Tax Levy

	Years Ended December 31				
	2002	2003	2004	2005	2006
Estimated Revenues from One Mill Tax[1]	$4,587,407	$4,976,098	$5,496,411	$6,124,238	$6,870,912
Maximum Annual Debt Service*	1,275,995	1,275,995	1,275,995	1,275,995	1,275,995
Pro Forma Debt Service Coverage Ratio*	3.60x	3.90x	4.31x	4.80x	5.38x

[1] See **"COUNTY AD VALOREM TAXATION - Historical Property Tax Data"** herein. The estimated revenues generated are based upon an assumed collection rate of 95% of taxes levied.

COUNTY FINANCIAL INFORMATION

Accounting System and Policies

The accounting practices and policies of the County conform to generally accepted accounting principles as applied to governments. The County's accounting system is organized and operated on a fund basis. The County's funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The County's primary fund is the General Fund, which contains all County revenues except those that are specifically allocated for other purposes. The County may appropriate money from the General Fund for all ordinary County expenses. The Issuer, the Development Authority of Cherokee County, the Cherokee County Department of Public Health, and the Sequoyah Regional Library are accounted for as discretely presented component units of the County. The County also maintains several other funds to account for specific activities or to attain certain objectives.

Financial statements of the County beginning with the fiscal year ended December 31, 2003 are prepared in accordance with Governmental Accounting Standards Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* ("GASB 34"). There are several key differences between the financial statements for the year ended December 31, 2003 and those of previous years. Under GASB 34, financial statements focus on major governmental and business-type activities, rather than on aggregations of similar individual funds known as fund types. The new reporting model requires governments to continue to present fund-based financial statements on a modified accrual basis of accounting. The fund-based financial statements are complemented by a set of government-wide financial statements that present the unit as a single, unified entity. Government-wide financial reporting requires that (1) data reported in governmental funds using the current financial resources measurement focus and modified accrual basis of accounting be converted to the economic resources measurement focus and accrual basis of accounting; and (2) the redundancy resulting from interfund activity within the primary government be eliminated from the government-wide presentations by means of consolidation. Two financial statements are required for the government-wide reporting, the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets presents the information on all of the nonfiduciary activities of the County and its component units. Component units are legally separate units for which the County is responsible. The Statement of Activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenue.

The funds of the County are grouped into three broad categories:

(1) Governmental Funds - This category includes the General Fund, the Special Revenue Funds, the Capital Projects Funds, and the Debt Service Fund. The General Fund is the principal operating fund of the County and is used to account for all activities of the County not otherwise accounted for in a specified fund. The County has 16 Special Revenue Funds, which account for specific revenues that are legally restricted to expenditures for specified purposes. The County has four Capital Projects Funds, which account for collections of the special one percent sales and use tax to be used for the acquisition or construction of major capital facilities. The Debt Service Fund accounts for the accumulation of resources for the payment of principal and interest on general obligation bonds.

(2) Proprietary Funds - This category includes the Enterprise Fund and the Internal Service Funds. The County has one Enterprise Fund, which is the Emergency Medical Services Fund. The County has two Internal Service Funds, which account for operations that provide services to other departments or agencies of the County on a cost-reimbursement basis. The Enterprise Funds and the Internal Service Funds account for County operations that are designed to be self-supporting.

(3) Fiduciary Funds - This category includes the Pension Trust Fund and the Agency Funds, which account for assets held by the County in a fiduciary capacity. The County has one Pension Trust Fund and seven Agency Funds.

Reference is made to Note 1 of the basic financial statements of the County included as Appendix A for a detailed discussion of the County's significant accounting policies.

Five Year General Fund History

Set forth below is an historical, comparative summary of the revenues, expenditures, and changes in fund balance of the County's General Fund for the past five fiscal years. Information in the following table for fiscal years 2002 to 2006 has been extracted from audited financial statements of the County for the years ended December 31, 2002 to 2006. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the County for the fiscal years shown. For more complete information, reference is made to

the audited financial statements for fiscal years 2002 to 2006, copies of which are available from the County upon request.

County General Fund

	Years Ended December 31 (Audited)				
	2002	2003	2004	2005	2006
Revenues					
Taxes	$33,968,690	$38,397,990	$39,213,142	$41,689,967	$44,377,580
Charges for Services	4,870,073	5,651,816	6,032,039	7,830,147	9,124,506
Licenses and Permits	1,996,921	1,848,181	2,004,381	2,079,424	2,292,418
Fines and Forfeitures	4,497,740	5,060,395	5,485,271	5,963,867	4,569,501
Intergovernmental	89,694	24,132	27,316	25,292	25,562
Investment Income	489,252	189,071	185,186	342,026	968,781
Other	637,023	1,080,030	529,859	1,068,472	4,961,367
Total Revenues	46,549,393	52,251,615	53,477,194	58,999,195	66,319,715
Expenditures					
Current Operating:					
General Government	8,095,608	8,707,646	10,608,694	9,060,886	9,945,773
Judicial	6,815,358	7,861,448	8,697,681	8,886,772	9,816,041
Public Safety	18,536,768	19,888,314	22,507,230	23,444,486	25,091,264
Health and Welfare	444,251	654,928	1,036,203	1,359,315	1,327,644
Public Works	3,700,429	3,409,264	3,849,709	3,647,480	3,828,726
Housing and Development	1,563,679	1,621,777	4,396,018	4,040,217	3,503,130
Culture and Recreation	256,475	---	3,486,733	3,606,019	3,701,209
Capital Outlay	---	1,626,836	---	---	---
Debt Service	---	---	12,614	---	---
Total Expenditures	39,412,568	43,770,213	54,594,882	54,045,175	57,213,787
Excess (Deficiency) of Revenues Over Expenditures	7,136,825	8,481,402	(1,117,688)	4,954,020	9,105,928
Other Financing Sources (Uses)					
Transfers In	140,526	199,319	798,100	619,687	456,421
Transfers Out[1]	(1,032,585)	(1,418,775)	(1,556,840)	(1,931,690)	(5,768,026)
Transfers Out to Component Units[2]	(4,010,267)	(4,683,638)	---	---	---
Proceeds from Capital Leases	---	---	1,173,134	---	---
Proceeds from Sale of Assets	---	---	115,622	33,538	125,160
Total Other Financing Sources (Uses)	(4,902,326)	(5,903,094)	(536,016)	(1,278,465)	(5,186,445)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	2,234,499	2,578,308	(587,672)	3,675,555	3,919,483
Fund Balance, Beginning of Year	29,376,319	30,057,039	32,176,314	31,588,642	35,264,197
Prior Period Adjustment[3]	(1,553,779)	(459,033)	---	---	---
Fund Balance, End of Year	$30,057,039	$32,176,314	$31,588,642	$35,264,197	$39,183,680

[1] Represents primarily amounts transferred from the General Fund to fund certain capital expenditures and required matching contributions to grant-supported programs. Fiscal year 2006 also included a one-time transfer of approximately $4.5 million to the County's Emergency Medical Fund to fund certain start-up costs for new emergency medical services provided by the County.

[2] Beginning in 2004, the County began classifying transfers out to component units as current operating expenditures.

[3] The prior period adjustment for 2002 related to an error in the deferred tax calculation and the reclassification of grant revenue to another fund. The prior period adjustment for 2003 related to deferred taxes that were understated in the prior year.

Management Comments Concerning Material Trends in Revenues and Expenditures

For a narrative overview and analysis of the financial activities of the County for fiscal year 2006, see **"Management's Discussion and Analysis"** included in Appendix A to this Official Statement. The Management's Discussion and Analysis is not a required part of the basic financial statements of the County but is supplementary information required by the Governmental Accounting Standards Board that has not been audited by the County's auditor.

The County's General Fund balance increased from $30,057,039 as of December 31, 2002 to $39,183,680 as of December 31, 2006, representing an approximately 30% increase. The General Fund balance as of December 31, 2006 equaled approximately 59% of General Fund revenues and approximately 68% of General Fund expenses.

The County decreased its ad valorem millage rate for maintenance and operations from 4.547 mills for 2006 to 4.40 mills for 2007, which was the eighth year in a row that the County has reduced its millage rate. The County's maintenance and operation tax digest increased from $7.23 billion in 2006 to $8.25 billion in 2007, representing a 13.8% increase. As a result, even with the reduction in the millage rate, the County expects that its General Fund balance at December 31, 2007 will increase to approximately $45.8 million. No assurance can be given that the actual General Fund balance will equal or exceed the presently estimated General Fund balance at December 31, 2007.

On November 2, 2004, voters in the County approved the reimposition of a special sales and use tax at the rate of one percent and for a period of time not to exceed six years. From the commencement of this sales tax on July 1, 2006 through June 30, 2007, it has generated approximately $31.8 million for the County. The County expects that it will collect approximately $142.6 million in additional sales tax proceeds through the expiration date of the sales tax (expected to be June 30, 2012), although there can be no assurance that the amount collected from the sales tax will equal or exceed the presently estimated amount. The County is required to use the sales tax proceeds to fund capital projects that include roads, bridges, park and recreation projects, library projects, fire and public safety projects, and other capital needs.

Budgetary Process

Georgia law requires each county to operate under an annual balanced budget adopted by resolution. A budget resolution is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.

The County adopts annual appropriated budgets for its General Fund, its Special Revenue Funds, and its Debt Service Fund using a basis of accounting consistent with generally accepted accounting principles. The County adopts project-length budgets for its Capital Project Funds. Annual budgets are not adopted for any of the County's Proprietary or Fiduciary Funds because they are not legally required. The County prepares operating budgets for its Proprietary Funds for planning, control, cost allocation, and evaluation purposes.

In July of each year, information is transmitted to the various departments to enable them to prepare their operating budget requests for the next fiscal year. Approximately one month later, the budgetary requests are returned and are reviewed by the County Manager and the Director of Finance. Individual meetings with each department are conducted during the month of September. The County Manager then prepares a proposed line item operating budget and submits it to the Board of Commissioners by December 1. The operating budget includes proposed expenditures and the means for financing them. Public hearings are then conducted in the County to obtain taxpayer comments on the proposed budget. The budget is legally adopted no later than the first meeting of the Board of Commissioners in January of the following calendar year through adoption of a resolution by the Board of Commissioners. Budget amendments must be authorized by the Board of Commissioners through a budget revision.

Budgetary control (the level at which expenditures may not legally exceed appropriations) is maintained at the departmental level. The County Manager is authorized to transfer budgeted amounts among accounts within a department's budget, except that transfers from any salaries or capital outlay accounts may not exceed $25,000. All other transfers or supplemental appropriations require the approval of the Board of Commissioners. The County also prepares monthly financial statements comparing budgeted and actual amounts.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as a technique of accomplishing budgetary control in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances under generally accepted accounting principles, since they do not constitute

expenditures or liabilities. Unencumbered appropriations lapse at the end of the County's fiscal year. Encumbrances are reappropriated in the following fiscal year.

General Fund Budgets

Set forth below is a summary of the County's adopted budget for its General Fund for the year ending December 31, 2007. This budget is based upon certain assumptions and estimates of the County regarding future events, transactions, and circumstances. Realization of the results projected in this budget will depend upon implementation by management of the County of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budget set forth below.

General Fund Budget for Year Ending December 31, 2007

Revenues	
Taxes	$39,960,580
Charges for Services	7,053,000
Licenses and Permits	2,332,401
Fines and Forfeitures	5,447,800
Intergovernmental	25,500
Investment Income	500,000
Other	2,787,758
Total Revenues	58,107,039
Expenditures	
Current:	
General Government	10,393,017
Judicial	10,789,289
Public Safety	27,202,096
Health and Welfare	632,000
Public Works	125,000
Housing and Development	2,980,653
Culture and Recreation	3,824,000
Capital Outlay	1,332,201
Total Expenditures	57,278,256
Excess of Revenues Over Expenditures	828,783
Other Financing Sources (Uses)	
Transfers In	636,803
Transfers Out	(1,465,586)
Total Other Financing Sources (Uses)	(828,783)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$ -0-

Set forth below is an historical, comparative summary of the revenues and expenditures, budget and actual, of the County's General Fund for the years ended December 31, 2002 to 2006.

County General Fund

	Years Ended December 31									
	2002		2003		2004		2005		2006	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Total Revenues	$45,949,832	$46,549,393	$51,100,915	$52,251,615	$55,589,489	$53,477,194	$57,827,111	$58,999,195	$61,109,459	$66,319,715
Total Expenditures	39,373,501	39,412,568	49,808,160	43,770,213	55,161,935	54,594,882	56,640,020	54,045,175	60,196,325	57,213,787
Excess of Revenues Over (Under) Expenditures	6,576,331	7,136,825	1,292,755	8,481,402	427,554	(1,117,688)	1,187,091	4,954,020	913,134	9,105,928
Other Financing Sources (Uses)	(6,576,331)	(4,902,326)	(1,885,773)	(5,903,094)	(690,070)	(536,016)	(1,417,007)	(1,278,465)	(5,016,742)	(5,186,445)
Net Change in Fund Balances	$ -0-	$ 2,234,499	$ (593,018)	$ 2,578,308	$ (262,516)	$ (587,672)	$ (229,916)	$ 3,675,555	$ (4,103,608)	$ 3,919,483

The County has, with some exceptions, conformed to its General Fund budgets for the years ended December 31, 2000 to 2004. Set forth below is a summary of unfavorable variances between final budgeted amounts and actual amounts for the General Fund for the years ended December 31, 2002 to 2006.

General Fund Unfavorable Variances

	Years Ended December 31				
	2002	2003	2004	2005	2006
Revenues					
Taxes	$ ---	$ ---	$ ---	$ (236,850)	$ ---
Charges for Services	---	(738,442)	(675,934)	---	---
Licenses and Permits	---	(20,319)	---	---	---
Fines and Forfeitures	---	---	---	---	(600,499)
Investment Income	(10,748)	(135,929)	(214,814)	(57,974)	---
Other	(1,692,843)	(1,178,697)	(2,558,043)	---	---
Expenditures					
Current					
General Government	---	(582,494)	---	---	---
Judicial	(42,904)	---	---	---	(9,423)
Public Safety	(532,097)	---	---	---	---
Public Works	(16,084)	---	---	---	---
Housing and Development	---	---	(907,848)	---	---
Culture and Recreation	---	---	(130,911)	---	---
Debt Service	---	---	(12,614)	---	---
Other Financing Sources (Uses)					
Operating Transfers In	---	---	(11,828)	---	(256,579)
Operating Transfers Out	---	(466,998)	---	---	---
Operating Transfers Out to Component Units	---	(4,683,638)	---	---	---
Proceeds from Sale of Assets	---	---	---	(11,462)	---
Net Cumulative Variance					
Favorable (Unfavorable)	$2,234,499	$3,171,326	$(325,156)	$3,905,471	$8,023,091

The County undertakes periodic budget revisions in which the County's adopted budget is amended to reflect actual events that have occurred during the County's current fiscal year. The County not yet amended its adopted budget for fiscal year 2007. The County expects to conform to its adopted budget for its General Fund, as amended, for fiscal year 2007.

Capital Improvements

The following table summarizes additions to the County's general fixed assets for the years ended December 31, 2002 to 2006.

	Years Ended December 31				
Function and Activity	2002	2003	2004	2005	2006
Land and Buildings	$18,169,758	$1,654,699	$ 6,966,450	$ 7,402,060	$ 10,644,832
Furniture and Equipment	1,620,570	737,708	2,275,856	1,600,971	844,416
Vehicles	1,512,414	1,825,342	2,398,624	1,697,448	3,434,469
Infrastructure[1]	---	---	11,796,029	17,455,158	234,643,937
Construction in Progress	---	4,733,995	9,513,634	13,953,350	27,165,468
Total	$21,302,742	$8,951,744	$32,950,593	$42,108,987	$276,733,122

[1] Includes capital contributions, primarily roads, that are donated to the County from outside parties such as developers.

The County presently does not have in effect a multi-year capital improvements plan.

Sources of Tax Revenues

Set forth below are the County's General Fund tax revenues by source for the years ended December 31, 2002 to 2006.

General Fund Tax Revenues By Source

Fiscal Year Ended	Ad Valorem Property Tax	Alcoholic Beverage Tax	Franchise Tax	Insurance Premium Tax	Total
2002	$28,016,666	$714,289	$ 996,820	$4,240,915	$33,968,690
2003	31,244,874	766,531	1,153,966	4,548,042	37,658,099
2004	32,986,108	745,493	960,471	4,521,070	39,213,142
2005	34,722,339	731,472	1,381,058	4,855,098	41,689,967
2006	37,169,134	770,014	1,331,248	5,107,184	44,377,580

Employee Benefits

The County participates in a defined benefit pension plan that covers all full-time employees of the County as of January 1, 2007 and is administered through the Association of County Commissioners of Georgia Pension Plan, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for counties in the State of Georgia. The County is required to contribute all amounts necessary to fund the pension plan. Plan participants are not required to contribute to the plan. Pension expense, which includes amortization of prior service cost over 30 years, has been for plan years: 2002 - $136,705; 2003 - $1,747,381; 2004 - $1,885,331; 2005 - $2,062,803; and 2006 - $2,125,264. Set forth below is selected information about the County's pension plan.

Analysis of Funding Progress

Fiscal Year Ended	Actuarial Value of Assets	Actuarially Accrued Liability	(Funded) Unfunded Actuarially Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
12/31/01	$ 4,994,735	$ 5,105,205	$ 110,470	97.8%	$ 6,377,915	1.7%
12/31/02	4,621,515	5,584,672	963,157	82.8	6,159,643	15.6
12/31/03	9,226,237	25,180,163	15,953,926	36.6	27,174,986	58.7
12/31/04	13,838,711	29,948,303	16,109,592	46.2	33,443,204	48.2
12/31/05	17,905,484	34,953,124	17,047,640	51.2	35,851,014	47.6

The County is required by Georgia law to have an actuarial valuation of its pension plan done once every three years. The County met the minimum funding levels prescribed by state law through December 31, 2006. Note 9 of the financial statements of the County included as Appendix A to this Official Statement contains a detailed description of the County's defined benefit non-contributory pension plan.

Prior to January 1, 2003, the County offered its employees a defined contribution money purchase pension plan in accordance with Internal Revenue Code Section 401(a). Effective January 1, 2003, this plan was closed to new enrollees. Employees are 100 percent vested in the County's contributions after five years of service. At December 31, 2006, there were 17 participants in the plan. The contributions are not available to participants until termination, retirement, death, disability, or unforeseeable emergency. The County contributes 4% of eligible salary and a 50% matching contribution for every employee dollar contributed to the deferred compensation plan described below, up to 3% of pay. The plan is accounted for as an agency fund. The plan assets are stated at fair value. Reference is made to Note 10 of the County's financial statements included as Appendix A for a description of the defined contribution money purchase plan.

The County also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all County employees and permits them to defer income taxation of a portion of their salary to future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of

compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant. The County believes that it is unlikely that it will use these assets to satisfy the claims of general creditors in the future. The County believes that it has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor in making plan investments.

County employees accrue vacation and sick leave in different amounts, depending upon the period of time the County has employed them. The maximum amount of vacation leave that employees may accumulate is based upon their years of service and work schedule. The County pays accrued vacation leave upon termination of employment and has reflected a liability for accumulated vacation pay in its financial statements. There is no maximum amount of sick leave that County employees may accumulate. Unused sick leave at termination is credited toward length of service for the calculation of retirement eligibility.

Insurance Coverage and Governmental Immunity

Under Georgia law, the defense of sovereign immunity is available to the County, except for actions for the breach of written contracts and actions for the recovery of damage for any claim for which liability insurance protection has been provided, but only to the extent of the liability insurance provided. The County, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the County in the exercise of its delegated powers.

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

Present insurance coverage is summarized below:

Type	Amount in Force
Blanket Property	$88,396,586
Accounts Receivable	100,000
Valuable Papers	100,000
Newly Acquired Property	1,000,000
Boiler and Machinery	25,000,000

Type	Limits of Liability	
	Each Occurrence	Aggregate
Commercial General Liability	$2,000,000	$6,000,000
Law Enforcement Liability	2,000,000	6,000,000
Automobile Liability	2,000,000	2,000,000
Employee Benefits	2,000,000	6,000,000
Public Officials	2,000,000	6,000,000
Employment Practices	2,000,000	2,000,000

The County is partially self-insured for workers' compensation claims through a self-insurance program that is periodically reviewed for actuarial soundness by an actuary. Reference is made to Note 12 of the County's financial statements included as Appendix A for a discussion of the County's risk management program.

The County requires payment and performance surety bonds and builders' risk insurance of all contractors and subcontractors involved in its public works projects. The County requires surety bonds to be issued by surety firms listed on the U.S. Treasury-approved list and the builders' risk insurance to be in the amount of the contract sums.

LEGAL MATTERS

Pending Litigation

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with its counsel, Jarrard & Davis, LLP, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity will not have a material adverse effect upon the financial position or results of operations of the County. Reference is made to Note 13 of the County's financial statements included as Appendix A to this Official Statement for a discussion of contingent liabilities arising from litigation in which the County is a party.

There is no litigation now pending or, to the knowledge of the Issuer or the County, threatened against the Issuer or the County which restrains or enjoins the issuance or delivery of the Series 2007 Bonds, the provision of the security for the payment of the Series 2007 Bonds, or the use of the proceeds of the Series 2007 Bonds or which questions or contests the validity of the Series 2007 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the Issuer or the County, nor the title of the present members or other officials of the Issuer or the County to their respective offices, is being contested or questioned. There is no litigation pending or, to the knowledge of the Issuer or the County, threatened which in any manner questions the right of the Issuer to enter into the Indenture, the Lease, or the Contract or to secure the Series 2007 Bonds in the manner provided in the Indenture. No litigation and no proceedings are pending against the County or its officials, or to their knowledge are threatened against them, which would affect the sale of the Series 2007 Bonds, the security therefor, or the ability of the County to enter into and perform its obligations under the Contract.

No litigation and no proceedings are pending against the Lessee or its officers, or to their knowledge are threatened against them, which would affect the sale of the Series 2007 Bonds, the security therefor, or the ability of the Lessee to perform its obligations under the Lease.

Opinion of Bond Counsel

Certain legal matters incident to the authorization and issuance of the Series 2007 Bonds are subject to the approval of Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2007 Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as Appendix C.

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions that apply to the Series 2007A Bonds. These include restrictions on investments, requirements for periodic payment of arbitrage profits to the United States, requirements regarding the use of Series 2007A Bond proceeds, requirements regarding facilities financed with Series 2007A Bond proceeds, and other restrictions and requirements. Failure to comply with certain of such requirements and restrictions may cause interest on the Series 2007A Bonds to become subject to federal income taxation, retroactive, in some cases, to the date of issuance of the Series 2007A Bonds.

In the opinion of Bond Counsel, under existing law, interest on the Series 2007A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person", within the meaning of Section 147(a) of the Code. Bond Counsel has noted, however, that interest on the Series 2007A Bonds that is so excluded is a specific "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. In addition to the exceptions stated therein, this opinion is subject to the condition that the Issuer and the Lessee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2007A Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Series 2007A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2007A Bonds.

Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the Series 2007A Bonds.

In concluding that interest on the Series 2007A Bonds is excludable from gross income for federal income tax purposes, Bond Counsel will rely, as to questions of fact material to its opinion, upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to it, (b) certifications furnished to it by or on behalf of the Lessee, the County, and the Issuer (including certifications made in the Tax Certificate of the Lessee), and (c) representations of the Issuer, the

Lessee, and the County contained in such proceedings and in documents delivered in connection with the issuance of the Series 2007A Bonds. If certain of these items are incorrect, interest on the Series 2007A Bonds may become included in gross income for federal income tax purposes retroactive, in some cases, to the date of issuance of the Series 2007A Bonds.

In the further opinion of Bond Counsel, the interest on the Series 2007A Bonds is exempt from State of Georgia income taxation (as long as such interest remains excluded from gross income for federal income tax purposes), although the Series 2007A Bonds and the interest thereon may be included in the measure of State of Georgia estate and inheritance taxes and of certain State of Georgia corporate excise and franchise taxes. Bond Counsel has not opined as to whether interest on the Series 2007A Bonds is subject to state or local income taxation in jurisdictions other than Georgia; interest on the Series 2007A Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Each purchaser of the Series 2007A Bonds should consult its own tax advisor regarding the tax-exempt status of the interest on the Series 2007A Bonds in a particular state or local jurisdiction other than Georgia.

Bond counsel will be rendering no legal opinions with respect to any tax consequences of purchasing, owning, or disposing of Series 2007B Bonds, including, without limitation, whether interest on the Series 2007B Bonds is included in gross income for federal or State of Georgia income tax purposes. See **"LEGAL MATTERS - Certain Tax Consequences of Owning Series 2007B Bonds"** herein.

Collateral Federal Tax Consequences of Owning Series 2007A Bonds

Ownership of the Series 2007A Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain recipients of Social Security or railroad retirement benefits, foreign corporations operating branches in the United States, Subchapter S corporations, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2007A Bonds, and individuals otherwise entitled to receive the earned income tax credit.

Prospective purchasers of the Series 2007A Bonds should consult their tax advisors as to the applicability of any such collateral federal tax consequences. In this respect, prospective purchasers of the Series 2007A Bonds should be aware of the following collateral federal tax consequences.

1. Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2007A Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocated to interest on the Series 2007A Bonds.

2. Property and casualty insurance companies are required to reduce the amount of their deductible underwriting losses by 15% of their amount of tax-exempt interest, including interest on the Series 2007A Bonds. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income.

3. Certain recipients of Social Security benefits and railroad retirement benefits will be required to include a portion of such benefits within gross income by reason of receipt or accrual of interest on the Series 2007A Bonds.

4. For foreign corporations operating branches in the United States, Section 884 of the Code imposes a branch-level tax on certain earnings and profits. Interest on the Series 2007A Bonds may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

5. Passive investment income, including interest on the Series 2007A Bonds, may be subject to federal income taxation under Section 1375 of the Code for any Subchapter S corporation that has Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income.

6. Certain individuals otherwise entitled to the earned income credit under Section 32 of the Code forfeit that entitlement if the disqualified income of the individual exceeds $2,200. For this purpose, disqualified income means certain types of passive income, including income that is exempt from tax, such as interest on the Series 2007A Bonds.

7. Payments of interest that is exempt from tax under Section 103(a) of the Code, such as interest on the Series 2007A Bonds, are now subject to information reporting from payors to the Internal Revenue Service.

Certain Tax Consequences of Owning Series 2007B Bonds

The following constitutes a discussion of certain of the federal and State of Georgia income tax consequences of the purchase, ownership, and disposition of the Series 2007B Bonds. This summary is presented for informational purposes only and is intended to be a discussion primarily of the federal and State of Georgia income tax consequences to individual owners who are citizens or residents of the United States. It is not practicable to comment on all aspects of the federal, state, and local tax laws which may affect an individual owner's purchase of the Series 2007B Bonds. Therefore, state (other than State of Georgia), local, and foreign tax consequences are not discussed, nor are the tax consequences to owners other than individuals. Such tax consequences will vary with each purchaser, depending upon its individual situation. The following summary should not be considered as legal or tax advice to prospective purchasers of the Series 2007B Bonds.

Taxability

The interest on the Series 2007B Bonds is included in gross income of the United States resident owners thereof and is therefore not exempt for federal income tax purposes. Although not free from doubt, the Department of Revenue, State of Georgia takes the position that the interest on the Series 2007B Bonds is not exempt from State of Georgia income taxation.

Backup Withholding and Reporting Requirements

Interest payments with respect to the Series 2007B Bonds will be reported to the owners and the Internal Revenue Service (the "IRS"). Such amounts will normally not be subject to withholding of federal income tax. However, the Issuer or its agent may be required to withhold federal income tax at a rate of 28% from payments to certain owners ("backup withholding") in accordance with Section 3406 of the Internal Revenue Code. This tax may be withheld from certain payments if (i) an owner fails to furnish the Issuer or its agent with his or her tax identification number ("TIN") certified under penalties of perjury, (ii) the Issuer or its agent is notified by the IRS that the TIN furnished by an owner is incorrect, (iii) the IRS notifies the Issuer or its agent that an owner has failed to report properly certain income to the IRS, or (iv) when required to do so, an owner fails to certify under penalty of perjury that he or she is not subject to backup withholding.

Circular 230

Prospective investors are urged to consult their own tax advisors before determining whether to purchase Series 2007B Bonds. The tax discussion herein under **"LEGAL MATTERS - Certain Tax Consequences of Owning Series 2007B Bonds"** was not intended or written to be used, and cannot be used, for purposes of avoiding taxpayer penalties. This discussion was written to support the promotion or marketing of the Series 2007B Bonds.

Other Tax Consequences to Investors

There may be other federal, state, local, or foreign tax considerations applicable to the circumstances of a particular investor. Prospective investors are urged to consult their own tax advisors before determining whether to purchase Series 2007B Bonds. Purchasers of Series 2007B Bonds who are nonresident alien individuals, corporations that are not incorporated in the United States or under the laws of the United States or of any state of the United States, or other non-United States persons should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes on income realized in respect to the Series 2007B Bonds.

Validation Proceedings

The State of Georgia instituted proceedings in the Superior Court of Cherokee County, Georgia to validate the Series 2007 Bonds and the security therefor. The State of Georgia was the plaintiff in the proceeding, and the Issuer, the Lessee, and the County were the defendants. A final judgment confirming and validating the Series 2007 Bonds and the security therefor was entered August 14, 2007. Under Georgia law, the judgment of validation is forever conclusive with respect to the validity of the Series 2007 Bonds and the security therefor against the Issuer, the Lessee, and the County. The judgment entered by the Superior Court of Cherokee County holds, among other things, that the Issuer and the County are authorized to enter into the Contract, that the Contract, when executed and delivered, will constitute a valid, binding, and enforceable obligation of the Issuer and the County, and that the County is authorized to make all payments required by the Contract and to levy and collect taxes, within the limitations provided by law, for the purpose of making all payments required under the Contract.

Closing Certificates

At closing of the sale of the Series 2007 Bonds by the Underwriter, the Issuer, the Lessee, and the County will each deliver to the Underwriter a certificate (1) that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2007 Bonds or the security for the Series 2007 Bonds or on its financial condition, and (2) that the information contained in this Official Statement relating to it does not contain any misrepresentation of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Rating

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned ratings of "Aaa" and "AAA," respectively, to the Series 2007 Bonds, with the understanding that upon delivery of the Series 2007 Bonds a policy insuring the payment when due of the principal of and interest on the Series 2007 Bonds will be issued by the Bond Insurer. Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned underlying ratings (without regard to the issuance of the Bond Insurance Policy) of "Aa2" and "AA," respectively, to the Series 2004 Bonds. The ratings reflect only the respective views of the rating agencies, and any desired explanation of the significance of each rating should be obtained from the rating agency furnishing such rating, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007 and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that either or both of such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the liquidity and market price of the Series 2007 Bonds.

Underwriting

The Series 2007 Bonds will be purchased for re-offering at negotiated sale by Citigroup Global Markets Inc. (the "Underwriter") from the Issuer at an aggregate purchase price of _____ percent of the principal amount of the Series 2007 Bonds plus accrued interest to the date of delivery. The Underwriter will enter into a Bond Purchase Agreement that provides that the Underwriter will purchase all of the Series 2007 Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2007 Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter intends to offer the Series 2007 Bonds to the public initially at the offering prices set forth on the cover page of this Official Statement, which offering prices may subsequently be changed from time to time by the Underwriter without any requirement of prior notice. The offering prices set forth on the cover page of this Official Statement average $____ per $1,000 principal amount of the Series 2007 Bonds in excess of the purchase price to be paid to the Issuer by the Underwriter. The Underwriter will receive no fee (other than the anticipated profits described in the preceding sentence) from the Issuer for underwriting the Series 2007 Bonds. The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Series 2007 Bonds. The Underwriter may offer and sell the Series 2007 Bonds to certain dealers (including dealers depositing Series 2007 Bonds into investment trusts) at prices lower than the public offering prices set forth on the cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2007 Bonds will be deducted from the Underwriter's underwriting profits.

Independent Auditors

The basic financial statements of the County as of December 31, 2006 and for the year then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Atlanta, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC.

Transactions with Related Persons

The Manager, an affiliate of the Lessee, will contract with the Lessee pursuant to the Management Agreement to provide management services for the Project. The shareholders of the Manager, Jimmy L. Bobo and David G. Bobo, are also the beneficial owners of the limited liability companies that own the Lessee. See **"THE LESSEE"**

and **"THE MANAGER"** herein. In addition, Upland Development Group, Inc., which will oversee and manage the construction of the Project pursuant to a contract with the Lessee, is also controlled by Jimmy L. Bobo and David G. Bobo. See **"PLAN OF FINANCING - The Project"** herein. These contracts may be amended by mutual agreement of the contracting parties to include additional services at additional costs.

The contracts described above were not arrived at through arm's length negotiations or subjected to competitive bidding, and no representation is made that contracts for comparable services could not be negotiated on a more favorable basis to the Lessee with unrelated parties. In addition, the relationships described above may result in conflicts of interest, result in higher costs for the development of the Project and for the management services provided to the Lessee, and give the Lessee less incentive to enforce its rights in certain situations.

Pending Legislation

The Georgia House of Representatives currently has under consideration House Resolution 900 ("HR 900"), which proposes holding a statewide referendum to authorize an amendment to the Constitution of the State of Georgia to abolish nearly all existing state and local taxes and to adopt a business value added tax and a revised state income tax. Under the current version of HR 900, all tax revenue sources used by local governments, including the County, would be eliminated except for taxes on alcoholic beverages. Taxes that would be eliminated include all ad valorem property tax, local option sales tax, special purpose local option sales tax, insurance premium tax, and franchise tax. In addition, local government tax collection functions, no longer be needed, would be eliminated. HR 900 calls for a "local government guarantee" providing that local governments would receive revenue essentially equivalent to the amount of revenue it received in the 2006 tax year from the taxes that would be eliminated. This local revenue guarantee would become the local governments' primary source of revenue for payment of debt and for operation of the government. The local revenue would be derived from a transfer of funds from the State of Georgia equal to a percentage of the total revenue collected by the state from the two new revenue sources (value added tax and income tax). If HR 900 were to become law in its present form or if similar legislation were to be enacted in the future, the County's credit ratings could be adversely affected. In addition, the County can give no assurances as to whether or when HR 900 or similar legislation will be enacted by the Georgia General Assembly or, if enacted, what form it will take or what effect it will have on the funding sources for the operations or obligations of the County, including its obligations under the Contract.

Additional Information

Use of the words "shall," "must," or "will" in this Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2007 Bonds.

RESPONSIBILITY FOR OFFICIAL STATEMENT

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Issuer, the Lessee, and the County. The contents of this Official Statement are the responsibility of the Lessee and the County, except that the Issuer is responsible for the statements contained under the caption **"THE ISSUER"** and the information with respect to the Issuer appearing under the caption **"LEGAL MATTERS - Pending Litigation"** herein, and with the exception of the foregoing information for which the Issuer is responsible, the Issuer makes no representation as to the accuracy or completeness of any information contained herein.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By:_____
Vice Chairman, Board of Directors

BALL GROUND RECYCLING, LLC

By:_____
Manager

CHEROKEE COUNTY, GEORGIA

By:_____
Chairman, Board of Commissioners

APPENDIX A

FINANCIAL STATEMENTS OF THE COUNTY

The basic financial statements of the County as of December 31, 2006 and for the year then ended, included as this Appendix A, have been audited by Mauldin & Jenkins, LLC, Atlanta, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon which appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC.

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CHEROKEE COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2006

Prepared by:
Amy J. Davis, CPA
Finance Director

Cherokee County Finance Department
90 North Street – Canton, Georgia 30114

CHEROKEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Cherokee County, Georgia
Canton, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Cherokee County, Georgia** (the "County"), as of and for the year ended December 31, 2006, which collectively comprise Cherokee County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cherokee County Department of Public Health and Sequoyah Regional Library, which represents 43% and 49%, respectively, of the assets and revenue of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cherokee County Department of Public Health and the Sequoyah Regional Library in the component unit columns, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cherokee County, Georgia as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the Fire District Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2007, on our consideration of Cherokee County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 11) is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 18, 2007

Management's Discussion and Analysis

As management of Cherokee County, we offer readers of Cherokee County financial statements this narrative overview and analysis of the financial activities of Cherokee County for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i–ix of this report.

Financial Highlights

- The total assets of Cherokee County, including component units, were $1,222,168,404, which exceeded its liabilities of $54,233,477 at the close of the most recent fiscal year by $1,167,934,927.
- The government's total net assets, including component units, increased by $249,425,816. This is the result of acquiring additional capital assets without the issuance of additional debt.
- At of the close of the current fiscal year, Cherokee County's governmental funds reported combined ending fund balances of $80,902,961, an increase of $6,613,826 over the prior year. Of this amount, $78,743,826 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $39,008,155 or 68% of total general fund expenditures.
- Cherokee County's total debt increased by $9,400,000 (31%) during the current fiscal year, leaving a general obligation debt balance of $29,400,000.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of Cherokee County that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Cherokee County include general government, public safety, judicial services, health and welfare, highways and streets, culture and recreation and housing and development. The business-type activities of Cherokee County include Emergency Medical Services (ambulance service).

The government-wide financial statements include not only Cherokee County itself (known as the *primary government*), but also Cherokee Recreation and Parks Authority, Development Authority of Cherokee County, Cherokee County Board of Health, and Sequoyah Regional Library, all legally separate entities, for which Cherokee County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-15 of this report.

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

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

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

Cherokee County maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Fire District, the Impact Fee fund, the Special Purpose Local Option Sales Tax IV (SPLOST) fund and SPLOST V fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Cherokee County adopts an annual appropriated budget for its general fund, as well as all special revenue, proprietary and all other governmental fund types, including capital projects. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-31 of this report.

Proprietary funds. Cherokee County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Cherokee County uses an enterprise fund to account for its Emergency Medical Services fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Cherokee County's various functions. Cherokee County uses internal service funds to account for its fleet of vehicles and for its employee benefits claims. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Emergency Medical Services

fund, which is considered to be a major fund of Cherokee County. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Cherokee County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-64 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Cherokee County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 61 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 65-87 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cherokee County, assets exceeded liabilities by $1,139,607,109 at the close of the most recent fiscal year.

By far the largest portion of Cherokee County's net assets, $1,091,400,097 million or 89% reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Cherokee County uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Cherokee County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The sharp increase in capital assets in governmental activities is due to donated streets and infrastructure that was previously not accounted for on the balance sheet.

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005	Total 2006	Total 2005
Current and other assets	$ 93,745,330	$ 85,462,237	$ 4,037,844	$ (773,195)	$ 97,783,174	$ 84,689,042
Capital assets	1,090,696,030	850,268,502	704,067	875,692	1,091,400,097	851,144,194
Total assets	1,184,441,360	935,730,739	4,741,911	102,497	1,189,183,271	935,833,236
Long-term liabilities outstanding	39,403,031	30,941,681	773,595	1,125,498	40,176,626	32,067,179
Other liabilities	9,219,292	7,603,400	180,244	154,873	9,399,536	7,758,273
Total liabilities	48,622,323	38,545,081	953,839	1,280,371	49,576,162	39,825,452
Net assets:						
Invested in capital assets, net of related debt	1,058,146,955	827,445,194	3,316	(156,420)	1,058,150,271	827,288,774
Restricted	2,159,137	854,710	-	-	2,159,137	854,710
Unrestricted	75,512,945	68,885,754	3,784,756	(1,021,454)	79,297,701	67,864,300
Total net assets	$ 1,135,819,037	$ 897,185,658	$ 3,788,072	$ (1,177,874)	$ 1,139,607,109	$ 896,007,784

At the end of the current fiscal year, Cherokee County is able to report that all but four governmental funds had a positive balance in net assets. The funds that ended the year with negative fund balances were the Grant fund, Animal Services fund, DUI Court fund, Hotel Motel fund and SPLOST III fund. The business-type activities, which is solely the Emergency Medical Services fund ended the year with a balance in net assets of $3,788,072. Fiscal year 2006 was the fourth year of operations for our one business-type enterprise.

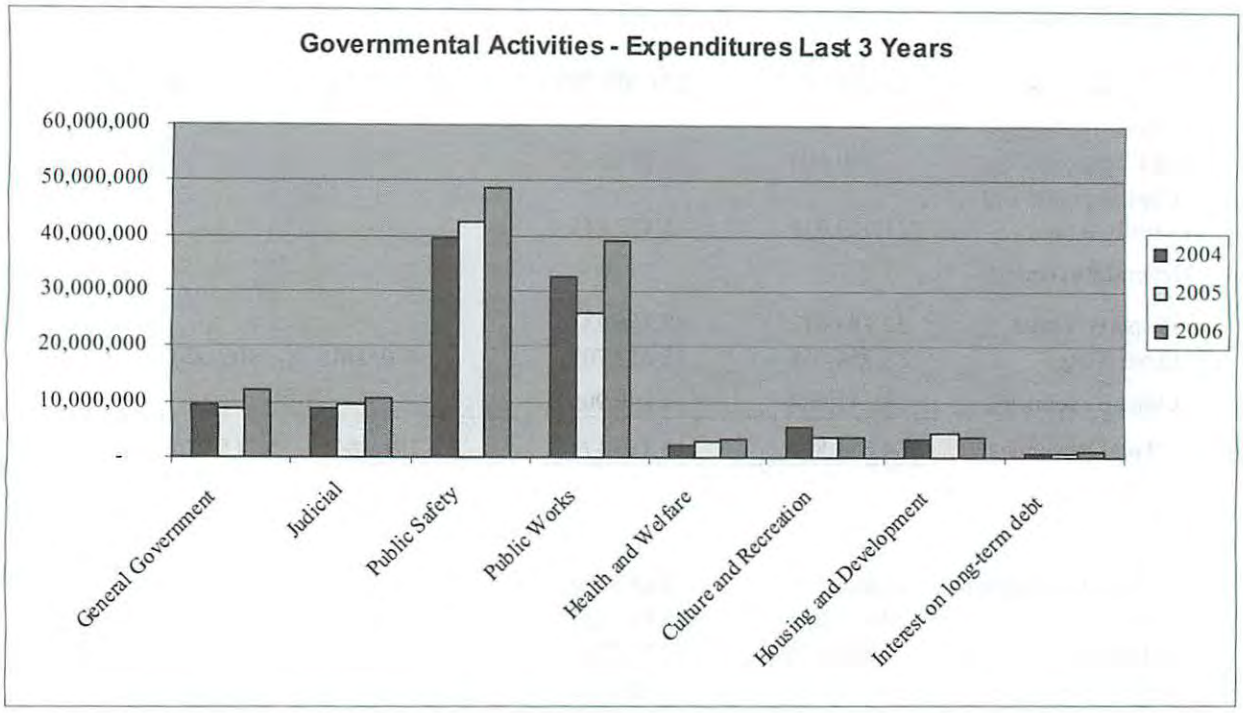
Unrestricted net assets reported in connection with Cherokee County's business-type activities were $3,784,756.

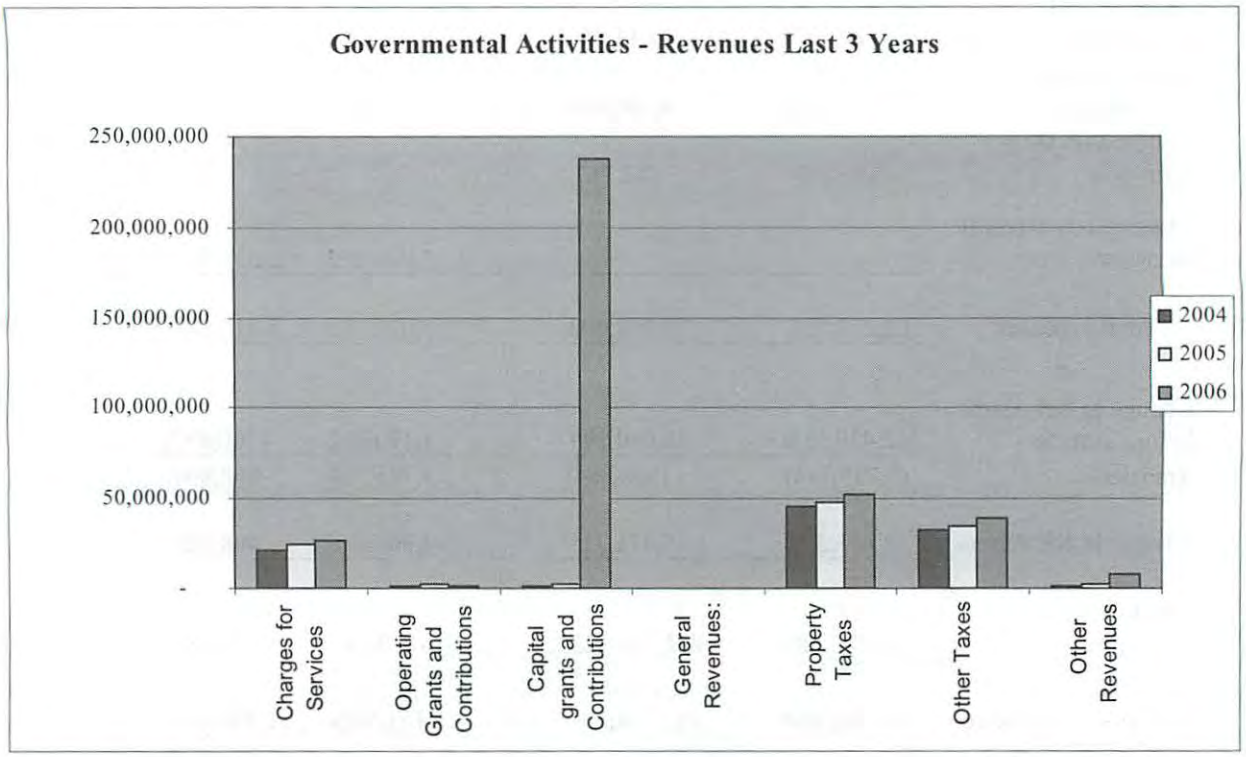
Cherokee County's total net assets, including both governmental and business type activities, increased $243,599,325. This is primarily the result of an increase in capital assets.

Governmental activities. Governmental activities increased Cherokee County's net assets by $238,633,379. General governmental expenditures decreased significantly while revenues increased primarily by a tax millage increase in the Fire District and substantial growth in the tax digest which resulted in increased property taxes. Sales taxes also had a significant increase of 15.3%. The SPLOST IV and SPLOST V Capital Project Funds fund balances decreased by $2,627,335 and $1,865,047, respectively from 2005. The decrease is due to certain acceleration of capital projects in these funds, which are using accumulated sales tax revenues collected in prior years.

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005
Revenues:				
Program Revenues				
Charges for Services	$26,582,155	$24,807,705	$5,791,384	$4,715,926
Operating Grants and Contributions	890,604	1,867,578	-	-
Capital grants and Contributions	237,929,016	2,477,845	-	-
General Revenues:			-	-
Property Taxes	52,184,012	48,256,431	-	-
Other Taxes	38,954,058	35,053,707	400,000	400,000
Other Revenues	8,141,984	1,886,905	-	-
Total Revenues	364,681,829	114,350,171	6,191,384	5,115,926
Expenses:				
General Government	12,073,965	8,887,270	-	-
Judicial	10,511,613	9,605,721	-	-
Public Safety	48,666,376	42,369,742	-	-
Public Works	39,182,296	26,057,608	-	-
Health and Welfare	3,387,526	2,797,603	-	-
Culture and Recreation	3,708,582	3,611,883	-	-
Housing and Development	3,485,319	4,386,432	-	-
Interest on long-term debt	1,237,040	553,713	-	-
Emergency Medical Services	-	-	5,021,172	5,316,581
Total expenses	122,252,716	98,269,972	5,021,172	5,316,581
Change in Net Assets before Transfers	242,429,113	16,080,199	1,170,212	(200,655)
Transfers	(3,795,734)	(608,864)	3,795,734	608,864
Change in Net Assets	238,633,379	15,471,335	4,965,946	408,209
Net Assets, beginning	897,185,658	881,714,323	(1,177,874)	(1,586,083)
Net Assets, beginning	897,185,658	881,714,323	(1,177,874)	(1,586,083)
Net Assets, ending	**$1,135,819,037**	**$897,185,658**	**$3,788,072**	**($1,177,874)**

- Property taxes increased by $2,229,004 during the year. This increase is the product of consistent growth in the County as well as a tax millage rate increase in the Fire District from 2.5 mills to 2.75 mills.
- Operating grants for governmental activities increased by $449,351, primarily due to increased federal funding for homeland security.





Business-Type Activities. Net assets for Business-type activities increased $4,965,946, for an ending balance of 3,788,072. Key elements of this decrease are as follows:

- General Fund transfer of $4,457,669 to subsidize operations and eliminate negative balances.
- $400,000 in Insurance Premium taxes was diverted from the General Fund to the EMS fund.
- Due to the operational activities being closely tied to the Fire District fund, often EMT's who are paid by the Fire Fund will assist the paramedics in EMS. This has resulted in reduced costs for this fund by eliminating employee positions, but increased costs for the fire district.

Financial Analysis of the Government's Funds

As noted earlier, Cherokee County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, Cherokee County's governmental funds reported combined ending fund balances of $80,902,961, a net increase of $6,613,826 over the prior year. Of this, $78,743,824 constitutes *unreserved fund balance,* which is available for spending at the government's discretion.

The general fund is the chief operating fund of Cherokee County. At the end of the current fiscal year, total fund balance of the general fund was $39,183,680, of which $39,008,155 represents the *unreserved* portion. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 60%, as does total fund balance.

The fund balance of Cherokee County's general fund increased by $3,919,483 during the current fiscal year. Key factors in this growth are as follows:

- $4.4 million reimbursed by the Cherokee County Development Authority for bond payments made by the County over the last eight years.
- Tax revenues were budgeted in an extremely conservative manner, which resulted in tax revenues over budget by $1.4 million.
- Landfill use fees were over budget by $.5 million due to increased usage.
- Virtually all departments ended the year under budgeted appropriations.

The debt service fund has a total fund balance of $952,607, all of which is reserved for the payment of debt service. The net increase in fund balance during the current fiscal year in the debt service fund was $943,303. The government has dedicated a portion of the 1% sales tax for repayment of the debt. This current fiscal year $31,672,352 was collected in sales taxes.

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

Net assets of the Emergency Services fund at the end of the year amounted to $3,788,072 of which $3,784,756 was unrestricted, and net assets for Internal Services amounted to ($133,809), of which ($287,839) was unrestricted. Costs in the Internal Services funds were not sufficiently allocated to the individual departments.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget amounted to a net increase in the budget of $4.5 million. Significant items that contributed to this budget difference are as follows:

- Purchase orders carried over from prior year are considered a budget revision in our accounting software. Rollovers in the General Fund were $252,748.
- An amendment to increase the transfer to the EMS fund of $3.7 million.
- Increase budget for indigent defense of $361,000.

Capital Asset and Debt Administration

Capital Assets. Cherokee County's investment in capital assets for its governmental and business type activities as of December 31, 2006 amounts to $1,091,400,097 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, vehicles, roads, highways, and bridges.

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

- Construction and improvements to fire stations on Hwy 92.
- Purchase of land and buildings for a new tax campus which will house the Tax Commissioner, Tax Assessor and the County Code Enforcement departments.
- Purchase of land and construction of the new administration building.
- Donatd infrastucture resulted in addition of over $200 million in donated roads and infrastructure.

Additional information on Cherokee County's capital assets can be found in Note 6 on page 49 - 53 of this report.

Long-term debt. At the end of the current fiscal year, Cherokee County had total long term bonded debt outstanding of $29,938,574. All of this debt is backed by the full faith and credit of the government and is supported by the 1% Special Purpose Local Option Sales tax approved by the voters in the 2004 referendum. In addition to this long-term bonded debt, Cherokee has $3,311,251 outstanding in long term lease obligations for the purchase of fire and EMS equipment.

Cherokee County's long term debt increased $8,109,447 during the current fiscal year. New bonded debt was issued during the year in the amount of $9,400,000. Cherokee County has a bond rating from Fitch Rating Agency of "AA" for general obligation debt. The County holds a rating of "Aa2" from Moody's Rating Agency and a "AA-" from Standard & Poor's Rating agency on general obligation debt. The revenue bonds held by Cherokee County Development Authority have a rating of "AAA" from Standard & Poor's Rating Agency.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 % of its total assessed valuation. The current debt limitation for Cherokee County is $772,448,000, which is significantly in excess of Cherokee County's outstanding debt of $29,938,574.

Additional information on Cherokee County's long-term debt can be found in Note 7 on pages 53-57 of this report.

Economic Factors and Next Year's Budgets and Rates

- Cherokee County's annual unemployment rate was 4.4%, which is the same as the state average, but slightly below the national average.
- The per capita personal income as provided by the Georgia Department of Labor was an average of $28,100 in Cherokee County.
- Cherokee County is the fifth fastest growing county in the State of Georgia at a rate of nearly 5.4% a year.
- The need for services such as police and fire protection, court services, recreation facilities, and road improvements have increased in direct correlation to the population growth. Population currently stands at 192,107.
- State mandated programs such as storm water drainage and indigent defense have further stressed an already tight budget.
- Cherokee County continues to have an all Republican commission which is committed to keeping property taxes and government costs to a bare minimum.

All of these factors were considered in preparing Cherokee County's budget for the 2006 fiscal year.

Taxpayer Bill of Rights Act. In 2006, the tax millage rate was 4.547 mills for the general fund and 2.75 mills for the Fire District.

Requests for Information

This financial report is designed to provide a general overview of Cherokee County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Cherokee County Board of Commissioners, 90 North Street, Suite 310, Canton, Georgia, 30114.

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BASIC FINANCIAL STATEMENTS

CHEROKEE COUNTY, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 46,458,201	$ 37,244	$ 46,495,445
Investments	32,091,280	-	32,091,280
Property taxes receivable	4,367,867	-	4,367,867
Accounts receivable	3,667,650	4,000,600	7,668,250
Due from other governments	5,111,543	-	5,111,543
Due from component units	50,000	-	50,000
Inventory	140,234	-	140,234
Prepaid items	-	-	-
Deferred charges	-	-	-
Capital assets, non-depreciable	272,223,243	-	272,223,243
Capital assets, depreciable (net of accumulated depreciation)	818,472,787	704,067	819,176,854
Other noncurrent assets	1,858,555	-	1,858,555
Total assets	1,184,441,360	4,741,911	1,189,183,271
LIABILITIES			
Accounts payable	6,675,571	110,716	6,786,287
Accrued liabilities	2,536,241	69,528	2,605,769
Due to primary government	-	-	-
Other liabilities	7,480	-	7,480
Unearned revenue	-	-	-
Claims payable due within one year	327,691	-	327,691
Capital leases due within one year	598,197	343,880	942,077
Capital leases due in more than one year	2,012,304	356,871	2,369,175
Bonds payable due within one year	4,792,000	-	4,792,000
Bonds payable due in more than one year	25,146,574	-	25,146,574
Compensated absences due within one year	1,569,000	52,000	1,621,000
Compensated absences due in more than one year	700,518	20,844	721,362
Landfill due within one year	143,756	-	143,756
Landfill due in more than one year	4,112,991	-	4,112,991
Total liabilities	48,622,323	953,839	49,576,162
NET ASSETS			
Invested in capital assets, net of related debt	1,058,146,955	3,316	1,058,150,271
Restricted for:			
Other purposes	1,206,530	-	1,206,530
Debt service	952,607	-	952,607
Unrestricted	75,512,945	3,784,756	79,297,701
Total net assets	$ 1,135,819,037	$ 3,788,072	$ 1,139,607,109

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

Component Units			
Department of Public Health	Development Authority	Library	Recreation and Parks Authority
$ 1,403,475	$ 2,286,472	$ 984,498	$ 286,586
471,210	-	49,051	-
-	-	-	-
191,220	326,833	46,289	-
861,542	-	43,101	-
-	-	-	-
3,630	-	-	-
-	-	10,911	-
-	25,733	-	-
-	665,436	1,277,768	9,411,801
288,628	1,776,875	8,619,587	3,954,487
-	-	-	-
3,219,705	5,081,349	11,031,205	13,652,874
504,745	-	105,516	648,734
161,859	9,213	6,142	186,783
-	50,000	-	-
-	-	-	-
-	-	1,124	-
-	-	-	-
-	-	-	7,250
-	-	-	15,145
-	600,000	-	-
-	1,961,005	-	-
-	-	21,830	-
290,655	-	87,314	-
-	-	-	-
-	-	-	-
957,259	2,620,218	221,926	857,912
288,628	(118,694)	9,897,355	13,366,288
741,653	-	223,507	-
-	-	-	-
1,232,165	2,579,825	688,417	(571,326)
$ 2,262,446	$ 2,461,131	$ 10,809,279	$ 12,794,962

CHEROKEE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 12,073,965	$ 7,025,896	$ 27,909	$ -
Judicial	10,511,613	6,526,695	77,542	-
Public safety	48,666,375	5,334,715	135,075	804,057
Public works	39,182,296	7,599,374	-	236,362,549
Health and welfare	3,387,526	95,475	-	-
Culture and recreation	3,708,582	-	-	-
Housing and development	3,485,319	-	650,078	762,410
Interest on long-term debt	1,237,040	-	-	-
Total governmental activities	122,252,716	26,582,155	890,604	237,929,016
Business-type activities:				
Emergency medical services	5,021,172	5,791,384	-	-
Total business-type activities	5,021,172	5,791,384	-	-
Total primary government	$ 127,273,888	$ 32,373,539	$ 890,604	$ 237,929,016
Component units:				
Department of Public Health	$ 10,267,086	$ 1,271,201	$ 8,758,719	$ -
Development Authority	5,368,538	-	1,370,150	537,210
Library	4,172,455	535,679	3,471,909	136,098
Recreation and Parks Authority	3,103,262	1,201,795	-	1,543,521
Total component units	$ 22,911,341	$ 3,008,675	$ 13,600,778	$ 2,216,829

General revenues:
- Property taxes
- Alcoholic beverage taxes
- Vehicle taxes
- Sales taxes
- Insurance premium taxes
- Other taxes
- Miscellaneous revenues
- Unrestricted investment earnings
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

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

Net (Expenses) Revenues and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Department of Public Health	Development Authority	Library	Recreation and Parks Authority
$ (5,020,160)	$ -	$ (5,020,160)	$ -	$ -	$ -	$ -
(3,907,376)	-	(3,907,376)	-	-	-	-
(42,392,528)	-	(42,392,528)	-	-	-	-
204,779,627	-	204,779,627	-	-	-	-
(3,292,051)	-	(3,292,051)	-	-	-	-
(3,708,582)	-	(3,708,582)	-	-	-	-
(2,072,831)	-	(2,072,831)	-	-	-	-
(1,237,040)	-	(1,237,040)	-	-	-	-
143,149,059	-	143,149,059	-	-	-	-
-	770,212	770,212	-	-	-	-
-	770,212	770,212	-	-	-	-
143,149,059	770,212	143,919,271	-	-	-	-
-	-	-	(237,166)	-	-	-
-	-	-	-	(3,461,178)	-	-
-	-	-	-	-	(28,769)	-
-	-	-	-	-	-	(357,946)
-	-	-	(237,166)	(3,461,178)	(28,769)	(357,946)
52,184,012	-	52,184,012	-	-	-	-
739,005	-	739,005	-	-	-	633,839
1,331,248	-	1,331,248	-	-	-	-
31,672,352	-	31,672,352	-	-	-	5,186,580
5,107,184	400,000	5,507,184	-	-	-	-
104,269	-	104,269	-	-	-	-
5,679,079	-	5,679,079	-	13,612	5,333	52,448
2,462,905	-	2,462,905	-	65,834	28,280	14,982
-	-	-	-	3,910,642	-	-
(3,795,734)	3,795,734	-	-	-	-	-
95,484,320	4,195,734	99,680,054	-	3,990,088	33,613	5,887,849
238,633,379	4,965,946	243,599,325	(237,166)	528,910	4,844	5,529,903
897,185,658	(1,177,874)	896,007,784	2,499,612	1,932,221	10,804,435	7,265,059
$ 1,135,819,037	$ 3,788,072	$ 1,139,607,109	$ 2,262,446	$ 2,461,131	$ 10,809,279	$ 12,794,962

CHEROKEE COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

ASSETS	General Fund	Fire District Fund	SPLOST IV Fund
Cash	$ 28,460,293	$ 10,523,066	$ 3,066,640
Investments	6,899,096	-	-
Property taxes receivable	2,924,140	1,443,727	-
Accounts receivable	2,191,377	3,070	307,184
Due from other governments	-	-	-
Due from other funds	3,146,163	-	-
Due from component unit	50,000	-	-
Inventory	28,285	4,646	-
Total assets	$ 43,699,354	$ 11,974,509	$ 3,373,824
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 1,397,979	$ 334,847	$ 84,996
Accrued liabilities	1,428,458	481,766	15,832
Due to other funds	-	-	-
Deferred revenue	1,689,237	576,984	-
Other liabilities	-	313	6,764
Total liabilities	4,515,674	1,393,910	107,592
FUND BALANCES			
Fund balances:			
Reserved for:			
Court technology	147,240	-	-
Inventory	28,285	4,646	-
Debt service	-	-	-
E-911 wireless	-	-	-
Unreserved, reported in:			
General fund	39,008,155	-	-
Special revenue funds	-	10,575,953	-
Capital projects funds	-	-	3,266,232
Total fund balances	39,183,680	10,580,599	3,266,232
Total liabilities and fund balances	$ 43,699,354	$ 11,974,509	$ 3,373,824

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures, and, therefor are deferred in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension asset that is not a financial resource used in governmental activities and therefore, not reported in governmental funds.

Internal service funds are used by management to charge the costs of various benefits and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Net assets of governmental activities

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

SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
$ 2,512,021	$ 1,721,371	$ 46,283,391
15,891,629	9,300,555	32,091,280
-	-	4,367,867
513,239	652,780	3,667,650
4,883,254	228,252	5,111,506
-	-	3,146,163
-	-	50,000
-	-	32,931
$ 23,800,143	$ 11,902,958	$ 94,750,788
$ 4,372,528	$ 335,412	$ 6,525,762
-	166,868	2,092,924
2,720,666	232,763	2,953,429
-	2,011	2,268,232
-	403	7,480
7,093,194	737,457	13,847,827
-	-	147,240
-	-	32,931
-	952,607	952,607
-	1,026,359	1,026,359
-	-	39,008,155
-	2,789,718	13,365,671
16,706,949	6,396,817	26,369,998
16,706,949	11,165,501	80,902,961
$ 23,800,143	$ 11,902,958	
		1,090,542,000
		2,303,996
		(39,618,902)
		1,822,791
		(133,809)
		$ 1,135,819,037

CHEROKEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund	Fire District Fund	SPLOST IV Fund
REVENUES			
Property taxes	$ 37,169,134	$ 16,028,273	$ -
Alcoholic beverage taxes	739,005	-	-
Franchise taxes	1,331,248	-	-
Insurance premium taxes	5,107,184	-	-
Sales taxes	-	-	15,793,146
Other taxes	31,009	-	-
Licenses and permits	2,292,418	114,913	-
Intergovernmental	25,562	-	2,163,213
Fines and forfeitures	4,569,501	-	-
Charges for services	9,124,506	379,539	-
Investment income	968,781	160,982	95,907
Contributions and donations	-	-	395,034
Other	4,961,367	6,835	184,810
Total revenues	66,319,715	16,690,542	18,632,110
EXPENDITURES			
Current:			
General government	9,945,773	-	-
Judicial	9,816,041	-	-
Public safety	25,091,264	14,059,408	-
Public works	3,828,726	-	-
Health and welfare	1,327,644	-	-
Housing and development	3,503,130	-	-
Culture and recreation	3,701,209	-	-
Capital outlay	-	-	21,259,445
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	57,213,787	14,059,408	21,259,445
Excess (deficiency) of revenues over (under) expenditures	9,105,928	2,631,134	(2,627,335)
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	-	-
Capital leases	-	-	-
Proceeds from sale of assets	125,160	-	-
Transfers in	456,421	611,935	-
Transfers out	(5,768,026)	(50,000)	-
Total other financing sources (uses)	(5,186,445)	561,935	-
Net change in fund balances	3,919,483	3,193,069	(2,627,335)
FUND BALANCES, beginning of year	35,264,197	7,387,530	5,893,567
FUND BALANCES, end of year	$ 39,183,680	$ 10,580,599	$ 3,266,232

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

SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 53,197,407
-	-	739,005
-	-	1,331,248
-	-	5,107,184
15,879,206	-	31,672,352
-	73,260	104,269
-	-	2,407,331
737,267	2,409,777	5,335,819
-	1,613,768	6,183,269
-	7,589,964	17,094,009
939,730	297,505	2,462,905
-	21,732	416,766
74,451	84,229	5,311,692
17,630,654	12,090,235	131,363,256
-	-	9,945,773
-	168,717	9,984,758
-	6,043,584	45,194,256
-	-	3,828,726
-	2,031,331	3,358,975
-	63,149	3,566,279
-	-	3,701,209
27,703,622	1,339,200	50,302,267
-	296,779	296,779
-	1,096,139	1,096,139
27,703,622	11,038,899	131,275,161
(10,072,968)	1,051,336	88,095
9,400,000	-	9,400,000
798,165	-	798,165
(1,860)	-	123,300
-	3,517,809	4,586,165
(1,988,384)	(575,489)	(8,381,899)
8,207,921	2,942,320	6,525,731
(1,865,047)	3,993,656	6,613,826
18,571,996	7,171,845	74,289,135
$ 16,706,949	$ 11,165,501	$ 80,902,961

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CHEROKEE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	6,613,826
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		241,476,076
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(1,043,595)
The net pension asset is also not a current financial resource and is not reported in the funds.		546,180
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(227,358)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(8,439,460)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(201,997)
Internal service funds are used by management to charge costs of various services and benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.		(90,293)
	$	238,633,379

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

CHEROKEE COUNTY, GEORGIA

GENERAL FUND AND FIRE DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund			
	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 35,988,210	$ 35,988,210	$ 37,169,134	$ 1,180,924
Alcoholic beverage taxes	750,000	750,000	739,005	(10,995)
Franchise taxes	1,050,000	1,050,000	1,331,248	281,248
Insurance premium taxes	5,100,000	5,100,000	5,107,184	7,184
Other taxes	50,000	50,000	31,009	(18,991)
Licenses and permits	2,090,000	2,090,000	2,292,418	202,418
Intergovernmental	25,500	25,500	25,562	62
Fines and forfeitures	5,110,000	5,170,000	4,569,501	(600,499)
Charges for services	7,348,158	7,459,658	9,124,506	1,664,848
Interest	350,000	350,000	968,781	618,781
Other	2,789,191	3,076,091	4,961,367	1,885,276
Total revenues	60,651,059	61,109,459	66,319,715	5,210,256
EXPENDITURES				
Current:				
General government:				
County commission	174,892	174,892	161,370	13,522
County manager	313,775	298,833	291,407	7,426
County clerk	73,826	73,826	73,919	(93)
Elections	672,391	672,391	664,848	7,543
Finance	746,774	746,794	690,577	56,217
County attorney	255,922	275,922	322,268	(46,346)
Data processing	1,654,401	1,777,089	1,727,018	50,071
Mapping	285,770	288,767	280,403	8,364
Human resources	249,360	250,627	250,408	219
Tax commissioner	1,635,325	1,635,325	1,607,468	27,857
Tax assessor	1,711,394	1,711,394	1,607,576	103,818
Buildings and grounds	835,812	893,794	839,219	54,575
General administration	1,321,660	1,398,727	1,429,292	(30,565)
Total general government	9,931,302	10,198,381	9,945,773	252,608
Judicial:				
Court administration	534,820	558,820	515,158	43,662
Superior court	528,180	467,149	454,310	12,839
Superior court -pretrial services	57,253	57,253	59,367	(2,114)
Indigent defense	1,287,094	1,547,204	1,647,882	(100,678)
Clerk of superior court	2,467,542	2,555,794	2,552,926	2,868
District attorney	1,475,653	1,468,796	1,437,579	31,217
State court	657,130	606,730	618,953	(12,223)

(Continued)

Fire District Fund			
Budget			Variance With
Original	Final	Actual	Final Budget
$ 13,608,357	$ 13,608,357	$ 16,028,273	$ 2,419,916
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
135,000	135,000	114,913	(20,087)
-	-	-	-
-	-	-	-
300,000	300,000	379,539	79,539
15,000	16,317	160,982	144,665
-	111,498	6,835	(104,663)
14,058,357	14,171,172	16,690,542	2,519,370
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

CHEROKEE COUNTY, GEORGIA

GENERAL FUND AND FIRE DISTRICT FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund			
	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Current (continued):				
Judicial (continued):				
State court solicitor	$ 897,182	$ 895,315	$ 886,666	$ 8,649
Magistrate court	456,745	503,345	504,022	(677)
Probate court	495,046	483,400	485,400	(2,000)
Juvenile court	662,812	662,812	653,778	9,034
Total judicial	9,519,457	9,806,618	9,816,041	(9,423)
Public safety:				
Sheriff	14,691,237	14,726,264	13,892,106	834,158
Major Crimes Unit	509,735	509,735	485,261	24,474
Correctional institute	10,433,724	10,437,629	9,902,149	535,480
Fire	-	-	-	-
Adult probation	12,500	12,500	12,500	-
CMANS	271,327	271,988	264,739	7,249
Coroner	100,103	100,103	67,866	32,237
Animal control	266,029	272,451	258,432	14,019
Emergency management	203,325	203,325	208,211	(4,886)
Total public safety	26,487,980	26,533,995	25,091,264	1,442,731
Public works:				
Roads and bridges	2,117,754	2,117,754	1,859,105	258,649
Engineering development	368,673	368,673	342,569	26,104
Engineering	1,113,910	1,156,410	1,088,167	68,243
Solid waste collection	393,733	401,743	370,305	31,438
Postclosure care	200,000	200,000	168,580	31,420
Total public works	4,194,070	4,244,580	3,828,726	415,854
Health and welfare:				
Public health administration	322,619	322,619	325,379	(2,760)
Aid to dependent children	140,000	140,000	124,092	15,908
Aid to the disabled	12,000	12,000	12,000	-
Community service agent	152,166	153,166	139,648	13,518
Children and youth services	150,000	150,000	145,000	5,000
Transportation services	690,555	690,555	496,727	193,828
County extension	91,535	91,535	84,798	6,737
Total health and welfare	1,558,875	1,559,875	1,327,644	232,231

(Continued)

Fire District Fund			
Budget			Variance With
Original	Final	Actual	Final Budget
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
14,631,132	14,780,393	14,059,408	720,985
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
14,631,132	14,780,393	14,059,408	720,985
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

CHEROKEE COUNTY, GEORGIA

GENERAL FUND AND FIRE DISTRICT FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund			
	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Current: (Continued)				
Housing and development:				
Conservation administration	$ 49,705	$ 49,705	$ 43,860	$ 5,845
Forest resources conservation	6,616	6,616	7,200	(584)
Building inspection	849,452	849,452	788,343	61,109
Planning and zoning	464,404	472,248	472,158	90
Code enforcement	543,066	543,066	474,070	68,996
Economic development	2,004,800	2,015,418	1,566,125	449,293
Airport	151,374	151,374	151,374	-
Total housing and development	4,069,417	4,087,879	3,503,130	584,749
Culture and recreation:				
Recreation	1,800,000	1,800,000	1,738,264	61,736
Library	1,964,997	1,964,997	1,962,945	2,052
Total culture and recreation	3,764,997	3,764,997	3,701,209	63,788
Total expenditures	59,526,098	60,196,325	57,213,787	2,982,538
Excess (deficiency) of revenues over (under) expenditures	1,124,961	913,134	9,105,928	8,192,794
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	45,000	45,000	125,160	80,160
Transfers in	713,000	713,000	456,421	(256,579)
Transfers out	(1,882,961)	(5,774,742)	(5,768,026)	6,716
Total other financing sources (uses)	(1,124,961)	(5,016,742)	(5,186,445)	(169,703)
Net change in fund balances	-	(4,103,608)	3,919,483	8,023,091
FUND BALANCES, beginning of year	35,264,197	35,264,197	35,264,197	-
FUND BALANCES, end of year	$ 35,264,197	$ 31,160,589	$ 39,183,680	$ 8,023,091

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

Fire District Fund			
Budget			Variance With
Original	Final	Actual	Final Budget
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
14,631,132	14,780,393	14,059,408	720,985
(572,775)	(609,221)	2,631,134	3,240,355
-	-	-	-
-	-	611,935	611,935
50,000	(50,000)	(50,000)	-
50,000	(50,000)	561,935	611,935
(522,775)	(659,221)	3,193,069	3,852,290
7,387,530	7,387,530	7,387,530	-
$ 6,864,755	$ 6,728,309	$ 10,580,599	$ 3,852,290

CHEROKEE COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006

ASSETS	Business-type Activities - Enterprise Fund EMS	Governmental Activities - Internal Service Funds
CURRENT ASSETS		
Cash	$ 37,244	$ 174,810
Receivables, net of allowance	4,000,600	-
Due from other governments	-	37
Inventories	-	107,303
Total current assets	4,037,844	282,150
NONCURRENT ASSETS		
Capital assets, net of depreciation	704,067	154,030
Total assets	4,741,911	436,180
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	110,716	149,809
Accrued liabilities	142,372	227,446
Due to other funds	-	192,734
Capital leases payable, current	343,880	-
Total current liabilities	596,968	569,989
LONG-TERM LIABILITIES		
Capital leases payable	356,871	-
Total liabilities	953,839	569,989
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	3,316	154,030
Unrestricted	3,784,756	(287,839)
Total net assets	$ 3,788,072	$ (133,809)

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

CHEROKEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Fund EMS	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for services	$ 5,791,384	$ 6,565,435
Miscellaneous revenue	-	478,896
Total operating revenues	5,791,384	7,044,331
OPERATING EXPENSES		
Personal services	1,892,774	6,434,014
Contractual services	370,530	30,284
Supplies	331,411	597,106
Bad debts	2,050,600	-
Depreciation	339,502	73,220
Total operating expenses	4,984,817	7,134,624
Operating income (loss)	806,567	(90,293)
NON-OPERATING REVENUES (EXPENSES)		
Insurance premium tax	400,000	-
Interest expense	(36,355)	-
Total non-operating revenues (expenses)	363,645	-
Change in net assets before transfers	1,170,212	(90,293)
TRANSFERS IN	4,457,669	-
TRANSFERS OUT	(661,935)	-
Change in net assets	4,965,946	(90,293)
NET ASSETS (DEFICIT), beginning of year	(1,177,874)	(43,516)
NET ASSETS (DEFICIT), end of year	$ 3,788,072	$ (133,809)

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

CHEROKEE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Fund EMS	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 4,909,370	$ -
Receipts from other funds	-	6,598,962
Payments to employees	(1,917,688)	-
Payments to suppliers for services provided	(6,582,278)	(6,412,699)
Net cash provided by (used in) operating activities	(3,590,596)	186,263
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Insurance premium tax	400,000	-
Transfers in	4,457,669	-
Transfers out	(661,935)	-
Net cash provided by non-capital financing activities	4,195,734	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(200,179)	(68,267)
Principal payments on capital lease	(331,360)	-
Interest payments on capital lease	(36,355)	-
Net cash used in capital and related financing activities	(567,894)	(68;267)
Net increase in cash	37,244	117,996
Cash and cash equivalents, beginning of year	-	56,814
Cash and cash equivalents, end of year	$ 37,244	$ 174,810
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 806,567	$ (90,293)
Adjustments to reconcile net operating income (loss) to net cash used in operating activities		
Depreciation	339,502	73,220
Loss on disposal	32,301	-
(Increase) decrease in accounts receivable	(882,014)	24,657
Decrease in due from other governments	-	8,870
(Increase) in inventories	-	(27,766)
Increase in accounts payable	29,743	46,212
Increase (decrease) in accrued liabilities	(97,758)	185,384
(Decrease) in due to other funds	(3,891,781)	(34,021)
Increase in compensated absence	72,844	-
Net cash provided by (used in) operating activities	$ (3,590,596)	$ 186,263

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

CHEROKEE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

	Pension Trust Fund	Agency Funds
ASSETS		
Cash	$ -	$ 92,940,768
Investments, at fair value:		
Mutual funds	6,938,291	-
Due from others	-	6,625
Taxes receivable	-	12,672,269
Total assets	6,938,291	105,619,662
LIABILITIES		
Due to others	-	92,947,393
Taxes payable to others upon collection	-	12,672,269
	-	105,619,662
NET ASSETS		
Held in trust for pension benefits (See Note 9 for a schedule of funding progress)	$ 6,938,291	$ -

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

CHEROKEE COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Pension Trust Fund
ADDITIONS	
Contributions, employer	$ 57,717
Investment earnings:	
Net increase in the fair value of assets	528,662
Total additions	586,379
DEDUCTIONS	
Benefits	426,733
Total deductions	426,733
Change in net assets	159,646
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	6,778,645
End of year	$ 6,938,291

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County is a political subdivision of the State of Georgia governed by the Commission Chairman and a four-member Board of Commissioners. The financial statements of the County and its discretely presented component units, the Development Authority of Cherokee County, the Cherokee Recreation and Parks Authority, the Sequoyah Regional Library, and the Cherokee County Department of Public Health have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described below.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units", the component units' financial statements have been included as discretely presented component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. Based upon the application of these criteria, the following is a brief review of each component unit addressed in defining the County's reporting entity.

The **Development Authority of Cherokee County** (the "Development Authority") provides a means to issue industrial development bonds to develop and promote trade, commerce, industry and employment opportunities within Cherokee County. All board members of the Development Authority are appointed by the County. The Development Authority is presented as a governmental fund type component unit. There are no separately issued financial statements available for the Development Authority.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The **Cherokee Recreation and Parks Authority** (the "Recreation and Parks Authority") manages and maintains parks and recreation facilities for the benefit of Cherokee County citizens. During the year ended December 31, 2006 the Recreation and Parks Authority received an appropriation from the County in the amount of $1,045,000, plus all beer and wine tax revenue collected ($633,839 in 2006). Additionally, the County appoints all five of the Recreation and Parks Authority's board members. The County also leases to the Recreation and Parks Authority the parks for $1 per year. The Recreation and Parks Authority is presented as a governmental fund type component unit. There are no separately issued financial statements available for the Recreation and Parks Authority.

The **Sequoyah Regional Library** (the "Library") provides library services to the citizens of Cherokee, Gilmer and Pickens Counties. During the year ended June 30, 2006 (the Library operates on a June 30 year end), the Library received $1,962,945 from the County. The County appoints a majority of the Library's board members. The Library is presented as a governmental fund type component unit.

The Sequoyah Regional Library operates on a June 30 year end. The financial statements of the Sequoyah Regional Library were audited by other auditors, and a complete report can be obtained from the Sequoyah Regional Library, 116 Brown Industrial Parkway, Canton, Georgia 30114.

The **Cherokee County Department of Public Health** (the "Department of Public Health") provides health related services to residents of Cherokee County. Programs include disease screening, child health services, family planning, health services, and environmental health programs. The County appoints a voting majority of the board members of the Department of Public Health.

The Department of Public Health operates on a June 30 year end. The financial statements of the Department of Public Health were audited by other auditors, and a complete report can be obtained from the administrative offices of the Department of Public Health, 1219 Univeter Road, Canton, Georgia 30114.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Atlanta Regional Commission (the "ARC") is considered a joint venture based upon the criteria in GASB Statement No. 14, as amended by GASB Statement No. 39. Under Georgia law, the County, in conjunction with other cities and counties in the 10-county metropolitan Atlanta, Georgia area, is a member of the ARC. Membership in a Regional Development Center (RDC) is required by the O.C.G.A 50/--8-34, which provides for the organization structure of the RDC in Georgia. The County paid dues in the amount of $181,735 to the ARC for the year ended December 31, 2006. The RDC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Complete financial statements of the RDC may be obtained from the Atlanta Regional Commission, 40 Courtland Street, N.E., Atlanta, Georgia 30303.

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County reports the following major governmental funds:

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

The ***Fire District Fund*** is used to account for monies received from a specific property tax levy and the operations of the fire departments within the County.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

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

The ***Special Purpose Local Option Sales Tax IV Fund*** is used to account for proceeds of a special 1% local sales tax levy approved in 2000 for an authorized period of five years or the raising of not more than $125 million. The proceeds of this special tax are designated for a County jail, parks and recreation facilities of the County, County animal shelter, County public safety facilities and County library.

The ***Special Purpose Local Option Sales Tax V Fund*** is used to account for proceeds of a special 1% local sales tax levy approved in 2004 for an authorized period of five years or the raising of not more than $200 million. The proceeds of this special tax are designated for a new administration building, courthouse renovation, transportation facilities and equipment, park and recreation facilities, library facilities, public safety facilities and equipment, emergency children's shelter, driver's license facility, conference center, renovations for Appalachian Tech College and senior center expansions.

The County reports the following major proprietary fund:

The ***Emergency Medical Services ("EMS") Fund*** is used to account for the provision of emergency medical services to the residents of the County. Activities of the fund include administration, operations, and collection activities.

Additionally, the County reports the following fund types:

Internal service funds account for fleet management services and self funded casualty, liability, medical, dental, and workers' compensation claims.

The ***pension trust fund*** accounts for the activities of the County's defined contribution pension plan, which accumulates resources for pension, benefit payments to participating employees.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. Constitutional officers use these funds to temporarily hold assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

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

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

As a general rule the effects of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other changes between the County's emergency medical services and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the County's internal service funds are charges for goods and services provided. Operating expenses of the enterprise funds and internal service funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Cash, Cash Equivalents and Investments

Cash includes cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

D. Cash, Cash Equivalents and Investments (Continued)

State statutes authorize the County to invest in U.S. Government obligations; U.S. Government agency obligations; obligations of the State of Georgia; obligations of other counties; municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc.; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by the U.S. government or agency obligations; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. The Pension Trust is also authorized to invest in corporate bonds, domestic common stocks, equity real estate, and international common stocks through pooled investment accounts. Investments are stated at fair value.

Operating funds are currently invested in the Georgia Fund 1 Liquidity Pool; Georgia Extended Asset Pool (GEAP); U.S. Government agencies; or maintained in demand deposit, savings, and public funds money market accounts with financial institutions.

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Due to the nature of the accounts, no amounts in this fund are categorized from an investment risk perspective.

GEAP was also created under the Official Code of Georgia Annotated (OCGA) 36-83-8, but investments are restricted to those enumerated by OCGA 50-5A-7 and Chapter 17 of Title 50. GEAP is managed by the State of Georgia as a variable net asset value fund. These funds are managed similarly to the management of the Georgia Fund 1 accounts. GEAP is available to all public entities that have a minimum of $1,000,000 in funds available for investment for a period of one (1) year or longer. The value of an investment in GEAP will fluctuate over time, and it is possible to lose money by investing in the fund. Investments in this fund are not guaranteed or insured by any bank, the Federal Deposit Insurance Corporation (FDIC), the State of Georgia or any other government agency. Due to the nature of the accounts, no amounts in this fund are categorized from an investment risk perspective. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current assets.

Payments to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items. Prepaid items reported in the governmental funds are also equally offset by a fund balance reserve, which indicates that they do not constitute "available, spendable financial resources" even though they are a component of net current assets.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets, not including infrastructure, are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. All infrastructure assets are capitalized, regardless of cost. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

G. Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

Asset Category	Years
Buildings and improvements	50
Vehicles	5
Machinery and equipment	5-20
Infrastructure	25-50

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees can accumulate up to 320 hours of vacation leave for Regular employees and up to 480 hours of vacation leave for Fire District employees. The amount of sick leave that can be accumulated is unlimited. Upon separation, those employees who meet the County's retirement qualifications are entitled to receive 50% of their accumulated sick leave. Those employees who do not meet the retirement qualifications forfeit unused accumulated sick leave upon separation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

I. Compensated Absences (Continued)

Employees are entitled to all accrued vacation leave upon separation, regardless if retirement qualifications are met. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Sick leave, because employees are only due 50%, if they meet the retirement qualifications is therefore only recorded at the fund level, as the liability is matured.

J. Fund Equity

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

K. Interfund Transfers

Interfund reimbursement transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund reimbursement transactions are reported as transfers.

L. Management Estimates

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

NOTE 2. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to December 1, the County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commending the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. At a date no later than the first Board meeting of January, the budget is formally approved.

4. The County Manager is authorized to transfer amounts between accounts within any department. All supplemental appropriations must be enacted by the County Commission.

   The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

   Annual appropriated budgets are adopted for the General Fund, each Special Revenue Fund, and the Debt Service Fund for the year ended December 31, 2006. Project length budgets are adopted for all Capital Projects Funds for the year ended December 31, 2006. Budget amounts are as originally adopted, or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations. Unencumbered appropriations lapse at year-end. There were no material supplementary appropriations made during the year. The budgets were adopted on the GAAP basis of accounting.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2006, material excesses (greater than $5,000) of expenditures over appropriations at the department level (the legal level of control), are as follows:

Fund / Department	Excess
General Fund:	
County attorney	$ 46,346
General administration	30,565
Indegent defense	100,678
State Court	12,223
Confiscated Assets	206,594
DUI Court	27,835

These over expenditures resulted from unanticipated costs, and were funded by greater than anticipated revenues or available fund balance.

C. Deficit Fund Equity

The Hotel / Motel Tax Fund had a deficit fund balance of $2,012 as of December 31, 2006. This deficit will be eliminated through future collection of hotel/motel taxes. The Animal Services Fund had a deficit fund balance of $40,783 at December 31, 2006. This deficit will be eliminated through future collection of animal service charges. The DUI Court Fund had a deficit fund balance of $54,658 at December 31, 2006. This deficit will be eliminated through future collection of DUI court charges. The Multiple Grant Fund had a deficit fund balance of $143 at December 31, 2006. This deficit will be eliminated through match funds transferred from the General fund. The SPLOST III Fund had a deficit fund balance of $725 at December 31, 2006. This deficit will be eliminated through future funds transferred over by the General Fund.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

C. Deficit Fund Equity (Continued)

The Fleet Services Fund had a deficit fund equity balance of $1,798 as of December 31, 2006. This deficit will be eliminated by future charges to other funds.

The Insurance and Benefits Fund had a deficit fund equity balance of $132,011 as of December 31, 2006. This deficit will be eliminated by future charges to other funds.

NOTE 3. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $39,618,902 difference are as follows:

Bonds payable	$	(29,400,000)
Less: Underwriters discount		183,204
Add: Original issue premium		(721,778)
Accrued interest payable		(215,871)
Capital leases payable		(2,610,501)
Claims payable		(327,691)
Landfill postclosure costs		(4,256,747)
Compensated absences		(2,269,518)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(39,618,902)

NOTE 3. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $241,476,076 difference are as follows:

Capital outlay	$	273,571,281
Depreciation expense		(32,095,205)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	241,476,076

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $8,439,460 difference are as follows:

Issuance of general obligation bonds	$	(9,400,000)
Capital lease financing		(798,169)
Deferred issuance costs		35,764
Decrease in claims payable		73,117
Decrease in landfill postclosure care costs		1,177,426
Principal retirement of long-term debt		472,402
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(8,439,460)

NOTE 3. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $201,997 difference are as follows:

Compensated absences	$	13,874
Accrued interest payable		(215,871)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(201,997)

NOTE 4. DEPOSITS AND INVESTMENTS

A. Credit risk

State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2006, the County's investment in Georgia Fund 1 was rated AAAm by Standard & Poor's, the investment in the Georgia Extended Asset Pool (GEAP) was rated AAAf by Standard & Poor's, and the mutual fund investments were rated AAA by Standard & Poor's.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

A. Credit Risk (Continued)

At December 31, 2006, the County had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	16 day weighted average	$ 17,180,939
Georgia Extended Asset Pool	12 months weighted average	1,041,644
Great Pacific Mutual funds	4-6 months	1,491,570
Coastal Securites Mutual funds	4-6 months	9,921,900
Gilford Securities Mutual funds	4-6 months	1,999,860
Certificate of deposit	0-3 months	15,000
Certificate of deposit	4-6 months	122,215
Certificate of deposit	7-9 months	88,789
Certificate of deposit	10-12 months	229,363
Total		$ 32,091,280

At December 31, 2006, the County had the following investments in the Pension Trust Fund:

Investment	Maturities	Credit Rating	Fair Value
Mutual Funds	6.41 years weighted average	AA	$ 786,802
Mutual Funds	N/A - Stock Funds	N/A	6,151,489
Total			$ 6,938,291

At December 31, 2006, the Component Units had the following investments:

Investment	Maturities	Fair Value
Library		
Stock	N/A	$ 49,051
Department of Public Health		
Certificate of Deposit	0 - 3 months	471,210
Total		$ 520,261

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than one year.

C. Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2006, the County's investments were properly collateralized as required by State statutes; however the total cash balance of $139,426,213 was exposed to custodial credit risk as uninsured and uncollateralized by $1,825,786. The Development Authority's bank balance of $2,128,118 was exposed to custodial credit risk as uninsured and uncollateralized.

NOTE 5. RECEIVABLES

Receivables at December 31, 2006, for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General	Fire District	SPLOST IV	SPLOST V
Receivables:				
Property taxes	$ 3,014,577	$ 1,488,378	$ -	$ -
Accounts	2,191,377	3,070	307,184	513,239
Gross receivables	5,205,954	1,491,448	307,184	513,239
Less allowance for uncollectibles	90,437	44,651	-	-
Net total receivables	$ 5,115,517	$ 1,446,797	$ 307,184	$ 513,239

	EMS	Nonmajor Funds	Agency Funds
Receivables:			
Property taxes	$ -	$ -	$ 12,672,269
Accounts	7,985,175	652,780	-
Gross receivables	7,985,175	652,780	12,672,269
Less allowance for uncollectibles	3,984,575	-	-
Net total receivables	$ 4,000,600	$ 652,780	$ 12,672,269

NOTE 5. RECEIVABLES (CONTINUED)

The County bills and collects its own property taxes as well as taxes for the Cherokee County School System and some municipalities within the County. Collections of the County taxes and remittance of them to the General Fund, Fire District Fund, the school system, and municipalities are accounted for in the Tax Commissioner Agency Fund. County property taxes are recognized when levied to the extent that they result in current receivables. Property taxes are levied in August based on assessed values on January 1st and are due on December 20th of each year. Collections of property taxes are made throughout the year. Liens may be attached to property for unpaid taxes at any time within three years after the due date.

NOTE 6. CAPITAL ASSETS

A. Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvement	$ 217,848,218	$ 9,673,495	$ -	$ 227,521,713
Construction in progress	21,604,541	27,165,468	(4,068,479)	44,701,530
Total	239,452,759	36,838,963	(4,068,479)	272,223,243
Capital assets, being depreciated:				
Buildings and improvements	74,818,578	971,337	-	75,789,915
Infrastructure	609,873,785	234,643,937	-	844,517,722
Vehicles	15,432,651	3,434,469	(1,436,712)	17,430,408
Machinery and equipment	10,494,349	844,416	(335,858)	11,002,907
Total	710,619,363	239,894,159	(1,772,570)	948,740,952
Less accumulated depreciation for:				
Buildings	10,426,862	1,527,858	-	11,954,720
Infrastructure	74,023,114	27,316,430	-	101,339,544
Vehicles	9,121,782	1,671,502	(1,304,763)	9,488,521
Machinery and equipment	6,231,862	1,579,415	(325,897)	7,485,380
Total	99,803,620	32,095,205	(1,630,660)	130,268,165
Total capital assets, being depreciated, net	610,815,743	207,798,954	(141,910)	818,472,787
Governmental activities capital assets, net	$ 850,268,502	$ 244,637,917	$ (4,210,389)	$ 1,090,696,030

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for the Fleet Services Internal Service Fund totaling $327,433 with accumulated depreciation of $173,403 are included as part of the above totals for governmental activities at year-end.

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

General government	$	424,372
Judiciary		618,391
Public safety		3,043,589
Public works		27,930,217
Health and welfare		30,189
Culture and recreation		7,166
Housing and development		41,281
Total depreciation expense - governmental activities	$	32,095,205

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	$ 1,757,822	$ 287,972	$ (208,000)	$ 1,837,794
Less accumulated depreciation for:				
Machinery and equipment	882,130	339,502	(87,905)	1,133,727
Total capital assets, net	$ 875,692	$ (51,530)	$ (295,905)	$ 704,067

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

Emergency medical services	$	339,502
Total depreciation expense - business-type activities	$	339,502

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Recreation and Parks Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 200,000	$ -	$ -	$ 200,000
Land improvements	249,824	-	-	249,824
Construction in progress	4,250,767	5,390,794	679,584	8,961,977
Total	4,700,591	5,390,794	-	9,411,801
Capital assets, being depreciated:				
Vehicles	575,698	-	-	575,698
Playground equipment	362,780	34,814	-	397,594
Buildings	2,198,182	-	-	2,198,182
Park improvements	1,532,912	679,584	-	2,212,496
Other equipment	265,440	36,421	-	301,861
Total	4,935,012	750,819	-	5,685,831
Less accumulated depreciation for:				
Vehicles	379,827	59,699	-	439,526
Playground equipment	176,740	32,760	-	209,500
Buildings	523,804	107,159	-	630,963
Park improvements	129,603	110,625	-	240,228
Other equipment	169,947	41,180	-	211,127
Total	1,379,921	351,423	-	1,731,344
Total capital assets, being depreciated, net	3,555,091	399,396	-	3,954,487
Total capital assets, net	$ 8,255,682	$ 5,790,190	$ -	$ 13,366,288

NOTE 6. CAPITAL ASSETS (Continued)

C. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 7,623,615	$ -	$ 6,958,179	$ 665,436
Construction in progress	1,851,367	19,028	1,870,395	-
Total	9,474,982	19,028	8,828,574	665,436
Capital assets, being depreciated:				
Machinery and equipment	-	1,870,395	-	1,870,395
Less accumulated depreciation for Machinery and equipment	-	93,520	-	93,520
Total capital assets, being depreciated, net	-	1,776,875	-	1,776,875
Total capital assets, net	$ 9,474,982	$ 1,795,903	$ 8,828,574	$ 2,442,311

D. Discretely Presented Component Unit – Library

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,137,648	$ -	$ -	$ 1,137,648
Construction in progress	12,000	128,120	-	140,120
Total	1,149,648	128,120	-	1,277,768
Capital assets, being depreciated:				
Buildings	8,561,394	-	-	8,561,394
Improvements	730,612	-	-	730,612
Vehicles	89,400	-	-	89,400
Furniture and equipment	672,654	18,758	(4,500)	686,912
Books and collections	4,097,171	328,335	(267,546)	4,157,960
Total	14,151,231	347,093	(272,046)	14,226,278
Less accumulated depreciation for:				
Buildings	1,985,773	214,036	-	2,199,809
Improvements	425,920	15,626	-	441,546
Vehicles	49,245	7,462	-	56,707
Furniture and equipment	336,176	52,614	(4,500)	384,290
Furniture and equipment	2,379,113	412,772	(267,546)	2,524,339
Total	5,176,227	702,510	(272,046)	5,606,691
Total capital assets, being depreciated, net	8,975,004	(355,417)	-	8,619,587
Total capital assets, net	$ 10,124,652	$ (227,297)	$ -	$ 9,897,355

NOTE 6. CAPITAL ASSETS (Continued)

E. Discretely Presented Component Unit – Department of Public Health

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Furniture and equipment	$ 140,515	$ 458,853	$ -	$ 599,368
Improvements	40,882	-	-	40,882
Total	181,397	458,853	-	640,250
Less accumulated depreciation for:				
Furniture and equipment	(64,022)	(282,026)	-	(346,048)
Improvements	(1,486)	(4,088)	-	(5,574)
Total	(65,508)	(286,114)	-	(351,622)
Total capital assets, being depreciated, net	115,889	172,739	-	288,628
Total capital assets, net	$ 115,889	$ 172,739	$ -	$ 288,628

NOTE 7. LONG-TERM DEBT

Primary Government

The following is a summary of long-term debt activity for the year ended December 31, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 20,000,000	$ 9,400,000	$ -	$ 29,400,000	$ 4,792,000
Less: Discounts	(211,670)	28,466	-	(183,204)	-
Add: Premium	829,059	(107,281)	-	721,778	-
Bonds payable, net	20,617,389	9,321,185	-	29,938,574	4,792,000
Capital leases	2,205,919	798,169	393,587	2,610,501	598,197
Claims payable	400,808	319,669	392,786	327,691	327,691
Compensated absences	2,283,392	1,827,475	1,841,349	2,269,518	1,569,000
Landfill closure/postclosure	5,434,173	-	1,177,426	4,256,747	143,756
Governmental activities Long-term liabilities	$ 30,941,681	$ 12,266,498	$ 3,805,148	$ 39,403,031	$ 7,430,644

For governmental activities, claims payable, compensated absences and landfill postclosure costs are generally liquidated by the General Fund.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Capital leases	$ 1,032,111	$ -	$ 331,360	$ 700,751	$ 343,880
Compensated absences	93,386	54,540	75,082	72,844	52,000
Business-type activities Long-term liabilities	$ 1,125,497	$ 54,540	$ 406,442	$ 773,595	$ 395,880

Bonds Payable - General obligation bonds payable at December 31, 2006, includes the following individual issue:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
County administration and conference center	3.625 - 5.00%	7 years	2012	$ 20,000,000	$ 20,000,000
Transportation and parks & recreation - 2006A	4.16%	5 years	2011	6,200,000	6,200,000
Various construction projects - 2006B	4.59%	5 years	2011	3,200,000	3,200,000
	Plus unamortized premium				(183,204)
	Less unamortized deferred refunding loss				721,778
					$ 29,938,574

Annual debt service requirements on the general obligation bonds are as follows:

Fiscal year ending December 31,	Principal	Interest
2007	$ 4,792,000	$ 1,295,228
2008	4,966,000	1,065,256
2009	5,139,000	829,576
2010	5,334,000	618,386
2011	5,529,000	394,144
2012	3,640,000	131,950
Total	$ 29,400,000	$ 4,334,540

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various emergency vehicles and land. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions.

The cost of assets under capital leases as of December 31, 2006, is as follows:

	Governmental Activities	Business-type Activities
Vehicles	$ 2,848,165	$ 1,635,532
Land	1,173,134	-
	$ 4,021,299	$ 1,635,532

The County's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities	Business-type Activities
Fiscal year ending December 31,		
2007	$ 716,545	$ 366,920
2008	716,545	366,921
2009	580,923	-
2010	374,119	-
2011	151,374	-
2012 - 2016	441,507	-
Total minimum lease payments	2,981,013	733,841
Less amount representing interest	370,512	33,090
Present value of minimum lease payments	$ 2,610,501	$ 700,751

Landfill Postclosure Costs. The County owns and operated a landfill site which began operating in November 1976. State and Federal regulations required the County to close its landfill once its capacity was reached on July 1, 1994, and to monitor and maintain the site for 30 years after closure.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Landfill Postclosure Costs (Continued)

The County elected an early closure date of October 3, 1993, and for that reason was exempt from the 30-year rule, and was required to monitor the landfill for only five years. However, recent monitoring has detected levels of contamination higher than permissible, and engineers are in the process of assessing the corrective measures to be taken. At this time, engineering studies estimate postclosure costs of approximately $4,256,747 over the next 18 years. These costs are based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2006. However, actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Discretely Presented Component Unit – Development Authority

Bonds payable of the Development Authority are comprised of the following individual issues at December 31, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 8,155,000	$ -	$ (5,515,000)	$ 2,640,000	$ 600,000
Less:					
Original Issue Discount	(82,273)	-	13,590	(68,683)	-
Underwriters Discount	(40,965)	-	26,705	(14,260)	-
Plus:					
Original Issue Premium	19,866	-	(15,918)	3,948	-
Total bonds payable	8,051,628	-	(5,490,623)	2,561,005	600,000
Development Authority Long-term liabilities	$ 8,051,628	$ -	$ (5,490,623)	$ 2,561,005	$ 600,000

1997 Industrial Development Serial Bonds, issued in the amount of $6,740,000 to acquire, construct and improve a new industrial park in Cherokee County, Georgia. The bonds are due in annual installments of $530,000 to $725,000 through August 1, 2010, with interest at 5.8% to 6.65%. The outstanding balance on the 1997 Bonds was $2,640,000 at December 31, 2006.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Unit – Development Authority (Continued)

2000A Industrial Development Serial Bonds, issued in the amount of $5,780,000 for the purpose of refunding the Series 2000 Bonds and to acquire, construct and improve a new business park in Cherokee County, Georgia. The bonds are due in annual installments of $140,000 to $540,000 through February 1, 2020, with interest at 6.75 to 7.95%. This issue was paid in full as of December 31, 2006.

Annual debt service requirements on the industrial development serial bonds are as follows:

Fiscal year ending December 31,	Principal	Interest	Total
2007	$ 600,000	$ 175,560	$ 775,560
2008	635,000	135,660	770,660
2009	680,000	93,433	773,433
2010	725,000	48,213	773,213
Total	$ 2,640,000	$ 452,866	$ 3,092,866

The 1997 Industrial Development Serial Bonds is payable from and secured by a pledge of the revenues derived by the Development Authority. The County has entered into a contract with the Development Authority whereby the County will pay to the bond trustee amounts sufficient to pay the debt service on the bonds where the Development Authority's revenues are not sufficient to pay the debt service.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2006, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 232,763
General Fund	SPLOST V	2,720,666
General Fund	Internal service funds	192,734
	Total	$ 3,146,163

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers In	Transfers Out	Amount
Governmental Funds:		
General fund	Nonmajor governmental funds	$ 456,421
Fire district fund	EMS fund	611,935
Nonmajor governmental funds	General Fund	1,310,357
Nonmajor governmental funds	EMS fund	50,000
Nonmajor governmental funds	Fire fund	50,000
Nonmajor governmental funds	SPLOST IV fund	1,988,384
Nonmajor governmental funds	Nonmajor governmental funds	119,068
	Subtotal	3,517,809
	Total Governmental Funds	4,586,165
Enterprise Funds:		
EMS Fund	General Fund	4,457,669
	Total Transfers	$ 9,043,834

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description – Primary Government

The County contributes to the Association of County Commissioners of Georgia (ACCG) Restated Pension Plan for Cherokee County employees (the Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as Plan sponsor, has the sole authority to amend the provision of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. ACCG issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from GEBCorp, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

The Plan, which is administered by GEBCorp, covers all full-time employees of the County as of January 1, 2006. Participant counts as of January 1, 2006, (the most recent valuation date) are shown below:

Retirees and beneficiaries receiving benefits	94
Terminated plan participants entitled to future benefits	287
Active employees participating in the Plan	883
Total number of Plan participants	1,264

The County's payroll for employees covered by the Plan as of January 1, 2006 (the most recent actuarial valuation date) was $35,569,824 (based on covered earnings of the preceding year).

Funding Policy

The County is required to contribute an actuarially determined amount annually to the Plan's trust; the current rate is 6.0% of covered payroll. The contribution amount is determined using actuarial methods and assumptions approved by The ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. Plan participants are not required to contribute to the plan.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2006, (the most recent actuarial valuation date) are as follows:

Derivation of Annual Pension Cost		
Annual Required Contribution	$	2,117,248
Interest on Net Pension Obligation		(145,823)
Amortization of Net Pension Obligation		153,839
Annual Pension Cost	$	2,125,264

Derivation of Net Pension Obligation		
Net Pension (Asset) Obligation as of Beginning of Prior Year	$	(1,276,611)
Annual Pension Cost for Prior Year		2,062,803
Actual Contributions to Plan for Prior Year		(2,608,983)
Increase in Net Pension Obligation		(546,180)
Net Pension (Asset) Obligation as of Beginning of Year	$	(1,822,791)

Basis of Valuation	
Current Valuation Date	January 1, 2006
Annual Return on Invested Plan Assets	8.0%
Projected Annual Salary Increases	6.0%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)
Amortization Period	27 Years

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Trend Information for The Plan (Unaudited)

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/06	$ 2,125,264	N/A	N/A	$ (1,822,791)
1/1/05	2,062,803	2,608,983	126 %	(1,276,611)
1/1/04	1,885,331	2,584,176	137	(577,766)
1/1/03	1,747,381	2,313,250	132	(11,897)
1/1/02	136,705	136,250	100	(12,352)
1/1/01	53,625	53,153	99	(12,824)
1/1/00	51,983	51,500	99	(13,307)

GASB 27 Required Supplementary Information
Schedule of Funding Progress (Unaudited)

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2005	$ 17,905,484	$ 34,953,124	$ 17,047,640	51.2 %	$ 35,851,014	47.6 %
12/31/2004	13,838,711	29,948,303	16,109,592	46.2	33,443,204	48.2
12/31/2003	9,226,237	25,180,163	15,953;926	36.6	27,174,986	58.7
12/31/2002	4,621,515	5,584,672	963,157	82.8	6,159,643	15.6
12/31/2001	4,994,735	5,105,205	110,470	97.8	6,377,915	1.7
12/31/2000	5,342,294	5,078,927	(263,367)	105.2	6,918,370	(3.8)
12/31/1999	5,351,976	4,746,949	(605,027)	112.7	6,063,819	(10.0)

The assets and liabilities shown above reflect expected amounts as of the last day of the plan year. These amounts may vary from those used in determining the required contribution, since those calculations use actual amounts as of the first day of the next plan year.

NOTE 10. DEFINED CONTRIBUTION PENSION PLAN

Prior to January 1, 2003, the County offered its employees a defined contribution money purchase pension plan, a single employer plan, in accordance with Internal Revenue Code Section 401 (a). Effective January 1, 2003 this Plan was closed to new enrollees. The Plan was established by the Cherokee County Board of Commissioners and is administered by Nationwide Life Insurance Company. It is available to all full-time employees who work more than 1,716 hours per year. Employees are 100% vested in the County's contributions after five years of service. The County has the authority to amend the Plan provisions. At December 31, 2006, there were 17 participants in the Plan. The contributions are not available to Plan participants until termination, retirement, death, disability, or unforeseeable emergency. Contribution requirements are established and may be amended by the Cherokee County Board of Commissioners. The County contributes 4% of eligible salary and a 50% matching contribution for every employee dollar contributed to the deferred compensation plan (Section 457 plan) up to 3% of pay. Employees are not required to contribute. For the year ending December 31, 2006, the County's contribution to the Plan was $57,707. There are no administrative fees charged directly to the Plan or participants. No publicly available financial report that includes financial statements and required supplementary information is issued.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the County offers retirees who are less than 65 years of the age the opportunity to continue their health care coverage through the County's healthcare plan. However, retirees are responsible for the full premium cost (similar to COBRA but without the 2% administration cost or 18-month limit. In 2003, the County offered to pay 50% of employee-only healthcare costs to employees who elected to retire during 2003. This was a one-time offering to employees. The provision of these benefits, along with the County's obligation to contribute, is established under the authority of the Board of Commissioners through passage of a local ordinance. At December 31, 2006 there were eleven retirees eligible for the benefits. The County recognizes the cost of retiree health care benefits as an expense as premiums are paid. For 2006 those total approximately $20,200.

NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County is partially self-insured for workers' compensation claims. This self-insurance plan is described below. The City has purchased insurance for all other risks of loss. Losses have not exceeded insurance coverage in the past three years.

NOTE 12. RISK MANAGEMENT (Continued)

The County is partially self-insured for workers' compensation claims. Individual limits for County payments are $300,000 per claim, except for claims related to public safety, for which the County pays up to $350,000 per claim. After these limits are met, private insurance covers the claims. The County has entered into a contract with a third part to administer the claims. This activity is recorded in the General Fund. The following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2006	$ 400,808	319,669	392,786	$ 327,691
2005	$ 428,583	347,382	375,157	$ 400,808
2004	$ 250,000	460,046	281,463	$ 428,583

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet, at December 31, 2006, the County has contractual commitments on uncompleted contracts of approximately $6,404,609.

Litigation:

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies:

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

NOTE 14. HOTEL/MOTEL LODGING TAX

During the year ended December 31, 2006, the County spent $73,260 to promote tourism, conventions and trade shows. This is 100% of the tax receipts to be expended for these purposes under the Official Code of Georgia Annotated 48-13-51. The County complies with the requirement under this law.

NOTE 15. PRIOR PERIOD ADJUSTMENTS

The Cherokee County Department of Public Health has determined that a restatement of net assets is required to reflect a change in the reporting entity. Prior to July 1, 2005, the Whitfield County Department of Public Health was the lead county for the North Georgia Health District 1-2. As the lead county, the Whitfield County Department of Public Health operated and reported the activities of the main public health program administered in Whitfield County as well as numerous other programs which were administered in Whitfield County, but provided services for the six county district. As of July 1, 2005, the lead county was changed from the Whitfield County Department of Public Health to the Cherokee County Department of Public Health for reporting purposes. Therefore, the related assets, liabilities, and equity of those various programs, along with the results of their operations, are now reported in the Cherokee County Department of Public Health's financial statements.

The effect of this restatement is as follows:

Net assets June 30, 2005, as previously reported	$	1,952,791
Adjustment for addition of fund balance		635,397
Adjustment for addition of capital assets		79,864
Adjustment for addition of compensated absences		(168,440)
Net assets June 30, 2005, as restated	$	2,499,612

The Sequoyah Regional Library has determined that a restatement of capital assets is required to reflect books and collections as capital assets as of June 30, 2005. The restatement increases the capital assets and increases fund balance by $1,718,058.

The Library has also determined that a restatement of the fines receivables is required to reflect the delinquent book fines as of June 30, 2005. The restatement increases receivables and increases fund balance by $12,793.

The effect of these restatements is as follows:

Net assets June 30, 2005, as previously reported	$	9,073,584
Adjustment for correction of fines receivable		12,793
Adjustment for correction of capital assets - books and collections		1,718,058
Net assets June 30, 2005, as restated	$	10,804,435

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APPENDIX B

DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS

This Appendix B has been prepared by Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel.

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APPENDIX B

DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS

DEFINITIONS

Certain words and terms used in this Official Statement are defined herein. In addition to the words and terms defined elsewhere herein, the following words and terms are defined terms in this Official Statement.

"Additional Bonds" means the additional parity bonds authorized to be issued by the Issuer pursuant to the terms and conditions of the Indenture.

"Additional Contract" means a contract or supplemental agreement between the County and the Issuer or any other development authority that is now existing or that may hereafter be created or activated, pursuant to the terms of which a payment obligation is created or expanded from the County to any such authority.

"Additions or Alterations" means modifications, repairs, renewals, improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to the Project, including any and all machinery, furnishings, and equipment therefor.

"Affiliate" means any Person directly or indirectly controlling, controlled by, or under common control with another Person or any Person controlling ten percent (10%) or more of the voting securities or equity or membership interest of such Person or any officer, director, or partner of such Person and if such Person is an officer, director, or partner, any entity for which such Person acts in any such capacity. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or an equity interest, by contract, or otherwise.

"Basic Rent" means the monthly rent the Lessee is obligated to pay the Issuer pursuant to the Lease, which must be sufficient in time and amount to pay the principal of, premium, if any, and interest on the Bonds.

"Bond Documents" means, collectively, the Lease, the Indenture, and the Contract.

"Bond Fund" means the Bond Fund created in the Indenture.

"Bondholders" means the Persons in whose names any of the Bonds are registered on the books kept and maintained by the Trustee as bond registrar.

"Bonds" means the Series 2007 Bonds and all series of Additional Bonds from time to time authenticated and delivered under the Indenture.

"Bond Year" means the twelve-month period beginning on July 2 of each calendar year and ending on July 1 of the next succeeding calendar year.

"Building" means those certain buildings and all other facilities and improvements constituting part of the Project, which are or will be located on the Premises.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consulting Architect" means the architect or architectural firm or construction management firm at the time employed by the Lessee on behalf of the Issuer and designated to act on behalf of the Issuer by written certificate furnished to the Trustee, containing the signature of such person or the signature of a partner or officer of such firm, and signed on behalf of the Issuer by the Chairman or Vice Chairman of its governing body. The Consulting Architect must be registered and qualified to practice under the laws of the State and must not be a full-time employee of the Issuer or the Lessee.

"Contract" means the Intergovernmental Solid Waste Contract, dated as of September 1, 2007, between the Issuer and the County, under the terms of which the County agreed (1) to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent rental payments derived from the Project are insufficient for such purposes, and (2) to

levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract. The term Contract includes any amendments or supplements thereto.

"Contracts" means the Contract, the Prior Contract, and all Additional Contracts.

"Costs of the Project" means those costs and expenses in connection with the acquisition, construction, and installation of the Project permitted by the Lease to be paid or reimbursed from Series 2007 Bond proceeds.

"County" means Cherokee County, Georgia, a political subdivision of the State of Georgia.

"Date of Taxability" means the earliest effective date as of which the interest payable on Tax-Exempt Bonds becomes includable in the gross income for federal income tax purposes of any Bondholder or former Bondholder as a result of the occurrence of a Determination of Taxability.

"Debt Service Reserve Credit Facility" means the letter of credit, insurance policy, or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of the Lease, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

"Debt Service Reserve Credit Facility Provider" means any provider of a Debt Service Reserve Credit Facility.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund created in the Indenture.

"Debt Service Reserve Requirement" means, at any given time of determination, the sum of the following:

(a) with respect to the Series 2007 Bonds and the liability of the Lessee under the Lease, 50% of the maximum amount of principal and interest coming due thereon in the then current or any succeeding Bond Year; provided, however, that with respect to the Series 2007 Bonds, the amount of principal due in any Bond Year will be determined by reference to the principal amount of such Series 2007 Bonds to be retired by mandatory redemption in such year; and

(b) with respect to any Additional Bonds and the liability of the Lessee under the supplemental lease agreement relating to such Additional Bonds, 50% of the maximum amount of principal and interest coming due thereon in the then current or any succeeding Bond Year; provided, however, that with respect to any Additional Bonds for which a sinking fund is subsequently established or for which mandatory redemption is required, the amount of principal coming due in any Bond Year will be determined by reference to the amounts required to be deposited in such year in the sinking fund established therefor or the principal amount of such Additional Bonds to be retired by mandatory redemption in such year and not by reference to the aggregate principal amount of such Bonds due on such dates.

"Determination of Taxability" means

(a) the issuance of a statutory notice of deficiency by the Internal Revenue Service that holds in effect that an Event of Taxability has occurred,

(b) the delivery by the Lessee to the Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the Date of Taxability,

(c) the rendering of a final and unappealable decision, judgment, decree, or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or

(d) the delivery to the Trustee and the Lessee by Independent Counsel retained by the Trustee that is nationally recognized bond counsel of an unqualified opinion to the effect that an Event of Taxability has occurred.

Such a Determination of Taxability will be deemed for all purposes of the Lease to have occurred on the date borne by such statutory notice of deficiency, such certificate, such judicial pronouncement, or such opinion. If

the Lessee provides the Issuer with assurances reasonably satisfactory to the Issuer that the additional rental payments that the Lessee is obligated under the Lease to pay will be paid if the pursuit of the hereinafter described remedies is unsuccessful, the issuance of a statutory notice of deficiency by the Internal Revenue Service or the deposit with the Lessee of the legal opinion described in clause (d) above will not constitute a Determination of Taxability if the Lessee, within thirty (30) days after it receives a copy of such statutory notice of deficiency, makes written application for a private letter ruling or technical advice from the Internal Revenue Service, or, within thirty (30) days after it receives a copy of such statutory notice of deficiency or such legal opinion described in clause (d) above, obtains an unqualified opinion of Independent Counsel that is nationally recognized bond counsel reasonably acceptable to the Trustee, which ruling or advice is sought on the grounds that, or which opinion states that, an Event of Taxability has not occurred as a result of the facts and circumstances recited in such statutory notice of deficiency or such legal opinion described in clause (d) above. The Lessee must furnish the Trustee with a copy of such written application or opinion, and, if an application, the Lessee must deliver to the Trustee a copy of such private letter ruling or technical advice from the Internal Revenue Service within one hundred thirty-five (135) days after the date borne by such statutory notice of deficiency, the failure of which will constitute the occurrence of a Determination of Taxability on the date that is one hundred thirty five (135) days after the date borne by such statutory notice of deficiency.

The Issuer must cooperate with the Lessee in such pursuit of its administrative or judicial remedies, and the Lessee may pursue in the name of the Issuer such administrative or judicial remedies as may then be available to the Issuer; provided, however, that in no event will any Bondholder or any former Bondholder be obligated under the Lease or the Indenture to extend or waive, directly or by operation of law, the statute of limitations on assessment of federal income tax concerning any issue other than the excludability from gross income of the interest on the Tax-Exempt Bonds with respect to which a Determination of Taxability has occurred.

"Event of Taxability" means any event that has the effect of causing the interest payable on any Tax-Exempt Bonds to become includable in the gross income for federal income tax purposes of any Bondholders or former Bondholders (other than a Bondholder who is a "substantial user" of the Project or a "related person," as such terms are used or defined in Section 147(a) of the Code). Notwithstanding the foregoing, Event of Taxability does not include any adverse amendment or modification to the provisions of the Code that has the effect of causing the interest payable on any Tax-Exempt Bonds to become includable in the gross income of any Bondholders or former Bondholders.

"Extraordinary Services of the Trustee" and **"Extraordinary Expenses of the Trustee"** mean all services rendered and all expenses incurred by the Trustee under the Indenture, including reasonable counsel fees, other than Ordinary Services of the Trustee and Ordinary Expenses of the Trustee.

"Governmental Issuer" means the State, any other state of the United States, any agency or instrumentality of the State, and any county, municipal corporation, or political subdivision of the State.

"Government Obligations" means:

(a) direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) or obligations the payment of the principal of and interest on which when due are fully and unconditionally guaranteed by the United States of America;

(b) bonds, debentures, notes, participation certificates, or other obligations issued or guaranteed by any of the following agencies of the United States government: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Federal Farm Credit Banks, Government National Mortgage Association, Farmer's Home Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration, and the Student Loan Marketing Corporation;

(c) receipts or certificates that evidence an undivided ownership interest in the right to the payment of the principal of or interest on obligations described in clauses (a) or (b) above, provided that such obligations are held in the custody of a bank or trust company acceptable to the Trustee, in a special account separate from the general assets of such custodian; and

(d) bonds, notes, or other obligations of any Governmental Issuer the timely payment of the principal of and interest on which is fully provided for (without reinvestment) by the deposit in trust or escrow of cash or non-callable obligations described in clauses (a), (b), or (c) above.

"Inclusion Period" means the period that commences on the Date of Taxability and ends on the date of the Determination of Taxability.

"Indenture" means the Trust Indenture and Security Agreement, dated as of September 1, 2007, between the Issuer and the Trustee, providing the terms and provisions under which the Bonds will be issued and pursuant to which the Issuer's right, title, and interest in the Lease (except Unassigned Rights), the Contract, the revenues and receipts received by the Issuer from the Project, and certain funds established and held under the Indenture are assigned and pledged, and are the subject of a grant of a first priority security interest, to the Trustee, as security for the payment of principal of, premium, if any, and interest on the Bonds. The term Indenture includes any indenture supplemental thereto.

"Independent Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state of the United States and not in the full-time employment of the Issuer or the Lessee.

"Interest Payment Date" means January 1 and July 1 of each year, commencing January 1, 2008, in the case of Series 2007 Bonds, and the dates on which interest is scheduled to be paid, in the case of Additional Bonds.

"Issuance Cost Fund" means the Issuance Cost Fund created in the Indenture.

"Issuance Costs" means:

(a) The initial or acceptance fee of the Trustee, the fees and taxes for recording the Lease and the Indenture or a summary thereof, financing statements, and any title curative documents that either the Trustee or Independent Counsel may reasonably deem desirable to file for record in order to perfect or protect the title of the Issuer to the Project or the lien or security interest created or granted by the Indenture, and the reasonable fees and expenses in connection with any actions or proceedings that either the Trustee or Independent Counsel may reasonably deem desirable to bring in order to perfect or protect the lien or security interest created or granted by the Indenture.

(b) The costs of legal fees and expenses, underwriter's spread, underwriting fees, financing costs, financial advisor's fees, accounting fees and expenses, consulting fees, the Trustee's fees, paying agent and certifying and authenticating agent fees, publication costs, title insurance premiums, and printing and engraving costs incurred in connection with the authorization, sale, issuance, and carrying of the Bonds, and the preparation of the Bond Documents and all other documents in connection therewith.

(c) Other costs in connection with the issuance of the Bonds permitted by law to be paid or reimbursed from Bond proceeds.

"Issuer" means the Resource Recovery Development Authority of Cherokee County, a public corporation created and existing under the laws of the State, and its successors and assigns.

"Lease" means the Lease Agreement, dated as of September 1, 2007, between the Issuer and the Lessee, as it may be supplemented and amended from time to time in accordance with the provisions thereof.

"Lessee" means Ball Ground Recycling, LLC, a limited liability company duly formed and existing under the laws of the State of Georgia, and its successors and assigns.

"Optional Tender Date" means the date that is 60 days after the date on which the Trustee gives notice to the owners of the Series 2007A Bonds of the occurrence of a Determination of Taxability as required by the Indenture.

"Ordinary Services of the Trustee" and **"Ordinary Expenses of the Trustee"** mean those reasonable services rendered and those reasonable expenses incurred by the Trustee in the performance of its duties under the Indenture of the type ordinarily performed by corporate trustees under like indentures, including reasonable counsel fees.

"Outstanding Bonds" or **"Bonds Outstanding"** or **"Outstanding"** means all Bonds that have been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore cancelled or required to be cancelled by the Trustee,

(b) Bonds that are deemed to have been paid in accordance with the defeasance provisions of the Indenture, and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered under the Indenture.

If the Indenture is discharged pursuant to the defeasance provisions of the Indenture, no Bonds will be deemed to be Outstanding within the meaning of this definition.

"Permitted Investments" means obligations in which the Issuer is permitted to invest moneys of the Issuer pursuant to applicable law, which have (or are collateralized by obligations which have) a Rating by any Rating Agency that is equal to or greater than the third highest long-term Rating of such Rating Agency, or which bears (or are collateralized by obligations which bear) the second highest short-term Rating of such Rating Agency, or which consist of negotiable or non-negotiable certificates of deposit issued by or interest-bearing time or demand deposits in banks, provided that any such deposits are (a) fully insured by the Federal Deposit Insurance Corporation or (b) fully secured by Government Obligations. Obligations in which the Issuer is permitted to invest proceeds of Bonds are described, as of the date of execution of this Lease Agreement, in Section 36-82-7 and Section 50-17-2 of the Official Code of Georgia Annotated.

"Person" means natural persons, firms, joint ventures, associations, trusts, partnerships, corporations, and public bodies.

"Plans and Specifications" means the detailed plans and specifications for the construction of the Building prepared by the Consulting Architect or by architects and engineers acceptable to the Consulting Architect, as amended from time to time by the Lessee, a copy of which is or will be on file with the Issuer and the Trustee.

"Premises" means the real estate described in the Lease.

"Prior Contract" means the Intergovernmental Contract, dated as of September 1, 1997, as supplemented and amended by the First Amendment to Intergovernmental Contract, dated as of October 1, 2000, between the Development Authority of Cherokee County and the County, as the same may be supplemented and amended from time to time in accordance with the provisions thereof.

"Project" means the solid waste disposal and recycling facility to be acquired, constructed, and installed and to be located at _____ in Cherokee County, Georgia, and all related property, consisting of the Premises, the Building, and the Equipment.

"Project Fund" means the Project Fund created in the Indenture.

"Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

"Rating Agencies" or **"Rating Agency"** means Moody's Investors Services, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successors thereto and any other nationally recognized credit rating agency. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies will not include such Rating Agency.

"Series 2007 Bonds" means, collectively, the Series 2007A Bonds and the Series 2007B Bonds.

"Series 2007A Bonds" means the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A," to be dated the date of issuance and delivery thereof, in the aggregate principal amount of $_____, to be issued pursuant to the Indenture.

"Series 2007B Bonds" means the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B," to be dated the date of issuance and delivery thereof, in the aggregate principal amount of $_____, to be issued pursuant to the Indenture.

"State" means the State of Georgia.

"Tax-Exempt Bonds" means any Bonds the interest on which has been determined, in an unqualified opinion of Independent Counsel that is nationally recognized bond counsel, to be excludable from the gross income of the owners thereof for federal income tax purposes, unless a Determination of Taxability has occurred with respect to such Bonds.

"Tender Purchase Price" means 100% of the unpaid principal amount of Series 2007A Bonds tendered to the Lessee pursuant to the Lease upon the occurrence of a Determination of Taxability plus accrued interest to the Optional Tender Date.

"Trustee" means the trustee or the co-trustee at the time serving as such under the Indenture. The Bank of New York Trust Company, N.A., Atlanta, Georgia, is the initial Trustee.

"Trust Estate" means any and all property subject to the operation of the granting clauses of the Indenture.

"Unassigned Rights" means the rights of the Issuer under the Lease that were not assigned to the Trustee pursuant to the Indenture.

"Underwriter" means Citigroup Global Markets Inc., Atlanta, Georgia.

SUMMARIES OF PRINCIPAL DOCUMENTS

THE LEASE

Introduction

The Lease Agreement, dated as of September 1, 2007, between the Lessee and the Issuer, is a contract that provides for the use of the proceeds of the Series 2007 Bonds by the Issuer to finance the costs of acquiring, constructing, and installing the Project and for the lease of the Project by the Issuer to the Lessee. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Lease. Reference is made to the Lease in its entirety for a complete recital of the detailed provisions thereof.

Agreement to Issue Series 2007 Bonds and Acquire, Construct, and Install the Project

The Issuer has agreed to issue and sell the Series 2007 Bonds and to use the proceeds therefrom to pay the Costs of the Project and related costs. To the extent that the proceeds derived from the sale of the Series 2007 Bonds are not sufficient to pay in full the Costs of the Project, the Lessee is required to pay such monies as are necessary to provide for the payment in full of such costs.

In the Lease, the Lessee has agreed, as agent of the Issuer, to acquire, construct, and install the Project on behalf of the Issuer without material deviation from the Plans and Specifications and to lease the Project from the Issuer.

Term of the Lease

The Lease becomes effective upon its delivery and unless sooner terminated pursuant to its provisions, will expire at midnight, July 1, ____.

Basic Rent

The Lease requires the Lessee to pay rent for the Project in amounts sufficient to pay, when due, principal of (including mandatory redemption requirements), premium, if any, and interest on the Series 2007 Bonds.

Reserve Rent

Upon the issuance of the Series 2007 Bonds, an amount equal to the Debt Service Reserve Requirement must be deposited in the Debt Service Reserve Fund, for the purpose of paying principal of, premium, if any, and

interest on the Bonds as the same become due in the event there should be insufficient funds for such purpose in the Bond Fund, unless provision for their payment in full has been duly made, and for payment of fees, charges, and expenses of the Trustee upon the occurrence of an Event of Default under the Indenture. In the event any funds from the Debt Service Reserve Fund are withdrawn or if any losses result from the investment of amounts held in the Debt Service Reserve Fund or upon the failure of the Lessee to provide a substitute Debt Service Reserve Credit Facility as required by the Lease, the Lessee is required, beginning on the twentieth (20th) day of the month following notice of such withdrawal, diminution in value or losses, or failure to provide a substitute Debt Service Reserve Credit Facility, and on the twentieth (20th) day of each month thereafter, in addition to any other rental payments that may be due, to pay to the Trustee for deposit in the Debt Service Reserve Fund, three equal consecutive monthly rental payments as Reserve Rent, each equal to one-third of the amount of such withdrawals, diminution in value or losses, or replenishment requirement, subject to a credit for earnings retained in or other deposits made to the Debt Service Reserve Fund during such period, until the balance of the Debt Service Reserve Fund reaches the Debt Service Reserve Requirement, at which point the obligation to make Reserve Rent payments will be suspended.

The Lessee may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a Debt Service Reserve Credit Facility, subject to the following requirements: (A) the Debt Service Reserve Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the third highest long-term Rating of such Rating Agency; (B) the Lessee (and not the Issuer or the County) will be responsible for repaying the Debt Service Reserve Credit Facility Provider for any draw-down on the Debt Service Reserve Credit Facility and any interest or fees due the Debt Service Reserve Credit Facility Provider under such Debt Service Reserve Credit Facility, and no obligation to the Debt Service Reserve Credit Facility Provider may be secured by any lien on the Trust Estate; (C) each Debt Service Reserve Credit Facility must have a term of at least one (1) year (or, if less, the remaining term of the Bonds) and must entitle the Trustee to draw upon or demand payment and receive the amount so requested in immediately available funds on the date of such draw or demand; (D) the Debt Service Reserve Credit Facility must permit a drawing by the Trustee for the full stated amount in the event (i) the Debt Service Reserve Credit Facility expires or terminates for any reason prior to the final maturity of the Bonds, and (ii) the Lessee fails to satisfy the Debt Service Reserve Requirement by the deposit to the Debt Service Reserve Fund of cash, obligations, a substitute Debt Service Reserve Credit Facility, or any combination thereof, on or before the date of such expiration or termination; (E) if the Rating issued by the Rating Agency to the Debt Service Reserve Credit Facility Provider is withdrawn or reduced below the third highest long-term Rating of such Rating Agency, the Lessee must provide a substitute Debt Service Reserve Credit Facility within sixty (60) days after such rating change, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, must fund the Debt Service Reserve Requirement in not more than three (3) equal consecutive monthly rental payments as Reserve Rent, commencing not later than the twentieth (20th) day of the month immediately succeeding the date representing the end of such sixty (60) day period; and (F) if the Debt Service Reserve Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the Lessee must provide a substitute Debt Service Reserve Credit Facility within sixty (60) days thereafter, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, must fund the Debt Service Reserve Requirement in not more than three (3) equal consecutive monthly rental payments as Reserve Rent, commencing not later than the twentieth (20th) day of the month immediately succeeding the date representing the end of such sixty (60) day period. If the events described in either clauses (E) or (F) above occur, the Trustee may not relinquish the Debt Service Reserve Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, obligations, or a substitute Debt Service Reserve Credit Facility or any combination thereof. Any amount received from the Debt Service Reserve Credit Facility must be deposited directly into the Bond Fund, and such deposit will constitute the application of amounts in the Debt Service Reserve Fund.

Additional Rent

The Lease requires the Lessee to pay the following when the same become due:

(1) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered by it and the Ordinary Expenses of the Trustee incurred under the Indenture and all reasonable fees and charges of the Trustee for the necessary Extraordinary Services of the Trustee rendered by it and Extraordinary Expenses of the Trustee incurred under the Indenture,

(2) reasonable fees and charges of the Trustee, as bond registrar and paying agent, and of any other paying agents on the Series 2007 Bonds for acting as paying agents as provided in the Indenture, and

(3) all expenses reasonably incurred by the Issuer in connection with the Project.

Obligations of Lessee Unconditional

The obligations of the Lessee under the Lease are general obligations of the Lessee and are absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Issuer.

Limitations on Mergers, Consolidations, and Sales of Assets

The Lessee has agreed in the Lease that it will maintain its legal existence as a Georgia limited liability company, will not merge into another entity or permit one or more other entities to merge into it, and will not dissolve or otherwise dispose of all or substantially all of its assets. The Lessee may, without violating the agreement described in the preceding sentence, merge into another domestic entity (that is, an entity organized and existing under the laws of one or more states of the United States of America), or permit one or more such domestic entities to merge into it, or sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, if the surviving, resulting, or transferee Person:

(1) is authorized to do business in the State,

(2) is a domestic corporation, partnership, limited liability company, or other entity, or if a natural person, is a resident of the United States of America,

(3) assumes in writing all of the obligations of the Lessee under the Lease, and

(4) obtains the prior written consent of the Issuer to the merger, sale, or transfer.

Events of Default

The Lease provides that the occurrence of any one of the following will constitute an "Event of Default":

(a) The Lessee's failure to pay the rents required to be paid under the Lease at the times specified therein and continuing for a period of five (5) days after notice by telegram, or if telegraphic service is not available, then after notice by mail, in the manner provided in the Lease, given to the Lessee by either the Trustee or the Issuer, that the payment referred to in such notice has not been received, or, without regard to notice, the Lessee's failure to pay the rents required to be paid under the Lease at the times specified therein and continuing for a period of ten (10) days after any such amount becomes due under the Lease, whichever occurs first.

(b) The Lessee's breach in any material respect of any representation or warranty contained in the Lease or the Lessee's failure to observe, perform, or comply in any material respect with any covenant, condition, or agreement in the Lease on the part of the Lessee to be observed or performed, other than as described in paragraph (a) above, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Lessee by the Issuer or the Trustee, unless the Issuer and the Trustee agree in writing to an extension of such time prior to its expiration. In the case of any such breach or default that cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of time not materially detrimental to the rights of the Issuer, the Trustee, and the Bondholders, to be determined conclusively by the Trustee, it will not constitute an Event of Default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the breach or default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee.

(c) The Lessee (i) applies for or consents to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of it or of all or a substantial part of its property or of the Project, (ii) fails to promptly lift or bond (if legally permissible) any execution, garnishment, or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, (iii) enters into an agreement of composition with its creditors, (iv) admits in writing its inability to pay its debts generally as such debts become due, (v) makes a general assignment for the benefit of its creditors, (vi) commences a voluntary case under the federal bankruptcy law or any similar law in effect in a foreign jurisdiction (as now or hereafter in effect), (vii) files a petition or answer seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (viii) fails to controvert in a timely or appropriate manner or acquiesces in writing to any petition filed

against it in an involuntary case under such federal bankruptcy law or any similar law in effect in a foreign jurisdiction, or (ix) takes any action for the purpose of effecting any of the foregoing.

(d) A proceeding or case is commenced, without the application of the Lessee, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Lessee, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of the Lessee or of all or any substantial part of the assets of it or of the Project, or (iii) similar relief in respect of the Lessee under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition and adjustment of debts, and such proceeding or case is continued undismissed or an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unvacated and unstayed and in effect for a period of sixty (60) days, whether consecutive or not.

(e) The failure of the Lessee to pay the Tender Purchase Price of any Series 2007 Bond tendered for purchase in accordance with the requirements of the Lease within five (5) days after the same is due and payable.

Remedies

Whenever any Event of Default occurs, the Issuer, to the extent permitted by law, may take any one or more of the following remedial steps:

(1) The Issuer, upon ten (10) days' prior written notice to the Lessee, may terminate the Lease and exclude the Lessee from possession of the Project.

(2) The Issuer, upon ten (10) days' prior written notice to the Lessee, may, without terminating the Lease, exclude the Lessee from possession of the Project and use its best efforts to sublease the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of such sublease and for the excess, if any, of the rent and other amounts payable by the Lessee under the Lease over the rents and other amounts that are payable by such new sublessee under such new sublease.

(3) The Issuer may have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Lessee related to the Project.

(4) The Issuer may from time to time take whatever action at law or in equity or under the terms of the Bond Documents may appear necessary or desirable to collect the Basic Rent and other amounts payable by the Lessee under the Lease then due or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Lessee under the Lease.

The Issuer, upon ten (10) days' prior written notice to the Lessee, is required to terminate the Lease and exclude the Lessee from possession of the Project upon the payment by the County to the Trustee, for the account of the Issuer, of any amounts payable pursuant to the Contract.

Amendments

See the caption **"THE INDENTURE - Amendment of Other Bond Documents"** herein.

THE CONTRACT

Introduction

The Intergovernmental Solid Waste Contract, dated as of September 1, 2007, between the County and the Issuer, provides security for the Issuer's obligations under the Series 2007 Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Contract. Reference is made to the Contract in its entirety for a complete recital of the detailed provisions thereof.

Acquisition, Construction, and Installation of the Project

The Issuer agreed in the Contract to acquire title to the Premises, to construct the Building, and to install the Equipment substantially in the manner set forth in the Plans and Specifications. The Issuer agreed in the Contract to not permit the construction of the Building to be accomplished in any manner that is not in accordance with the Plans and Specifications.

County's Payment Obligations

In order to provide financial assistance to the Issuer for the purpose of developing trade, commerce, industry, and employment opportunities, the County agreed in the Contract that:

(a) It will pay to the Issuer, by making such payments directly to the Trustee for the account of the Issuer for deposit in the Debt Service Reserve Fund, within 90 days of the date on which the balance held in the Debt Service Reserve Fund is less than 50% of the Debt Service Reserve Requirement, if an Event of Default under the Lease has occurred and is continuing, an amount sufficient, when added to funds held at the time of such payment in the Debt Service Reserve Fund, to cause the balance held therein to equal the Debt Service Reserve Requirement.

(b) The provisions described in paragraph (a) above to the contrary notwithstanding, if, for any reason, on the third business day preceding any Interest Payment Date and any redemption date with respect to the Bonds, there is not on deposit in the Bond Fund monies sufficient to pay the total principal, interest, and premium coming due on the Bonds on such Interest Payment Date or redemption date (whether by mandatory redemption, maturity, or otherwise), the County will on such date pay to the Issuer, by making such payments directly to the Trustee for the account of the Issuer for deposit into the Bond Fund, an amount equal to the amount by which the total principal, interest, and premium coming due on the Bonds (whether by mandatory redemption, maturity, or otherwise) on the next Interest Payment Date or redemption date exceeds the amount in the Bond Fund (and not being held for the payment of Bonds not yet presented for payment or interest checks not cashed).

(c) In the event the Trustee has notice that any payment of principal of, premium, if any, or interest on a Bond that has been made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court of competent jurisdiction, the County will pay to the Issuer, by making payments directly to the Trustee for the account of the Issuer for deposit in the Bond Fund, an amount equal to such recovery if sufficient funds are not otherwise available to reimburse such Bondholder.

(d) It will also pay to the Issuer an amount equal to (i) any costs incurred by the Issuer in connection with the issuance of any series of Bonds to the extent such costs are not paid from proceeds of such Bonds, and (ii) the fees and expenses of the Trustee under the Indenture if the Issuer is unable to pay such fees and expenses from the rental payments derived from the Project.

Source of Funds for County's Payment Obligations

The Contract provides that the obligation of the County to make payments under the Contract will constitute a general obligation of the County, payable out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds). The County agreed that it will, to the extent necessary, levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, as now existent and as the same may hereafter be extended, at such rate or rates within the one (1) mill limit authorized pursuant to Section 48-5-220(20) of the Official Code of Georgia Annotated or within such greater millage as may hereafter be prescribed by applicable law, as may be necessary to produce in each year revenues that will be sufficient to fulfill the County's obligations under the Contract, from which revenues the County agreed to appropriate sums sufficient to pay in full when due all of the County's obligations under the Contract. The County created and granted a lien in favor of the Issuer on any and all revenues realized by the County from such tax, to make the payments that are required under the Contract, and agreed the lien will be superior to any that can hereafter be created, except that this lien may be on a parity basis with the lien created by the Prior Contract and this lien may be extended to cover any Additional Contracts. Nothing contained in the Contract, however, may be construed as limiting the right of the County to make the payments called for by the Contract out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds).

The County's obligation to levy an annual ad valorem tax within the one (1) mill limit authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, or such greater millage hereafter authorized by law, for the purpose of providing funds to meet the County's payment obligations under the Contract may not be junior and subordinate, but must be superior or equal to the County's obligation to levy an annual ad valorem tax at such rate or rates within such one (1) mill limit or such greater millage as hereinafter prescribed by law pursuant to the provisions of the Prior Contract and any Additional Contract. The Contract provides that the County will not be required to levy a tax in any year at a rate or rates exceeding in the aggregate the maximum one (1) mill now authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, or any greater millage hereafter prescribed by law, in order to meet its obligations under the Contracts.

Additional Contracts

The County agreed in the Contract that it would not:

(1) enter into an Additional Contract that creates a lien on the revenues to be derived from the tax to be levied under the Contract by the County to fulfill its obligations under the Contract, which is superior to the lien created under the Contract,

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

(3) enter into any Additional Contract that provides for payment to be made by the County from moneys derived from the levy of a tax within the maximum millage now or hereafter authorized by law if each annual payment of all amounts payable with respect to debt service or that are otherwise fixed in amount or currently budgeted in amount under all Contracts then in existence, together with each annual payment to be made under the proposed Additional Contract, in each future Bond Year, would exceed the amount then capable of being produced by a levy of a tax within the maximum millage now or hereafter authorized by law on the taxable value of property located within the territorial limits of the County subject to taxation for such purposes, as shown by the latest tax digest available immediately preceding the execution of any such Additional Contract.

The Contract also provides that the County may not hereafter enter into any Additional Contract for the purpose of debt service payments (including creation and maintenance of reserves therefor), unless the amount then capable of being produced by the levy of an ad valorem tax within the maximum millage then authorized under Section 48-5-220(20) of the Official Code of Georgia Annotated or any successor provision on all taxable property within the territorial limits of the County, as shown by the latest tax digest available immediately preceding the execution of such Additional Contract, is equal to at least one and twenty-five hundredths (1.25) times the maximum combined amount payable in any future Bond Year with respect to debt service under all existing Contracts and any such Additional Contract. Debt service for purposes of this provision means required payments of principal, including principal to be paid through mandatory redemption, interest, and amounts required to be paid for creation and maintenance of reasonable debt service reserves and to establish and maintain mandatory investment programs, less principal and interest received or to be received from investment of any of the foregoing amounts (except funds on hand or to be on hand in any debt service reserve) required to be applied to debt service in each Bond Year. The County agreed to furnish the Issuer, not less than five (5) nor more than sixty (60) days prior to the date of execution and delivery of any such Additional Contract, a report of an independent certified public accountant to the effect that, based upon an affidavit of the Tax Commissioner of Cherokee County as to the taxable value of property located within the territorial limits of the County, the requirements described in this paragraph have been met.

Term

The term of the Contract will commence with its execution and delivery and will extend until 91 days after the principal of, premium, if any, and interest on the Bonds have been paid in full or due provision is made therefor as provided in the Indenture, but in no event may the term of the Contract exceed fifty years from its date. The obligations of the County described in paragraph (c) under **"THE CONTRACT - County's Payment Obligations"** herein will survive the termination of the Contract, but in no event will extend beyond fifty years from the date of the Contract.

Obligations Absolute

The Contract provides that it will constitute security for the benefit of the owners of the Bonds and that the obligations of the County under the Contract will be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Issuer. The County agreed that it will not (i) withhold, suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in the Contract, (ii) fail to observe any of its other agreements contained in the Contract, or (iii) terminate its obligations under the Contract for any contingency, act of God, event, or cause whatsoever.

Amendments

See the caption **"THE INDENTURE - Amendment of Other Bond Documents"** herein.

THE INDENTURE

Introduction

The Trust Indenture and Security Agreement, dated as of September 1, 2007, between the Issuer and the Trustee, is a contract for the benefit of the Bondholders that specifies the terms and details of the Series 2007 Bonds and defines the security therefor. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Indenture. Reference is made to the Indenture in its entirety for a complete recital of the detailed provisions thereof.

Pledge and Assignment

Pursuant to the Indenture, the Issuer has pledged and assigned to the Trustee, and granted a security interest in, (i) its right, title, interest, and remedies in and to the Lease (except Unassigned Rights), the Contract, and certain funds established and held under the Indenture, and (ii) all revenues and receipts derived from the Issuer's ownership of the Project, as security for the obligations of the Issuer under the Indenture and the Bonds.

Establishment of Funds

The following trust funds are established with the Trustee under the Indenture:

Project Fund
Issuance Cost Fund
Bond Fund
Debt Service Reserve Fund
Purchase Fund

Initial Deposits to Funds

Upon the issuance and delivery of the Series 2007 Bonds, there will be deposited in the Debt Service Reserve Fund and the Issuance Cost Fund the amounts set forth in the Indenture, and in the Project Fund the balance of the proceeds received from the sale of the Series 2007 Bonds as set forth in the Indenture.

Project Fund

Moneys in the Project Fund will be applied to payment of the Costs of the Project. Any moneys remaining in the Project Fund after the Project is completed will be transferred to the Redemption Account of the Bond Fund and will be used to redeem Series 2007 Bonds or to pay principal of Series 2007 Bonds.

Moneys in the Project Fund can be disbursed by the Trustee only upon receipt of a requisition in which the Lessee has certified that the expenditures are proper charges against the Project Fund and have not been previously paid, accompanied by a cost breakdown showing the cost of labor and materials furnished and the percentage of completion certified by the appropriate contractor. For all "construction costs and fees," as defined in the Lease,

there must also be provided the certificate of a Consulting Architect certifying, among other things, that the work was performed in a satisfactory and workmanlike manner in accordance with the Plans and Specifications.

Issuance Cost Fund

The Issuance Cost Fund is a trust fund used to pay Issuance Costs. The amounts held in the Issuance Cost Fund will be disbursed by the Trustee to pay Issuance Costs upon receipt of a requisition of the Lessee and the Issuer setting forth the nature of the Issuance Costs to be paid and the name of the payee and certifying that the amounts being paid are properly includable within the definition of Issuance Costs. Upon the date that is ninety (90) days after the date of issuance of the Series 2007 Bonds, all moneys remaining in the Issuance Cost Fund, if any, will be deposited in the related series account of the Project Fund.

Bond Fund

The Bond Fund is a trust fund used as a sinking fund to pay the principal of, premium, if any, and interest on the Bonds. There are two accounts within the Bond Fund designated the "General Account" and the "Redemption Account." The General Account of the Bond Fund will be used to pay principal of (including the mandatory redemption requirements) and interest on the Bonds as they become due and payable in accordance with their terms. The Redemption Account of the Bond Fund will be used to pay principal of, premium, if any, and interest on the Bonds in the event of redemption of the Bonds other than mandatory redemption.

There will be deposited into the Bond Fund, as and when received, (i) all Basic Rent, to the General Account, (ii) all payments made by the County pursuant to the Contract for deposit to the Bond Fund, to the General Account, and (iii) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease or the Contract, when accompanied by written directions from the Lessee or the County that such moneys are to be paid into the Bond Fund. All moneys received by the Trustee for redemption of Bonds, other than mandatory redemption, will be deposited into the Redemption Account. All other moneys received by the Trustee for deposit in the Bond Fund, unless otherwise specified, will be deposited into the General Account of the Bond Fund.

Moneys in the General Account of the Bond Fund will be used solely for the payment of principal of (including mandatory redemption requirements) and interest on the Bonds. Moneys in the Redemption Account of the Bond Fund will be used solely for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of the Bonds at or prior to maturity, and to purchase Bonds in the open market. Any moneys in the Bond Fund, other than Basic Rent held in the General Account of the Bond Fund, may be used at the written request of the Issuer if so directed by the Lessee pursuant to the Lease to redeem a part of the Bonds Outstanding on the next succeeding redemption date for which the required notice of redemption may be given or to purchase Bonds pursuant to the Indenture, so long as the Lessee is not in default with respect to any payments required to be made under the Lease and to the extent such moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds have not been presented for payment.

Debt Service Reserve Fund

The Debt Service Reserve Fund is a special trust fund into which will be deposited from the sale of the Series 2007 Bonds the amounts specified in the Indenture. The Trustee will withdraw funds from the Debt Service Reserve Fund and will draw upon any Debt Service Reserve Credit Facility to pay, first, all installments of interest then due on the Bonds, and then all principal of and premium, if any, then due on the Bonds in the event there should be insufficient funds for such purposes in the Bond Fund on the date such interest, principal, and premium is due. Any withdrawals for this purpose from the Debt Service Reserve Fund must be replaced by payments of Reserve Rent by the Lessee. See **"THE LEASE - Reserve Rent"** herein. If Additional Bonds are issued, the Debt Service Reserve Fund must be increased by an amount equal to the Debt Service Reserve Requirement with respect to such Additional Bonds.

Purchase Fund

The Purchase Fund is a special trust fund that will be maintained with the Trustee and into which the Lessee is required under the Lease to deposit, on or before the date that is ten (10) days before the Optional Tender Date, an amount of money sufficient to pay the Tender Purchase Price of Series 2007A Bonds tendered for purchase on the Optional Tender Date. Moneys on deposit in the Purchase Fund, together with the income earned thereon, will be held by the Trustee for the sole benefit and security of the owners of the Series 2007A Bonds who tender their Series 2007A Bonds for purchase on the Optional Tender Date and will be applied by the Trustee to purchase

Series 2007A Bonds on the Optional Tender Date that have been tendered for purchase on such date in accordance with the provisions of the Indenture at the Tender Purchase Price.

Investments

Any moneys held as part of the Bond Fund, Project Fund, Issuance Cost Fund, Debt Service Reserve Fund, Purchase Fund, reserves in connection with contested liens, or other special trust funds created under the Indenture, or other accounts or funds held by the Trustee under the Indenture, to the extent permitted by law, will be invested and reinvested by the Trustee in such Permitted Investments as may be designated by the Lessee. Such investments will be valued at fair market value on each Interest Payment Date. Such investments will be made only as follows:

(i) moneys in the Project Fund and the Issuance Cost Fund, and any other accounts or funds, other than the Bond Fund, the Purchase Fund, and the Debt Service Reserve Fund, only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from each such respective fund,

(ii) moneys in the Bond Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than the next-succeeding principal payment date, mandatory redemption payment date, or Interest Payment Date of the Bonds,

(iii) moneys in the Debt Service Reserve Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than five (5) years from the date of purchase thereof, and

(iv) moneys in the Purchase Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than the Optional Tender Date.

All interest accruing from investments of moneys in the Bond Fund, Project Fund, Issuance Cost Fund, Debt Service Reserve Fund, Purchase Fund, and other funds and accounts and any profit realized therefrom must be allocated as follows:

(a) interest and profits from the investments of moneys of each account held in the Bond Fund will be retained in the account of the Bond Fund to which such investments relate;

(b) interest and profits from the investments of moneys in the Issuance Cost Fund will be retained in the Issuance Cost Fund;

(c) interest and profits from the investment of moneys in the Debt Service Reserve Fund will be retained in the Debt Service Reserve Fund at all times the balance is less than the Debt Service Reserve Requirement; thereafter and at all times the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Requirement, such interest and profits will be deposited in the General Account of the Bond Fund;

(d) interest and profits from the investment of moneys in the Purchase Fund will be retained in the Purchase Fund;

(e) interest and profits from the investment of moneys of each account in the Project Fund will be retained in the account of the Project Fund to which such investments relate; and

(f) interest and profits from the investment of moneys in any other funds will, at the written direction of the Lessee, be retained in the respective funds or deposited in the General Account of the Bond Fund.

Parity Bonds

Additional Bonds may be issued by the Issuer to provide funds to pay any one or more of the following: (i) the costs of completing the Project, (ii) the costs of making such Additions or Alterations in, on, or to the Project as the Lessee may deem necessary or desirable and as will not impair the nature of the Project as a modern solid waste disposal and recycling facility and as will be located on the Premises, (iii) to refund any Bonds, and (iv) the costs of the issuance and sale of the Additional Bonds, the cost of funding the Debt Service Reserve Requirement with respect to such Additional Bonds, and capitalized or funded interest for such period and such other costs reasonably related to the financing as are agreed upon by the Lessee and the Issuer.

Prior to the issuance of any Additional Bonds to finance the costs of completing the Project or the cost of Additions or Alterations to the Project, the Lessee must cause to be prepared and filed with the Trustee a certificate of the Lessee approved by the Consulting Architect setting forth the estimated cost of the completion of the Project or the proposed Additions or Alterations to the Project, including an allowance for contingencies, the estimated date of completion of the Project or estimated date on which such Additions or Alterations will be placed in service or completed, and the amount, if any, provided or to be provided by the Lessee from other sources toward payment of the costs of completion of the Project or such Additions or Alterations to the Project and the manner in which such funds will be provided. In addition, prior to the issuance of any Additional Bonds, there must be filed with the Trustee the items described in **"THE CONTRACT - Additional Contracts"** herein.

The Lessee is required under the Lease to deposit in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement with respect to Additional Bonds.

Any Additional Bonds will be secured by the liens and security interests granted by the Indenture, and the liens and security interests created by the Indenture will be equal, without preference or priority, to the liens and security interests provided for the Series 2007 Bonds.

Events of Default

Each of the following is an Event of Default within the meaning of the Indenture:

(a) default in the due and punctual payment of any interest on any Bond,

(b) default in the due and punctual payment of the principal of any Bond (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof,

(c) any material breach by the Issuer of any representation or warranty made in the Indenture or default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuer in the Indenture or in the Bonds contained, provided, however, that no default described in this paragraph (c) will constitute an Event of Default until actual written notice of such default by registered or certified mail is given by the Trustee or by the owners of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds then Outstanding to the Lessee and the Issuer, and the Lessee and the Issuer have had thirty (30) days after receipt of such notice to correct such default or cause such default to be corrected and have not corrected such default or caused such default to be corrected within the applicable period, provided, further, if such default be such that it cannot with due diligence be cured within the applicable period but can be wholly cured within a period of time not materially detrimental to the rights of the Trustee and the Bondholders, to be determined conclusively by the Trustee, it will not constitute an Event of Default if corrective action is instituted by the Lessee or the Issuer, as the case may be, within the applicable period and diligently pursued until the default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee,

(d) the issuance of an order of relief by the Bankruptcy Court of the United States District Court having valid jurisdiction, granting the Issuer relief under federal bankruptcy law, or the issuance by any other court having valid jurisdiction of an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Issuer or any substantial part of its property, affairs, or assets, and the continuance of any such decree or order is unstayed and in effect for a period of sixty consecutive days, or

(e) the consent by the Issuer to the institution of proceedings in bankruptcy against it, or to the institution of any proceeding against it under any federal or state insolvency laws, or to the filing of any petition, application, or complaint seeking the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Issuer or of any substantial part of its property, affairs, or assets.

Remedies

If an Event of Default under the Indenture occurs and is continuing, the Issuer, upon the demand of the Trustee, is required to surrender the actual possession of, and the Trustee, by such officer or agent as it may appoint, with or without force or process of law, may enter and take possession of, and exclude the Issuer and its agents and servants wholly from, all or any part of the Project, without the appointment of a receiver, or an application therefor,

and may hold, operate, store, use, control, and manage the same and conduct the business thereof, and the Trustee may lease or sublease the Project or any part thereof in the name and for the account of the Issuer or the Lessee and collect, receive, and sequester the rents therefrom.

Upon the occurrence of an Event of Default under the Indenture, the Trustee may exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect, and has the power to proceed with any available right or remedy granted by the Bond Documents or the Constitution and statutes of the State, as it may deem best. The Trustee, as the assignee of all of the right, title, and interest of the Issuer in and to the Lease (except for the Unassigned Rights) and the Contract, will enforce each and every right granted to the Issuer under the Lease (except for the Unassigned Rights) and the Contract.

In addition, the Trustee may appoint a receiver to take possession of and manage the Trust Estate.

If an Event of Default under the Indenture occurs and is continuing, and if requested so to do by the owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Bondholders.

No Bondholder will have any right to institute any suit, action, or proceeding for the enforcement of the Indenture unless: (i) a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which it is deemed to have notice under the Indenture, (ii) such default has become an Event of Default under the Indenture, (iii) the owners of at least twenty-five (25%) percent in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and provided the indemnity required by the Indenture and have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit, or proceeding in its own name, and (iv) the Trustee fails or refuses to exercise the powers granted in the Indenture or to institute such action, suit, or proceeding in its own name.

Anything in the Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of Bonds then Outstanding have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, provided the Trustee is indemnified pursuant to the Indenture, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the Indenture.

Application of Moneys After Default

Upon an Event of Default under the Indenture and if moneys held by the Trustee are insufficient to pay the principal of, premium, if any, and interest on the Bonds, all moneys received and held by the Trustee pursuant to the Indenture and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture will, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee, be applied as follows:

(a) Unless the principal of all the Bonds has become due and payable, all such moneys will be applied:

FIRST - To the payment of the fees for Ordinary Services of the Trustee and Extraordinary Services of the Trustee and the Ordinary Expenses and Extraordinary Expenses of the Trustee and the costs and compensation of any advances made by the Trustee, the Issuer, and any receiver and the reasonable attorneys' fees of the Trustee, the Issuer, or any receiver;

SECOND – To the payment of Rebate Amount then due or to establish a reserve for Rebate Amount then accrued;

THIRD - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, in the order of the maturity of the installments of such interest and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

FOURTH - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds that have become due (other than Bonds matured or called for

redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest at the same rate as the interest on such Bonds from the respective dates upon which they became due and, if the amount available is not sufficient to pay in full principal of, premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal, interest, and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege;

FIFTH - To the payment of reasonable and necessary operating expenses of the Project and for reasonable renewals, repairs, and replacements of the Project necessary to prevent impairment of the Project; and

SIXTH - To be held for the payment to the Bondholders entitled thereto as the same become due of the principal of, premium, if any, and interest on the Bonds that may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment will be made ratably according to the amount of principal, premium, if any, and interest due on such date to the Bondholders entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds has become due and payable, all such moneys will be applied first to the items described in paragraph FIRST in (a) above, second to the items described in paragraph SECOND of the preceding subsection (a) above, and then to the payment to the persons entitled thereto of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege.

Amendment of the Indenture

The Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture as are not inconsistent with the terms and provisions of the Indenture for certain purposes, including, among others, the following purposes:

(i) to cure any ambiguity or formal defect or omission in, or to correct or supplement any defective provision of, the Indenture,

(ii) to reflect a change in applicable law provided that the Trustee must determine that such supplemental indenture does not prejudice the rights of Bondholders, or

(iii) in connection with any other change in the Indenture that, in the judgment of the Trustee, does not prejudice or materially adversely affect the Bondholders or impair the Trust Estate.

Exclusive of indentures supplemental to the Indenture described above, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding have the right to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental to the Indenture as are deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing described above will permit, or be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or a reduction in the rate or an extension of the time of payment of interest on, or a reduction of any premium payable on the redemption of, any Bonds, without the consent of every owner of such Bonds, or (b) the creation of any lien or security interest prior to or on a parity with the lien and security interest of the Indenture or the deprivation of any Bondholders of the lien created by the Indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (c) a reduction in the amount, or an extension of the time of any payment, required by the mandatory sinking fund redemption provisions of the Indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (e) the modification of the trusts, powers, obligations, remedies, privileges, rights, duties, or immunities of the Trustee, without the written consent of the Trustee, or (f) a privilege or priority of any Bond or Bonds over any other Bond or

Bonds, or (g) the release of or requirements for the release of the Indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken.

Amendment of Other Bond Documents

The Issuer and the Trustee are required, without the consent of or notice to the Bondholders, to consent to any amendment, change, or modification of the Bond Documents other than the Indenture as may be required, among other purposes, (i) for the purpose of curing any ambiguity or formal defect or omission therein, (ii) to substitute a new lessee under the Lease as provided therein, or (iii) in connection with any other change therein that, in the judgment of the Trustee, does not prejudice the Trustee or materially adversely affect the owners of the Bonds.

Except for the amendments, changes, or modifications as described above, neither the Issuer nor the Trustee may consent to any other amendment, change, or modification of the Bond Documents other than the Indenture without giving notice to and obtaining the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that nothing described herein will permit or be construed as permitting, (a) an extension of the time for payment of any amounts payable under the Lease or the Contract or a reduction in the amount of any payment or in the total amount due under the Lease or the Contract, without the consent of every owner of Bonds affected thereby, (b) the creation of any lien on the revenues realized by the County from the ad valorem tax required to be levied under the Contract, prior to or superior to the lien created in the Contract on such revenues, without the consent of every owner of Bonds affected thereby, or (c) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such amendment, change, or modification of such other Bond Documents, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken.

Defeasance

If there is irrevocably deposited with the Trustee (a) moneys sufficient to make the payment of the principal of, premium, if any, and interest on the Bonds to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture) or (b) non-callable Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure, without further investment or reinvestment thereof, in the written opinion of an independent certified public accounting firm of national reputation in form and substance satisfactory to the Trustee, the availability of sufficient moneys to make such payment, then such Bonds or such portion will be deemed to have been paid within the meaning of the Indenture, will be secured solely by such moneys or Government Obligations deposited in escrow, and will no longer be secured by the Bond Documents.

THE CONTINUING DISCLOSURE AGREEMENT

Introduction

The Continuing Disclosure Agreement, dated the date of issuance and delivery of the Series 2007 Bonds, between the Lessee and the Trustee, is a contract that specifies the terms and details of the Lessee's continuing disclosure obligations and that assists the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Disclosure Agreement. Reference is made to the Disclosure Agreement in its entirety for a complete recital of the detailed provisions thereof.

Definitions

The following terms are defined terms in the Disclosure Agreement:

"Ambac" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Annual Report" means any Annual Report provided by the Lessee pursuant to the provisions of the Disclosure Agreement described herein under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Provision of Annual Reports and - Content of Annual Reports."**

"Bondholders" means the beneficial owners of the Series 2007 Bonds.

"Disclosure Representative" means the President of the Manager of the Lessee or his or her designee, or such other person as the Lessee may designate in writing to the Trustee from time to time.

"Dissemination Agent" means the Lessee, acting in its capacity as Dissemination Agent pursuant to the Disclosure Agreement, or any successor Dissemination Agent designated in writing by the Lessee and that has filed with the Trustee a written acceptance of such designation.

"Fiscal Year" means any period of twelve consecutive months adopted by the Lessee as its fiscal year for financial reporting purposes and initially means the period beginning on January 1 of each calendar year and ending on December 31 of the same calendar year.

"Listed Events" means any of the events listed in the provisions of the Disclosure Agreement described herein under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Reporting of Significant Events."**

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

(1) Bloomberg Municipal Repositories, Skillman, New Jersey,

(2) Interactive Data Pricing and Reference Data, Inc., New York, New York,

(3) Standard & Poor's Securities Evaluations, Inc., New York, New York, and

(4) DPC Data Inc., Fort Lee, New Jersey.

"Participating Underwriter" means any of the original underwriters or placement agents of the Series 2007 Bonds required to comply with the Rule in connection with the offering of the Series 2007 Bonds.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" means any public or private repository or entity designated by the State of Georgia as a state repository for the purpose of the Rule. As of the date of this Official Statement, there is no State Repository.

Provision of Annual Reports

The Lessee agreed in the Disclosure Agreement to, or to cause the Dissemination Agent to, not later than 180 days after the end of each Fiscal Year, commencing with Fiscal Year 2007, provide to each Repository and Ambac an Annual Report that is consistent with the requirements of the provisions of the Disclosure Agreement described below under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports."** Not later than fifteen business days prior to such date, the Lessee agreed to provide the Annual Report to the Dissemination Agent (if other than the Lessee) and to the Trustee (if the Trustee is not the Dissemination Agent). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the provision of the Disclosure Agreement described below under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports"**; provided that the audited financial statements of the Lessee may be submitted separately from the balance of the Annual Report.

If by fifteen business days prior to the date specified in the immediately preceding paragraph for providing the Annual Report to the Repositories, the Trustee has not received a copy of the Annual Report, the Trustee must contact the Lessee and the Dissemination Agent to determine if the Lessee is in compliance with the provisions of the Disclosure Agreement described in the immediately preceding paragraph.

If the Trustee is unable to verify that an Annual Report has been provided to the Repositories by the date required as described above, the Trustee must send a notice to each Repository and Ambac of such failure. The Dissemination Agent is required to:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) file a report with the Lessee and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

The Lessee is required to promptly file a notice of any change in its Fiscal Year with each Repository and Ambac. If the audit report specified in clause (1) of the provisions of the Disclosure Agreement described below under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports"** is not submitted as part of the Annual Report to each Repository pursuant to the Disclosure Agreement, the Lessee agreed to, or to cause the Dissemination Agent to, provide to each Repository and Ambac such audit report, together with the audited financial statements to which such audit report relates, when they are available to the Lessee.

Content of Annual Reports

The Disclosure Agreement requires the Lessee's Annual Report to contain or incorporate by reference the following:

(1) the Lessee's financial statements for the preceding Fiscal Year, which must be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which must be accompanied by an audit report, if available at the time of submission of the Annual Report to each Repository pursuant to the Disclosure Agreement, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards; and

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to the Disclosure Agreement and if such changes are material to the Lessee, a narrative explanation describing the impact of such changes on the Lessee.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Lessee is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Lessee must clearly identify each such other document so incorporated by reference.

Reporting of Significant Events

The Disclosure Agreement governs the giving of notices of the occurrence of any of the following events with respect to the Series 2007 Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions or events affecting the tax-exempt status of the Series 2007 Bonds;

(7) Modifications to rights of Bondholders;

(8) Series 2007 Bond calls;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Series 2007 Bonds; and

(11) Rating changes.

The Trustee must, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events (except events described in clauses (1), (8), or (9) above) contact the Disclosure Representative, inform such person of the event, and request that the Lessee promptly notify the Trustee in writing whether or not to report the event pursuant to the provisions of the Disclosure Agreement. If in response to such a request, the Lessee determines that the Listed Event is not material, the Lessee must so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to the provisions of the Disclosure Agreement.

If the Lessee obtains knowledge of the occurrence of a Listed Event that is material, because of a notice from the Trustee as described in the immediately preceding paragraph or otherwise, the Lessee must promptly notify the Trustee in writing. Such notice must instruct the Trustee to report the occurrence pursuant to the provisions of the Disclosure Agreement.

If the Trustee has been instructed by the Lessee to report the occurrence of a Listed Event, the Trustee must promptly file a notice of such occurrence with each Repository and Ambac. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in clauses (1), (8), or (9) above must be given by the Trustee unless the Lessee gives the Trustee affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in clauses (8) and (9) above need not be given under the provisions of the Disclosure Agreement any earlier than the notice (if any) of the underlying event is given to the owners of affected Series 2007 Bonds pursuant to the Indenture.

Termination of Reporting Obligation

The Lessee's obligations under the Disclosure Agreement terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2007 Bonds. If the Lessee's obligations under the Loan Agreement are assumed in full by some other entity, such Person will be responsible for compliance with the Disclosure Agreement in the same manner as if it were the Lessee and the original Lessee will have no further responsibility under the Disclosure Agreement.

Dissemination Agent

The Lessee may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Lessee will be the Dissemination Agent. The initial Dissemination Agent will be the Lessee.

Amendment; Waiver

Notwithstanding any other provision of the Disclosure Agreement, the Lessee and the Trustee may amend the Disclosure Agreement, and any provision of the Disclosure Agreement may be waived (and the Trustee must agree to any amendment or waiver so requested by the Lessee), if:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of any obligor on the Series 2007 Bonds, or type of business conducted by such obligor;

(b) such amendment or waiver does not materially impair the interests of the Beneficial Owners, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the Trustee or by the approving vote of the Beneficial Owners owning more than two-thirds in aggregate principal amount of the Series 2007 Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings in the Disclosure

Agreement to violate the Rule if such amendment or waiver had been effective on the Closing Date but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of the Disclosure Agreement described herein under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports"** is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information must explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of the Disclosure Agreement described herein under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports"** specifying the accounting principles to be followed in preparing the Lessee's financial statements are amended or waived, the Annual Report for the year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the Lessee to meet its obligations. To the extent reasonably feasible, the comparison must also be quantitative. The Lessee must file a notice of the change in the accounting principles with each Repository and Ambac on or before the effective date of any such amendment or waiver.

Additional Information

Nothing in the Disclosure Agreement will be deemed to prevent the Lessee from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the Lessee chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by the Disclosure Agreement, the Lessee will have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default

In the event of a failure of the Lessee or the Trustee to comply with any provision of the Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter, Ambac, or the beneficial owners of at least 25% in aggregate principal amount of Outstanding Series 2007 Bonds, must), or Ambac or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Lessee or the Trustee, as the case may be, to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement will not be deemed an "Event of Default" or "default" under the Indenture or the Lease, and the sole remedy under the Disclosure Agreement in the event of any failure of the Lessee or the Trustee to comply with the Disclosure Agreement will be an action to compel performance. A court may decide not to order the specific performance of the covenants contained in the Disclosure Agreement.

THE CONTINUING DISCLOSURE CERTIFICATE

Introduction

The Continuing Disclosure Certificate of the County specifies the terms and details of the County's continuing disclosure obligations and assists the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Disclosure Certificate. Reference is made to the Disclosure Certificate in its entirety for a complete recital of the detailed provisions thereof.

Definitions

The following capitalized terms have the following meanings for purposes of the Disclosure Certificate:

"Ambac" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Annual Report" means any Annual Report provided by the County pursuant to the provisions of the Disclosure Certificate described herein under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Provision of Annual Reports and - Content of Annual Reports."**

"Bondholders" means the beneficial owners of the Series 2007 Bonds.

"Dissemination Agent" means the County or any successor Dissemination Agent designated in writing by the County and that has filed with the County a written acceptance of such designation.

"Fiscal Year" means any period of twelve consecutive months adopted by the County as its fiscal year for financial reporting purposes and initially means the period beginning on January 1 of each calendar year and ending on December 31 of the next calendar year.

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

(1) Bloomberg Municipal Repositories, Skillman, New Jersey,

(2) Interactive Data Pricing and Reference Data, Inc., New York, New York,

(3) Standard & Poor's Securities Evaluations, Inc., New York, New York, and

(4) DPC Data Inc., Fort Lee, New Jersey.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" means any public or private repository or entity designated by the State of Georgia as a state repository for the purpose of the Rule. As of the date of this Official Statement, there is no State Repository.

Provision of Annual Reports

The County agreed in the Disclosure Certificate to, or to cause the Dissemination Agent to, not later than 180 days after the end of each Fiscal Year, commencing with Fiscal Year 2007, provide to each Repository and Ambac an Annual Report that is consistent with the requirements of the provisions of the Disclosure Certificate described below under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports."** Not later than fifteen business days prior to such date, the County agreed to provide the Annual Report to the Dissemination Agent (if other than the County). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the provisions of the Disclosure Certificate described below under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports"**; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report.

If the County is unable to provide to the Repositories an Annual Report by the date required as described above, the County must send a notice to each Repository and Ambac of such failure. The Dissemination Agent is required to:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to the Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

The County is required to promptly file a notice of any change in its Fiscal Year with each Repository and Ambac. If the audit report specified in clause (1) of the provisions of the Disclosure Certificate described below under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports"** is not submitted as part of the Annual Report to each Repository pursuant to the Disclosure Certificate, the County agreed

to, or to cause the Dissemination Agent to, provide to each Repository and Ambac such audit report, together with the audited basic financial statements to which such audit report relates, when they are available to the County.

Content of Annual Reports

The Disclosure Certificate requires the County's Annual Report to contain or incorporate by reference the following:

(1) the County's basic financial statements for the preceding Fiscal Year, which must be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which must be accompanied by an audit report, if available at the time of submission of the Annual Report to each Repository pursuant to the Disclosure Certificate, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to the Disclosure Certificate and if such changes are material to the County, a narrative explanation describing the impact of such changes on the County; and

(3) information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the County: (A) the legal debt margin of the County, (B) the property tax digest of the County, (C) the millage rates of the County, (D) the property tax levies and collections of the County, (E) the estimated value of tax executions owned by the County, (F) the ten largest taxpayers of the County, (G) the County's General Fund tax revenues by source, (H) the analysis of funding progress of the County's pension fund, and (I) the insurance coverage of the County.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County must clearly identify each such other document so incorporated by reference.

Termination of Reporting Obligation

The County's obligations under the Disclosure Certificate will terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2007 Bonds.

Dissemination Agent

The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent is the County.

Amendment; Waiver

Notwithstanding any other provision of the Disclosure Certificate, the County may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, if

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligor on the Series 2007 Bonds, or type of business conducted;

(b) such amendment or waiver does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the County or by the approving vote of the Bondholders owning more than two-thirds in aggregate principal amount of the Series 2007 Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings in the Disclosure Certificate to violate the Rule if such amendment or waiver had been effective on the date of the Disclosure

Certificate but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of the Disclosure Certificate described herein under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports"** is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information must explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of the Disclosure Certificate described herein under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports"** specifying the accounting principles to be followed in preparing the County's financial statements are amended or waived, the Annual Report for the year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison must also be quantitative. The County must file a notice of the change in the accounting principles with each Repository and Ambac on or before the effective date of any such amendment or waiver.

Additional Information

Nothing in the Disclosure Certificate will prevent the County from disseminating any other information, using the means of dissemination set forth in the Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by the Disclosure Certificate. If the County chooses to include any information in any Annual Report in addition to that which is specifically required by the Disclosure Certificate, the County will have no obligation under the Disclosure Certificate to update such information or include it in any future Annual Report.

Default

In the event of a failure of the County to comply with any provision of the Disclosure Certificate, any Bondholder or Ambac may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate will not be deemed an "Event of Default" or "default" under the Indenture or the Contract, and the sole remedy under the Disclosure Certificate in the event of any failure of the County to comply with the Disclosure Certificate will be an action to compel performance. A court may decide not to order the specific performance of the covenants contained in the Disclosure Certificate.

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APPENDIX C

FORM OF LEGAL OPINION

The form of Legal Opinion included as this Appendix C has been prepared by Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2007 Bonds.

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FORM OF OPINION OF BOND COUNSEL

_____, 2007

Resource Recovery Development Authority
of Cherokee County
Canton, Georgia

Re: $_____ Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds")

$_____ Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery on this date by the Resource Recovery Development Authority of Cherokee County (the "Issuer") of the captioned bonds (collectively the "Bonds").

We have examined the law and such certified proceedings and other papers authorizing and relating to the Bonds as we deem necessary to render this opinion, including the following:

1. Chapter 63 of Title 36 of the Official Code of Georgia Annotated, known as the "Resource Recovery Development Authorities Law" (the "Resource Recovery Development Authorities Law"), and Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the "Revenue Bond Law" (the "Revenue Bond Law").

2. Certified copy of a Series 2007 Bond Resolution of the Issuer adopted on July 3, 2007, as ratified, reaffirmed, supplemented, and amended by a Supplemental Bond Resolution of the Issuer adopted on _____, 2007 (collectively the "Bond Resolution").

3. Certified transcript of validation proceedings in the Superior Court of Cherokee County, Georgia, resulting in a final judgment validating and confirming the Bonds and the security therefor.

4. Certified copy of a resolution of the Cherokee County, Georgia (the "County") adopted on June 19, 2007.

5. Fully executed counterpart of the Trust Indenture (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee").

6. Fully executed counterpart of the Lease Agreement (the "Lease"), dated as of September 1, 2007, between the Issuer and Ball Ground Recycling, LLC (the "Lessee").

7. Fully executed counterpart of the Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, between the Issuer and the County.

8. Fully executed counterpart of the Lessee's Tax Certificate (the "Tax Certificate"), dated the date hereof.

9. Fully executed counterpart of the Certificate As To Arbitrage Matters (the "Non-Arbitrage Certificate") of the Issuer, dated the date hereof.

The Bonds are being issued under and pursuant to the Resource Recovery Development Authorities Law and the Bond Resolution for the purpose of financing the costs, in whole or in part, of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project"), located in Cherokee County, Georgia, to be leased by the Issuer to the Lessee.

As to questions of fact material to our opinion, we have relied upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to us, (b) certifications furnished to us by or on behalf of the Lessee, the County, and the Issuer (including certifications made in the Tax Certificate and in the Non-Arbitrage Certificate), and (c) representations of the Lessee, the County, and the Issuer contained in such proceedings and in documents delivered in connection with the issuance of the Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Reference is made to an opinion of even date of Flint & Connolly, LLP, Canton, Georgia, with respect, among other matters, to the company status and good standing of the Lessee, to the company power of the Lessee to enter into and perform the Lease, and to the due authorization, execution, and delivery by the Lessee of the Lease.

Based upon the foregoing, it is our opinion, as of the date hereof and under existing law, that:

(1) The Issuer was duly created and is validly existing as a body corporate and politic and public corporation under the Constitution and laws of the State of Georgia, including particularly the Resource Recovery Development Authorities Law, and has all requisite power and authority (i) to adopt the Bond Resolution, (ii) to issue, sell, and deliver the Bonds and use the proceeds thereof for the purposes and upon the terms and conditions set forth in the Lease and the Indenture, and (iii) to enter into and perform its obligations under the Indenture, the Lease, and the Contract.

(2) The Lease, the Contract, and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute the legal, valid, and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the Trust Estate (as defined in the Indenture).

(3) The Bonds have been duly authorized, executed, issued, and delivered by the Issuer and are the legal, valid, and binding special obligations of the Issuer, payable solely from the amounts pledged under the Indenture.

(4) The Contract has been duly authorized, executed, and delivered by the County and constitutes the legal, valid, and binding obligation of the County enforceable upon the County.

(5) The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person", within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds that is so excluded is a specific "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. In addition to the foregoing exception, the opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Lessee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2007A Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Series 2007A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2007A Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

(6) The interest on the Series 2007A Bonds is exempt from State of Georgia income taxation (as long as such interest remains excluded from gross income for federal income tax purposes), although the Series 2007A Bonds and the interest thereon may be included in the measure of State of Georgia estate and inheritance taxes and of certain State of Georgia corporate excise and franchise taxes.

(7) The Bonds are exempt from registration under the Securities Act of 1933, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Lease, and the Contract (i) may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights, (ii) may be subject to usual equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (iii) may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

KILPATRICK STOCKTON LLP

By:_____
Earle R. Taylor, III, Partner

APPENDIX D

SPECIMEN BOND INSURANCE POLICY

The specimen Bond Insurance Policy included as this Appendix D has been furnished by Ambac Assurance Corporation, and is the form to be issued in connection with the delivery of the Series 2007 Bonds.

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Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee

SPECIMEN

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No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Lessee, the County, the Bond Insurer, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2007 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The delivery of this Official Statement at any time does not imply that the information herein is correct as of any time subsequent to this date.

[1] See detailed **"TABLE OF CONTENTS"** on pages (i) to (iii).

$18,445,000*

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)

New Issue	New Issue
$13,450,000*	**$4,995,000***
Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A	**Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B**

OFFICIAL STATEMENT

Citi

Dated: _____, 2007

* Preliminary; subject to change.

Printed on Recycled Paper
IMAGEMASTER 800 452 5152

TWO SEPARATE ISSUES
(Book-Entry Only)

RATINGS
Moody's: Aaa
Standard & Poor's: AAA
See "MISCELLANEOUS - Ratings" herein.

In the opinion of Bond Counsel, assuming continuing compliance with certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series 2007A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person," within the meaning of Section 147(a) of the Code. Interest on the Series 2007A Bonds IS a specific "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Series 2007A Bonds is exempt from State of Georgia income taxation. The opinion contains greater detail, and is subject to exceptions, as noted in ***"LEGAL MATTERS - Opinion of Bond Counsel"*** *herein.*

Interest on the Series 2007B Bonds is included in gross income for federal income tax purposes and may not be exempt from State of Georgia income taxation. See ***"LEGAL MATTERS - Certain Tax Consequences of Owning Series 2007B Bonds"*** *herein.*

$18,145,000
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)
Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project)

New Issue

$13,205,000
Solid Waste Disposal Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007A

New Issue

$4,940,000
Solid Waste Disposal Taxable Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007B

Dated: Date of Issuance

Due: July 1, as shown on the inside front cover hereof

The Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds") and the Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (the "Series 2007B Bonds") are being issued by the Resource Recovery Development Authority of Cherokee County (the "Issuer") for the purpose of financing the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") to be leased by the Issuer to Ball Ground Recycling, LLC (the "Lessee") pursuant to a Lease Agreement (the "Lease"), dated as of September 1, 2007. See **"PLAN OF FINANCING"** herein.

Interest on the Series 2007A Bonds and the Series 2007B Bonds (collectively the "Series 2007 Bonds") is payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2008. All Series 2007 Bonds bear interest from their date of issuance. See **"INTRODUCTION - Description of the Series 2007 Bonds"** herein.

The Series 2007A Bonds are subject to mandatory and optional redemption prior to maturity as described herein. The Series 2007B Bonds are subject to mandatory, but not optional, redemption prior to maturity as described herein. See **"THE SERIES 2007 BONDS - Redemption"** herein.

The Series 2007 Bonds are **special limited obligations** of the Issuer payable solely from and secured by amounts pledged (the "Trust Estate") under a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee. The Trust Estate consists primarily of amounts to be paid to the Issuer under the Lease and the hereinafter described Contract. The Lease will obligate the Lessee to make rental payments to the Issuer in amounts calculated to be sufficient to pay, when due, the principal of, premium, if any, and interest on the Series 2007 Bonds. In addition, the Issuer and Cherokee County, Georgia (the "County") will enter into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, under the terms of which the County will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent rental payments derived from the Project are insufficient for such purposes. The County will agree in the Contract to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues which are sufficient to fulfill the County's obligations under the Contract. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS"** herein.

Payment of the principal of and interest on the Series 2007 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2007 Bonds.

Ambac

Upon the occurrence of a Determination of Taxability (as defined herein), the Series 2007A Bonds will bear interest from the Date of Taxability (as defined herein) and thereafter at the Taxable Rate (as defined herein).

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

The Series 2007 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and are subject to the approving opinion of Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Issuer and the County by their counsel, Jarrard & Davis, LLP, Cumming, Georgia, for the County by its disclosure counsel, Kilpatrick Stockton LLP, Atlanta, Georgia, for the Lessee by its counsel, Flint & Connolly, LLP, Canton, Georgia, and for the Underwriter by its counsel, Smith Gambrell & Russell, LLP, Atlanta, Georgia. The Series 2007 Bonds in definitive form are expected to be delivered to The Depository Trust Company in New York, New York on or about October 5, 2007.

Citi

Dated: September 18, 2007

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS

$13,205,000
Solid Waste Disposal Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007A

$3,065,000 4.65% Term Bonds due July 1, 2026, Priced at 96.950% to Yield 4.90%
$3,960,000 4.75% Term Bonds due July 1, 2031, Priced at 96.540% to Yield 5.00%
$6,180,000 5.00% Term Bonds due July 1, 2037, Priced at 99.226% to Yield 5.05%

$4,940,000
Solid Waste Disposal Taxable Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007B

$4,940,000 5.80% Term Bonds due July 1, 2022, Priced at 100% to Yield 5.80%

PARTICIPANTS IN FINANCING

Issuer

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
Canton, Georgia

Lessee

BALL GROUND RECYCLING, LLC
Canton, Georgia

County

CHEROKEE COUNTY, GEORGIA
Canton, Georgia

Trustee

THE BANK OF NEW YORK TRUST COMPANY, N.A.
Atlanta, Georgia

Underwriter

CITIGROUP GLOBAL MARKETS INC.
Atlanta, Georgia

County's Auditors

MAULDIN & JENKINS, LLC
Atlanta, Georgia

Counsel to the Issuer and the County

JARRARD & DAVIS, LLP
Cumming, Georgia

Counsel to the Lessee

FLINT & CONNOLLY, LLP
Canton, Georgia

Bond Counsel and Disclosure Counsel to the County

KILPATRICK STOCKTON LLP
Atlanta, Georgia

Counsel to the Underwriter

SMITH GAMBRELL & RUSSELL, LLP
Atlanta, Georgia

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OFFICIAL STATEMENT

of the

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)

relating to its

$18,145,000
SOLID WASTE DISPOSAL REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT)

New Issue
$13,205,000
Solid Waste Disposal Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007A

New Issue
$4,940,000
Solid Waste Disposal Taxable Revenue Bonds
(Ball Ground Recycling, LLC Project),
Series 2007B

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the Resource Recovery Development Authority of Cherokee County of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), consisting of $13,205,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds"), and $4,940,000 in aggregate principal amount of its Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (the "Series 2007B Bonds"). The Series 2007A Bonds and the Series 2007B Bonds are referred to collectively as the "Series 2007 Bonds" in this Official Statement and will be differentiated, where necessary, by reference to the Series 2007A Bonds and the Series 2007B Bonds. Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix B to this Official Statement under the heading **"DEFINITIONS."**

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2007 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.

The Issuer

The Resource Recovery Development Authority of Cherokee County (the "Issuer"), the issuer of the Series 2007 Bonds, is a public corporation created and existing under the laws of the State of Georgia. For more complete information, see **"THE ISSUER"** herein.

The Lessee

Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under and the laws of the State of Georgia, will lease the hereinafter described Project from the Issuer. The Lessee was formed for the sole purpose of leasing the Project from the Issuer. The Lessee is an affiliate of the hereinafter described Manager. For more complete information, see **"THE LESSEE"** herein.

The Manager

Bobo Grinding, Inc. (the "Manager"), a corporation duly formed and existing under and the laws of the State of Georgia, will operate and manage the Project for and on behalf of the Lessee. The Manager is an affiliate of the Lessee. For more complete information, see **"THE MANAGER"** herein.

The County

Cherokee County, Georgia (the "County") is a political subdivision of the State of Georgia created by an Act of the General Assembly of the State of Georgia on December 26, 1831. The County is located in the northwestern portion of the State of Georgia approximately 35 miles north of the City of Atlanta. For more complete information, see **"THE COUNTY"** herein.

Purpose of the Series 2007 Bonds

The Issuer is issuing the Series 2007 Bonds for the purpose of providing funds (i) to finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") to be leased by the Issuer to the Lessee, and (ii) to pay the costs of issuance of the Series 2007 Bonds. For more complete information, see **"PLAN OF FINANCING"** herein.

Security and Sources of Payment for the Series 2007 Bonds

The Series 2007 Bonds are special limited obligations of the Issuer, payable solely from and secured by the Trust Estate (as defined in **"DEFINITIONS"** in Appendix A hereto and as described below).

The Lessee will lease the Project from the Issuer pursuant to a Lease Agreement (the "Lease"), dated as of September 1, 2007, which will obligate the Lessee to make monthly rental payments to the Issuer in amounts calculated to be sufficient to pay, when due, the principal of, premium, if any, and interest on the Series 2007 Bonds.

In addition, the Issuer and the County will enter into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, under the terms of which the County will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes. The County will agree in the Contract to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, as now existent and as the same may hereafter be extended, at such rate or rates within the one (1) mill limit authorized pursuant to Section 48-5-220(20) of the Official Code of Georgia Annotated or within such greater millage as may hereafter be prescribed by applicable law (the "One Mill Tax"), as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract. Pursuant to an Intergovernmental Contract, dated as of September 1, 1997, as supplemented and amended by the First Amendment to Intergovernmental Contract, dated as of October 1, 2000, between the Development Authority of Cherokee County and the County (the "Prior Contract"), the County has previously pledged the One Mill Tax to the payment of two series of revenue bonds (collectively the "Industrial Park Bonds") issued by the Development Authority of Cherokee County to refinance industrial park projects in the County. The Industrial Park Bonds are presently outstanding in the aggregate principal amount of $6,610,000. The Contract creates a lien in favor of the Issuer on any and all revenues realized by the County from the One Mill Tax, to make the payments that are required under the Contract, which lien is superior to any that can hereafter be created, except that this lien is on a parity basis with the lien created by the Prior Contract and this lien may be extended to cover any additional parity obligations that may be hereafter issued, as permitted by the Contract.

To secure its obligations under the Series 2007 Bonds, the Issuer will enter into a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, with The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), pursuant to which the Issuer will (i) assign to the Trustee, and grant a first priority security interest in, all of its right, title, interest, and remedies in and to the Lease (except for certain rights reserved to the Issuer), the Contract, and all amounts to be received thereunder, and (ii) assign and pledge to the Trustee, and grant a first priority security interest in, all revenues and receipts derived from the Issuer's ownership of the Project.

The Series 2007 Bonds will also be secured by the Debt Service Reserve Fund, to be held by the Trustee under the Indenture in an amount equal to 50% of the maximum amount of principal and interest coming due on the Series 2007 Bonds in the then current or any succeeding bond year (July 2 - July 1). The Debt Service Reserve Fund will be fully funded upon the issuance of the Series 2007 Bonds in an amount equal to $610,101.25.

Simultaneously with the issuance of the Series 2007 Bonds, Ambac Assurance Corporation (the "Bond Insurer") will issue a financial guaranty insurance policy (the "Bond Insurance Policy") that will insure payment of

principal of and interest on the Series 2007 Bonds, when due. The Bond Insurance Policy will extend for the term of the Series 2007 Bonds and cannot be cancelled. For more complete and detailed information, see **"BOND INSURANCE"** herein.

For more complete and detailed information, see **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS"** herein.

Description of the Series 2007 Bonds

Redemption. The Series 2007A Bonds are redeemable at the option of the Issuer upon the request of the Lessee, not earlier than July 1, 2017, at the prices and on the terms described in this Official Statement. The Series 2007 Bonds are subject to mandatory redemption in part prior to maturity on the dates and in the amounts described in this Official Statement. For more complete information, see **"THE SERIES 2007 BONDS - Redemption"** herein.

Denominations. The Series 2007 Bonds are issuable in denominations of $5,000 or any integral multiple thereof.

Book-Entry Bonds. Each of the Series 2007 Bonds will be issued as fully registered certificates in the denomination of one certificate per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2007 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2007 Bonds purchased. Purchases of beneficial interests in the Series 2007 Bonds will be made in book-entry only form (without certificates), in authorized denominations, and, under certain circumstances as more fully described in this Official Statement, such beneficial interests are exchangeable for one or more fully registered certificates of like principal amount and maturity in authorized denominations. For more complete information, see **"THE SERIES 2007 BONDS - Book-Entry Only System"** herein.

Payments. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2007 Bonds, payments of the principal of, premium, if any, and interest on the Series 2007 Bonds will be made directly to Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the beneficial owners of the Series 2007 Bonds.

For a more complete description of the Series 2007 Bonds, see **"THE SERIES 2007 BONDS"** herein.

Tax Consequences

In the opinion of Bond Counsel, assuming continuing compliance with certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series 2007A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person", within the meaning of Section 147(a) of the Code. Interest on the Series 2007A Bonds that is so excluded IS a specific "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Series 2007A Bonds is exempt from State of Georgia income taxation. Although no opinion of Bond Counsel will be rendered as to such tax matters, interest on the Series 2007B Bonds is included in gross income for federal income tax purposes and may not be exempt from State of Georgia income taxation. See Appendix C hereto for the form of the opinion Bond Counsel proposes to deliver in connection with issuance of the Series 2007 Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Series 2007 Bonds, including certain exceptions to the exclusion of the interest on the Series 2007A Bonds from gross income, see **"LEGAL MATTERS - Opinion of Bond Counsel, - Original Issue Discount on Series 2007A Bonds, - Collateral Federal Tax Consequences of Owning Series 2007A Bonds,** and **- Certain Tax Consequences of Owning Series 2007B Bonds"** herein.

Trustee

The Bank of New York Trust Company, N.A., Atlanta, Georgia, will act as trustee, as bond registrar, and as paying agent for the Series 2007 Bonds under the Indenture.

Professionals Involved in the Offering

Certain legal matters pertaining to the Issuer and its authorization and issuance of the Series 2007 Bonds are subject to the approving opinion of Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Series 2007 Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix C. Certain legal matters will be passed upon for the Issuer and the County by their counsel, Jarrard & Davis, LLP, Cumming, Georgia, for the County by its disclosure counsel, Kilpatrick Stockton LLP, Atlanta, Georgia, for the Lessee by its counsel, Flint & Connolly, LLP, Canton, Georgia, and for the Underwriter by its counsel, Smith Gambrell & Russell, LLP, Atlanta, Georgia. The basic financial statements of the County as of December 31, 2006 and for the year then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Atlanta, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon that appears in Appendix A hereto. See **"MISCELLANEOUS - Independent Auditors"** herein.

Legal Authority

The Series 2007 Bonds are being issued and secured pursuant to the authority granted by the laws of the State of Georgia and under the provisions of a Bond Resolution of the Issuer, adopted by the Board of Directors of the Issuer on July 3, 2007, as ratified, reaffirmed, supplemented, and amended by a Supplemental Bond Resolution of the Issuer, adopted by the Board of Directors of the Issuer on September 18, 2007 (collectively the "Bond Resolution"). For more complete information, see **"THE SERIES 2007 BONDS - Legal Authority"** herein.

Offering and Delivery of the Series 2007 Bonds

The Series 2007 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice. The Series 2007 Bonds in definitive form are expected to be delivered to The Depository Trust Company in New York, New York on or about October 5, 2007.

Continuing Disclosure

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Series 2007 Bonds, and the Issuer will not provide any such information. The Lessee and the County have undertaken all responsibilities for any continuing disclosure to beneficial owners of the Series 2007 Bonds as described below, and the Issuer will have no liability to the beneficial owners of the Series 2007 Bonds or any other person with respect to such disclosures.

The Lessee has covenanted in the Lease and a Continuing Disclosure Agreement (the "Disclosure Agreement") for the benefit of the beneficial owners of the Series 2007 Bonds to provide certain financial information relating to the Lessee (the "Lessee's Annual Report") by not later than 180 days after the end of each fiscal year of the Lessee, commencing with fiscal year 2008, and to provide notices of the occurrence of certain enumerated events, if material. The Lessee's Annual Report will be filed by the Lessee with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed by the Trustee on behalf of the Lessee with each Nationally Recognized Municipal Securities Information Repository. The specific nature of the information to be contained in the Lessee's Annual Report or the notices of material events is summarized in Appendix B hereto under the caption **"THE CONTINUING DISCLOSURE AGREEMENT."** These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

The County has covenanted in the Contract and a Continuing Disclosure Certificate (the "Disclosure Certificate") for the benefit of the beneficial owners of the Series 2007 Bonds to provide certain financial information and operating data relating to the County (the "County's Annual Report") by not later than 180 days after the end of each fiscal year of the County, commencing with fiscal year 2007. The County's Annual Report will be filed by the County with each Nationally Recognized Municipal Securities Information Repository. The specific nature of the information to be contained in the County's Annual Report is summarized in Appendix B hereto under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE."** These covenants have been made in order to assist the Underwriter in complying with the Rule.

The County failed to timely file its annual report for fiscal year 2004, which was due on June 30, 2005, as required by previous continuing disclosure undertakings entered into pursuant to the Rule. This annual report was not filed by June 30, 2005 because the County's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004 was not finalized until after that date. The County filed its annual report for fiscal year 2004 on September 29, 2005. In addition, the County's annual reports for fiscal years 2002 through 2006 did not contain the following categories of financial information and operating data of the County, as required by these previous undertakings: (1) estimated value of total tax executions owned by the County and (2) the insurance coverage of the County. The County has taken steps to ensure that this information is included in future annual reports.

Ad Valorem Tax Coverage of Debt Service

Set forth below are the pro forma ratios of (a) Estimated Revenues that Would Be Produced by the Levy of the One Mill Tax to (b) Maximum Annual Debt Service on Obligations Supported by the One Mill Tax (which presently consist of only the Series 2007 Bonds and the Industrial Park Bonds), for the past five fiscal years.

Debt Service Coverage Ratios Based Upon Ad Valorem Tax Levy

	Years Ended December 31				
	2002	2003	2004	2005	2006
Pro Forma Debt Service Coverage Ratio	1.80x	1.95x	2.16x	2.40x	2.70x

For more complete information, see **"COUNTY AD VALOREM TAXATION - Ad Valorem Tax Coverage of Debt Service"** herein.

Other Information

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

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

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Lessee, the County, the Bond Insurer, the Series 2007 Bonds, the Bond Insurance Policy, the Project, the Indenture, the Lease, the Contract, and the security and sources of payment for the Series 2007 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Indenture, the Lease, the Contract, the Bond Insurance Policy, and other documents are intended as summaries only and are qualified in their entirety by reference to such laws and documents, and references herein to the Series 2007 Bonds are qualified in their entirety to the form thereof included in the Indenture. A specimen Bond Insurance Policy is included as Appendix D to this Official Statement. Copies of the Indenture, the Lease, the Contract, and other documents and information are available, upon request and upon payment to the Trustee of a charge for copying, mailing, and handling, from The Bank of New York Trust Company, N.A., 100 Ashford Center North, Suite 520, Atlanta, Georgia 30338, Attention: Corporate Trust Department, telephone (770) 698-5186. During the period of the offering of the Series 2007 Bonds copies of such documents are available, upon request and upon payment to the Underwriter of a charge for copying, mailing, and handling, from Citigroup Global Markets Inc., 3455 Peachtree Road, N.E., Suite 300, Atlanta, Georgia 30326, telephone (404) 842-2435.

The Series 2007 Bonds and their underlying obligations and the Bond Insurance Policy have not been registered under the Securities Act of 1933, and the Indenture has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2007 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Lessee, the County, the Bond Insurer, or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Lessee, the County, the Bond Insurer, or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer, the Lessee, and the County. The information set forth herein has been obtained by the Issuer, the Lessee, and the County from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the Underwriter. The Issuer has not provided information regarding the Lessee, the County or the Bond Insurer and does not certify as to the accuracy or sufficiency of the disclosure practices of or content of the information provided by the Lessee, the County, or the Bond Insurer, and is not responsible for the information provided by the Lessee, the County, or the Bond Insurer. The Issuer has not provided information regarding the Bond Insurer and does not certify as to the accuracy or sufficiency of the disclosure practices of or content of the information provided by the Bond Insurer and is not responsible for the information provided by the Bond Insurer. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, the Lessee, the County, or the Bond Insurer or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Series 2007 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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PLAN OF FINANCING

Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Series 2007 Bonds are estimated below.

Estimated Sources of Funds:	
Proceeds of Series 2007A Bonds[1]	$12,926,668
Proceeds of Series 2007B Bonds	4,940,000
Estimated Interest Earnings During Construction[2]	595,133
Total Sources of Funds	$18,461,801
Estimated Applications of Funds:	
Project Costs[3]	$15,518,514
Deposit to Reserve Account[4]	610,101
Capitalized Interest[5]	1,764,816
Bond Insurance Premium	71,682
Costs of Issuance[6]	360,600
Underwriting Discount[7]	136,088
Total Applications of Funds	$18,461,801

1 After deducting original issue discount of $278,331.70.

2 Based on estimated earnings on (i) the unexpended construction funds at an investment rate of 4.75% over a period of 26 months, and (ii) the unexpended capitalized interest funds at an investment rate of 4.75% over a period of 23 months.

3 See **"PLAN OF FINANCING - The Project"** herein.

4 This amount fully funds the Reserve Account in an amount equal to 50% of the maximum amount of principal and interest coming due on the Series 2007 Bonds in the then current or any succeeding sinking fund year (July 2 - July 1).

5 Represents interest on the Series 2007 Bonds for approximately 23 months

6 Includes legal and accounting fees, initial Trustee's fees, printing costs, validation court costs, rating agencies' fees, and other costs of issuance.

7 0.75% of the principal amount of the Series 2007 Bonds. See **"MISCELLANEOUS - Underwriting"** herein.

The Project

The Project will consist of a solid waste disposal and recycling facility that will be used to convert land clearing debris (the "LC Debris") into two marketable products, colored mulch and reconstituted soil. The LC Debris primarily consists of an amalgam of rocks, wood branches, building by-products, dirt, soil, and soil aggregates from nearby building and land development sites. The LC Debris will either be deposited at the Project site by or on behalf of the owners of the development sites or collected at such sites and transported by the Manager to the Project site, in each case for a tipping fee expected to initially range from approximately $3.00 to $6.00 per cubic yard. Once offloaded at the Project site, the LC Debris will be transported by a conveyor system through a multi-stage process including a sequence of mechanical devices, together with instrumentation and controls, to recycle and reconstitute the LC Debris. These devices will separate, reconstitute, dehydrate, inject dye into, and otherwise alter the chemical composition of the LC Debris so that, as so recycled, it will constitute either colored mulch or reconstituted soil. Waste products of the recycling process will be disposed of in nearby landfills. The finished recycled products will be packaged, as necessary, and stored at the Project site, and then marketed to expected purchasers of such products, including lawn and garden centers and retail purchasers of mulch and soil, such as property management companies. The Manager will operate and manage the Project for and on behalf of the Lessee.

The Project site consists of approximately 33 acres located on Ball Ground Highway in Cherokee County, Georgia on which the physical plant will be located. The Project site is zoned for heavy industrial, which is consistent with the intended use of the Project. The Project site is believed to provide sufficient area for immediate use and foreseeable expansion. Access to the Project site is by State Highway 5 (Ball Ground Highway), *a public*

road which is capable of accommodating heavy truck traffic and which is adjacent to the Project site. The Project is located approximately one-half of a mile from U.S. Interstate Highway 575. B G Land, LLC, an affiliate of the Lessee, acquired the parcel of land that contains the Project site in 2006 and will convey the site to the Issuer on or about the date of issuance of the Series 2007 Bonds.

The Project facilities will consist of various land improvements, approximately three buildings containing in the aggregate approximately 60,000 square feet, and various equipment necessary for the recycling process. These improvements, buildings, and equipment include paved roads (for delivery equipment), truck-dumping facilities and one or more hoppers for the off-loading of LC Debris, an open-air conveyer system, specially-designed transportation vehicles, and associated equipment, instrumentation, and other facilities necessary for recycling the LC Debris. The buildings will be constructed of steel frame and sheet metal on concrete foundations.

The expected categories of expenditures related to the Project, based upon cost estimates and the plans and specifications for the Project, are set forth below:

Uses of Funds:	
Land Acquisition	$3,650,000
Site Development	2,200,000
Buildings	2,000,000
Vehicles	600,000
Other Equipment	6,768,514
Architectural, Engineering, and Other Project Professional Fees	300,000
Total	$15,518,514

The estimated expenditures set forth above are preliminary and will change as the final plans and specifications and the final construction budget for the Project are developed and completed.

Pursuant to the Lease, the Lessee will acquire, construct, and install the Project on behalf of the Issuer. The Lessee has hired Upland Development Group, Inc. ("Upland"), an affiliate of the Lessee, to provide land development and building construction services for the Project. Upland will oversee and manage the construction of the Project, including engaging the major subcontractors for the Project, for a price no greater than cost based on final plans and specifications developed by the architect. Upland is Georgia corporation owned and operated by Jimmy L. Bobo and David G. Bobo, who are also the principals of the Lessee and the Manager, and acts as the real estate development company for the Bobos' various business ventures. See **"MISCELLANEOUS - Transactions with Related Persons"** herein. The Lessee began preliminary site development in November of 2006 and expects to commence construction of the Project by April of 2008. The Lessee anticipates construction of the Project to be substantially complete by December of 2009.

Schieffer and Grant Architects (the "Architect"), Atlanta, Georgia, is serving as the design and inspecting architect for the Project under an architectural contract with the Lessee. The Architect is registered in Georgia. Under the architectural contract, the Architect agreed to design the Project to conform to program requirements established by the Lessee, to prepare construction documents consisting of plans and specifications setting forth in detail the requirements for the construction of the Project, and to provide construction administration services, including inspection of construction progress to ensure conformity with the plans and specifications and review of applications for payment to determine whether they comply with the construction contract. There is no relationship of any kind, by blood, marriage, or business, between any director, officer, stockholder, or employee of the Architect and the Lessee.

The timely completion of the construction of the Project is dependent upon, among other factors, promptly obtaining approvals and permits from various governmental agencies and the absence of delays due to strikes, shortages of materials, and adverse weather conditions. The cost of constructing the Project may be affected by factors beyond the control of the Lessee, including strikes, energy and material shortages, subcontractor defaults, adverse weather conditions, and other unforeseen contingencies. There can be no assurance that the Lessee will complete the construction of the Project in accordance with its present construction schedule and construction budget.

THE SERIES 2007 BONDS

Description

The Series 2007A Bonds are being issued in the aggregate principal amount of $13,205,000, and the Series 2007B Bonds are being issued in the aggregate principal amount of $4,940,000. The Series 2007 Bonds, as initially issued, will be dated as of their date of issuance and delivery and will bear interest at the rates per annum set forth on the inside front cover page of this Official Statement, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008 and semi-annually thereafter on July 1 and January 1 of each year and will mature on the dates and in the amounts set forth on the inside front cover page of this Official Statement, unless earlier called for redemption.

Each Series 2007 Bond authenticated prior to the first Interest Payment Date will bear interest from its dated date. Each Series 2007 Bond authenticated on or after the first Interest Payment Date will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date to which interest on such Series 2007 Bond has been paid in full or duly provided for, in which case from such date of authentication; provided that if, as shown by the records of the Trustee, interest on such Series 2007 Bond is in default, such Series 2007 Bond will bear interest from the date to which interest has been paid in full on such Series 2007 Bond or, if no interest has been paid on such Series 2007 Bond, its dated date.

Upon the occurrence of a Determination of Taxability, the interest rate per annum borne by the Series 2007A Bonds will be increased to the Taxable Rate as of, from, and after the Date of Taxability. An amount equal to the difference between the interest paid on the Series 2007A Bonds at the rates set forth on the inside front cover page of this Official Statement during the Inclusion Period and the interest that would have accrued on the Series 2007A Bonds during the Inclusion Period had the interest rate on the Series 2007A Bonds during the Inclusion Period been equal to the Taxable Rate, which amount will be owed retroactively on the Series 2007A Bonds as a result of the occurrence of a Determination of Taxability, will be payable thirty (30) days after the date of the Determination of Taxability and will be apportioned among registered owners of Series 2007A Bonds during the Inclusion Period according to the ratio of the number of days they were registered owners of Series 2007A Bonds during the Inclusion Period to the total number of days within the Inclusion Period.

The Series 2007 Bonds are issuable only as fully registered certificates, without coupons, in the denomination of $5,000 or any integral multiple thereof. Purchases of beneficial ownership interests in the Series 2007 Bonds will be made in book-entry form and purchasers will not receive certificates representing interests in the Series 2007 Bonds so purchased. If the book-entry system is discontinued, Series 2007 Bonds will be delivered as described in the Indenture, and beneficial owners will become the registered owners of the Series 2007 Bonds. See **"THE SERIES 2007 BONDS - Book-Entry Only System"** herein.

Redemption

Optional Redemption of Series 2007A Bonds

The Series 2007A Bonds will be subject to optional redemption by the Issuer upon the written request of the Lessee prior to maturity, in whole on any date or in part on any Interest Payment Date, in either event on or after July 1, 2017, and if in part in inverse order of maturity and by lot within a maturity in amounts not less than $5,000, at a redemption price equal to 100% of the Series 2007A Bonds being redeemed plus accrued interest to the redemption date, all in the manner provided in the Indenture.

Mandatory Redemption of Series 2007A Bonds

The Series 2007A Bonds maturing on July 1, 2026 are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in specified amounts as described below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following years:

Series 2007A Bonds Maturing July 1, 2026

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2018	$ 95,000	2022	$120,000
2019	105,000	2023	600,000
2020	75,000	2024	630,000
2021	90,000	2025	660,000

(Leaving $690,000 to mature July 1, 2026)

The Series 2007A Bonds maturing on July 1, 2031 are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in specified amounts as described below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following years:

Series 2007A Bonds Maturing July 1, 2031

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2027	$720,000	2029	$790,000
2028	755,000	2030	830,000

(Leaving $865,000 to mature July 1, 2031)

The Series 2007A Bonds maturing on July 1, 2037 are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in specified amounts as described below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following years:

Series 2007A Bonds Maturing July 1, 2037

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2032	$ 910,000	2035	$1,050,000
2033	955,000	2036	1,105,000
2034	1,000,000		

(Leaving $1,160,000 to mature July 1, 2037)

Mandatory Redemption of Series 2007B Bonds

The Series 2007B Bonds are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in specified amounts as described below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following years:

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount
2010	$290,000	2016	$410,000
2011	310,000	2017	435,000
2012	325,000	2018	360,000
2013	345,000	2019	380,000
2014	365,000	2020	435,000
2015	385,000	2021	450,000

(Leaving $450,000 to mature July 1, 2022)

Redemption Notices

In the event any of the Series 2007 Bonds are called for redemption as described above, notice thereof identifying the Series 2007 Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the registered owner of each Series 2007 Bond to be redeemed at the address shown on the registration books at the close of business on the fifth day preceding the date of mailing; provided, however, that failure to give such notice by mailing or any defect therein will not affect the validity of any proceedings for the redemption of the Series 2007 Bonds not affected by such failure or defect. All Series 2007 Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and will no longer be protected by the Indenture and will not be deemed to be outstanding under the provisions of the Indenture. Each notice will specify the numbers of the Series 2007 Bonds being called, if less than all of the Series 2007 Bonds are being called, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable. Such notice will further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption, if such date is not an interest payment date, will be made upon presentation and surrender of the Series 2007 Bonds to be redeemed and that on the redemption date, the redemption price will become due and payable upon each Series 2007 Bond to be redeemed and that interest thereon will cease to accrue on and after such date.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2007 Bond will be issued for each maturity, in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as DTC or its nominee is the registered owner of the Series 2007 Bonds, payments of the principal and redemption premium of and interest due on the Series 2007 Bonds will be payable directly to DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust &

Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2007 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2007 Bonds, except in the event that use of the book-entry system for the Series 2007 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2007 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2007 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, and interest payments on the Series 2007 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2007 Bonds at any time by giving reasonable notice to the Issuer and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2007 Bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2007 Bonds will be printed and delivered to DTC.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE ISSUER SHALL TREAT CEDE & CO. AS THE ONLY BONDHOLDER FOR ALL PURPOSES, INCLUDING RECEIPT OF ALL PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2007 BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE ISSUER TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS. THE ISSUER HAS NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2007 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Beneficial Owners of the Series 2007 Bonds may experience some delay in their receipt of distributions of principal and interest on the Series 2007 Bonds since such distributions will be forwarded by the Trustee to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants.

Issuance of the Series 2007 Bonds in book-entry form may reduce the liquidity of the Series 2007 Bonds in the secondary trading market since investors may be unwilling to purchase Series 2007 Bonds for which they cannot obtain physical certificates. In addition, since transactions in the Series 2007 Bonds can be effected only through DTC, Direct Participants, Indirect Participants, and certain banks, the ability of a Beneficial Owner to pledge Series 2007 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Series 2007 Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Trustee as registered owners for purposes of the Indenture, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct or Indirect Participants.

Legal Authority

The Series 2007 Bonds are being issued and secured pursuant to the authority granted by (i) the Constitution of the State of Georgia, (ii) Chapter 63 of Title 36 of the Official Code of Georgia Annotated, known as the "Resource Recovery Development Authorities Law" (the "Resource Recovery Development Authorities Law"), and (iii) Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the "Revenue Bond Law." The Series 2007 Bonds are being issued under the provisions of the Bond Resolution.

The Issuer is authorized pursuant to the Resource Recovery Development Authorities Law and the Revenue Bond Law:

(1) to issue its revenue bonds and to use the proceeds thereof for the purpose of paying all or part of the cost of any "project," which includes any property, real or personal, used as or in connection with a facility for the extraction, collection, storage, treatment, processing, utilization, or final disposal of resources contained in solid waste, including the conversion of solid waste or resources contained therein into steam, electricity, oil, charcoal, gas, or any other product or energy source and the collection, storage, treatment, utilization, processing, or final disposal of solid waste in connection with the foregoing;

(2) to acquire, construct, improve, or modify, to place into operation, and to operate or cause to be placed into operation and operated, a "project" and to rent or lease the same to others or make contracts with respect to the use thereof or sell, lease, or otherwise dispose of or grant options for any such property in any manner which the Issuer deems to the best advantage of itself and its purposes;

(3) to make contracts and leases and to execute all instruments necessary or convenient; and

(4) as security for repayment of its revenue bonds, to pledge, assign, hypothecate, or otherwise encumber any property, real or personal, of the Issuer and to execute any trust agreement, indenture, or security agreement containing any provisions not in conflict with law.

Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes any county of the State of Georgia to contract for any period not exceeding fifty years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake or provide.

Section 48-5-220(20) of the Official Code of Georgia Annotated provides that county taxes may be levied and collected for the public purpose of providing financial assistance to county development authorities for the purpose of developing trade, commerce, industry, and employment opportunities, as long as any tax for this purpose does not exceed one mill per dollar upon the assessed value of the taxable property in the county levying the tax. The Resource Recovery Development Authorities Law authorizes the County to enter into contracts with the Issuer.

The execution, delivery, and performance of the Contract by the County was authorized and approved pursuant to a resolution adopted by the Board of Commissioners of the County on June 19, 2007.

Investments

For a description of how the proceeds of the Series 2007 Bonds are to be invested pending their use, the provisions governing those investments, the conditions that must be satisfied before the proceeds of the Series 2007 Bonds may be applied to their intended use, and other provisions governing the investment of the proceeds of the Series 2007 Bonds and the amounts held to pay debt service on the Series 2007 Bonds, see **"THE INDENTURE - Project Fund** and **- Investments"** in Appendix B hereto.

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Principal and Interest Requirements

Following are the principal and interest payment requirements with respect to the Series 2007 Bonds, for the calendar years shown below. For purposes of calculating the principal payable in any year, the relevant maturity or mandatory redemption amount is used.

	Series 2007A Bonds			Series 2007B Bonds			
Year Ending December 31	Principal	Interest	Total Debt Service Requirements[2]	Principal	Interest	Total Debt Service Requirements	Combined Debt Service Requirements
2008	$ ---	$ 472,609.96	$ 472,609.96	$ ---	$ 211,706.44	$ 211,706.44	$ 684,316.40
2009	---	639,622.50	639,622.50	---	286,520.00	286,520.00	926,142.50
2010	---	639,622.50	639,622.50	290,000	286,520.00	576,520.00	1,216,142.50
2011	---	639,622.50	639,622.50	310,000	269,700.00	579,700.00	1,219,322.50
2012	---	639,622.50	639,622.50	325,000	251,720.00	576,720.00	1,216,342.50
2013	---	639,622.50	639,622.50	345,000	232,870.00	577,870.00	1,217,492.50
2014	---	639,622.50	639,622.50	365,000	212,860.00	577,860.00	1,217,482.50
2015	---	639,622.50	639,622.50	385,000	191,690.00	576,690.00	1,216,312.50
2016	---	639,622.50	639,622.50	410,000	169,360.00	579,360.00	1,218,982.50
2017	---	639,622.50	639,622.50	435,000	145,580.00	580,580.00	1,220,202.50
2018	95,000	639,622.50	734,622.50	360,000	120,350.00	480,350.00	1,214,972.50
2019	105,000	635,205.00	740,205.00	380,000	99,470.00	479,470.00	1,219,675.00
2020	75,000	630,322.50	705,322.50	435,000	77,430.00	512,430.00	1,217,752.50
2021	90,000	626,835.00	716,835.00	450,000	52,200.00	502,200.00	1,219,035.00
2022	120,000	622,650.00	742,650.00	450,000	26,100.00	476,100.00	1,218,750.00
2023	600,000	617,070.00	1,217,070.00	---	---	---	1,217,070.00
2024	630,000	589,170.00	1,219,170.00	---	---	---	1,219,170.00
2025	660,000	559,875.00	1,219,875.00	---	---	---	1,219,875.00
2026	690,000	529,185.00	1,219,185.00	---	---	---	1,219,185.00
2027	720,000	497,100.00	1,217,100.00	---	---	---	1,217,100.00
2028	755,000	462,900.00	1,217,900.00	---	---	---	1,217,900.00
2029	790,000	427,037.50	1,217,037.50	---	---	---	1,217,037.50
2030	830,000	389,512.50	1,219,512.50	---	---	---	1,219,512.50
2031	865,000	350,087.50	1,215,087.50	---	---	---	1,215,087.50
2032	910,000	309,000.00	1,219,000.00	---	---	---	1,219,000.00
2033	955,000	263,500.00	1,218,500.00	---	---	---	1,218,500.00
2034	1,000,000	215,750.00	1,215,750.00	---	---	---	1,215,750.00
2035	1,050,000	165,750.00	1,215,750.00	---	---	---	1,215,750.00
2036	1,105,000	113,250.00	1,218,250.00	---	---	---	1,218,250.00
2037	1,160,000	58,000.00	1,218,000.00	---	---	---	1,218,000.00
Total	$13,205,000	$14,931,034.96	$28,136,034.96	$4,940,000	$2,634,076.44	$7,574,076.44	$35,710,111.40

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS

Lease

Pursuant to the Lease, the Lessee has agreed to pay to the Issuer rental payments for the Project in such amounts and at such times as will be sufficient to pay the principal of, premium, if any, and interest on the Series 2007 Bonds, as and when the same shall become due and payable. See **"THE LEASE"** in Appendix B hereto.

Contract

Under the terms of the Contract, the County has agreed to pay to the Trustee, for the account of the Issuer, within 90 days of the date on which the balance held in the Debt Service Reserve Fund is less than 50% of the Debt Service Reserve Requirement, amounts sufficient, when added to funds held at the time of such payment in the Debt Service Reserve Fund, to cause the balance held therein to equal the Debt Service Reserve Requirement. In addition, the County has agreed that if, for any reason, on the third business day preceding any Interest Payment Date and any redemption date with respect to the Bonds, there is not on deposit in the Bond Fund monies sufficient to pay the total principal, interest, and premium coming due on the Bonds on such Interest Payment Date or redemption date (whether by mandatory redemption, maturity, or otherwise), the County shall on such date pay to the Trustee for deposit into the Bond Fund an amount equal to the amount by which the total principal, interest, and premium coming due on the Bonds (whether by mandatory redemption, maturity, or otherwise) on the next interest payment date or redemption date exceeds the amount in the Bond Fund (and not being held for the payment of Bonds not yet presented for payment). In addition, the County has agreed that, in the event the Trustee has notice that any payment of principal of, premium, if any, or interest on a Bond that has been made to a registered owner of such Bond by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, the County will make payments to the Trustee for the account of the Issuer, for deposit in the Bond Fund, to the extent of such recovery if sufficient funds are not otherwise available to reimburse such registered owner. The County will also pay to the Issuer an amount equal to the fees and expenses of the Trustee if the Issuer is unable to pay such fees and expenses from the rental payments derived from the Project.

Under the terms of the Lease, the Issuer (or the Trustee as its assignee) is required to immediately terminate the Lease upon the receipt of any payments by the County pursuant to the Contract.

The County agreed in the Contract to levy the One Mill Tax as may be necessary to produce in each year revenues that will be sufficient to fulfill the County's obligations under the Contract, from which revenues the Contract requires to be appropriated sums sufficient to pay in full when due all of the obligations under the Contract contracted to be paid by the County. The Contract creates a lien in favor of the Issuer on any and all revenues realized by the County from the One Mill Tax, to make the payments that are required under the Contract, which lien is superior to any that can hereafter be created, except that this lien is on a parity basis with the lien created by the Prior Contract and this lien may be extended to cover any additional parity obligations that may be hereafter issued, as permitted by the Contract. See **"THE CONTRACT - Additional Contracts"** in Appendix B hereto.

The County's obligation to make the payments required under the Contract is absolute and unconditional and will not expire so long as any of the Series 2007 Bonds remain outstanding and unpaid. See **"THE CONTRACT - Obligations Absolute"** in Appendix B hereto.

The obligations of the County under the Contract have been determined by the Superior Court of Cherokee County, Georgia to be legal, valid, binding, and enforceable obligations of the County. See **"LEGAL MATTERS - Validation Proceedings"** herein.

Indenture

As security for its obligations under the Series 2007 Bonds, the Issuer has (1) assigned and pledged to the Trustee, and granted a first priority security interest in, all of its right, title, interest, and remedies in and to the Lease, including all monies, revenues, and receipts to be received thereunder (except for the Unassigned Rights), the Contract, and all amounts to be received thereunder, and (2) assigned and pledged to the Trustee, and granted a first priority security interest in, all revenues and receipts derived from the Issuer's ownership of the Project, all pursuant to the Indenture.

Under the Indenture, a Debt Service Reserve Fund has been created and will be fully funded upon the issuance of the Series 2007 Bonds in an amount equal to the Debt Service Reserve Requirement (which, in the case of the Series 2007 Bonds, is equal to $610,101.25). See the definition of "Debt Service Reserve Requirement" in **"DEFINITIONS"** in Appendix B hereto. Amounts deposited in the Debt Service Reserve Fund will be used to pay

debt service on the Series 2007 Bonds if amounts on hand are otherwise insufficient. See **"THE LEASE - Reserve Rent," "THE CONTRACT - County's Payment Obligations,"** and **"THE INDENTURE - Debt Service Reserve Fund"** in Appendix B hereto.

Parity Bonds

Upon the satisfaction of certain conditions, the Indenture permits the Issuer, at the direction of the Lessee, to issue additional revenue bonds without express limit as to principal amount, which will be equally and ratably secured on a parity basis with the Series 2007 Bonds under the Indenture. See **"THE INDENTURE - Parity Bonds"** in Appendix B hereto. Upon the satisfaction of certain conditions, the Contract permits the County to enter into additional contracts or supplemental agreements with the Issuer or any additional development authority that is now existing or that may hereafter be created or activated. See **"THE CONTRACT - Additional Contracts"** in Appendix B hereto. The issuance of additional parity bonds or the execution of additional contracts or supplemental agreements with the Issuer or any additional development authority may, for a period of time, dilute the security for the Series 2007 Bonds.

Bond Insurance

Payment of the principal of and interest on the Series 2007 Bonds when due will be insured by a Bond Insurance Policy, which will be issued by the Bond Insurer simultaneously with the delivery of the Series 2007 Bonds. Payment under the Bond Insurance Policy is subject to certain conditions described under **"BOND INSURANCE - Bond Insurance Policy"** herein. The Bond Insurance Policy will extend for the life of the Series 2007 Bonds and cannot be cancelled. For a description of the Bond Insurer and the terms and conditions of the Bond Insurance Policy, see **"BOND INSURANCE"** herein and **"SPECIMEN BOND INSURANCE POLICY"** attached hereto as Appendix D.

Limited Obligations

The Series 2007 Bonds are special limited obligations of the Issuer payable solely from the Trust Estate pledged under the Indenture. The Series 2007 Bonds are not payable from and are not secured by a lien, security interest, or encumbrance upon the Project or any other funds or assets of the Issuer.

The Series 2007 Bonds, however, do not constitute direct obligations of the County and are not directly secured by the general faith and credit or the taxing power of the County, the State of Georgia, or any other political subdivision thereof, and the Series 2007 Bonds will not be or be deemed to constitute a debt of the State of Georgia, the Issuer, or the County or any other political subdivision of the State of Georgia within the meaning of any pertinent constitutional or statutory limitation on indebtedness. The Issuer has no taxing power and has no legal right to receive appropriations from the State of Georgia or the County, except under the Contract. No owner of any Series 2007 Bonds shall, by virtue of being such an owner and without regard to any rights such owner may have under other instruments and agreements, including the Contract, ever have the right to compel the exercise of the taxing power of the State of Georgia or any political subdivision thereof, including the County, to pay such Series 2007 Bonds or the interest thereon, or to enforce the payment thereof against any property of the Issuer (other than property assigned and pledged under the Indenture), the State of Georgia, or any political subdivision thereof, including the County.

Enforceability of Remedies

The realization of value from the pledge of the Trust Estate under the Indenture upon any default will depend upon the exercise of various remedies specified by the Indenture, the Lease, and the Contract. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2007 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. A court may decide not to order the specific performance of the covenants contained in the Indenture, the Lease, or the Contract.

If the Lessee were to file a petition for relief under federal bankruptcy law, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Lessee and its property. If the bankruptcy court so ordered, the Lessee's property, including its revenues, could be used for the benefit of the Lessee, despite the claims of the Trustee with respect to the Lease. A bankruptcy court may also have the power to invalidate certain provisions of the Lease that make bankruptcy and related proceedings by the Lessee an event of default thereunder. The various legal opinions to be delivered concurrently with the delivery of the Series 2007 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state, federal, and foreign laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no authority or county created under the Constitution or laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, board of commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any authority or county created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

BOND INSURANCE

The Issuer has applied to the Bond Insurer for the issuance, concurrently with the issuance of the Series 2007 Bonds, of the Bond Insurance Policy. The following information has been furnished solely by the Bond Insurer for inclusion in this Official Statement. No representation is made by the Issuer or the Underwriter as to the accuracy, completeness, or adequacy of such information or as to the absence of material adverse changes in the condition of the Bond Insurer. Reference is made to Appendix D for a specimen of the Bond Insurance Policy, which should be read in its entirety.

Bond Insurance Policy

The Bond Insurer has made a commitment to issue the Bond Insurance Policy relating to the Series 2007 Bonds, effective as of the date of issuance of the Series 2007 Bonds. Under the terms of the Bond Insurance Policy, the Bond Insurer will pay to The Bank of New York, in New York, New York, or any successor thereto (the "Insurance Trustee"), that portion of the principal of and interest on the Series 2007 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Bond Insurance Policy). The Bond Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which the Bond Insurer shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2007 Bonds and, once issued, cannot be cancelled by the Bond Insurer.

The Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2007 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2007 Bonds, the Bond Insurer will remain obligated to pay the principal of and interest on outstanding Series 2007 Bonds on the originally scheduled interest and principal payment dates, including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2007 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that the Bond Insurer elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, the Bond Insurer's obligations under the Bond Insurance Policy shall be fully discharged.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2007 Bond that has become Due for Payment and that is made to a Bondholder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, non-appealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available.

The Bond Insurance Policy does not insure any risk other than Nonpayment (as defined in the Bond Insurance Policy). Specifically, the Bond Insurance Policy does not cover:

(1) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;

(2) payment of any redemption, prepayment or acceleration premium; and

(3) nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent, or Bond Registrar, if any.

If it becomes necessary to call upon the Bond Insurance Policy, payment of principal requires surrender of the Series 2007 Bonds to the Insurance Trustee, together with an appropriate instrument of assignment so as to permit ownership of such Series 2007 Bonds to be registered in the name of the Bond Insurer to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to the Bond Insurer.

Upon payment of the insurance benefits, the Bond Insurer will become the owner of the Series 2007 Bonds, appurtenant coupon, if any, or right to payment of the principal of or interest on such Series 2007 Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

The Bond Insurer

Introduction

The Bond Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $10,391,000,000 (unaudited) and statutory capital of approximately $6,730,000,000 (unaudited) as of June 30, 2007. Statutory capital consists of the Bond Insurer's policyholders' surplus and statutory contingency reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings have each assigned a triple-A financial strength rating to the Bond Insurer.

The Bond Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Bond Insurer will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by the Bond Insurer under policy provisions substantially identical to those contained in the Bond Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor.

The Bond Insurer makes no representation regarding the Series 2007 Bonds or the advisability of investing in the Series 2007 Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement, other than the information supplied by the Bond Insurer and presented under the heading **"BOND INSURANCE"** and in Appendix D to this Official Statement.

Available Information

The parent company of the Bond Insurer, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). These reports, proxy statements and other information can be read and copied at the Commission's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. The Commission maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the Commission, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of the Bond Insurer's financial statements prepared in accordance with statutory accounting standards are available from the Bond Insurer. The address of the Bond Insurer's administrative offices and its telephone number are Ambac Assurance Corporation, One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Commission (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007;

2. The Company's Current Report on Form 8-K dated and filed on April 25, 2007;

3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2007 and filed on May 10, 2007;

4. The Company's Current Report on Form 8-K dated and filed on July 25, 2007;

5. The Company's Current Report on Form 8-K dated and filed on August 3, 2007; and

6. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2007 and filed on August 9, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in **"BOND INSURANCE - The Bond Insurer -** *Available Information.*"

THE ISSUER

The Resource Recovery Development Authority of Cherokee County is a public corporation created and existing under the laws of the State of Georgia, particularly the Resource Recovery Development Authorities Law, and was activated by a resolution adopted by the Board of Commissioners of the County on November 7, 2006. THE ISSUER HAS NO TAXING POWER AND HAS NO LEGAL RIGHT TO RECEIVE APPROPRIATIONS OR OTHER PAYMENTS FROM THE COUNTY OR ANY OTHER GOVERNMENTAL BODY, EXCEPT FOR THE PAYMENTS THE COUNTY HAS CONTRACTED TO MAKE UNDER THE CONTRACT.

The Issuer has authorized the use of this Official Statement but has not participated in the preparation of this Official Statement and, except for the information under the caption **"THE ISSUER"** and **"LEGAL MATTERS - Pending Litigation"** pertaining to the Issuer, has not provided or made any investigation with respect to any of the information contained in this Official Statement, and does not assume any responsibility for the accuracy or completeness of the information contained herein.

The affairs of the Issuer are conducted by a Board of Directors consisting of five members. The Board of Commissioners of the County appoints the members of the Board of Directors of the Issuer for terms of office of four years. The Resource Recovery Development Authorities Law requires all directors of the Issuer to be residents of the County.

Information concerning the current members of the Board of Directors of the Issuer is set forth below:

Name and Office Held[1]	Expiration of Term	Number of Years in Office	Principal Occupation
James E. Hubbard, *Vice Chairman*	December 31, 2008	10 Months	Owner, Telecommunications Company
Harry B. Johnston	December 31, 2010	10 Months	Certified Public Accountant, The Southern Company
Karen Mahurin	December 31, 2008	10 Months	Self Employed
Derek V. Good	December 31, 2010	10 Months	Insurance Broker

[1] There is currently one vacancy on the Board of Directors of the Issuer.

THE LESSEE

Introduction

Ball Ground Recycling, LLC (the "Lessee") is a Georgia limited liability company and is an affiliate of the Manager. The Lessee was formed on September 5, 2007 for the purpose of leasing the Project from the Issuer. The Lessee has conducted no operations to date, will have no appreciable assets other than its leasehold interest in the Project, and is subject to all of the risks incident to the creation and development of a new business, including the absence of a history of operations upon which to evaluate performance. The rental payments to be made under the Lease must be made from revenues derived from the operation of the Project. The Lessee's office is located at 391 Marietta Road, Canton, Georgia 30114.

Members and Manager

The members of the Lessee and their ownership interests are set forth below:

Member	Ownership Interest
J. Bobo, LLC	50%
D. Bobo, LLC	50%

J. Bobo, LLC ("JBL") is the manager of the Lessee. JBL is a Georgia limited liability company and is an affiliate of the Manager. JBL was formed on April 7, 2003 for the purpose of owning and managing certain business ventures on behalf of Jimmy L. Bobo. The sole member and manager of JBL is Jimmy L. Bobo. D. Bobo, LLC ("DBL") is a Georgia limited liability company and is an affiliate of the Manager. DBL was formed on April 7, 2003 for the purpose of owning and managing certain business ventures on behalf of David G. Bobo. The sole member and manager of DBL is David G. Bobo. For information concerning Jimmy L. Bobo and David G. Bobo, see **"THE MANAGER - Directors and Officers"** herein. See also **"MISCELLANEOUS - Transactions with Related Persons"** herein.

THE MANAGER

Introduction

Bobo Grinding, Inc. (the "Manager") is a Georgia corporation organized in 1997 for the purpose of owning, designing, constructing, maintaining, managing, and operating facilities and sites used to receive and recycle wood waste, land clearing debris, and green yard waste generated by local governments and private land developers in the north Georgia area. The Manager was organized by brothers Jimmy L. Bobo and David G. Bobo, who recognized that burgeoning real estate development in the rapidly growing counties north of Atlanta, combined with increasingly stringent regulations concerning the disposal of these waste products, created an increasing demand to provide alternative solutions for their disposal or reuse. Each of the Bobo brothers own 50% of the common stock of the Manager. See **"MISCELLANEOUS - Transactions with Related Persons"** herein. The Manager's office is located at 391 Marietta Road, Canton, Georgia 30114.

Directors and Officers

Following are the names and positions of the directors and executive officers of the Manager:

Name	Office
David G. Bobo	Chief Executive Officer and Director
Jimmy L. Bobo	Chief Financial Officer, Secretary, and Director

Jimmy L. Bobo, age 45, and *David G. Bobo*, age 40, currently own and manage several interrelated companies and business ventures, including the Manager. The businesses engage in recycling, land clearing, land materials manufacturing, land development, and private lending. David is generally responsible for managing the daily operations of the various ventures. His responsibilities include field operations, manufacturing operations, and human resources. Jimmy is generally responsible for the financial, strategic, and marketing aspects of the various ventures. Over the course of their careers, the brothers have developed over 1,000 individual home sites and over $100 million in commercial properties. Jimmy Bobo received a BBA in Finance from Mercer University in 1985.

Operations

The Manager is currently engaged, either directly or through subsidiaries or affiliates controlled by the Bobo brothers, in all aspects of the wood waste recycling business. The Manager currently operates three wood waste recycling facilities, two of which are located in Cherokee County, Georgia, and one of which is located in Cherokee County, Alabama in the northeastern region of that state. One of the Georgia facilities, constructed in 1998, focuses primarily on receiving and recycling wood waste for use as erosion control media and bio-filter media products utilized for the construction and air-filtration industries. The other Georgia facility, constructed in 1997, focuses primarily on receiving and recycling wood waste for use as mulches and soil products utilized by the landscape industry. A portion of the business of this facility will be relocated to the Project. The Alabama facility, constructed in 2003, focuses primarily on receiving and recycling wood waste for use by the green plant industry. Each of the three recycling facilities are owned by separate entities controlled by the Bobo brothers. For the year ended December 31, 2006, the three facilities in the aggregate produced approximately 2.2 million cubic yards of recycled material. In addition to operating these facilities, the Manager also provides transportation and clean-up services to paper mill operators located along the Georgia and Alabama borders and into the middle Tennessee Valley. The Manager currently employs approximately 100 full-time and 10 part-time employees. For its fiscal year ended December 31, 2006, the Manager reported total assets of approximately $ 35,000,000 million and total revenues of approximately $25,000,000 million.

Management Agreement

The Lessee will enter into a Management Agreement (the "Management Agreement"), to be dated as of September 1, 2007, with the Manager, under the terms of which the Manager will agree to manage and operate the Project as the agent of the Lessee. The Management Agreement will give the Manager the exclusive right, authorization, and responsibility to manage the day-to-day business and affairs of the Project, and will entitle the Manager to receive consulting/management fees equal to the Project revenues remaining after payment of the monthly rental payments due to the Issuer under the terms of the Lease and other expenses of operating the Project.

THE COUNTY

Introduction

Cherokee County, Georgia is a political subdivision created and existing under the laws of the State of Georgia and has as its formal name "Cherokee County." Cherokee County was created by an Act of the General Assembly of the State of Georgia on December 26, 1831. Cherokee County is located in the northwestern portion of the State of Georgia approximately 35 miles north of the City of Atlanta. Cherokee County is bordered on the south by Fulton County and Cobb County, on the east by Forsyth County, on the north by Pickens County, and on the west by Bartow County. The terrain is rolling, and the elevation ranges from 1,000 feet to 1,400 feet above sea level. The incorporated municipalities located either entirely or partially within Cherokee County are (i) Canton, the county seat, with a population of 15,094, (ii) Ball Ground, with a population of 791, (iii) Holly Springs, with a population of 4,699 (iv) Mountain Park, with a population of 492, (v) Nelson, with a population of 722, (vi) Waleska, with a population of 726, and (vii) Woodstock, with a population of 17,214. Cherokee County presently has a land area of approximately 434 square miles.

County Administration and Officials

The affairs of the County are conducted by a Board of Commissioners consisting of five members. For the purposes of electing the members of the Board of Commissioners, the County is divided into an Eastern District and a Western District. The County is further divided into four commissioner districts, such that the Eastern District and the Western District each contains two commissioner districts. The Chairman of the Board of Commissioners is elected at-large by the voters of the entire County. Each candidate for the other four positions must be a resident of the commissioner district that such person offers to represent and is elected by the voters of the Eastern District or the Western District, whichever includes the commissioner district to which such candidate seeks election. Members of the Board of Commissioners are elected to serve staggered four-year terms of office. To be eligible to serve as the Chairman of the Board of Commissioners, a person must have attained the age of 30 years and have been a resident of Cherokee County for not less than two years next preceding his election. To be eligible to serve as a member of the Board of Commissioners, other than the Chairman, a person must have attained the age of 21 years and have been a resident of his respective commissioner district for not less than one year preceding his election.

Information concerning the current members of the Board of Commissioners is set forth below.

Name and Office Held	Expiration of Term	Number of Years in Office	Principal Occupation
Leavitt B. Ahrens, Jr., *Chairman*	December 31, 2010	0.5	Retired
Derek V. Good, *Vice Chairman*	December 31, 2010	4.5	Insurance Broker
James E. Hubbard	December 31, 2008	2.5	Owner, Telecommunications Company
Harry B. Johnston	December 31, 2010	4.5	Certified Public Accountant, The Southern Company
Karen Mahurin	December 31, 2008	2.5	Self Employed

The daily operation of the County is directed by a County Manager, who is appointed by and serves at the pleasure of the Board of Commissioners. The County Manager is the chief executive officer of the County government, responsible to the Board of Commissioners for the proper and efficient administration of all affairs of the County. Jerry W. Cooper has served as County Manager since April of 2001. Sheila Corbin has been the County Clerk since 2000. Amy Davis has been the Finance Director of the County since 2000.

County Services

The County provides several services. The County provides police protection services to residents of the County, the cost of which is financed by General Fund revenues. The County provides fire protection services to most of the residents of the County, the cost of which is financed by a special ad valorem property tax. The County also provides planning and zoning, library, recreational, cultural, ambulance, building permits and code enforcement, animal control, animal shelter, jail, court, and other general governmental services to its residents and acquires, constructs, and maintains roads and infrastructure, the cost of which is financed by General Fund revenues and special one percent sales and use tax proceeds. The County also provides transportation services for the elderly and disabled, the cost of which is financed through special grants to the County.

County Facilities

The County maintains more than 1,300 miles of roads. The County's sheriff's department, a full-service sheriff's department accredited by the Council on Law Enforcement Accreditation, has 7 stations, 345 sworn officers, 54 civilian employees, 255 vehicles, and one jail and maintains a 24-hour uniformed patrol. The County's fire department has 22 fire stations, 40 vehicles, 30 pumpers ranging from 750 to 1,500 gallons per minute, 28 light air rescue trucks and 456 firefighters, 256 paid and 200 volunteer. The National Board of Fire Underwriters' fire insurance rating for the County is Class 5 for part of the County and Class 9 for the remainder of the County. The County's emergency medical service has 14 ambulances and the County's emergency management agency owns an emergency response command vehicle. The County owns and operates 6 libraries. The Cherokee County Recreation and Parks Authority owns and maintains 24 public parks containing approximately 873 acres, including one amphitheater, 32 softball/baseball fields, 20 tennis courts, 5 soccer fields/ football fields, 8 jogging/walking trails, one disc/Frisbee golf course, 6 outdoor basketball courts, one boating/fishing ramp, 3 fitness courses, 15 playgrounds, and one recreation center.

Demographic Information

Set forth below is selected demographic data for the County.

Year	Population[1]	Per Capita Income[2] County	Per Capita Income[2] State	Median Household Effective Buying Income[3] County	Median Household Effective Buying Income[3] State	Median Age[1]
2006	195,327	$ n/a	$ n/a	$ n/a	$ n/a	n/a
2005	184,360	32,358	30,914	53,574	39,247	n/a
2004	174,859	30,721	29,628	52,768	38,114	n/a
2003	166,894	29,800	28,663	53,545	38,335	n/a
2002	159,584	29,923	28,490	48,748	38,043	n/a
2001	151,738	31,451	28,563	50,130	35,713	n/a
2000	141,903	31,145	27,988	48,749	34,908	34.0
1990	90,204	16,950	17,603	29,008	26,342	31.1
1980	51,699	8,530	8,420	14,221	16,301	28.5
1970	31,059	2,953	3,378	n/a	n/a	26.6
1960	23,001	n/a	n/a	n/a	n/a	27.1

Sources:

1 U.S. Department of Commerce, Bureau of the Census. All population figures for years other than 2000, 1990, 1980, 1970, and 1960 are estimates by the U.S. Department of Commerce, Bureau of the Census.

2 U.S. Department of Commerce, Bureau of Economic Analysis.

3 Sales and Marketing Management Magazine. New effective buying income measurement benchmarks were used for 2003.

Economic Information

The following information is provided to give prospective investors an overview of the general economic conditions in the County. These statistics have not been adjusted to reflect economic trends.

Retail Sales (in thousands)

Year	Amount
2005	$2,596,582
2004	2,318,095
2003	2,082,461
2002	1,970,853
2001	1,899,491

Source: Sales and Marketing Management Magazine.

Summary of County Building Permits

	Commercial/Industrial/Other[1]		Residential[2]			
			Single Family		Multi-Family	
Year	Permits	Value	Permits	Value	Units	Value
2006	133	$37,567,713	3,485	$518,353,062	238	$15,603,274
2005	21	28,743,000	4,065	587,329,275	97	7,363,318
2004	21	88,711,703	3,812	514,603,874	272	14,074,058
2003	33	41,307,454	3,442	461,485,216	362	18,096,280
2002	36	26,662,924	3,199	407,527,317	596	29,324,114

Sources:

1 Cherokee County Building and Inspection Department. Includes only unincorporated areas of Cherokee County.

2 U.S. Department of Commerce, Bureau of the Census, Construction Statistics Division. Includes all reporting places in Cherokee County.

Set forth below are the percentages of land use for various purposes within Cherokee County, computed based upon the assessed value of the various categories, as classified for ad valorem property tax purposes.

	Category of Land Use				
Year	Residential	Agricultural	Commercial	Industrial	Other[1]
2006	62.97%	15.06%	13.85%	3.02%	5.10%
2005	62.30	15.51	14.03	3.01	5.15
2004	60.98	16.56	14.13	2.95	5.38
2003	58.27	17.69	14.62	3.38	6.04
2002	56.44	18.04	15.04	3.55	6.93

1 Includes preferential, conservation use, utility, timber, and miscellaneous.

Source: State of Georgia Department of Revenue, Property Tax Division.

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Following is a table showing the percentage of the 2005 payroll distribution in the County for each major sector of the local economy.

Percentage of 2005 Payroll
Distribution in Cherokee County By Sector

Industry	Percentage of 2005 Payroll Distribution
Forestry, Fishing, Hunting, and Agriculture Support; Mining; Utilities	0.79%
Construction	15.75
Manufacturing	11.35
Wholesale Trade	6.62
Retail Trade	16.17
Transportation and Warehousing	1.43
Information	1.62
Finance and Insurance	5.69
Real Estate and Rental and Leasing	3.11
Professional, Scientific, and Technical Services	8.19
Management of Companies and Enterprises	0.90
Administrative, Support, Waste Management, and Remediation Services	6.17
Educational Services	1.31
Health Care and Social Assistance	10.87
Arts, Entertainment, and Recreation	1.27
Accommodation and Food Services	4.99
Other Services	3.72
Unclassified Establishments	0.05
	100.00%

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

Set forth below are the ten largest private employers located in the County as of March 1, 2007, their products/services, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below.

Employer	Product/Service	Employees
Pilgrim's Pride Corporation	Poultry Processing	850
Northside Hospital-Cherokee	Health Care	740
Universal Alloy Corporation	Aluminum Extrusion	280
Chart Industries, Inc.	Steel Cylinders	262
Meyn America, LLC	Poultry Equipment	255
Kingway Acquisition, Inc.	Metal Storage Racks	250
Piolax Corporation	Automobile Parts	250
Reinhardt College	Education	180
ERB Industries, Inc.	Safety Equipment/Aprons	130
Hydro-Chem	Hydrogen for Wastewater Treatment	125

Source: Cherokee County Chamber of Commerce.

Set forth below are the largest public employers located in the County, other than the County, as of August 31, 2007, and their approximate number of employees.

Employer	Employees
Cherokee County School System	4,747
Cherokee County Water and Sewerage Authority	170
City of Woodstock	170
City of Canton	160

Source: Individual employers.

Set forth below are labor statistics for the County for the past five years, with comparative data for the State of Georgia.

	2002	2003	2004	2005	2006
Employment	86,037	88,243	91,955	94,624	99,786
Unemployment	3,447	3,558	3,438	3,721	3,741
Total Labor Force	89,484	91,801	95,393	98,345	103,527
County Unemployment Rate	3.9%	3.9%	3.6%	3.8%	3.6%
State Unemployment Rate	4.9%	4.8%	4.8%	5.3%	4.6%

Source: State of Georgia Department of Labor.

According to the State of Georgia Department of Labor, the July 2007 unemployment rate of the County was 3.8 percent, compared to 4.9 percent for the State of Georgia.

Total Deposits in Financial Institutions
as of June 30 (in thousands)

Year	Cherokee County
2006	$2,732,070
2005	2,405,964
2004	2,084,623
2003	1,588,983
2002	1,412,929

Source: State of Georgia Department of Banking and Finance.

According to the State of Georgia Department of Banking and Finance, as of June 30, 2007, the County had 19 financial institutions with a total of 51 branch offices.

Employees, Employee Relations, and Labor Organizations

The County employed 1,520 persons in all departments of government as of June 30, 2007, 1,506 full-time and 14 part-time and temporary. Other than approximately 35% of the County's firefighters who are members of the Professional Firefighter's Association, no employees of the County are represented by labor organizations. In addition, no employees of the County, including any of the County's firefighters, are covered by collective bargaining agreements. Although County employees are entitled to join labor organizations, the County is not obligated under Georgia law nor does the County intend to recognize any labor organization as a collective bargaining unit for County employees. The County is not aware of any union organizing efforts at the present time. The County Manager believes that employee relations are good.

COUNTY DEBT STRUCTURE

Summary of County Debt By Category

Set forth below is information concerning debt of the County as of August 1, 2007. The information set forth below should be read in conjunction with the County's financial statements included as Appendix A hereto.

Category of Debt	Amount Authorized but Unissued	Amount Outstanding (less Sinking Fund Installments Paid)	Amount to be Outstanding Upon Issuance of Bonds
General Obligation Bonds[1]	$10,600,000	$29,400,000	$29,400,000
Intergovernmental Contracts[2]			
The Issuer (securing the Series 2007 Bonds)	18,145,000	-0-	18,145,000
Development Authority of Cherokee County (securing its Industrial Park Bonds)	-0-	6,610,000	6,610,000
Capital Leases[3]	-0-	2,212,122	2,212,122
Total	$28,745,000	$38,222,122	$56,367,122

[1] General obligations of the County to which its full faith and credit and taxing power are pledged.

[2] General obligations of the County to which its full faith and credit and unlimited taxing power are pledged. These obligations are represented by (i) the Contract, which is pledged to the payment of the Series 2007 Bonds, and (ii) the Prior Contract, which is pledged to the payment of the Industrial Park Bonds. These obligations do not constitute debt of the County for purposes of the constitutional debt limit described in **"COUNTY DEBT STRUCTURE - Limitations on County Debt"** herein and do not count against the County's debt limitation. The County's obligations to levy an ad valorem tax to make payments to the Issuer pursuant to the Contract and the Development Authority of Cherokee County pursuant to the Prior Contract is limited by law to one mill a year.

[3] The financial obligations of the County under the leases do not constitute general obligations of the County to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues being made by the Board of Commissioners to pay the lease payments due in each fiscal year under the leases. The County's obligations under the leases are from year to year only and do not constitute a mandatory payment obligation of the County in any fiscal year in which funds are not appropriated by the County to pay the lease payments due in such fiscal year.

Reference is made to Note 13 of the basic financial statements of the County included as Appendix A for a discussion of the commitments and contingencies of the County.

There has never been a default in payment of the principal of or interest on any general obligation bonds issued by the County.

Proposed Debt

The County is authorized to issue the remaining $10.4 million of $40 million in aggregate principal amount of general obligation debt approved in an election held in the County on November 4, 2004 in conjunction with the reimposition of a special one percent sales and use tax. The County will use the proceeds of this debt, if issued, to finance additional components of the capital outlay projects authorized in the election approving the sales tax. The County presently has not determined whether or when it will issue this debt. In addition, the County has in the past periodically entered into capital leases to finance equipment and vehicles, and the County expects to continue to do so in the future. The County has no other present plans to incur additional debt in the next five years.

Debt Service Requirements

Set forth below are the debt service requirements of the County for all categories of debt upon the issuance of the Series 2007 Bonds.

Year Ending December 31	General Obligation	Intergovernmental Contracts: Series 2007 Bonds[1]	Intergovernmental Contracts: Industrial Park Bonds[2]	Capital Leases	Total Debt Service Requirements
2007	$ 5,438,090.00	$ ---	$ ---	$ 234,285	$ 5,626,416.00
2008	6,031,256.20	684,316.40	1,332,867.50	716,545	8,948,445.10
2009	5,968,576.30	926,142.50	1,334,505.00	580,923	8,776,802.80
2010	5,952,386.20	1,216,142.50	1,331,825.00	374,119	8,874,472.70
2011	5,923,144.10	1,219,322.50	559,345.00	151,374	7,869,227.65
2012	3,771,950.00	1,216,342.50	562,977.50	151,374	5,702,644.00
2013	---	1,217,492.50	559,877.50	151,374	1,928,744.00
2014	---	1,217,482.50	560,045.00	138,759	1,928,901.50
2015	---	1,216,312.50	563,095.00	---	1,779,407.50
2016	---	1,218,982.50	558,540.00	---	1,777,522.50
2017	---	1,220,202.50	561,143.75	---	1,781,346.25
2018	---	1,214,972.50	560,965.00	---	1,775,937.50
2019	---	1,219,675.00	562,805.00	---	1,782,480.00
2020	---	1,217,752.50	561,465.00	---	1,779,217.50
2021	---	1,219,035.00	---	---	1,219,035.00
2022	---	1,218,750.00	---	---	1,218,750.00
2023	---	1,217,070.00	---	---	1,217,070.00
2024	---	1,219,170.00	---	---	1,219,170.00
2025	---	1,219,875.00	---	---	1,219,875.00
2026	---	1,219,185.00	---	---	1,219,185.00
2027	---	1,217,100.00	---	---	1,217,100.00
2028	---	1,217,900.00	---	---	1,217,900.00
2029	---	1,217,037.50	---	---	1,217,037.50
2030	---	1,219,512.50	---	---	1,219,512.50
2031	---	1,215,087.50	---	---	1,215,087.50
2032	---	1,219,000.00	---	---	1,219,000.00
2033	---	1,218,500.00	---	---	1,218,500.00
2034	---	1,215,750.00	---	---	1,215,750.00
2035	---	1,215,750.00	---	---	1,215,750.00
2036	---	1,218,250.00	---	---	1,218,250.00
2037	---	1,218,000.00	---	---	1,218,000.00
Total	$33,085,402.80	$35,710,111.40	$9,609,456.25	$2,498,753	$75,410,121.50

[1] Represents the Contract, which is pledged to the payment of the Series 2007 Bonds.

[2] Represents the Prior Contract, which is pledged to the payment of the Industrial Park Bonds.

Overlapping Debt

In addition to the County's debt obligations, property owners in the County are responsible for any debt obligations of other taxing entities in the proportion to which the jurisdiction of the County overlaps such entities. Set forth below is the estimated overlapping general obligation debt and estimated overlapping property tax supported or guaranteed revenue debt of the County as of June 30, 2007. Although the County has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity that has this information available, and the amounts are based on information supplied by others.

Name of Overlapping Entity	Amount of of Authorized but Unissued Debt	Amount of Outstanding Debt (less Sinking Fund)	Percent of Outstanding Debt Chargeable to Property in the County[1]
Cherokee County School System	$263,085,000	$267,930,000	100%
City of Ball Ground	-0-	60,693	100
City of Canton	-0-	37,330,168	100
City of Waleska	-0-	1,276,375	100
Total	$263,085,000	$306,597,236	

[1] The percentage of each overlapping entity's outstanding debt chargeable to property in the County is calculated by dividing the gross assessed valuation of property in the County by the gross assessed valuation of property in the overlapping entity.

Debt Ratios

Set forth below is the property tax supported debt per capita of the County for the years ended December 31, 2002 to 2006.

Year Ended December 31	Direct Tax Supported Debt	Overlapping Tax Supported Debt	Overall Tax Supported Debt
2006	$188.45	$1,012.55	$1,201.00
2005	152.72	960.20	1,112.92
2004	93.56	887.54	981.10
2003	146.89	992.12	1,139.01
2002	204.47	777.13	981.60

Set forth below is the property tax supported debt of the County expressed as a percentage of total assessed value of taxable property within the County for the years ended December 31, 2002 to 2006.

Year Ended December 31	Direct Tax Supported Debt	Overlapping Tax Supported Debt	Overall Tax Supported Debt
2006	0.48%	2.56%	3.04%
2005	0.41	2.57	2.98
2004	0.26	2.50	2.76
2003	0.43	2.93	3.36
2002	0.62	2.36	2.98

Set forth below is the property tax supported debt of the County expressed as a percentage of total estimated market value of taxable property within the County for the years ended December 31, 2002 to 2006.

Year Ended December 31	Direct Tax Supported Debt	Overlapping Tax Supported Debt	Overall Tax Supported Debt
2006	0.19%	1.02%	1.21%
2005	0.16	1.03	1.19
2004	0.11	1.00	1.11
2003	0.17	1.17	1.34
2002	0.25	0.94	1.19

Set forth below is the property tax supported debt per capita of the County expressed as a percentage of per capita income for the years ended December 31, 2002 to 2006.

Year Ended December 31	Direct Tax Supported Debt	Overlapping Tax Supported Debt	Overall Tax Supported Debt
2006[1]	0.58%	3.13%	3.71%
2005	0.47	2.97	3.44
2004	0.30	2.89	3.19
2003	0.49	3.33	3.82
2002	0.68	2.60	3.28

[1] Based upon most recent available figures.

Debt History

Set forth below is information concerning the different categories of liabilities (excluding interfund payables) of the County outstanding as of the past five years.

Category of Liabilities	Amount Outstanding as of December 31 (Audited)				
	2002[1]	2003	2004	2005	2006
Current	$ 95,179,795	$20,326,651	$14,222,134	$ 9,273,992	$17,226,060
Long-Term	29,024,558	15,170,386	10,762,846	30,551,460	32,350,102
Total	$124,204,353	$35,497,037	$24,984,980	$39,285,452	$49,576,162

[1] Amounts shown for fiscal year 2002 are not comparable to amounts shown for fiscal years 2003 through 2006 due primarily to the County's implementation of GASB 34 (as hereinafter defined) beginning in fiscal year 2003, which required that the liabilities (and assets) of the County's agency funds no longer be included with the County's financial information on the statement of net assets.

Limitations on County Debt

The Constitution of the State of Georgia provides that the County may not incur long-term obligations payable out of general property taxes without the approval of a majority of the qualified voters of the County voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the County may not incur long-term obligations payable out of general property taxes in excess of 10 percent of the assessed value of all taxable property within the County.

Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations (such as the Capital Leases and Intergovernmental Contracts described in **"COUNTY DEBT STRUCTURE - Summary of County Debt by Category"** herein) are not subject to the legal limitations described above. In addition, refunded obligations cease to count against the County's debt limitation upon being refunded. Georgia law provides, however, that no lease or installment purchase contract subject to annual appropriation may be delivered if the principal portion of such contract, when added to the amount of debt subject to the debt limitation described above,

exceeds 10 percent of the assessed value of all taxable property within the County. Georgia law also provides that no lease or installment purchase contract subject to annual appropriation with respect to real property may be developed and executed or renewed, refinanced, or restructured if the lesser of either of the following is exceeded:

(1) the average annual payments on the aggregate of all such outstanding contracts exceed 7.5 percent of the governmental fund revenues of the County for the calendar year preceding the delivery of such contract plus any available special county one percent sales and use tax proceeds collected; or

(2) the outstanding principal balance on the aggregate of all such outstanding contracts exceeds $25 million.

As computed in the table below, based upon its 2006 assessed value and after issuance of the Bonds, the County could incur (upon necessary voter approval) approximately $816,610,786 of long-term obligations payable out of general property taxes (or general obligation bonds).

Computation of Legal Debt Margin

Assessed Value of Taxable Property as of August 31, 2007	$8,460,107,863
Debt Limit (10% of Assessed Value)	$846,010,786
Amount of Debt Applicable to Debt Limit	29,400,000
Legal Debt Margin	$816,610,786

COUNTY AD VALOREM TAXATION

Introduction

An important source of revenue to fund the operations of the County is ad valorem property taxes. Ad valorem property taxes accounted for an annual average of approximately 58% of County General Fund revenues for the years ended December 31, 2002 to 2006 and are budgeted to account for approximately 53% of General Fund revenues for the year ending December 31, 2007. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

Property Subject to Taxation

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

In addition, the County allows exemptions from ad valorem taxation for (1) homesteads, or owner-occupied residences, of all persons, in the amount of $5,000 of assessed value (this exemption, however, is inapplicable to taxes levied to pay bonded indebtedness), (2) homesteads, or owner-occupied residences, of disabled veterans, not to exceed the greater of $50,000 or an amount determined under federal law, (3) homesteads, or owner-occupied residences, of persons 62 years of age or older with net income from all sources (including the spouse's income) not exceeding $30,000, in an amount equal to the amount of the assessed value of that homestead for the taxable year immediately preceding the taxable year in which this exemption is first granted to such person (this exemption, however, is inapplicable to taxes levied to pay bonded indebtedness), and (4) the inventory of companies that manufacture or warehouse goods in the County, known as the "freeport" exemption.

Assessed Value

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 percent of the property's fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes, and

requires certain agricultural, timber, and environmentally sensitive real property and certain single-family real property located in transitional developing areas to be valued at their "current use value" (as opposed to fair market value).

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the County to the Cherokee County Board of Tax Assessors. The Cherokee County Board of Tax Assessors is required to complete its revision and assessment of returns and to forward the completed digest to the Cherokee County Tax Commissioner by July 1 of each year. The Cherokee County Tax Commissioner then has to forward the digest to the State of Georgia Revenue Commissioner by August 1 for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the Cherokee County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the County, which bills these taxes to the utilities.

Annual Tax Levy

The County determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its territorial limits, will produce the necessary amount of property tax revenues. The County then levies its ad valorem property taxes.

Property Tax Collections

The County bills and collects its own property taxes. Real and personal property taxes are levied on or about July 1 of each year on the assessed value listed as of January 1. Real and personal property taxes, except motor vehicle taxes, are levied on January 1 of each year on the assessed value listed as of January 1. Taxes levied by the County on January 1 are normally billed on October 20 and are normally payable on or before December 20. Motor vehicle taxes are levied, due, and collected on a staggered basis throughout the entire calendar year. Interest of 12% per annum applies to taxes paid after the due date, and a one-time penalty of 10% applies to taxes paid more than 90 days after the due date.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed arising after January 1 in the year in which taxed. The lien normally becomes enforceable on March 20 of the following year. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, the County Clerk may issue an execution for nonpayment of taxes to the Sheriff. The Sheriff may then publish a notice of the sale in a local newspaper weekly for four weeks and give the taxpayer ten days written notice by registered or certified mail. A public sale of the property may then be made by the Sheriff at the County Courthouse on the first Tuesday of the month after the required notices are given.

Historical Property Tax Data

Set forth below is information concerning the assessed (40% of fair market value) and estimated actual value of taxable property within the County for calendar years 2001 through 2007.

Calendar Year	Assessed Values: Real & Personal Property	Public Utilities	Motor Vehicles	Mobile Homes	Gross Tax Digest	Bond Exemptions	General Obligation Bond Tax Digest[1]	Maintenance & Operation Exemptions	Maintenance & Operation Tax Digest[2]	Estimated Actual Value
2001	$4,028,433,533	$101,372,240	$440,407,370	$17,881,402	$4,588,094,545	$218,732,933	$4,369,361,612	$382,080,573	$4,206,013,972	$11,470,236,363
2002	4,664,087,004	108,564,320	474,486,570	18,295,566	5,265,433,460	262,958,107	5,002,475,353	436,583,667	4,828,849,793	13,163,666,150
2003	5,024,892,464	122,810,080	491,520,700	17,576,879	5,656,800,123	235,398,346	5,421,401,777	418,802,146	5,237,997,977	14,142,000,308
2004	5,557,068,751	118,192,880	509,954,880	17,053,857	6,202,270,368	223,335,810	5,978,934,558	416,574,730	5,785,695,638	15,505,675,920
2005	6,246,350,517	121,344,080	512,763,041	17,376,041	6,897,833,679	248,552,903	6,649,280,776	451,267,383	6,446,566,296	17,244,584,198
2006	7,064,058,041	132,571,800	548,945,180	19,195,476	7,724,770,497	281,949,006	7,442,821,431	492,231,106	7,232,539,391	19,311,926,243
2007	8,072,883,847	140,820,080	591,198,680	17,848,640	8,822,751,247	362,643,384	8,460,107,863	583,971,744	8,238,779,503	22,056,878,118

[1] Total assessed value, after deducting exemptions, for purposes of levying tax for County general obligation bonds.

[2] Total assessed value, after deducting exemptions, for purposes of levying tax for County maintenance and operation.

Sources: State of Georgia Department of Revenue, Property Tax Division; Cherokee County Tax Commissioner.

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Set forth below is information concerning the rate of levy of property taxes per $1,000 of assessed value, or millage rates, of the County and all overlapping governments for calendar years 2002 through 2007.

Calendar Year	County[1]	Cherokee County School System	State of Georgia	County-Wide Total	Fire District
2002	5.250	19.719	0.25	25.219	2.351
2003	5.125	19.610	0.25	24.985	2.295
2004	4.935	19.570	0.25	24.755	2.215
2005	4.739	19.350	0.25	24.339	2.500
2006	4.547	18.950	0.25	23.747	2.750
2007	4.400	18.850	0.25	23.500	2.750

Calendar Year	Ball Ground	Canton	Holly Springs	Mountain Park	Nelson	Waleska	Woodstock
2002	5.892	7.500	8.250	5.759	1.872	4.396	6.990
2003	6.250	7.385	7.920	7.000	1.872	4.396	6.859
2004	6.250	7.115	7.290	6.952	1.545	4.396	6.458
2005	5.863	6.778	7.421	9.923	1.538	4.265	6.115
2006	5.500	6.256	7.470	9.890	4.296	4.264	6.115
2007[2]	n/a	5.966	7.470	11.780	n/a	n/a	5.880

[1] Millage rates for unincorporated and incorporated areas of the County were the same for calendar years shown.

[2] Millage rates for calendar year 2007 for Ball Ground, Nelson, and Waleska are not yet available.

Source: Cherokee County Tax Commissioner.

Set forth below is information concerning property tax levies and collections of the County for the past five calendar years.

Calendar Year	Tax Levy	Tax Collections[1] Current Year's Levy	Prior Years	Total	Percentage of Collection of Current Year's Levy to Tax Levy	Percentage of Total Tax Collections to Tax Levy	Delinquent Taxes Outstanding as of Year End
2002	$21,319,023	$20,811,801	$2,877,669	$23,689,470	97.6%	111.1%	$2,272,595
2003	22,747,203	22,428,511	3,481,359	25,909,870	98.6	113.9	2,728,527
2004	24,428,233	24,417,912	3,185,774	27,603,686	100.0	113.0	2,513,001
2005	28,835,466	28,763,942	2,951,153	31,715,095	99.7	110.0	3,092,696
2006	31,389,079	31,406,386	3,586,721	34,993,107	100.0	114.8	3,015,306

[1] Because property taxes levied by the County for each calendar year are normally not due until December 20 of that year, a portion of taxes levied each calendar year are normally not received until the first quarter of the following year. Current year tax collections shown include collections through March 31 of the following year after the due date of the taxes. See **"DISTRICT AD VALOREM TAXATION - Property Tax Collections"** herein.

Source: Cherokee County Tax Commissioner.

Set forth below is the estimated value of total tax executions (or fi fas) owned by the County for the past four calendar years. The amounts set forth below are cumulative amounts from all preceding years.

Estimated Value as of December 31				
2002	2003	2004	2005	2006
$2,272,595	$2,272,527	$2,513,001	$3,092,696	$3,015,306

Source: Cherokee County Tax Commissioner.

Delinquent property taxes of the County are written off when the statute of limitations for their collection (7 years) expires or if no property is found to levy upon, if earlier. The delinquent taxes written off are usually for personal property, which are more difficult to collect than taxes on real property.

Ten Largest Taxpayers

Set forth below are the ten largest taxpayers of the County for calendar year 2006. A determination of the largest taxpayers within the County can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the County. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the County.

Taxpayer	Nature of Business	Taxes Levied	Gross Assessed Valuation	Percent of Gross Tax Digest
Atlanta Gas Light Company	Gas Utility	$143,222	$ 32,550,440	0.42%
Georgia Power Company	Electric Utility	122,337	27,803,890	0.36
AllTell	Telephone	85,672	19,471,000	0.25
Cobb EMC	Electric Co.	82,011	18,638,920	0.24
BellSouth Telecommunications C	Telephone	76,013	17,275,760	0.22
Inland Southeast Riverstone, LLC	Real Estate Development	61,470	13,970,520	0.18
Georgia Transmission Corporation	Electric Utility	56,112	12,752,640	0.17
Mid-America Apartment Communities, Inc.	Real Estate Development	46,197	10,499,286	0.14
Inland Rome, Inc.	Real Estate Development	40,572	9,221,000	0.12
Sawnee EMC	Electric Co.	36,304	8,250,840	0.11
Totals		$749,910	$170,434,296	2.21%

Source: Cherokee County Tax Commissioner.

Ad Valorem Tax Coverage of Debt Service

The County has made calculations to demonstrate the Debt Service Coverage Ratios, based upon estimated revenues that would be produced by the levy of the One Mill Tax, that would have occurred for the past five fiscal years (i) had the Series 2007 Bonds and the Industrial Park Bonds been outstanding during such periods and (ii) had the maximum annual debt service payable on the Series 2007 Bonds and the Industrial Park Bonds been paid during such periods. Set forth below is the pro forma ratios of Estimated Revenues that Would be Produced By the Levy of the One Mill Tax to Maximum Annual Debt Service on Obligations Supported by the One Mill Tax (which presently consist of the Series 2007 Bonds and the Industrial Park Bonds only), for the past five fiscal years.

Pro Forma Debt Service Coverage Ratios Based Upon Ad Valorem Tax Levy

	Years Ended December 31				
	2002	2003	2004	2005	2006
Estimated Revenues from One Mill Tax[1]	$4,587,407	$4,976,098	$5,496,411	$6,124,238	$6,870,912
Maximum Annual Debt Service	2,547,968	2,547,968	2,547,968	2,547,968	2,547,968
Pro Forma Debt Service Coverage Ratio	1.80x	1.95x	2.16x	2.40x	2.70x

[1] See **"COUNTY AD VALOREM TAXATION - Historical Property Tax Data"** herein. The estimated revenues generated are based upon an assumed collection rate of 95% of taxes levied.

COUNTY FINANCIAL INFORMATION

Accounting System and Policies

The accounting practices and policies of the County conform to generally accepted accounting principles as applied to governments. The County's accounting system is organized and operated on a fund basis. The County's funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The County's primary fund is the General Fund, which contains all County revenues except those that are specifically allocated for other purposes. The County may appropriate money from the General Fund for all ordinary County expenses. The Issuer, the Development Authority of Cherokee County, the Cherokee County Department of Public Health, and the Sequoyah Regional Library are accounted for as discretely presented component units of the County. The County also maintains several other funds to account for specific activities or to attain certain objectives.

Financial statements of the County beginning with the fiscal year ended December 31, 2003 are prepared in accordance with Governmental Accounting Standards Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* ("GASB 34"). There are several key differences between the financial statements for the year ended December 31, 2003 and those of previous years. Under GASB 34, financial statements focus on major governmental and business-type activities, rather than on aggregations of similar individual funds known as fund types. The new reporting model requires governments to continue to present fund-based financial statements on a modified accrual basis of accounting. The fund-based financial statements are complemented by a set of government-wide financial statements that present the unit as a single, unified entity. Government-wide financial reporting requires that (1) data reported in governmental funds using the current financial resources measurement focus and modified accrual basis of accounting be converted to the economic resources measurement focus and accrual basis of accounting; and (2) the redundancy resulting from interfund activity within the primary government be eliminated from the government-wide presentations by means of consolidation. Two financial statements are required for the government-wide reporting, the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets presents the information on all of the nonfiduciary activities of the County and its component units. Component units are legally separate units for which the County is responsible. The Statement of Activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenue.

The funds of the County are grouped into three broad categories:

(1) Governmental Funds - This category includes the General Fund, the Special Revenue Funds, the Capital Projects Funds, and the Debt Service Fund. The General Fund is the principal operating fund of the County and is used to account for all activities of the County not otherwise accounted for in a specified fund. The County has 16 Special Revenue Funds, which account for specific revenues that are legally restricted to expenditures for specified purposes. The County has four Capital Projects Funds, which account for collections of the special one percent sales and use tax to be used for the acquisition or construction of major capital facilities. The Debt Service Fund accounts for the accumulation of resources for the payment of principal and interest on general obligation bonds.

(2) Proprietary Funds - This category includes the Enterprise Fund and the Internal Service Funds. The County has one Enterprise Fund, which is the Emergency Medical Services Fund. The County has two Internal Service Funds, which account for operations that provide services to other departments or agencies of the County on a cost-reimbursement basis. The Enterprise Funds and the Internal Service Funds account for County operations that are designed to be self-supporting.

(3) Fiduciary Funds - This category includes the Pension Trust Fund and the Agency Funds, which account for assets held by the County in a fiduciary capacity. The County has one Pension Trust Fund and seven Agency Funds.

Reference is made to Note 1 of the basic financial statements of the County included as Appendix A for a detailed discussion of the County's significant accounting policies.

Five Year General Fund History

Set forth below is an historical, comparative summary of the revenues, expenditures, and changes in fund balance of the County's General Fund for the past five fiscal years. Information in the following table for fiscal years 2002 to 2006 has been extracted from audited financial statements of the County for the years ended December 31, 2002 to 2006. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the County for the fiscal years shown. For more complete information, reference is made to

the audited financial statements for fiscal years 2002 to 2006, copies of which are available from the County upon request.

County General Fund

	Years Ended December 31 (Audited)				
	2002	2003	2004	2005	2006
Revenues					
Taxes	$33,968,690	$38,397,990	$39,213,142	$41,689,967	$44,377,580
Charges for Services	4,870,073	5,651,816	6,032,039	7,830,147	9,124,506
Licenses and Permits	1,996,921	1,848,181	2,004,381	2,079,424	2,292,418
Fines and Forfeitures	4,497,740	5,060,395	5,485,271	5,963,867	4,569,501
Intergovernmental	89,694	24,132	27,316	25,292	25,562
Investment Income	489,252	189,071	185,186	342,026	968,781
Other	637,023	1,080,030	529,859	1,068,472	4,961,367
Total Revenues	46,549,393	52,251,615	53,477,194	58,999,195	66,319,715
Expenditures					
Current Operating:					
General Government	8,095,608	8,707,646	10,608,694	9,060,886	9,945,773
Judicial	6,815,358	7,861,448	8,697,681	8,886,772	9,816,041
Public Safety	18,536,768	19,888,314	22,507,230	23,444,486	25,091,264
Health and Welfare	444,251	654,928	1,036,203	1,359,315	1,327,644
Public Works	3,700,429	3,409,264	3,849,709	3,647,480	3,828,726
Housing and Development	1,563,679	1,621,777	4,396,018	4,040,217	3,503,130
Culture and Recreation	256,475	—	3,486,733	3,606,019	3,701,209
Capital Outlay	—	1,626,836	—	—	—
Debt Service	—	—	12,614	—	—
Total Expenditures	39,412,568	43,770,213	54,594,882	54,045,175	57,213,787
Excess (Deficiency) of Revenues Over Expenditures	7,136,825	8,481,402	(1,117,688)	4,954,020	9,105,928
Other Financing Sources (Uses)					
Transfers In	140,526	199,319	798,100	619,687	456,421
Transfers Out[1]	(1,032,585)	(1,418,775)	(1,556,840)	(1,931,690)	(5,768,026)
Transfers Out to Component Units[2]	(4,010,267)	(4,683,638)	—	—	—
Proceeds from Capital Leases	—	—	1,173,134	—	—
Proceeds from Sale of Assets	—	—	115,622	33,538	125,160
Total Other Financing Sources (Uses)	(4,902,326)	(5,903,094)	(536,016)	(1,278,465)	(5,186,445)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	2,234,499	2,578,308	(587,672)	3,675,555	3,919,483
Fund Balance, Beginning of Year	29,376,319	30,057,039	32,176,314	31,588,642	35,264,197
Prior Period Adjustment[3]	(1,553,779)	(459,033)	—	—	—
Fund Balance, End of Year	$30,057,039	$32,176,314	$31,588,642	$35,264,197	$39,183,680

[1] Represents primarily amounts transferred from the General Fund to fund certain capital expenditures and required matching contributions to grant-supported programs. Fiscal year 2006 also included a one-time transfer of approximately $4.5 million to the County's Emergency Medical Fund to fund certain start-up costs for new emergency medical services provided by the County.

[2] Beginning in 2004, the County began classifying transfers out to component units as current operating expenditures.

[3] The prior period adjustment for 2002 related to an error in the deferred tax calculation and the reclassification of grant revenue to another fund. The prior period adjustment for 2003 related to deferred taxes that were understated in the prior year.

Management Comments Concerning Material Trends in Revenues and Expenditures

For a narrative overview and analysis of the financial activities of the County for fiscal year 2006, see **"Management's Discussion and Analysis"** included in Appendix A to this Official Statement. The Management's Discussion and Analysis is not a required part of the basic financial statements of the County but is supplementary information required by the Governmental Accounting Standards Board that has not been audited by the County's auditor.

The County's General Fund balance increased from $30,057,039 as of December 31, 2002 to $39,183,680 as of December 31, 2006, representing an approximately 30% increase. The General Fund balance as of December 31, 2006 equaled approximately 59% of General Fund revenues and approximately 68% of General Fund expenses.

The County decreased its ad valorem millage rate for maintenance and operations from 4.547 mills for 2006 to 4.40 mills for 2007, which was the eighth year in a row that the County has reduced its millage rate. The County's maintenance and operation tax digest increased from $7.23 billion in 2006 to $8.25 billion in 2007, representing a 13.8% increase. As a result, even with the reduction in the millage rate, the County expects that its General Fund balance at December 31, 2007 will increase to approximately $45.8 million. No assurance can be given that the actual General Fund balance will equal or exceed the presently estimated General Fund balance at December 31, 2007.

On November 2, 2004, voters in the County approved the reimposition of a special sales and use tax at the rate of one percent and for a period of time not to exceed six years. From the commencement of this sales tax on July 1, 2006 through June 30, 2007, it has generated approximately $31.8 million for the County. The County expects that it will collect approximately $142.6 million in additional sales tax proceeds through the expiration date of the sales tax (expected to be June 30, 2012), although there can be no assurance that the amount collected from the sales tax will equal or exceed the presently estimated amount. The County is required to use the sales tax proceeds to fund capital projects that include roads, bridges, park and recreation projects, library projects, fire and public safety projects, and other capital needs.

Budgetary Process

Georgia law requires each county to operate under an annual balanced budget adopted by resolution. A budget resolution is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.

The County adopts annual appropriated budgets for its General Fund, its Special Revenue Funds, and its Debt Service Fund using a basis of accounting consistent with generally accepted accounting principles. The County adopts project-length budgets for its Capital Project Funds. Annual budgets are not adopted for any of the County's Proprietary or Fiduciary Funds because they are not legally required. The County prepares operating budgets for its Proprietary Funds for planning, control, cost allocation, and evaluation purposes.

In July of each year, information is transmitted to the various departments to enable them to prepare their operating budget requests for the next fiscal year. Approximately one month later, the budgetary requests are returned and are reviewed by the County Manager and the Director of Finance. Individual meetings with each department are conducted during the month of September. The County Manager then prepares a proposed line item operating budget and submits it to the Board of Commissioners by December 1. The operating budget includes proposed expenditures and the means for financing them. Public hearings are then conducted in the County to obtain taxpayer comments on the proposed budget. The budget is legally adopted no later than the first meeting of the Board of Commissioners in January of the following calendar year through adoption of a resolution by the Board of Commissioners. Budget amendments must be authorized by the Board of Commissioners through a budget revision.

Budgetary control (the level at which expenditures may not legally exceed appropriations) is maintained at the departmental level. The County Manager is authorized to transfer budgeted amounts among accounts within a department's budget, except that transfers from any salaries or capital outlay accounts may not exceed $25,000. All other transfers or supplemental appropriations require the approval of the Board of Commissioners. The County also prepares monthly financial statements comparing budgeted and actual amounts.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as a technique of accomplishing budgetary control in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances under generally accepted accounting principles, since they do not constitute

expenditures or liabilities. Unencumbered appropriations lapse at the end of the County's fiscal year. Encumbrances are reappropriated in the following fiscal year.

General Fund Budgets

Set forth below is a summary of the County's adopted budget for its General Fund for the year ending December 31, 2007. This budget is based upon certain assumptions and estimates of the County regarding future events, transactions, and circumstances. Realization of the results projected in this budget will depend upon implementation by management of the County of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budget set forth below.

General Fund Budget for Year Ending December 31, 2007

Revenues	
Taxes	$39,960,580
Charges for Services	7,053,000
Licenses and Permits	2,332,401
Fines and Forfeitures	5,447,800
Intergovernmental	25,500
Investment Income	500,000
Other	2,787,758
Total Revenues	58,107,039
Expenditures	
Current:	
General Government	10,393,017
Judicial	10,789,289
Public Safety	27,202,096
Health and Welfare	632,000
Public Works	125,000
Housing and Development	2,980,653
Culture and Recreation	3,824,000
Capital Outlay	1,332,201
Total Expenditures	57,278,256
Excess of Revenues Over Expenditures	828,783
Other Financing Sources (Uses)	
Transfers In	636,803
Transfers Out	(1,465,586)
Total Other Financing Sources (Uses)	(828,783)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$ -0-

Set forth below is an historical, comparative summary of the revenues and expenditures, budget and actual, of the County's General Fund for the years ended December 31, 2002 to 2006.

County General Fund

	Years Ended December 31									
	2002		2003		2004		2005		2006	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Total Revenues	$45,949,832	$46,549,393	$51,100,915	$52,251,615	$55,589,489	$53,477,194	$57,827,111	$58,999,195	$61,109,459	$66,319,715
Total Expenditures	39,373,501	39,412,568	49,808,160	43,770,213	55,161,935	54,594,882	56,640,020	54,045,175	60,196,325	57,213,787
Excess of Revenues Over (Under) Expenditures	6,576,331	7,136,825	1,292,755	8,481,402	427,554	(1,117,688)	1,187,091	4,954,020	913,134	9,105,928
Other Financing Sources (Uses)	(6,576,331)	(4,902,326)	(1,885,773)	(5,903,094)	(690,070)	(536,016)	(1,417,007)	(1,278,465)	(5,016,742)	(5,186,445)
Net Change in Fund Balances	$ -0-	$ 2,234,499	$ (593,018)	$ 2,578,308	$ (262,516)	$ (587,672)	$ (229,916)	$ 3,675,555	$ (4,103,608)	$ 3,919,483

The County has, with some exceptions, conformed to its General Fund budgets for the years ended December 31, 2000 to 2004. Set forth below is a summary of unfavorable variances between final budgeted amounts and actual amounts for the General Fund for the years ended December 31, 2002 to 2006.

General Fund Unfavorable Variances

	Years Ended December 31				
	2002	2003	2004	2005	2006
Revenues					
Taxes	$ ---	$ ---	$ ---	$ (236,850)	$ ---
Charges for Services	---	(738,442)	(675,934)	---	---
Licenses and Permits	---	(20,319)	---	---	---
Fines and Forfeitures	---	---	---	---	(600,499)
Investment Income	(10,748)	(135,929)	(214,814)	(57,974)	---
Other	(1,692,843)	(1,178,697)	(2,558,043)	---	---
Expenditures					
Current					
General Government	---	(582,494)	---	---	---
Judicial	(42,904)	---	---	---	(9,423)
Public Safety	(532,097)	---	---	---	---
Public Works	(16,084)	---	---	---	---
Housing and Development	---	---	(907,848)	---	---
Culture and Recreation	---	---	(130,911)	---	---
Debt Service	---	---	(12,614)	---	---
Other Financing Sources (Uses)					
Operating Transfers In	---	---	(11,828)	---	(256,579)
Operating Transfers Out	---	(466,998)	---	---	---
Operating Transfers Out to Component Units	---	(4,683,638)	---	---	---
Proceeds from Sale of Assets	---	---	---	(11,462)	---
Net Cumulative Variance					
Favorable (Unfavorable)	$2,234,499	$3,171,326	$(325,156)	$3,905,471	$8,023,091

The County undertakes periodic budget revisions in which the County's adopted budget is amended to reflect actual events that have occurred during the County's current fiscal year. The County not yet amended its adopted budget for fiscal year 2007. The County expects to conform to its adopted budget for its General Fund, as amended, for fiscal year 2007.

Capital Improvements

The following table summarizes additions to the County's general fixed assets for the years ended December 31, 2002 to 2006.

	Years Ended December 31				
Function and Activity	2002	2003	2004	2005	2006
Land and Buildings	$18,169,758	$1,654,699	$ 6,966,450	$ 7,402,060	$ 10,644,832
Furniture and Equipment	1,620,570	737,708	2,275,856	1,600,971	844,416
Vehicles	1,512,414	1,825,342	2,398,624	1,697,448	3,434,469
Infrastructure[1]	---	---	11,796,029	17,455,158	234,643,937
Construction in Progress	---	4,733,995	9,513,634	13,953,350	27,165,468
Total	$21,302,742	$8,951,744	$32,950,593	$42,108,987	$276,733,122

[1] Includes capital contributions, primarily roads, that are donated to the County from outside parties such as developers.

The County presently does not have in effect a multi-year capital improvements plan.

Sources of Tax Revenues

Set forth below are the County's General Fund tax revenues by source for the years ended December 31, 2002 to 2006.

General Fund Tax Revenues By Source

Fiscal Year Ended	Ad Valorem Property Tax	Alcoholic Beverage Tax	Franchise Tax	Insurance Premium Tax	Total
2002	$28,730,955	$714,289	$ 996,820	$4,240,915	$34,682,979
2003	31,984,765	711,217	1,153,966	4,548,042	38,397,990
2004	32,986,108	745,493	960,471	4,521,070	39,213,142
2005	34,722,339	731,472	1,381,058	4,855,098	41,689,967
2006	37,169,134	770,014	1,331,248	5,107,184	44,377,580

Employee Benefits

The County participates in a defined benefit pension plan that covers all full-time employees of the County as of January 1, 2007 and is administered through the Association of County Commissioners of Georgia Pension Plan, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for counties in the State of Georgia. The County is required to contribute all amounts necessary to fund the pension plan. Plan participants are not required to contribute to the plan. Pension expense, which includes amortization of prior service cost over 30 years, has been for plan years: 2002 - $136,705; 2003 - $1,747,381; 2004 - $1,885,331; 2005 - $2,062,803; and 2006 - $2,125,264. Set forth below is selected information about the County's pension plan.

Analysis of Funding Progress

Fiscal Year Ended	Actuarial Value of Assets	Actuarially Accrued Liability	(Funded) Unfunded Actuarially Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
12/31/01	$ 4,994,735	$ 5,105,205	$ 110,470	97.8%	$ 6,377,915	1.7%
12/31/02	4,621,515	5,584,672	963,157	82.8	6,159,643	15.6
12/31/03	9,226,237	25,180,163	15,953,926	36.6	27,174,986	58.7
12/31/04	13,838,711	29,948,303	16,109,592	46.2	33,443,204	48.2
12/31/05	17,905,484	34,953,124	17,047,640	51.2	35,851,014	47.6

The County is required by Georgia law to have an actuarial valuation of its pension plan done once every three years. The County met the minimum funding levels prescribed by state law through December 31, 2006. Note 9 of the financial statements of the County included as Appendix A to this Official Statement contains a detailed description of the County's defined benefit non-contributory pension plan.

Prior to January 1, 2003, the County offered its employees a defined contribution money purchase pension plan in accordance with Internal Revenue Code Section 401(a). Effective January 1, 2003, this plan was closed to new enrollees. Employees are 100 percent vested in the County's contributions after five years of service. At December 31, 2006, there were 17 participants in the plan. The contributions are not available to participants until termination, retirement, death, disability, or unforeseeable emergency. The County contributes 4% of eligible salary and a 50% matching contribution for every employee dollar contributed to the deferred compensation plan described below, up to 3% of pay. The plan is accounted for as an agency fund. The plan assets are stated at fair value. Reference is made to Note 10 of the County's financial statements included as Appendix A for a description of the defined contribution money purchase plan.

The County also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all County employees and permits them to defer income taxation of a portion of their salary to future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of

compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant. The County believes that it is unlikely that it will use these assets to satisfy the claims of general creditors in the future. The County believes that it has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor in making plan investments.

County employees accrue vacation and sick leave in different amounts, depending upon the period of time the County has employed them. The maximum amount of vacation leave that employees may accumulate is based upon their years of service and work schedule. The County pays accrued vacation leave upon termination of employment and has reflected a liability for accumulated vacation pay in its financial statements. There is no maximum amount of sick leave that County employees may accumulate. Unused sick leave at termination is credited toward length of service for the calculation of retirement eligibility.

Insurance Coverage and Governmental Immunity

Under Georgia law, the defense of sovereign immunity is available to the County, except for actions for the breach of written contracts and actions for the recovery of damage for any claim for which liability insurance protection has been provided, but only to the extent of the liability insurance provided. The County, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the County in the exercise of its delegated powers.

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

Present insurance coverage is summarized below:

Type	Amount in Force
Blanket Property	$88,396,586
Accounts Receivable	100,000
Valuable Papers	100,000
Newly Acquired Property	1,000,000
Boiler and Machinery	25,000,000

Type	Limits of Liability	
	Each Occurrence	Aggregate
Commercial General Liability	$2,000,000	$6,000,000
Law Enforcement Liability	2,000,000	6,000,000
Automobile Liability	2,000,000	2,000,000
Employee Benefits	2,000,000	6,000,000
Public Officials	2,000,000	6,000,000
Employment Practices	2,000,000	2,000,000

The County is partially self-insured for workers' compensation claims through a self-insurance program that is periodically reviewed for actuarial soundness by an actuary. Reference is made to Note 12 of the County's financial statements included as Appendix A for a discussion of the County's risk management program.

The County requires payment and performance surety bonds and builders' risk insurance of all contractors and subcontractors involved in its public works projects. The County requires surety bonds to be issued by surety firms listed on the U.S. Treasury-approved list and the builders' risk insurance to be in the amount of the contract sums.

LEGAL MATTERS

Pending Litigation

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with its counsel, Jarrard & Davis, LLP, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity will not have a material adverse effect upon the financial position or results of operations of the County. Reference is made to Note 13 of the County's financial statements included as Appendix A to this Official Statement for a discussion of contingent liabilities arising from litigation in which the County is a party.

There is no litigation now pending or, to the knowledge of the Issuer or the County, threatened against the Issuer or the County which restrains or enjoins the issuance or delivery of the Series 2007 Bonds, the provision of the security for the payment of the Series 2007 Bonds, or the use of the proceeds of the Series 2007 Bonds or which questions or contests the validity of the Series 2007 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the Issuer or the County, nor the title of the present members or other officials of the Issuer or the County to their respective offices, is being contested or questioned. There is no litigation pending or, to the knowledge of the Issuer or the County, threatened which in any manner questions the right of the Issuer to enter into the Indenture, the Lease, or the Contract or to secure the Series 2007 Bonds in the manner provided in the Indenture. No litigation and no proceedings are pending against the County or its officials, or to their knowledge are threatened against them, which would affect the sale of the Series 2007 Bonds, the security therefor, or the ability of the County to enter into and perform its obligations under the Contract.

No litigation and no proceedings are pending against the Lessee or its officers, or to their knowledge are threatened against them, which would affect the sale of the Series 2007 Bonds, the security therefor, or the ability of the Lessee to perform its obligations under the Lease.

Opinion of Bond Counsel

Certain legal matters incident to the authorization and issuance of the Series 2007 Bonds are subject to the approval of Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2007 Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as Appendix C.

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions that apply to the Series 2007A Bonds. These include restrictions on investments, requirements for periodic payment of arbitrage profits to the United States, requirements regarding the use of Series 2007A Bond proceeds, requirements regarding facilities financed with Series 2007A Bond proceeds, and other restrictions and requirements. Failure to comply with certain of such requirements and restrictions may cause interest on the Series 2007A Bonds to become subject to federal income taxation, retroactive, in some cases, to the date of issuance of the Series 2007A Bonds.

In the opinion of Bond Counsel, under existing law, interest on the Series 2007A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from the gross income of the owners thereof for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person", within the meaning of Section 147(a) of the Code. Bond Counsel has noted, however, that interest on the Series 2007A Bonds that is so excluded is a specific "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. In addition to the exceptions stated therein, this opinion is subject to the condition that the Issuer and the Lessee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2007A Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Series 2007A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2007A Bonds.

Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the Series 2007A Bonds.

In concluding that interest on the Series 2007A Bonds is excludable from gross income for federal income tax purposes, Bond Counsel will rely, as to questions of fact material to its opinion, upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to it, (b) certifications furnished to it by or on behalf of the Lessee, the County, and the

Issuer (including certifications made in the Tax Certificate of the Lessee), and (c) representations of the Issuer, the Lessee, and the County contained in such proceedings and in documents delivered in connection with the issuance of the Series 2007A Bonds. If certain of these items are incorrect, interest on the Series 2007A Bonds may become included in gross income for federal income tax purposes retroactive, in some cases, to the date of issuance of the Series 2007A Bonds.

In the further opinion of Bond Counsel, the interest on the Series 2007A Bonds is exempt from State of Georgia income taxation (as long as such interest remains excluded from gross income for federal income tax purposes), although the Series 2007A Bonds and the interest thereon may be included in the measure of State of Georgia estate and inheritance taxes and of certain State of Georgia corporate excise and franchise taxes. Bond Counsel has not opined as to whether interest on the Series 2007A Bonds is subject to state or local income taxation in jurisdictions other than Georgia; interest on the Series 2007A Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Each purchaser of the Series 2007A Bonds should consult its own tax advisor regarding the tax-exempt status of the interest on the Series 2007A Bonds in a particular state or local jurisdiction other than Georgia.

Bond counsel will be rendering no legal opinions with respect to any tax consequences of purchasing, owning, or disposing of Series 2007B Bonds, including, without limitation, whether interest on the Series 2007B Bonds is included in gross income for federal or State of Georgia income tax purposes. See **"LEGAL MATTERS - Certain Tax Consequences of Owning Series 2007B Bonds"** herein.

Original Issue Discount on Series 2007A Bonds

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of the Series 2007A Bonds, to the extent properly allocable to each owner of such Series 2007A Bond, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2007A Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Series 2007A Bonds were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a constant yield to maturity basis. The amount of original issue discount that accrues to an owner of a Series 2007A Bond who acquires such Series 2007A Bond in this offering during any accrual period generally equals (i) the issue price of such Series 2007A Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2007A Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2007A Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Series 2007A Bond for the purpose of determining gain or loss upon a subsequent sale, exchange, payment, or redemption. Any gain realized by an owner from a sale, exchange, payment, or redemption of a Series 2007A Bond would be treated as gain from the sale or exchange of such Series 2007A Bond.

Owners of Series 2007A Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning Series 2007A Bonds. Under the tax laws of certain state and local jurisdictions, the amount of interest considered to have accrued to an owner of a Series 2007A Bond may also be deemed to be received in the year of such accrual, even though there will not be a corresponding cash payment, rather than upon the disposition, redemption, or maturity of such Series 2007A Bond for purposes of determining such owner's income tax liability under such state or local tax laws.

Collateral Federal Tax Consequences of Owning Series 2007A Bonds

Ownership of the Series 2007A Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain recipients of Social Security or railroad retirement benefits, foreign corporations operating branches in the United States, Subchapter S corporations, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2007A Bonds, and individuals otherwise entitled to receive the earned income tax credit.

Prospective purchasers of the Series 2007A Bonds should consult their tax advisors as to the applicability of any such collateral federal tax consequences. In this respect, prospective purchasers of the Series 2007A Bonds should be aware of the following collateral federal tax consequences.

1. Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2007A Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocated to interest on the Series 2007A Bonds.

2. Property and casualty insurance companies are required to reduce the amount of their deductible underwriting losses by 15% of their amount of tax-exempt interest, including interest on the Series 2007A Bonds. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income.

3. Certain recipients of Social Security benefits and railroad retirement benefits will be required to include a portion of such benefits within gross income by reason of receipt or accrual of interest on the Series 2007A Bonds.

4. For foreign corporations operating branches in the United States, Section 884 of the Code imposes a branch-level tax on certain earnings and profits. Interest on the Series 2007A Bonds may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

5. Passive investment income, including interest on the Series 2007A Bonds, may be subject to federal income taxation under Section 1375 of the Code for any Subchapter S corporation that has Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income.

6. Certain individuals otherwise entitled to the earned income credit under Section 32 of the Code forfeit that entitlement if the disqualified income of the individual exceeds $2,200. For this purpose, disqualified income means certain types of passive income, including income that is exempt from tax, such as interest on the Series 2007A Bonds.

7. Payments of interest that is exempt from tax under Section 103(a) of the Code, such as interest on the Series 2007A Bonds, are now subject to information reporting from payors to the Internal Revenue Service.

Certain Tax Consequences of Owning Series 2007B Bonds

The following constitutes a discussion of certain of the federal and State of Georgia income tax consequences of the purchase, ownership, and disposition of the Series 2007B Bonds. This summary is presented for informational purposes only and is intended to be a discussion primarily of the federal and State of Georgia income tax consequences to individual owners who are citizens or residents of the United States. It is not practicable to comment on all aspects of the federal, state, and local tax laws which may affect an individual owner's purchase of the Series 2007B Bonds. Therefore, state (other than State of Georgia), local, and foreign tax consequences are not discussed, nor are the tax consequences to owners other than individuals. Such tax consequences will vary with each purchaser, depending upon its individual situation. The following summary should not be considered as legal or tax advice to prospective purchasers of the Series 2007B Bonds.

Taxability

The interest on the Series 2007B Bonds is included in gross income of the United States resident owners thereof and is therefore not exempt for federal income tax purposes. Although not free from doubt, the Department of Revenue, State of Georgia takes the position that the interest on the Series 2007B Bonds is not exempt from State of Georgia income taxation.

Backup Withholding and Reporting Requirements

Interest payments with respect to the Series 2007B Bonds will be reported to the owners and the Internal Revenue Service (the "IRS"). Such amounts will normally not be subject to withholding of federal income tax. However, the Issuer or its agent may be required to withhold federal income tax at a rate of 28% from payments to certain owners ("backup withholding") in accordance with Section 3406 of the Internal Revenue Code. This tax may be withheld from certain payments if (i) an owner fails to furnish the Issuer or its agent with his or her tax identification number ("TIN") certified under penalties of perjury, (ii) the Issuer or its agent is notified by the IRS that the TIN furnished by an owner is incorrect, (iii) the IRS notifies the Issuer or its agent that an owner has failed to report properly certain income to the IRS, or (iv) when required to do so, an owner fails to certify under penalty of perjury that he or she is not subject to backup withholding.

Circular 230

Prospective investors are urged to consult their own tax advisors before determining whether to purchase Series 2007B Bonds. The tax discussion herein under **"LEGAL MATTERS - Certain Tax Consequences of Owning Series 2007B Bonds"** was not intended or written to be used, and cannot be used, for purposes of avoiding taxpayer penalties. This discussion was written to support the promotion or marketing of the Series 2007B Bonds.

Other Tax Consequences to Investors

There may be other federal, state, local, or foreign tax considerations applicable to the circumstances of a particular investor. Prospective investors are urged to consult their own tax advisors before determining whether to purchase Series 2007B Bonds. Purchasers of Series 2007B Bonds who are nonresident alien individuals, corporations that are not incorporated in the United States or under the laws of the United States or of any state of the United States, or other non-United States persons should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes on income realized in respect to the Series 2007B Bonds.

Validation Proceedings

The State of Georgia instituted proceedings in the Superior Court of Cherokee County, Georgia to validate the Series 2007 Bonds and the security therefor. The State of Georgia was the plaintiff in the proceeding, and the Issuer, the Lessee, and the County were the defendants. A final judgment confirming and validating the Series 2007 Bonds and the security therefor was entered August 14, 2007. Under Georgia law, the judgment of validation is forever conclusive with respect to the validity of the Series 2007 Bonds and the security therefor against the Issuer, the Lessee, and the County. The judgment entered by the Superior Court of Cherokee County holds, among other things, that the Issuer and the County are authorized to enter into the Contract, that the Contract, when executed and delivered, will constitute a valid, binding, and enforceable obligation of the Issuer and the County, and that the County is authorized to make all payments required by the Contract and to levy and collect taxes, within the limitations provided by law, for the purpose of making all payments required under the Contract.

Closing Certificates

At closing of the sale of the Series 2007 Bonds by the Underwriter, the Issuer, the Lessee, and the County will each deliver to the Underwriter a certificate (1) that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2007 Bonds or the security for the Series 2007 Bonds or on its financial condition, and (2) that the information contained in this Official Statement relating to it does not contain any misrepresentation of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Rating

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned ratings of "Aaa" and "AAA," respectively, to the Series 2007 Bonds, with the understanding that upon delivery of the Series 2007 Bonds a policy insuring the payment when due of the principal of and interest on the Series 2007 Bonds will be issued by the Bond Insurer. Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned underlying ratings (without regard to the issuance of the Bond Insurance Policy) of "Aa2" and "AA," respectively, to the Series 2004 Bonds. The ratings reflect only the respective views of the rating agencies, and any desired explanation of the significance of each rating should be obtained from the rating agency furnishing such rating, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007 and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that either or both of such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the liquidity and market price of the Series 2007 Bonds.

Underwriting

The Series 2007A Bonds will be purchased for re-offering at negotiated sale by Citigroup Global Markets Inc. (the "Underwriter") from the Issuer at an aggregate purchase price of 97.1422249 percent of the principal amount of the Series 2007A Bonds. The Series 2007B Bonds will be purchased at negotiated sale by the Underwriter from the Issuer at an aggregate purchase price of 99.25 percent of the principal amount of the Series 2007B Bonds. The Underwriter will enter into a Bond Purchase Agreement that provides that the Underwriter will purchase all of the Series 2007 Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2007 Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter intends to offer the Series 2007 Bonds to the public initially at the offering prices set forth on the cover page of this Official Statement, which offering prices may subsequently be changed from time to time by the Underwriter without any requirement of prior notice. The offering prices set forth on the cover page of this Official Statement average $7.50 per $1,000 principal amount of the Series 2007 Bonds in excess of the purchase price to be paid to the Issuer by the Underwriter. The Underwriter will receive no fee (other than the anticipated profits described in the preceding sentence) from the Issuer for underwriting the Series 2007 Bonds. The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Series 2007 Bonds. The Underwriter may offer and sell the Series 2007 Bonds to certain dealers (including dealers depositing Series 2007 Bonds into investment trusts) at prices lower than the public offering prices set forth on the cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2007 Bonds will be deducted from the Underwriter's underwriting profits.

Independent Auditors

The basic financial statements of the County as of December 31, 2006 and for the year then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Atlanta, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC.

Transactions with Related Persons

The Manager, an affiliate of the Lessee, will contract with the Lessee pursuant to the Management Agreement to provide management services for the Project. The shareholders of the Manager, Jimmy L. Bobo and David G. Bobo, are also the beneficial owners of the limited liability companies that own the Lessee. See **"THE LESSEE"** and **"THE MANAGER"** herein. In addition, Upland Development Group, Inc., which will oversee and manage the construction of the Project pursuant to a contract with the Lessee, is also controlled by Jimmy L. Bobo and David G. Bobo. See **"PLAN OF FINANCING - The Project"** herein. These contracts may be amended by mutual agreement of the contracting parties to include additional services at additional costs.

The contracts described above were not arrived at through arm's length negotiations or subjected to competitive bidding, and no representation is made that contracts for comparable services could not be negotiated on a more favorable basis to the Lessee with unrelated parties. In addition, the relationships described above may result in conflicts of interest, result in higher costs for the development of the Project and for the management services provided to the Lessee, and give the Lessee less incentive to enforce its rights in certain situations.

Pending Legislation

The Georgia House of Representatives currently has under consideration House Resolution 900 ("HR 900"), which proposes holding a statewide referendum to authorize an amendment to the Constitution of the State of Georgia to abolish nearly all existing state and local taxes and to adopt a business value added tax and a revised state income tax. Under the current version of HR 900, all tax revenue sources used by local governments, including the County, would be eliminated except for taxes on alcoholic beverages. Taxes that would be eliminated include all ad valorem property tax, local option sales tax, special purpose local option sales tax, insurance premium tax, and franchise tax. In addition, local government tax collection functions, no longer be needed, would be eliminated. HR 900 calls for a "local government guarantee" providing that local governments would receive revenue essentially equivalent to the amount of revenue it received in the 2006 tax year from the taxes that would be eliminated. This local revenue guarantee would become the local governments' primary source of revenue for payment of debt and for operation of the government. The local revenue would be derived from a transfer of funds from the State of Georgia equal to a percentage of the total revenue collected by the state from the two new revenue sources (value added tax and income tax). If HR 900 were to become law in its present form or if similar legislation were to be enacted in the future, the County's credit ratings could be adversely affected. In addition, the County can give no assurances as to whether or when HR 900 or similar legislation will be enacted by the Georgia General

Assembly or, if enacted, what form it will take or what effect it will have on the funding sources for the operations or obligations of the County, including its obligations under the Contract.

Additional Information

Use of the words "shall," "must," or "will" in this Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2007 Bonds.

RESPONSIBILITY FOR OFFICIAL STATEMENT

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Issuer, the Lessee, and the County. The contents of this Official Statement are the responsibility of the Lessee and the County, except that the Issuer is responsible for the statements contained under the caption **"THE ISSUER"** and the information with respect to the Issuer appearing under the caption **"LEGAL MATTERS - Pending Litigation"** herein, and with the exception of the foregoing information for which the Issuer is responsible, the Issuer makes no representation as to the accuracy or completeness of any information contained herein.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: /s/ James E. Hubbard
Vice Chairman, Board of Directors

BALL GROUND RECYCLING, LLC

BY: J. BOBO, LLC, as sole Manager

By: /s/ Jimmy L. Bobo
Manager

CHEROKEE COUNTY, GEORGIA

By: /s/ Leavitt B. Ahrens, Jr.
Chairman, Board of Commissioners

APPENDIX A

FINANCIAL STATEMENTS OF THE COUNTY

The basic financial statements of the County as of December 31, 2006 and for the year then ended, included as this Appendix A, have been audited by Mauldin & Jenkins, LLC, Atlanta, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon which appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC.

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CHEROKEE COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2006

Prepared by:
Amy J. Davis, CPA
Finance Director

Cherokee County Finance Department
90 North Street – Canton, Georgia 30114

CHEROKEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Cherokee County, Georgia
Canton, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Cherokee County, Georgia** (the "County"), as of and for the year ended December 31, 2006, which collectively comprise Cherokee County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cherokee County Department of Public Health and Sequoyah Regional Library, which represents 43% and 49%, respectively, of the assets and revenue of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cherokee County Department of Public Health and the Sequoyah Regional Library in the component unit columns, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cherokee County, Georgia as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the Fire District Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2007, on our consideration of Cherokee County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 11) is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 18, 2007

Management's Discussion and Analysis

As management of Cherokee County, we offer readers of Cherokee County financial statements this narrative overview and analysis of the financial activities of Cherokee County for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i–ix of this report.

Financial Highlights

- The total assets of Cherokee County, including component units, were $1,222,168,404, which exceeded its liabilities of $54,233,477 at the close of the most recent fiscal year by $1,167,934,927.
- The government's total net assets, including component units, increased by $249,425,816. This is the result of acquiring additional capital assets without the issuance of additional debt.
- At of the close of the current fiscal year, Cherokee County's governmental funds reported combined ending fund balances of $80,902,961, an increase of $6,613,826 over the prior year. Of this amount, $78,743,826 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $39,008,155 or 68% of total general fund expenditures.
- Cherokee County's total debt increased by $9,400,000 (31%) during the current fiscal year, leaving a general obligation debt balance of $29,400,000.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of Cherokee County that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Cherokee County include general government, public safety, judicial services, health and welfare, highways and streets, culture and recreation and housing and development. The business-type activities of Cherokee County include Emergency Medical Services (ambulance service).

The government-wide financial statements include not only Cherokee County itself (known as the *primary government*), but also Cherokee Recreation and Parks Authority, Development Authority of Cherokee County, Cherokee County Board of Health, and Sequoyah Regional Library, all legally separate entities, for which Cherokee County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-15 of this report.

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

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

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

Cherokee County maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Fire District, the Impact Fee fund, the Special Purpose Local Option Sales Tax IV (SPLOST) fund and SPLOST V fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Cherokee County adopts an annual appropriated budget for its general fund, as well as all special revenue, proprietary and all other governmental fund types, including capital projects. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-31 of this report.

Proprietary funds. Cherokee County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Cherokee County uses an enterprise fund to account for its Emergency Medical Services fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Cherokee County's various functions. Cherokee County uses internal service funds to account for its fleet of vehicles and for its employee benefits claims. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Emergency Medical Services

fund, which is considered to be a major fund of Cherokee County. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Cherokee County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-64 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Cherokee County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 61 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 65-87 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cherokee County, assets exceeded liabilities by $1,139,607,109 at the close of the most recent fiscal year.

By far the largest portion of Cherokee County's net assets, $1,091,400,097 million or 89% reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Cherokee County uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Cherokee County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The sharp increase in capital assets in governmental activities is due to donated streets and infrastructure that was previously not accounted for on the balance sheet.

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005	Total 2006	Total 2005
Current and other assets	$ 93,745,330	$ 85,462,237	$ 4,037,844	$ (773,195)	$ 97,783,174	$ 84,689,042
Capital assets	1,090,696,030	850,268,502	704,067	875,692	1,091,400,097	851,144,194
Total assets	1,184,441,360	935,730,739	4,741,911	102,497	1,189,183,271	935,833,236
Long-term liabilities outstanding	39,403,031	30,941,681	773,595	1,125,498	40,176,626	32,067,179
Other liabilities	9,219,292	7,603,400	180,244	154,873	9,399,536	7,758,273
Total liabilities	48,622,323	38,545,081	953,839	1,280,371	49,576,162	39,825,452
Net assets:						
Invested in capital assets, net of related debt	1,058,146,955	827,445,194	3,316	(156,420)	1,058,150,271	827,288,774
Restricted	2,159,137	854,710	-	-	2,159,137	854,710
Unrestricted	75,512,945	68,885,754	3,784,756	(1,021,454)	79,297,701	67,864,300
Total net assets	$ 1,135,819,037	$ 897,185,658	$ 3,788,072	$ (1,177,874)	$ 1,139,607,109	$ 896,007,784

At the end of the current fiscal year, Cherokee County is able to report that all but four governmental funds had a positive balance in net assets. The funds that ended the year with negative fund balances were the Grant fund, Animal Services fund, DUI Court fund, Hotel Motel fund and SPLOST III fund. The business-type activities, which is solely the Emergency Medical Services fund ended the year with a balance in net assets of $3,788,072. Fiscal year 2006 was the fourth year of operations for our one business-type enterprise.

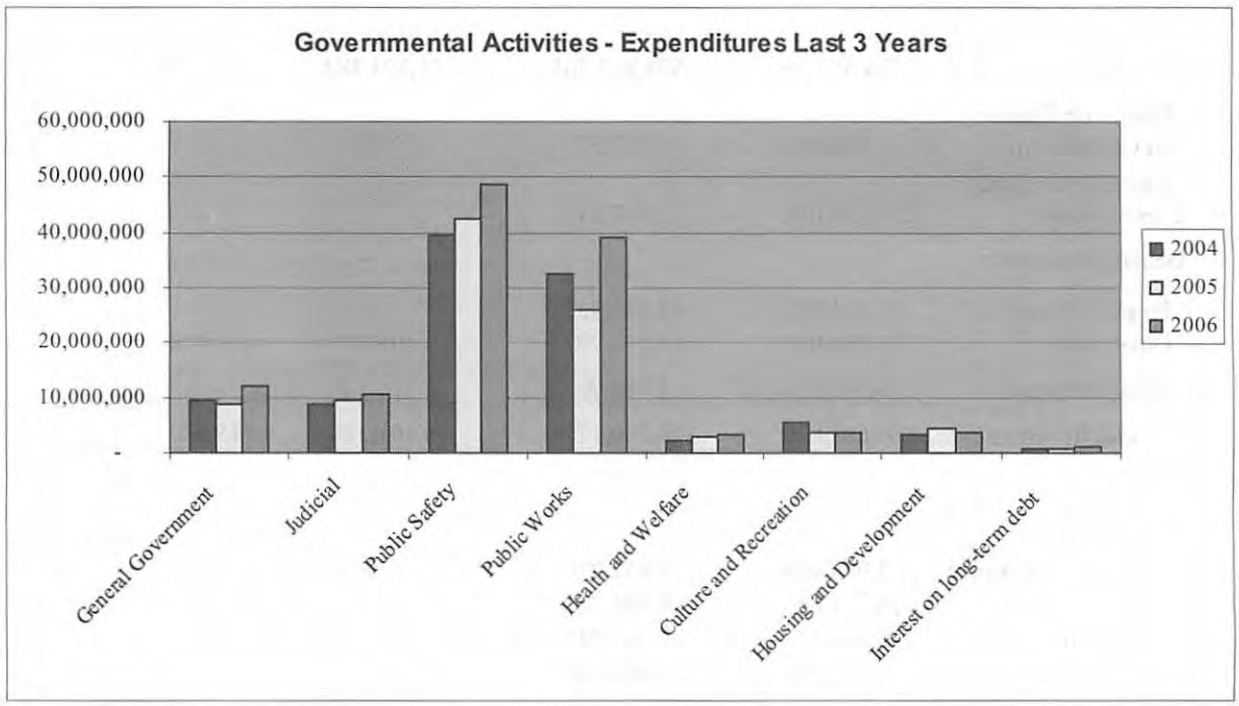
Unrestricted net assets reported in connection with Cherokee County's business-type activities were $3,784,756.

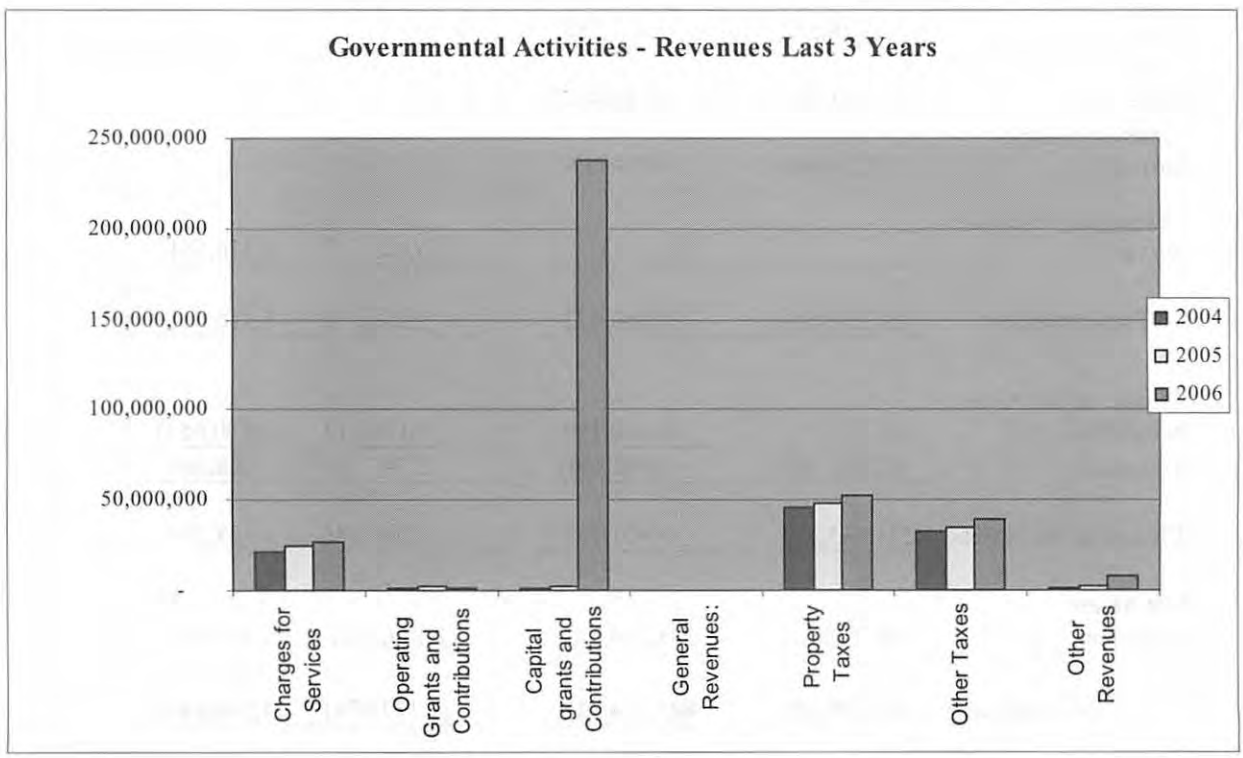
Cherokee County's total net assets, including both governmental and business type activities, increased $243,599,325. This is primarily the result of an increase in capital assets.

Governmental activities. Governmental activities increased Cherokee County's net assets by $238,633,379. General governmental expenditures decreased significantly while revenues increased primarily by a tax millage increase in the Fire District and substantial growth in the tax digest which resulted in increased property taxes. Sales taxes also had a significant increase of 15.3%. The SPLOST IV and SPLOST V Capital Project Funds fund balances decreased by $2,627,335 and $1,865,047, respectively from 2005. The decrease is due to certain acceleration of capital projects in these funds, which are using accumulated sales tax revenues collected in prior years.

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005
Revenues:				
Program Revenues				
Charges for Services	$26,582,155	$24,807,705	$5,791,384	$4,715,926
Operating Grants and Contributions	890,604	1,867,578	-	-
Capital grants and Contributions	237,929,016	2,477,845	-	-
General Revenues:			-	-
Property Taxes	52,184,012	48,256,431	-	-
Other Taxes	38,954,058	35,053,707	400,000	400,000
Other Revenues	8,141,984	1,886,905	-	-
Total Revenues	364,681,829	114,350,171	6,191,384	5,115,926
Expenses:				
General Government	12,073,965	8,887,270	-	-
Judicial	10,511,613	9,605,721	-	-
Public Safety	48,666,376	42,369,742	-	-
Public Works	39,182,296	26,057,608	-	-
Health and Welfare	3,387,526	2,797,603	-	-
Culture and Recreation	3,708,582	3,611,883	-	-
Housing and Development	3,485,319	4,386,432	-	-
Interest on long-term debt	1,237,040	553,713	-	-
Emergency Medical Services	-	-	5,021,172	5,316,581
Total expenses	122,252,716	98,269,972	5,021,172	5,316,581
Change in Net Assets before Transfers	242,429,113	16,080,199	1,170,212	(200,655)
Transfers	(3,795,734)	(608,864)	3,795,734	608,864
Change in Net Assets	238,633,379	15,471,335	4,965,946	408,209
Net Assets, beginning	897,185,658	881,714,323	(1,177,874)	(1,586,083)
Net Assets, beginning	897,185,658	881,714,323	(1,177,874)	(1,586,083)
Net Assets, ending	**$1,135,819,037**	**$897,185,658**	**$3,788,072**	**($1,177,874)**

- Property taxes increased by $2,229,004 during the year. This increase is the product of consistent growth in the County as well as a tax millage rate increase in the Fire District from 2.5 mills to 2.75 mills.
- Operating grants for governmental activities increased by $449,351, primarily due to increased federal funding for homeland security.





	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005
Revenues:				
Program Revenues				
Charges for Services	$26,582,155	$24,807,705	$5,791,384	$4,715,926
Operating Grants and Contributions	890,604	1,867,578	-	-
Capital grants and Contributions	237,929,016	2,477,845	-	-
General Revenues:			-	-
Property Taxes	52,184,012	48,256,431	-	-
Other Taxes	38,954,058	35,053,707	400,000	400,000
Other Revenues	8,141,984	1,886,905	-	-
Total Revenues	364,681,829	114,350,171	6,191,384	5,115,926
Expenses:				
General Government	12,073,965	8,887,270	-	-
Judicial	10,511,613	9,605,721	-	-
Public Safety	48,666,376	42,369,742	-	-
Public Works	39,182,296	26,057,608	-	-
Health and Welfare	3,387,526	2,797,603	-	-
Culture and Recreation	3,708,582	3,611,883	-	-
Housing and Development	3,485,319	4,386,432	-	-
Interest on long-term debt	1,237,040	553,713	-	-
Emergency Medical Services	-	-	5,021,172	5,316,581
Total expenses	122,252,716	98,269,972	5,021,172	5,316,581
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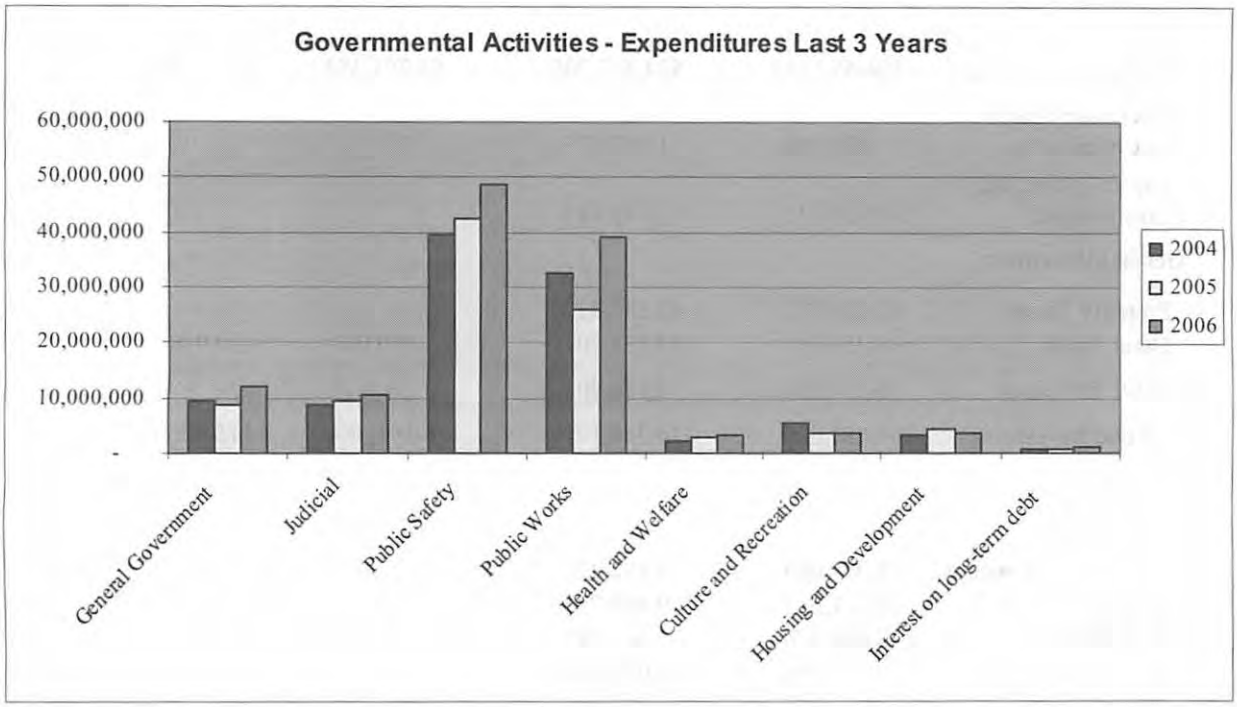
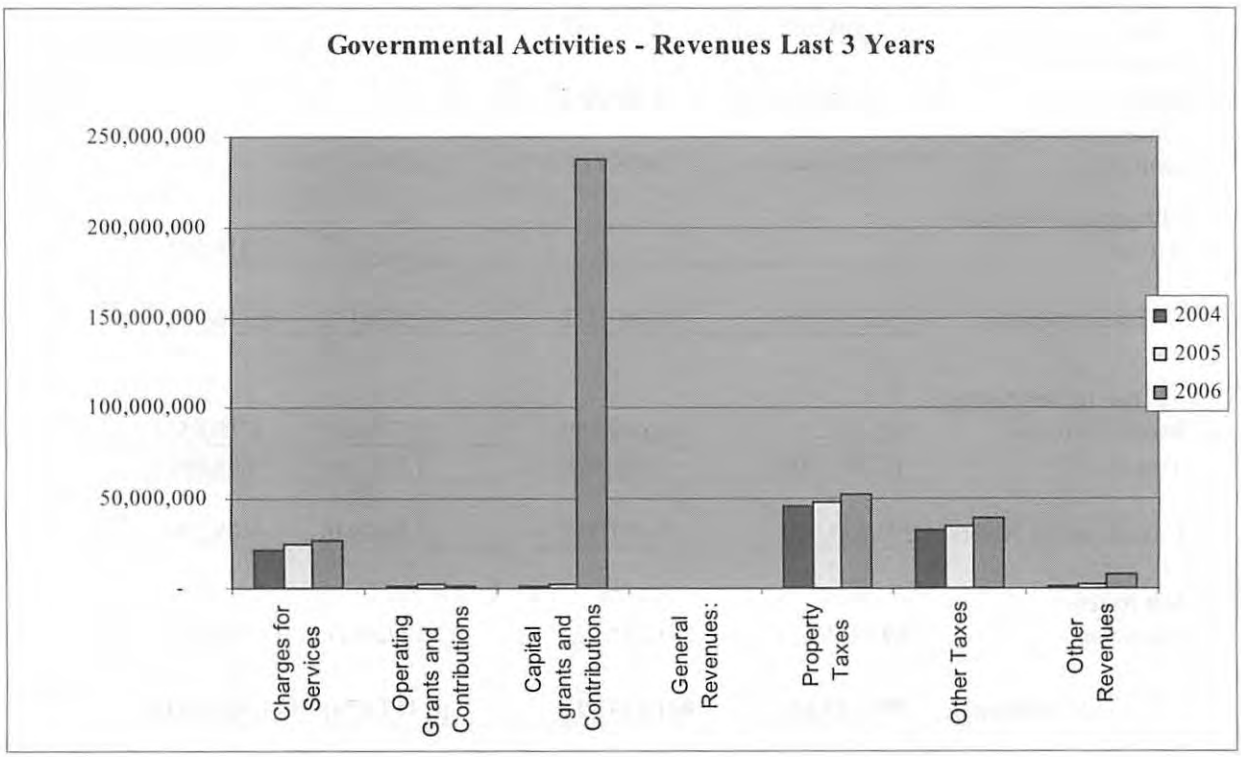
Transfers	(3,795,734)	(608,864)	3,795,734	608,864
Change in Net Assets	238,633,379	15,471,335	4,965,946	408,209
Net Assets, beginning	897,185,658	881,714,323	(1,177,874)	(1,586,083)
Net Assets, beginning	897,185,658	881,714,323	(1,177,874)	(1,586,083)
Net Assets, ending	**$1,135,819,037**	**$897,185,658**	**$3,788,072**	**($1,177,874)**

- Property taxes increased by $2,229,004 during the year. This increase is the product of consistent growth in the County as well as a tax millage rate increase in the Fire District from 2.5 mills to 2.75 mills.
- Operating grants for governmental activities increased by $449,351, primarily due to increased federal funding for homeland security.





Business-Type Activities. Net assets for Business-type activities increased $4,965,946, for an ending balance of 3,788,072. Key elements of this decrease are as follows:

- General Fund transfer of $4,457,669 to subsidize operations and eliminate negative balances.
- $400,000 in Insurance Premium taxes was diverted from the General Fund to the EMS fund.
- Due to the operational activities being closely tied to the Fire District fund, often EMT's who are paid by the Fire Fund will assist the paramedics in EMS. This has resulted in reduced costs for this fund by eliminating employee positions, but increased costs for the fire district.

Financial Analysis of the Government's Funds

As noted earlier, Cherokee County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, Cherokee County's governmental funds reported combined ending fund balances of $80,902,961, a net increase of $6,613,826 over the prior year. Of this, $78,743,824 constitutes *unreserved fund balance,* which is available for spending at the government's discretion.

The general fund is the chief operating fund of Cherokee County. At the end of the current fiscal year, total fund balance of the general fund was $39,183,680, of which $39,008,155 represents the *unreserved* portion. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 60%, as does total fund balance.

The fund balance of Cherokee County's general fund increased by $3,919,483 during the current fiscal year. Key factors in this growth are as follows:

- $4.4 million reimbursed by the Cherokee County Development Authority for bond payments made by the County over the last eight years.
- Tax revenues were budgeted in an extremely conservative manner, which resulted in tax revenues over budget by $1.4 million.
- Landfill use fees were over budget by $.5 million due to increased usage.
- Virtually all departments ended the year under budgeted appropriations.

The debt service fund has a total fund balance of $952,607, all of which is reserved for the payment of debt service. The net increase in fund balance during the current fiscal year in the debt service fund was $943,303. The government has dedicated a portion of the 1% sales tax for repayment of the debt. This current fiscal year $31,672,352 was collected in sales taxes.

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

Net assets of the Emergency Services fund at the end of the year amounted to $3,788,072 of which $3,784,756 was unrestricted, and net assets for Internal Services amounted to ($133,809), of which ($287,839) was unrestricted. Costs in the Internal Services funds were not sufficiently allocated to the individual departments.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget amounted to a net increase in the budget of $4.5 million. Significant items that contributed to this budget difference are as follows:

- Purchase orders carried over from prior year are considered a budget revision in our accounting software. Rollovers in the General Fund were $252,748.
- An amendment to increase the transfer to the EMS fund of $3.7 million.
- Increase budget for indigent defense of $361,000.

Capital Asset and Debt Administration

Capital Assets. Cherokee County's investment in capital assets for its governmental and business type activities as of December 31, 2006 amounts to $1,091,400,097 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, vehicles, roads, highways, and bridges.

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

- Construction and improvements to fire stations on Hwy 92.
- Purchase of land and buildings for a new tax campus which will house the Tax Commissioner, Tax Assessor and the County Code Enforcement departments.
- Purchase of land and construction of the new administration building.
- Donatd infrastucture resulted in addition of over $200 million in donated roads and infrastructure.

Additional information on Cherokee County's capital assets can be found in Note 6 on page 49 - 53 of this report.

Long-term debt. At the end of the current fiscal year, Cherokee County had total long term bonded debt outstanding of $29,938,574. All of this debt is backed by the full faith and credit of the government and is supported by the 1% Special Purpose Local Option Sales tax approved by the voters in the 2004 referendum. In addition to this long-term bonded debt, Cherokee has $3,311,251 outstanding in long term lease obligations for the purchase of fire and EMS equipment.

Cherokee County's long term debt increased $8,109,447 during the current fiscal year. New bonded debt was issued during the year in the amount of $9,400,000. Cherokee County has a bond rating from Fitch Rating Agency of "AA" for general obligation debt. The County holds a rating of "Aa2" from Moody's Rating Agency and a "AA-" from Standard & Poor's Rating agency on general obligation debt. The revenue bonds held by Cherokee County Development Authority have a rating of "AAA" from Standard & Poor's Rating Agency.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 % of its total assessed valuation. The current debt limitation for Cherokee County is $772,448,000, which is significantly in excess of Cherokee County's outstanding debt of $29,938,574.

Additional information on Cherokee County's long-term debt can be found in Note 7 on pages 53-57 of this report.

Economic Factors and Next Year's Budgets and Rates

- Cherokee County's annual unemployment rate was 4.4%, which is the same as the state average, but slightly below the national average.
- The per capita personal income as provided by the Georgia Department of Labor was an average of $28,100 in Cherokee County.
- Cherokee County is the fifth fastest growing county in the State of Georgia at a rate of nearly 5.4% a year.
- The need for services such as police and fire protection, court services, recreation facilities, and road improvements have increased in direct correlation to the population growth. Population currently stands at 192,107.
- State mandated programs such as storm water drainage and indigent defense have further stressed an already tight budget.
- Cherokee County continues to have an all Republican commission which is committed to keeping property taxes and government costs to a bare minimum.

All of these factors were considered in preparing Cherokee County's budget for the 2006 fiscal year.

Taxpayer Bill of Rights Act. In 2006, the tax millage rate was 4.547 mills for the general fund and 2.75 mills for the Fire District.

Requests for Information

This financial report is designed to provide a general overview of Cherokee County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Cherokee County Board of Commissioners, 90 North Street, Suite 310, Canton, Georgia, 30114.

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BASIC FINANCIAL STATEMENTS

CHEROKEE COUNTY, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 46,458,201	$ 37,244	$ 46,495,445
Investments	32,091,280	-	32,091,280
Property taxes receivable	4,367,867	-	4,367,867
Accounts receivable	3,667,650	4,000,600	7,668,250
Due from other governments	5,111,543	-	5,111,543
Due from component units	50,000	-	50,000
Inventory	140,234	-	140,234
Prepaid items	-	-	-
Deferred charges	-	-	-
Capital assets, non-depreciable	272,223,243	-	272,223,243
Capital assets, depreciable (net of accumulated depreciation)	818,472,787	704,067	819,176,854
Other noncurrent assets	1,858,555	-	1,858,555
Total assets	1,184,441,360	4,741,911	1,189,183,271
LIABILITIES			
Accounts payable	6,675,571	110,716	6,786,287
Accrued liabilities	2,536,241	69,528	2,605,769
Due to primary government	-	-	-
Other liabilities	7,480	-	7,480
Unearned revenue	-	-	-
Claims payable due within one year	327,691	-	327,691
Capital leases due within one year	598,197	343,880	942,077
Capital leases due in more than one year	2,012,304	356,871	2,369,175
Bonds payable due within one year	4,792,000	-	4,792,000
Bonds payable due in more than one year	25,146,574	-	25,146,574
Compensated absences due within one year	1,569,000	52,000	1,621,000
Compensated absences due in more than one year	700,518	20,844	721,362
Landfill due within one year	143,756	-	143,756
Landfill due in more than one year	4,112,991	-	4,112,991
Total liabilities	48,622,323	953,839	49,576,162
NET ASSETS			
Invested in capital assets, net of related debt	1,058,146,955	3,316	1,058,150,271
Restricted for:			
Other purposes	1,206,530	-	1,206,530
Debt service	952,607	-	952,607
Unrestricted	75,512,945	3,784,756	79,297,701
Total net assets	$ 1,135,819,037	$ 3,788,072	$ 1,139,607,109

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

Component Units			
Department of Public Health	Development Authority	Library	Recreation and Parks Authority
$ 1,403,475	$ 2,286,472	$ 984,498	$ 286,586
471,210	-	49,051	-
-	-	-	-
191,220	326,833	46,289	-
861,542	-	43,101	-
-	-	-	-
3,630	-	-	-
-	-	10,911	-
-	25,733	-	-
-	665,436	1,277,768	9,411,801
288,628	1,776,875	8,619,587	3,954,487
-	-	-	-
3,219,705	5,081,349	11,031,205	13,652,874
504,745	-	105,516	648,734
161,859	9,213	6,142	186,783
-	50,000	-	-
-	-	-	-
-	-	1,124	-
-	-	-	-
-	-	-	7,250
-	-	-	15,145
-	600,000	-	-
-	1,961,005	-	-
-	-	21,830	-
290,655	-	87,314	-
-	-	-	-
-	-	-	-
957,259	2,620,218	221,926	857,912
288,628	(118,694)	9,897,355	13,366,288
741,653	-	223,507	-
-	-	-	-
1,232,165	2,579,825	688,417	(571,326)
$ 2,262,446	$ 2,461,131	$ 10,809,279	$ 12,794,962

CHEROKEE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 12,073,965	$ 7,025,896	$ 27,909	$ -
Judicial	10,511,613	6,526,695	77,542	-
Public safety	48,666,375	5,334,715	135,075	804,057
Public works	39,182,296	7,599,374	-	236,362,549
Health and welfare	3,387,526	95,475	-	-
Culture and recreation	3,708,582	-	-	-
Housing and development	3,485,319	-	650,078	762,410
Interest on long-term debt	1,237,040	-	-	-
Total governmental activities	122,252,716	26,582,155	890,604	237,929,016
Business-type activities:				
Emergency medical services	5,021,172	5,791,384	-	-
Total business-type activities	5,021,172	5,791,384	-	-
Total primary government	$ 127,273,888	$ 32,373,539	$ 890,604	$ 237,929,016
Component units:				
Department of Public Health	$ 10,267,086	$ 1,271,201	$ 8,758,719	$ -
Development Authority	5,368,538	-	1,370,150	537,210
Library	4,172,455	535,679	3,471,909	136,098
Recreation and Parks Authority	3,103,262	1,201,795	-	1,543,521
Total component units	$ 22,911,341	$ 3,008,675	$ 13,600,778	$ 2,216,829

General revenues:
- Property taxes
- Alcoholic beverage taxes
- Vehicle taxes
- Sales taxes
- Insurance premium taxes
- Other taxes
- Miscellaneous revenues
- Unrestricted investment earnings
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

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

SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
$ 2,512,021	$ 1,721,371	$ 46,283,391
15,891,629	9,300,555	32,091,280
-	-	4,367,867
513,239	652,780	3,667,650
4,883,254	228,252	5,111,506
-	-	3,146,163
-	-	50,000
-	-	32,931
$ 23,800,143	$ 11,902,958	$ 94,750,788
$ 4,372,528	$ 335,412	$ 6,525,762
-	166,868	2,092,924
2,720,666	232,763	2,953,429
-	2,011	2,268,232
-	403	7,480
7,093,194	737,457	13,847,827
-	-	147,240
-	-	32,931
-	952,607	952,607
-	1,026,359	1,026,359
-	-	39,008,155
-	2,789,718	13,365,671
16,706,949	6,396,817	26,369,998
16,706,949	11,165,501	80,902,961
$ 23,800,143	$ 11,902,958	
		1,090,542,000
		2,303,996
		(39,618,902)
		1,822,791
		(133,809)
		$ 1,135,819,037

CHEROKEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund	Fire District Fund	SPLOST IV Fund
REVENUES			
Property taxes	$ 37,169,134	$ 16,028,273	$ -
Alcoholic beverage taxes	739,005	-	-
Franchise taxes	1,331,248	-	-
Insurance premium taxes	5,107,184	-	-
Sales taxes	-	-	15,793,146
Other taxes	31,009	-	-
Licenses and permits	2,292,418	114,913	-
Intergovernmental	25,562	-	2,163,213
Fines and forfeitures	4,569,501	-	-
Charges for services	9,124,506	379,539	-
Investment income	968,781	160,982	95,907
Contributions and donations	-	-	395,034
Other	4,961,367	6,835	184,810
Total revenues	66,319,715	16,690,542	18,632,110
EXPENDITURES			
Current:			
General government	9,945,773	-	-
Judicial	9,816,041	-	-
Public safety	25,091,264	14,059,408	-
Public works	3,828,726	-	-
Health and welfare	1,327,644	-	-
Housing and development	3,503,130	-	-
Culture and recreation	3,701,209	-	-
Capital outlay	-	-	21,259,445
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	57,213,787	14,059,408	21,259,445
Excess (deficiency) of revenues over (under) expenditures	9,105,928	2,631,134	(2,627,335)
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	-	-
Capital leases	-	-	-
Proceeds from sale of assets	125,160	-	-
Transfers in	456,421	611,935	-
Transfers out	(5,768,026)	(50,000)	-
Total other financing sources (uses)	(5,186,445)	561,935	-
Net change in fund balances	3,919,483	3,193,069	(2,627,335)
FUND BALANCES, beginning of year	35,264,197	7,387,530	5,893,567
FUND BALANCES, end of year	$ 39,183,680	$ 10,580,599	$ 3,266,232

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

SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 53,197,407
-	-	739,005
-	-	1,331,248
-	-	5,107,184
15,879,206	-	31,672,352
-	73,260	104,269
-	-	2,407,331
737,267	2,409,777	5,335,819
-	1,613,768	6,183,269
-	7,589,964	17,094,009
939,730	297,505	2,462,905
-	21,732	416,766
74,451	84,229	5,311,692
17,630,654	12,090,235	131,363,256
-	-	9,945,773
-	168,717	9,984,758
-	6,043,584	45,194,256
-	-	3,828,726
-	2,031,331	3,358,975
-	63,149	3,566,279
-	-	3,701,209
27,703,622	1,339,200	50,302,267
-	296,779	296,779
-	1,096,139	1,096,139
27,703,622	11,038,899	131,275,161
(10,072,968)	1,051,336	88,095
9,400,000	-	9,400,000
798,165	-	798,165
(1,860)	-	123,300
-	3,517,809	4,586,165
(1,988,384)	(575,489)	(8,381,899)
8,207,921	2,942,320	6,525,731
(1,865,047)	3,993,656	6,613,826
18,571,996	7,171,845	74,289,135
$ 16,706,949	$ 11,165,501	$ 80,902,961

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CHEROKEE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006

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

Net change in fund balances - total governmental funds	$	6,613,826
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		241,476,076
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(1,043,595)
The net pension asset is also not a current financial resource and is not reported in the funds.		546,180
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(227,358)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(8,439,460)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(201,997)
Internal service funds are used by management to charge costs of various services and benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.		(90,293)
	$	238,633,379

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

CHEROKEE COUNTY, GEORGIA

GENERAL FUND AND FIRE DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund			
	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 35,988,210	$ 35,988,210	$ 37,169,134	$ 1,180,924
Alcoholic beverage taxes	750,000	750,000	739,005	(10,995)
Franchise taxes	1,050,000	1,050,000	1,331,248	281,248
Insurance premium taxes	5,100,000	5,100,000	5,107,184	7,184
Other taxes	50,000	50,000	31,009	(18,991)
Licenses and permits	2,090,000	2,090,000	2,292,418	202,418
Intergovernmental	25,500	25,500	25,562	62
Fines and forfeitures	5,110,000	5,170,000	4,569,501	(600,499)
Charges for services	7,348,158	7,459,658	9,124,506	1,664,848
Interest	350,000	350,000	968,781	618,781
Other	2,789,191	3,076,091	4,961,367	1,885,276
Total revenues	60,651,059	61,109,459	66,319,715	5,210,256
EXPENDITURES				
Current:				
General government:				
County commission	174,892	174,892	161,370	13,522
County manager	313,775	298,833	291,407	7,426
County clerk	73,826	73,826	73,919	(93)
Elections	672,391	672,391	664,848	7,543
Finance	746,774	746,794	690,577	56,217
County attorney	255,922	275,922	322,268	(46,346)
Data processing	1,654,401	1,777,089	1,727,018	50,071
Mapping	285,770	288,767	280,403	8,364
Human resources	249,360	250,627	250,408	219
Tax commissioner	1,635,325	1,635,325	1,607,468	27,857
Tax assessor	1,711,394	1,711,394	1,607,576	103,818
Buildings and grounds	835,812	893,794	839,219	54,575
General administration	1,321,660	1,398,727	1,429,292	(30,565)
Total general government	9,931,302	10,198,381	9,945,773	252,608
Judicial:				
Court administration	534,820	558,820	515,158	43,662
Superior court	528,180	467,149	454,310	12,839
Superior court -pretrial services	57,253	57,253	59,367	(2,114)
Indigent defense	1,287,094	1,547,204	1,647,882	(100,678)
Clerk of superior court	2,467,542	2,555,794	2,552,926	2,868
District attorney	1,475,653	1,468,796	1,437,579	31,217
State court	657,130	606,730	618,953	(12,223)

(Continued)

Fire District Fund			
Budget			Variance With
Original	Final	Actual	Final Budget
$ 13,608,357	$ 13,608,357	$ 16,028,273	$ 2,419,916
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
135,000	135,000	114,913	(20,087)
-	-	-	-
-	-	-	-
300,000	300,000	379,539	79,539
15,000	16,317	160,982	144,665
-	111,498	6,835	(104,663)
14,058,357	14,171,172	16,690,542	2,519,370
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

CHEROKEE COUNTY, GEORGIA

GENERAL FUND AND FIRE DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund			
	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Current (continued):				
Judicial (continued):				
State court solicitor	$ 897,182	$ 895,315	$ 886,666	$ 8,649
Magistrate court	456,745	503,345	504,022	(677)
Probate court	495,046	483,400	485,400	(2,000)
Juvenile court	662,812	662,812	653,778	9,034
Total judicial	9,519,457	9,806,618	9,816,041	(9,423)
Public safety:				
Sheriff	14,691,237	14,726,264	13,892,106	834,158
Major Crimes Unit	509,735	509,735	485,261	24,474
Correctional institute	10,433,724	10,437,629	9,902,149	535,480
Fire	-	-	-	-
Adult probation	12,500	12,500	12,500	-
CMANS	271,327	271,988	264,739	7,249
Coroner	100,103	100,103	67,866	32,237
Animal control	266,029	272,451	258,432	14,019
Emergency management	203,325	203,325	208,211	(4,886)
Total public safety	26,487,980	26,533,995	25,091,264	1,442,731
Public works:				
Roads and bridges	2,117,754	2,117,754	1,859,105	258,649
Engineering development	368,673	368,673	342,569	26,104
Engineering	1,113,910	1,156,410	1,088,167	68,243
Solid waste collection	393,733	401,743	370,305	31,438
Postclosure care	200,000	200,000	168,580	31,420
Total public works	4,194,070	4,244,580	3,828,726	415,854
Health and welfare:				
Public health administration	322,619	322,619	325,379	(2,760)
Aid to dependent children	140,000	140,000	124,092	15,908
Aid to the disabled	12,000	12,000	12,000	-
Community service agent	152,166	153,166	139,648	13,518
Children and youth services	150,000	150,000	145,000	5,000
Transportation services	690,555	690,555	496,727	193,828
County extension	91,535	91,535	84,798	6,737
Total health and welfare	1,558,875	1,559,875	1,327,644	232,231

(Continued)

Fire District Fund			
Budget			Variance With
Original	Final	Actual	Final Budget
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
14,631,132	14,780,393	14,059,408	720,985
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
14,631,132	14,780,393	14,059,408	720,985
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

CHEROKEE COUNTY, GEORGIA

GENERAL FUND AND FIRE DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund			
	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Current: (Continued)				
Housing and development:				
Conservation administration	$ 49,705	$ 49,705	$ 43,860	$ 5,845
Forest resources conservation	6,616	6,616	7,200	(584)
Building inspection	849,452	849,452	788,343	61,109
Planning and zoning	464,404	472,248	472,158	90
Code enforcement	543,066	543,066	474,070	68,996
Economic development	2,004,800	2,015,418	1,566,125	449,293
Airport	151,374	151,374	151,374	-
Total housing and development	4,069,417	4,087,879	3,503,130	584,749
Culture and recreation:				
Recreation	1,800,000	1,800,000	1,738,264	61,736
Library	1,964,997	1,964,997	1,962,945	2,052
Total culture and recreation	3,764,997	3,764,997	3,701,209	63,788
Total expenditures	59,526,098	60,196,325	57,213,787	2,982,538
Excess (deficiency) of revenues over (under) expenditures	1,124,961	913,134	9,105,928	8,192,794
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	45,000	45,000	125,160	80,160
Transfers in	713,000	713,000	456,421	(256,579)
Transfers out	(1,882,961)	(5,774,742)	(5,768,026)	6,716
Total other financing sources (uses)	(1,124,961)	(5,016,742)	(5,186,445)	(169,703)
Net change in fund balances	-	(4,103,608)	3,919,483	8,023,091
FUND BALANCES, beginning of year	35,264,197	35,264,197	35,264,197	-
FUND BALANCES, end of year	$ 35,264,197	$ 31,160,589	$ 39,183,680	$ 8,023,091

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

Net (Expenses) Revenues and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Department of Public Health	Development Authority	Library	Recreation and Parks Authority
$ (5,020,160)	$ -	$ (5,020,160)	$ -	$ -	$ -	$ -
(3,907,376)	-	(3,907,376)	-	-	-	-
(42,392,528)	-	(42,392,528)	-	-	-	-
204,779,627	-	204,779,627	-	-	-	-
(3,292,051)	-	(3,292,051)	-	-	-	-
(3,708,582)	-	(3,708,582)	-	-	-	-
(2,072,831)	-	(2,072,831)	-	-	-	-
(1,237,040)	-	(1,237,040)	-	-	-	-
143,149,059	-	143,149,059	-	-	-	-
-	770,212	770,212	-	-	-	-
-	770,212	770,212	-	-	-	-
143,149,059	770,212	143,919,271	-	-	-	-
-	-	-	(237,166)	-	-	-
-	-	-	-	(3,461,178)	-	-
-	-	-	-	-	(28,769)	-
-	-	-	-	-	-	(357,946)
-	-	-	(237,166)	(3,461,178)	(28,769)	(357,946)
52,184,012	-	52,184,012	-	-	-	-
739,005	-	739,005	-	-	-	633,839
1,331,248	-	1,331,248	-	-	-	-
31,672,352	-	31,672,352	-	-	-	5,186,580
5,107,184	400,000	5,507,184	-	-	-	-
104,269	-	104,269	-	-	-	-
5,679,079	-	5,679,079	-	13,612	5,333	52,448
2,462,905	-	2,462,905	-	65,834	28,280	14,982
-	-	-	-	3,910,642	-	-
(3,795,734)	3,795,734	-	-	-	-	-
95,484,320	4,195,734	99,680,054	-	3,990,088	33,613	5,887,849
238,633,379	4,965,946	243,599,325	(237,166)	528,910	4,844	5,529,903
897,185,658	(1,177,874)	896,007,784	2,499,612	1,932,221	10,804,435	7,265,059
$ 1,135,819,037	$ 3,788,072	$ 1,139,607,109	$ 2,262,446	$ 2,461,131	$ 10,809,279	$ 12,794,962

CHEROKEE COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

ASSETS	General Fund	Fire District Fund	SPLOST IV Fund
Cash	$ 28,460,293	$ 10,523,066	$ 3,066,640
Investments	6,899,096	-	-
Property taxes receivable	2,924,140	1,443,727	-
Accounts receivable	2,191,377	3,070	307,184
Due from other governments	-	-	-
Due from other funds	3,146,163	-	-
Due from component unit	50,000	-	-
Inventory	28,285	4,646	-
Total assets	$ 43,699,354	$ 11,974,509	$ 3,373,824
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 1,397,979	$ 334,847	$ 84,996
Accrued liabilities	1,428,458	481,766	15,832
Due to other funds	-	-	-
Deferred revenue	1,689,237	576,984	-
Other liabilities	-	313	6,764
Total liabilities	4,515,674	1,393,910	107,592
FUND BALANCES			
Fund balances:			
Reserved for:			
Court technology	147,240	-	-
Inventory	28,285	4,646	-
Debt service	-	-	-
E-911 wireless	-	-	-
Unreserved, reported in:			
General fund	39,008,155	-	-
Special revenue funds	-	10,575,953	-
Capital projects funds	-	-	3,266,232
Total fund balances	39,183,680	10,580,599	3,266,232
Total liabilities and fund balances	$ 43,699,354	$ 11,974,509	$ 3,373,824

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures, and, therefor are deferred in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension asset that is not a financial resource used in governmental activities and therefore, not reported in governmental funds.

Internal service funds are used by management to charge the costs of various benefits and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Net assets of governmental activities

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

Fire District Fund			
Budget			Variance With
Original	Final	Actual	Final Budget
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
14,631,132	14,780,393	14,059,408	720,985
(572,775)	(609,221)	2,631,134	3,240,355
-	-	-	-
-	-	611,935	611,935
50,000	(50,000)	(50,000)	-
50,000	(50,000)	561,935	611,935
(522,775)	(659,221)	3,193,069	3,852,290
7,387,530	7,387,530	7,387,530	-
$ 6,864,755	$ 6,728,309	$ 10,580,599	$ 3,852,290

CHEROKEE COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006

ASSETS	Business-type Activities - Enterprise Fund EMS	Governmental Activities - Internal Service Funds
CURRENT ASSETS		
Cash	$ 37,244	$ 174,810
Receivables, net of allowance	4,000,600	-
Due from other governments	-	37
Inventories	-	107,303
Total current assets	4,037,844	282,150
NONCURRENT ASSETS		
Capital assets, net of depreciation	704,067	154,030
Total assets	4,741,911	436,180
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	110,716	149,809
Accrued liabilities	142,372	227,446
Due to other funds	-	192,734
Capital leases payable, current	343,880	-
Total current liabilities	596,968	569,989
LONG-TERM LIABILITIES		
Capital leases payable	356,871	-
Total liabilities	953,839	569,989
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	3,316	154,030
Unrestricted	3,784,756	(287,839)
Total net assets	$ 3,788,072	$ (133,809)

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

CHEROKEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Fund EMS	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for services	$ 5,791,384	$ 6,565,435
Miscellaneous revenue	-	478,896
Total operating revenues	5,791,384	7,044,331
OPERATING EXPENSES		
Personal services	1,892,774	6,434,014
Contractual services	370,530	30,284
Supplies	331,411	597,106
Bad debts	2,050,600	-
Depreciation	339,502	73,220
Total operating expenses	4,984,817	7,134,624
Operating income (loss)	806,567	(90,293)
NON-OPERATING REVENUES (EXPENSES)		
Insurance premium tax	400,000	-
Interest expense	(36,355)	-
Total non-operating revenues (expenses)	363,645	-
Change in net assets before transfers	1,170,212	(90,293)
TRANSFERS IN	4,457,669	-
TRANSFERS OUT	(661,935)	-
Change in net assets	4,965,946	(90,293)
NET ASSETS (DEFICIT), beginning of year	(1,177,874)	(43,516)
NET ASSETS (DEFICIT), end of year	$ 3,788,072	$ (133,809)

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

CHEROKEE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Fund EMS	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 4,909,370	$ -
Receipts from other funds	-	6,598,962
Payments to employees	(1,917,688)	-
Payments to suppliers for services provided	(6,582,278)	(6,412,699)
Net cash provided by (used in) operating activities	(3,590,596)	186,263
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Insurance premium tax	400,000	-
Transfers in	4,457,669	-
Transfers out	(661,935)	-
Net cash provided by non-capital financing activities	4,195,734	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(200,179)	(68,267)
Principal payments on capital lease	(331,360)	-
Interest payments on capital lease	(36,355)	-
Net cash used in capital and related financing activities	(567,894)	(68,267)
Net increase in cash	37,244	117,996
Cash and cash equivalents, beginning of year	-	56,814
Cash and cash equivalents, end of year	$ 37,244	$ 174,810
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 806,567	$ (90,293)
Adjustments to reconcile net operating income (loss) to net cash used in operating activities		
Depreciation	339,502	73,220
Loss on disposal	32,301	-
(Increase) decrease in accounts receivable	(882,014)	24,657
Decrease in due from other governments	-	8,870
(Increase) in inventories	-	(27,766)
Increase in accounts payable	29,743	46,212
Increase (decrease) in accrued liabilities	(97,758)	185,384
(Decrease) in due to other funds	(3,891,781)	(34,021)
Increase in compensated absence	72,844	-
Net cash provided by (used in) operating activities	$ (3,590,596)	$ 186,263

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

CHEROKEE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

	Pension Trust Fund	Agency Funds
ASSETS		
Cash	$ -	$ 92,940,768
Investments, at fair value:		
Mutual funds	6,938,291	-
Due from others	-	6,625
Taxes receivable	-	12,672,269
Total assets	6,938,291	105,619,662
LIABILITIES		
Due to others	-	92,947,393
Taxes payable to others upon collection	-	12,672,269
	-	105,619,662
NET ASSETS		
Held in trust for pension benefits (See Note 9 for a schedule of funding progress)	$ 6,938,291	$ -

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

CHEROKEE COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Pension Trust Fund
ADDITIONS	
Contributions, employer	$ 57,717
Investment earnings:	
Net increase in the fair value of assets	528,662
Total additions	586,379
DEDUCTIONS	
Benefits	426,733
Total deductions	426,733
Change in net assets	159,646
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	6,778,645
End of year	$ 6,938,291

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County is a political subdivision of the State of Georgia governed by the Commission Chairman and a four-member Board of Commissioners. The financial statements of the County and its discretely presented component units, the Development Authority of Cherokee County, the Cherokee Recreation and Parks Authority, the Sequoyah Regional Library, and the Cherokee County Department of Public Health have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described below.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units", the component units' financial statements have been included as discretely presented component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. Based upon the application of these criteria, the following is a brief review of each component unit addressed in defining the County's reporting entity.

The **Development Authority of Cherokee County** (the "Development Authority") provides a means to issue industrial development bonds to develop and promote trade, commerce, industry and employment opportunities within Cherokee County. All board members of the Development Authority are appointed by the County. The Development Authority is presented as a governmental fund type component unit. There are no separately issued financial statements available for the Development Authority.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The **Cherokee Recreation and Parks Authority** (the "Recreation and Parks Authority") manages and maintains parks and recreation facilities for the benefit of Cherokee County citizens. During the year ended December 31, 2006 the Recreation and Parks Authority received an appropriation from the County in the amount of $1,045,000, plus all beer and wine tax revenue collected ($633,839 in 2006). Additionally, the County appoints all five of the Recreation and Parks Authority's board members. The County also leases to the Recreation and Parks Authority the parks for $1 per year. The Recreation and Parks Authority is presented as a governmental fund type component unit. There are no separately issued financial statements available for the Recreation and Parks Authority.

The **Sequoyah Regional Library** (the "Library") provides library services to the citizens of Cherokee, Gilmer and Pickens Counties. During the year ended June 30, 2006 (the Library operates on a June 30 year end), the Library received $1,962,945 from the County. The County appoints a majority of the Library's board members. The Library is presented as a governmental fund type component unit.

The Sequoyah Regional Library operates on a June 30 year end. The financial statements of the Sequoyah Regional Library were audited by other auditors, and a complete report can be obtained from the Sequoyah Regional Library, 116 Brown Industrial Parkway, Canton, Georgia 30114.

The **Cherokee County Department of Public Health** (the "Department of Public Health") provides health related services to residents of Cherokee County. Programs include disease screening, child health services, family planning, health services, and environmental health programs. The County appoints a voting majority of the board members of the Department of Public Health.

The Department of Public Health operates on a June 30 year end. The financial statements of the Department of Public Health were audited by other auditors, and a complete report can be obtained from the administrative offices of the Department of Public Health, 1219 Univeter Road, Canton, Georgia 30114.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Atlanta Regional Commission (the "ARC") is considered a joint venture based upon the criteria in GASB Statement No. 14, as amended by GASB Statement No. 39. Under Georgia law, the County, in conjunction with other cities and counties in the 10-county metropolitan Atlanta, Georgia area, is a member of the ARC. Membership in a Regional Development Center (RDC) is required by the O.C.G.A 50/--8-34, which provides for the organization structure of the RDC in Georgia. The County paid dues in the amount of $181,735 to the ARC for the year ended December 31, 2006. The RDC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Complete financial statements of the RDC may be obtained from the Atlanta Regional Commission, 40 Courtland Street, N.E., Atlanta, Georgia 30303.

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County reports the following major governmental funds:

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

The ***Fire District Fund*** is used to account for monies received from a specific property tax levy and the operations of the fire departments within the County.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

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

The ***Special Purpose Local Option Sales Tax IV Fund*** is used to account for proceeds of a special 1% local sales tax levy approved in 2000 for an authorized period of five years or the raising of not more than $125 million. The proceeds of this special tax are designated for a County jail, parks and recreation facilities of the County, County animal shelter, County public safety facilities and County library.

The ***Special Purpose Local Option Sales Tax V Fund*** is used to account for proceeds of a special 1% local sales tax levy approved in 2004 for an authorized period of five years or the raising of not more than $200 million. The proceeds of this special tax are designated for a new administration building, courthouse renovation, transportation facilities and equipment, park and recreation facilities, library facilities, public safety facilities and equipment, emergency children's shelter, driver's license facility, conference center, renovations for Appalachian Tech College and senior center expansions.

The County reports the following major proprietary fund:

The ***Emergency Medical Services ("EMS") Fund*** is used to account for the provision of emergency medical services to the residents of the County. Activities of the fund include administration, operations, and collection activities.

Additionally, the County reports the following fund types:

Internal service funds account for fleet management services and self funded casualty, liability, medical, dental, and workers' compensation claims.

The ***pension trust fund*** accounts for the activities of the County's defined contribution pension plan, which accumulates resources for pension, benefit payments to participating employees.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. Constitutional officers use these funds to temporarily hold assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

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

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

As a general rule the effects of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other changes between the County's emergency medical services and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the County's internal service funds are charges for goods and services provided. Operating expenses of the enterprise funds and internal service funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Cash, Cash Equivalents and Investments

Cash includes cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

D. Cash, Cash Equivalents and Investments (Continued)

State statutes authorize the County to invest in U.S. Government obligations; U.S. Government agency obligations; obligations of the State of Georgia; obligations of other counties; municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc.; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by the U.S. government or agency obligations; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. The Pension Trust is also authorized to invest in corporate bonds, domestic common stocks, equity real estate, and international common stocks through pooled investment accounts. Investments are stated at fair value.

Operating funds are currently invested in the Georgia Fund 1 Liquidity Pool; Georgia Extended Asset Pool (GEAP); U.S. Government agencies; or maintained in demand deposit, savings, and public funds money market accounts with financial institutions.

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Due to the nature of the accounts, no amounts in this fund are categorized from an investment risk perspective.

GEAP was also created under the Official Code of Georgia Annotated (OCGA) 36-83-8, but investments are restricted to those enumerated by OCGA 50-5A-7 and Chapter 17 of Title 50. GEAP is managed by the State of Georgia as a variable net asset value fund. These funds are managed similarly to the management of the Georgia Fund 1 accounts. GEAP is available to all public entities that have a minimum of $1,000,000 in funds available for investment for a period of one (1) year or longer. The value of an investment in GEAP will fluctuate over time, and it is possible to lose money by investing in the fund. Investments in this fund are not guaranteed or insured by any bank, the Federal Deposit Insurance Corporation (FDIC), the State of Georgia or any other government agency. Due to the nature of the accounts, no amounts in this fund are categorized from an investment risk perspective. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current assets.

Payments to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items. Prepaid items reported in the governmental funds are also equally offset by a fund balance reserve, which indicates that they do not constitute "available, spendable financial resources" even though they are a component of net current assets.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets, not including infrastructure, are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. All infrastructure assets are capitalized, regardless of cost. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

G. Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

Asset Category	Years
Buildings and improvements	50
Vehicles	5
Machinery and equipment	5-20
Infrastructure	25-50

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees can accumulate up to 320 hours of vacation leave for Regular employees and up to 480 hours of vacation leave for Fire District employees. The amount of sick leave that can be accumulated is unlimited. Upon separation, those employees who meet the County's retirement qualifications are entitled to receive 50% of their accumulated sick leave. Those employees who do not meet the retirement qualifications forfeit unused accumulated sick leave upon separation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

I. Compensated Absences (Continued)

Employees are entitled to all accrued vacation leave upon separation, regardless if retirement qualifications are met. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Sick leave, because employees are only due 50%, if they meet the retirement qualifications is therefore only recorded at the fund level, as the liability is matured.

J. Fund Equity

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

K. Interfund Transfers

Interfund reimbursement transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund reimbursement transactions are reported as transfers.

L. Management Estimates

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

NOTE 2. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to December 1, the County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commending the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. At a date no later than the first Board meeting of January, the budget is formally approved.

4. The County Manager is authorized to transfer amounts between accounts within any department. All supplemental appropriations must be enacted by the County Commission.

   The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

   Annual appropriated budgets are adopted for the General Fund, each Special Revenue Fund, and the Debt Service Fund for the year ended December 31, 2006. Project length budgets are adopted for all Capital Projects Funds for the year ended December 31, 2006. Budget amounts are as originally adopted, or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations. Unencumbered appropriations lapse at year-end. There were no material supplementary appropriations made during the year. The budgets were adopted on the GAAP basis of accounting.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2006, material excesses (greater than $5,000) of expenditures over appropriations at the department level (the legal level of control), are as follows:

Fund / Department	Excess
General Fund:	
County attorney	$ 46,346
General administration	30,565
Indegent defense	100,678
State Court	12,223
Confiscated Assets	206,594
DUI Court	27,835

These over expenditures resulted from unanticipated costs, and were funded by greater than anticipated revenues or available fund balance.

C. Deficit Fund Equity

The Hotel / Motel Tax Fund had a deficit fund balance of $2,012 as of December 31, 2006. This deficit will be eliminated through future collection of hotel/motel taxes. The Animal Services Fund had a deficit fund balance of $40,783 at December 31, 2006. This deficit will be eliminated through future collection of animal service charges. The DUI Court Fund had a deficit fund balance of $54,658 at December 31, 2006. This deficit will be eliminated through future collection of DUI court charges. The Multiple Grant Fund had a deficit fund balance of $143 at December 31, 2006. This deficit will be eliminated through match funds transferred from the General fund. The SPLOST III Fund had a deficit fund balance of $725 at December 31, 2006. This deficit will be eliminated through future funds transferred over by the General Fund.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

C. Deficit Fund Equity (Continued)

The Fleet Services Fund had a deficit fund equity balance of $1,798 as of December 31, 2006. This deficit will be eliminated by future charges to other funds.

The Insurance and Benefits Fund had a deficit fund equity balance of $132,011 as of December 31, 2006. This deficit will be eliminated by future charges to other funds.

NOTE 3. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $39,618,902 difference are as follows:

Bonds payable	$	(29,400,000)
Less: Underwriters discount		183,204
Add: Original issue premium		(721,778)
Accrued interest payable		(215,871)
Capital leases payable		(2,610,501)
Claims payable		(327,691)
Landfill postclosure costs		(4,256,747)
Compensated absences		(2,269,518)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(39,618,902)

NOTE 3. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $241,476,076 difference are as follows:

Capital outlay	$	273,571,281
Depreciation expense		(32,095,205)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	241,476,076

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $8,439,460 difference are as follows:

Issuance of general obligation bonds	$	(9,400,000)
Capital lease financing		(798,169)
Deferred issuance costs		35,764
Decrease in claims payable		73,117
Decrease in landfill postclosure care costs		1,177,426
Principal retirement of long-term debt		472,402
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(8,439,460)

NOTE 3. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $201,997 difference are as follows:

Compensated absences	$	13,874
Accrued interest payable		(215,871)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(201,997)

NOTE 4. DEPOSITS AND INVESTMENTS

A. Credit risk

State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2006, the County's investment in Georgia Fund 1 was rated AAAm by Standard & Poor's, the investment in the Georgia Extended Asset Pool (GEAP) was rated AAAf by Standard & Poor's, and the mutual fund investments were rated AAA by Standard & Poor's.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

A. Credit Risk (Continued)

At December 31, 2006, the County had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	16 day weighted average	$ 17,180,939
Georgia Extended Asset Pool	12 months weighted average	1,041,644
Great Pacific Mutual funds	4-6 months	1,491,570
Coastal Securites Mutual funds	4-6 months	9,921,900
Gilford Securities Mutual funds	4-6 months	1,999,860
Certificate of deposit	0-3 months	15,000
Certificate of deposit	4-6 months	122,215
Certificate of deposit	7-9 months	88,789
Certificate of deposit	10-12 months	229,363
Total		$ 32,091,280

At December 31, 2006, the County had the following investments in the Pension Trust Fund:

Investment	Maturities	Credit Rating	Fair Value
Mutual Funds	6.41 years weighted average	AA	$ 786,802
Mutual Funds	N/A - Stock Funds	N/A	6,151,489
Total			$ 6,938,291

At December 31, 2006, the Component Units had the following investments:

Investment	Maturities	Fair Value
Library		
Stock	N/A	$ 49,051
Department of Public Health		
Certificate of Deposit	0 - 3 months	471,210
Total		$ 520,261

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than one year.

C. Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2006, the County's investments were properly collateralized as required by State statutes; however the total cash balance of $139,426,213 was exposed to custodial credit risk as uninsured and uncollateralized by $1,825,786. The Development Authority's bank balance of $2,128,118 was exposed to custodial credit risk as uninsured and uncollateralized.

NOTE 5. RECEIVABLES

Receivables at December 31, 2006, for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General	Fire District	SPLOST IV	SPLOST V
Receivables:				
Property taxes	$ 3,014,577	$ 1,488,378	$ -	$ -
Accounts	2,191,377	3,070	307,184	513,239
Gross receivables	5,205,954	1,491,448	307,184	513,239
Less allowance for uncollectibles	90,437	44,651	-	-
Net total receivables	$ 5,115,517	$ 1,446,797	$ 307,184	$ 513,239

	EMS	Nonmajor Funds	Agency Funds
Receivables:			
Property taxes	$ -	$ -	$ 12,672,269
Accounts	7,985,175	652,780	-
Gross receivables	7,985,175	652,780	12,672,269
Less allowance for uncollectibles	3,984,575	-	-
Net total receivables	$ 4,000,600	$ 652,780	$ 12,672,269

NOTE 5. RECEIVABLES (CONTINUED)

The County bills and collects its own property taxes as well as taxes for the Cherokee County School System and some municipalities within the County. Collections of the County taxes and remittance of them to the General Fund, Fire District Fund, the school system, and municipalities are accounted for in the Tax Commissioner Agency Fund. County property taxes are recognized when levied to the extent that they result in current receivables. Property taxes are levied in August based on assessed values on January 1st and are due on December 20th of each year. Collections of property taxes are made throughout the year. Liens may be attached to property for unpaid taxes at any time within three years after the due date.

NOTE 6. CAPITAL ASSETS

A. Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvement	$ 217,848,218	$ 9,673,495	$ -	$ 227,521,713
Construction in progress	21,604,541	27,165,468	(4,068,479)	44,701,530
Total	239,452,759	36,838,963	(4,068,479)	272,223,243
Capital assets, being depreciated:				
Buildings and improvements	74,818,578	971,337	-	75,789,915
Infrastructure	609,873,785	234,643,937	-	844,517,722
Vehicles	15,432,651	3,434,469	(1,436,712)	17,430,408
Machinery and equipment	10,494,349	844,416	(335,858)	11,002,907
Total	710,619,363	239,894,159	(1,772,570)	948,740,952
Less accumulated depreciation for:				
Buildings	10,426,862	1,527,858	-	11,954,720
Infrastructure	74,023,114	27,316,430	-	101,339,544
Vehicles	9,121,782	1,671,502	(1,304,763)	9,488,521
Machinery and equipment	6,231,862	1,579,415	(325,897)	7,485,380
Total	99,803,620	32,095,205	(1,630,660)	130,268,165
Total capital assets, being depreciated, net	610,815,743	207,798,954	(141,910)	818,472,787
Governmental activities capital assets, net	$ 850,268,502	$ 244,637,917	$ (4,210,389)	$ 1,090,696,030

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for the Fleet Services Internal Service Fund totaling $327,433 with accumulated depreciation of $173,403 are included as part of the above totals for governmental activities at year-end.

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

General government	$ 424,372
Judiciary	618,391
Public safety	3,043,589
Public works	27,930,217
Health and welfare	30,189
Culture and recreation	7,166
Housing and development	41,281
Total depreciation expense - governmental activities	$ 32,095,205

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	$ 1,757,822	$ 287,972	$ (208,000)	$ 1,837,794
Less accumulated depreciation for:				
Machinery and equipment	882,130	339,502	(87,905)	1,133,727
Total capital assets, net	$ 875,692	$ (51,530)	$ (295,905)	$ 704,067

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

Emergency medical services	$ 339,502
Total depreciation expense - business-type activities	$ 339,502

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Recreation and Parks Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 200,000	$ -	$ -	$ 200,000
Land improvements	249,824	-	-	249,824
Construction in progress	4,250,767	5,390,794	679,584	8,961,977
Total	4,700,591	5,390,794	-	9,411,801
Capital assets, being depreciated:				
Vehicles	575,698	-	-	575,698
Playground equipment	362,780	34,814	-	397,594
Buildings	2,198,182	-	-	2,198,182
Park improvements	1,532,912	679,584	-	2,212,496
Other equipment	265,440	36,421	-	301,861
Total	4,935,012	750,819	-	5,685,831
Less accumulated depreciation for:				
Vehicles	379,827	59,699	-	439,526
Playground equipment	176,740	32,760	-	209,500
Buildings	523,804	107,159	-	630,963
Park improvements	129,603	110,625	-	240,228
Other equipment	169,947	41,180	-	211,127
Total	1,379,921	351,423	-	1,731,344
Total capital assets, being depreciated, net	3,555,091	399,396	-	3,954,487
Total capital assets, net	$ 8,255,682	$ 5,790,190	$ -	$ 13,366,288

NOTE 6. CAPITAL ASSETS (Continued)

C. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 7,623,615	$ -	$ 6,958,179	$ 665,436
Construction in progress	1,851,367	19,028	1,870,395	-
Total	9,474,982	19,028	8,828,574	665,436
Capital assets, being depreciated:				
Machinery and equipment	-	1,870,395	-	1,870,395
Less accumulated depreciation for Machinery and equipment	-	93,520	-	93,520
Total capital assets, being depreciated, net	-	1,776,875	-	1,776,875
Total capital assets, net	$ 9,474,982	$ 1,795,903	$ 8,828,574	$ 2,442,311

D. Discretely Presented Component Unit – Library

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,137,648	$ -	$ -	$ 1,137,648
Construction in progress	12,000	128,120	-	140,120
Total	1,149,648	128,120	-	1,277,768
Capital assets, being depreciated:				
Buildings	8,561,394	-	-	8,561,394
Improvements	730,612	-	-	730,612
Vehicles	89,400	-	-	89,400
Furniture and equipment	672,654	18,758	(4,500)	686,912
Books and collections	4,097,171	328,335	(267,546)	4,157,960
Total	14,151,231	347,093	(272,046)	14,226,278
Less accumulated depreciation for:				
Buildings	1,985,773	214,036	-	2,199,809
Improvements	425,920	15,626	-	441,546
Vehicles	49,245	7,462	-	56,707
Furniture and equipment	336,176	52,614	(4,500)	384,290
Furniture and equipment	2,379,113	412,772	(267,546)	2,524,339
Total	5,176,227	702,510	(272,046)	5,606,691
Total capital assets, being depreciated, net	8,975,004	(355,417)	-	8,619,587
Total capital assets, net	$ 10,124,652	$ (227,297)	$ -	$ 9,897,355

NOTE 6. CAPITAL ASSETS (Continued)

E. Discretely Presented Component Unit – Department of Public Health

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Furniture and equipment	$ 140,515	$ 458,853	$ -	$ 599,368
Improvements	40,882	-	-	40,882
Total	181,397	458,853	-	640,250
Less accumulated depreciation for:				
Furniture and equipment	(64,022)	(282,026)	-	(346,048)
Improvements	(1,486)	(4,088)	-	(5,574)
Total	(65,508)	(286,114)	-	(351,622)
Total capital assets, being depreciated, net	115,889	172,739	-	288,628
Total capital assets, net	$ 115,889	$ 172,739	$ -	$ 288,628

NOTE 7. LONG-TERM DEBT

Primary Government

The following is a summary of long-term debt activity for the year ended December 31, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 20,000,000	$ 9,400,000	$ -	$ 29,400,000	$ 4,792,000
Less: Discounts	(211,670)	28,466	-	(183,204)	-
Add: Premium	829,059	(107,281)	-	721,778	-
Bonds payable, net	20,617,389	9,321,185	-	29,938,574	4,792,000
Capital leases	2,205,919	798,169	393,587	2,610,501	598,197
Claims payable	400,808	319,669	392,786	327,691	327,691
Compensated absences	2,283,392	1,827,475	1,841,349	2,269,518	1,569,000
Landfill closure/postclosure	5,434,173	-	1,177,426	4,256,747	143,756
Governmental activities Long-term liabilities	$ 30,941,681	$ 12,266,498	$ 3,805,148	$ 39,403,031	$ 7,430,644

For governmental activities, claims payable, compensated absences and landfill postclosure costs are generally liquidated by the General Fund.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Capital leases	$ 1,032,111	$ -	$ 331,360	$ 700,751	$ 343,880
Compensated absences	93,386	54,540	75,082	72,844	52,000
Business-type activities Long-term liabilities	$ 1,125,497	$ 54,540	$ 406,442	$ 773,595	$ 395,880

Bonds Payable - General obligation bonds payable at December 31, 2006, includes the following individual issue:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
County administration and conference center	3.625 - 5.00%	7 years	2012	$ 20,000,000	$ 20,000,000
Transportation and parks & recreation - 2006A	4.16%	5 years	2011	6,200,000	6,200,000
Various construction projects - 2006B	4.59%	5 years	2011	3,200,000	3,200,000
	Plus unamortized premium				(183,204)
	Less unamortized deferred refunding loss				721,778
					$ 29,938,574

Annual debt service requirements on the general obligation bonds are as follows:

Fiscal year ending December 31,	Principal	Interest
2007	$ 4,792,000	$ 1,295,228
2008	4,966,000	1,065,256
2009	5,139,000	829,576
2010	5,334,000	618,386
2011	5,529,000	394,144
2012	3,640,000	131,950
Total	$ 29,400,000	$ 4,334,540

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various emergency vehicles and land. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions.

The cost of assets under capital leases as of December 31, 2006, is as follows:

	Governmental Activities	Business-type Activities
Vehicles	$ 2,848,165	$ 1,635,532
Land	1,173,134	-
	$ 4,021,299	$ 1,635,532

The County's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities	Business-type Activities
Fiscal year ending December 31,		
2007	$ 716,545	$ 366,920
2008	716,545	366,921
2009	580,923	-
2010	374,119	-
2011	151,374	-
2012 - 2016	441,507	-
Total minimum lease payments	2,981,013	733,841
Less amount representing interest	370,512	33,090
Present value of minimum lease payments	$ 2,610,501	$ 700,751

Landfill Postclosure Costs. The County owns and operated a landfill site which began operating in November 1976. State and Federal regulations required the County to close its landfill once its capacity was reached on July 1, 1994, and to monitor and maintain the site for 30 years after closure.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Landfill Postclosure Costs (Continued)

The County elected an early closure date of October 3, 1993, and for that reason was exempt from the 30-year rule, and was required to monitor the landfill for only five years. However, recent monitoring has detected levels of contamination higher than permissible, and engineers are in the process of assessing the corrective measures to be taken. At this time, engineering studies estimate postclosure costs of approximately $4,256,747 over the next 18 years. These costs are based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2006. However, actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Discretely Presented Component Unit – Development Authority

Bonds payable of the Development Authority are comprised of the following individual issues at December 31, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 8,155,000	$ -	$ (5,515,000)	$ 2,640,000	$ 600,000
Less:					
Original Issue Discount	(82,273)	-	13,590	(68,683)	-
Underwriters Discount	(40,965)	-	26,705	(14,260)	-
Plus:					
Original Issue Premium	19,866	-	(15,918)	3,948	-
Total bonds payable	8,051,628	-	(5,490,623)	2,561,005	600,000
Development Authority Long-term liabilities	$ 8,051,628	$ -	$ (5,490,623)	$ 2,561,005	$ 600,000

1997 Industrial Development Serial Bonds, issued in the amount of $6,740,000 to acquire, construct and improve a new industrial park in Cherokee County, Georgia. The bonds are due in annual installments of $530,000 to $725,000 through August 1, 2010, with interest at 5.8% to 6.65%. The outstanding balance on the 1997 Bonds was $2,640,000 at December 31, 2006.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Unit – Development Authority (Continued)

2000A Industrial Development Serial Bonds, issued in the amount of $5,780,000 for the purpose of refunding the Series 2000 Bonds and to acquire, construct and improve a new business park in Cherokee County, Georgia. The bonds are due in annual installments of $140,000 to $540,000 through February 1, 2020, with interest at 6.75 to 7.95%. This issue was paid in full as of December 31, 2006.

Annual debt service requirements on the industrial development serial bonds are as follows:

Fiscal year ending December 31,	Principal	Interest	Total
2007	$ 600,000	$ 175,560	$ 775,560
2008	635,000	135,660	770,660
2009	680,000	93,433	773,433
2010	725,000	48,213	773,213
Total	$ 2,640,000	$ 452,866	$ 3,092,866

The 1997 Industrial Development Serial Bonds is payable from and secured by a pledge of the revenues derived by the Development Authority. The County has entered into a contract with the Development Authority whereby the County will pay to the bond trustee amounts sufficient to pay the debt service on the bonds where the Development Authority's revenues are not sufficient to pay the debt service.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2006, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 232,763
General Fund	SPLOST V	2,720,666
General Fund	Internal service funds	192,734
	Total	$ 3,146,163

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers In	Transfers Out	Amount
Governmental Funds:		
General fund	Nonmajor governmental funds	$ 456,421
Fire district fund	EMS fund	611,935
Nonmajor governmental funds	General Fund	1,310,357
Nonmajor governmental funds	EMS fund	50,000
Nonmajor governmental funds	Fire fund	50,000
Nonmajor governmental funds	SPLOST IV fund	1,988,384
Nonmajor governmental funds	Nonmajor governmental funds	119,068
	Subtotal	3,517,809
	Total Governmental Funds	4,586,165
Enterprise Funds:		
EMS Fund	General Fund	4,457,669
	Total Transfers	$ 9,043,834

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description – Primary Government

The County contributes to the Association of County Commissioners of Georgia (ACCG) Restated Pension Plan for Cherokee County employees (the Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as Plan sponsor, has the sole authority to amend the provision of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. ACCG issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from GEBCorp, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

The Plan, which is administered by GEBCorp, covers all full-time employees of the County as of January 1, 2006. Participant counts as of January 1, 2006, (the most recent valuation date) are shown below:

Retirees and beneficiaries receiving benefits	94
Terminated plan participants entitled to future benefits	287
Active employees participating in the Plan	883
Total number of Plan participants	1,264

The County's payroll for employees covered by the Plan as of January 1, 2006 (the most recent actuarial valuation date) was $35,569,824 (based on covered earnings of the preceding year).

Funding Policy

The County is required to contribute an actuarially determined amount annually to the Plan's trust; the current rate is 6.0% of covered payroll. The contribution amount is determined using actuarial methods and assumptions approved by The ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. Plan participants are not required to contribute to the plan.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2006, (the most recent actuarial valuation date) are as follows:

Derivation of Annual Pension Cost		
Annual Required Contribution	$	2,117,248
Interest on Net Pension Obligation		(145,823)
Amortization of Net Pension Obligation		153,839
Annual Pension Cost	$	2,125,264

Derivation of Net Pension Obligation		
Net Pension (Asset) Obligation as of Beginning of Prior Year	$	(1,276,611)
Annual Pension Cost for Prior Year		2,062,803
Actual Contributions to Plan for Prior Year		(2,608,983)
Increase in Net Pension Obligation		(546,180)
Net Pension (Asset) Obligation as of Beginning of Year	$	(1,822,791)

Basis of Valuation	
Current Valuation Date	January 1, 2006
Annual Return on Invested Plan Assets	8.0%
Projected Annual Salary Increases	6.0%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)
Amortization Period	27 Years

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Trend Information for The Plan (Unaudited)

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/06	$ 2,125,264	N/A	N/A	$ (1,822,791)
1/1/05	2,062,803	2,608,983	126 %	(1,276,611)
1/1/04	1,885,331	2,584,176	137	(577,766)
1/1/03	1,747,381	2,313,250	132	(11,897)
1/1/02	136,705	136,250	100	(12,352)
1/1/01	53,625	53,153	99	(12,824)
1/1/00	51,983	51,500	99	(13,307)

GASB 27 Required Supplementary Information
Schedule of Funding Progress (Unaudited)

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2005	$ 17,905,484	$ 34,953,124	$ 17,047,640	51.2 %	$ 35,851,014	47.6 %
12/31/2004	13,838,711	29,948,303	16,109,592	46.2	33,443,204	48.2
12/31/2003	9,226,237	25,180,163	15,953,926	36.6	27,174,986	58.7
12/31/2002	4,621,515	5,584,672	963,157	82.8	6,159,643	15.6
12/31/2001	4,994,735	5,105,205	110,470	97.8	6,377,915	1.7
12/31/2000	5,342,294	5,078,927	(263,367)	105.2	6,918,370	(3.8)
12/31/1999	5,351,976	4,746,949	(605,027)	112.7	6,063,819	(10.0)

The assets and liabilities shown above reflect expected amounts as of the last day of the plan year. These amounts may vary from those used in determining the required contribution, since those calculations use actual amounts as of the first day of the next plan year.

NOTE 10. DEFINED CONTRIBUTION PENSION PLAN

Prior to January 1, 2003, the County offered its employees a defined contribution money purchase pension plan, a single employer plan, in accordance with Internal Revenue Code Section 401 (a). Effective January 1, 2003 this Plan was closed to new enrollees. The Plan was established by the Cherokee County Board of Commissioners and is administered by Nationwide Life Insurance Company. It is available to all full-time employees who work more than 1,716 hours per year. Employees are 100% vested in the County's contributions after five years of service. The County has the authority to amend the Plan provisions. At December 31, 2006, there were 17 participants in the Plan. The contributions are not available to Plan participants until termination, retirement, death, disability, or unforeseeable emergency. Contribution requirements are established and may be amended by the Cherokee County Board of Commissioners. The County contributes 4% of eligible salary and a 50% matching contribution for every employee dollar contributed to the deferred compensation plan (Section 457 plan) up to 3% of pay. Employees are not required to contribute. For the year ending December 31, 2006, the County's contribution to the Plan was $57,707. There are no administrative fees charged directly to the Plan or participants. No publicly available financial report that includes financial statements and required supplementary information is issued.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the County offers retirees who are less than 65 years of the age the opportunity to continue their health care coverage through the County's healthcare plan. However, retirees are responsible for the full premium cost (similar to COBRA but without the 2% administration cost or 18-month limit. In 2003, the County offered to pay 50% of employee-only healthcare costs to employees who elected to retire during 2003. This was a one-time offering to employees. The provision of these benefits, along with the County's obligation to contribute, is established under the authority of the Board of Commissioners through passage of a local ordinance. At December 31, 2006 there were eleven retirees eligible for the benefits. The County recognizes the cost of retiree health care benefits as an expense as premiums are paid. For 2006 those total approximately $20,200.

NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County is partially self-insured for workers' compensation claims. This self-insurance plan is described below. The City has purchased insurance for all other risks of loss. Losses have not exceeded insurance coverage in the past three years.

NOTE 12. RISK MANAGEMENT (Continued)

The County is partially self-insured for workers' compensation claims. Individual limits for County payments are $300,000 per claim, except for claims related to public safety, for which the County pays up to $350,000 per claim. After these limits are met, private insurance covers the claims. The County has entered into a contract with a third part to administer the claims. This activity is recorded in the General Fund. The following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2006	$ 400,808	319,669	392,786	$ 327,691
2005	$ 428,583	347,382	375,157	$ 400,808
2004	$ 250,000	460,046	281,463	$ 428,583

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet, at December 31, 2006, the County has contractual commitments on uncompleted contracts of approximately $6,404,609.

Litigation:

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies:

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

NOTE 14. HOTEL/MOTEL LODGING TAX

During the year ended December 31, 2006, the County spent $73,260 to promote tourism, conventions and trade shows. This is 100% of the tax receipts to be expended for these purposes under the Official Code of Georgia Annotated 48-13-51. The County complies with the requirement under this law.

NOTE 15. PRIOR PERIOD ADJUSTMENTS

The Cherokee County Department of Public Health has determined that a restatement of net assets is required to reflect a change in the reporting entity. Prior to July 1, 2005, the Whitfield County Department of Public Health was the lead county for the North Georgia Health District 1-2. As the lead county, the Whitfield County Department of Public Health operated and reported the activities of the main public health program administered in Whitfield County as well as numerous other programs which were administered in Whitfield County, but provided services for the six county district. As of July 1, 2005, the lead county was changed from the Whitfield County Department of Public Health to the Cherokee County Department of Public Health for reporting purposes. Therefore, the related assets, liabilities, and equity of those various programs, along with the results of their operations, are now reported in the Cherokee County Department of Public Health's financial statements.

The effect of this restatement is as follows:

Net assets June 30, 2005, as previously reported	$	1,952,791
Adjustment for addition of fund balance		635,397
Adjustment for addition of capital assets		79,864
Adjustment for addition of compensated absences		(168,440)
Net assets June 30, 2005, as restated	$	2,499,612

The Sequoyah Regional Library has determined that a restatement of capital assets is required to reflect books and collections as capital assets as of June 30, 2005. The restatement increases the capital assets and increases fund balance by $1,718,058.

The Library has also determined that a restatement of the fines receivables is required to reflect the delinquent book fines as of June 30, 2005. The restatement increases receivables and increases fund balance by $12,793.

The effect of these restatements is as follows:

Net assets June 30, 2005, as previously reported	$	9,073,584
Adjustment for correction of fines receivable		12,793
Adjustment for correction of capital assets - books and collections		1,718,058
Net assets June 30, 2005, as restated	$	10,804,435

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APPENDIX B

DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS

This Appendix B has been prepared by Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel.

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"Contract" means the Intergovernmental Solid Waste Contract, dated as of September 1, 2007, between the Issuer and the County, under the terms of which the County agreed (1) to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent rental payments derived from the Project are insufficient for such purposes, and (2) to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract. The term Contract includes any amendments or supplements thereto.

"Contracts" means the Contract, the Prior Contract, and all Additional Contracts.

"Costs of the Project" means those costs and expenses in connection with the acquisition, construction, and installation of the Project permitted by the Lease to be paid or reimbursed from Series 2007 Bond proceeds.

"County" means Cherokee County, Georgia, a political subdivision of the State of Georgia.

"Date of Taxability" means the earliest effective date as of which the interest payable on Tax-Exempt Bonds becomes includable in the gross income for federal income tax purposes of any Bondholder or former Bondholder as a result of the occurrence of a Determination of Taxability.

"Debt Service Reserve Credit Facility" means the letter of credit, insurance policy, or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of the Lease, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

"Debt Service Reserve Credit Facility Provider" means any provider of a Debt Service Reserve Credit Facility.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund created in the Indenture.

"Debt Service Reserve Requirement" means, at any given time of determination, the sum of the following:

(a) with respect to the Series 2007 Bonds and the liability of the Lessee under the Lease, 50% of the maximum amount of principal and interest coming due thereon in the then current or any succeeding Bond Year; provided, however, that with respect to the Series 2007 Bonds, the amount of principal due in any Bond Year will be determined by reference to the principal amount of such Series 2007 Bonds to be retired by mandatory redemption in such year; and

(b) with respect to any Additional Bonds and the liability of the Lessee under the supplemental lease agreement relating to such Additional Bonds, 50% of the maximum amount of principal and interest coming due thereon in the then current or any succeeding Bond Year; provided, however, that with respect to any Additional Bonds for which a sinking fund is subsequently established or for which mandatory redemption is required, the amount of principal coming due in any Bond Year will be determined by reference to the amounts required to be deposited in such year in the sinking fund established therefor or the principal amount of such Additional Bonds to be retired by mandatory redemption in such year and not by reference to the aggregate principal amount of such Bonds due on such dates.

"Determination of Taxability" means

(a) the issuance of a statutory notice of deficiency by the Internal Revenue Service that holds in effect that an Event of Taxability has occurred,

(b) the delivery by the Lessee to the Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the Date of Taxability,

(c) the rendering of a final and unappealable decision, judgment, decree, or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or

(d) the delivery to the Trustee and the Lessee by Independent Counsel retained by the Trustee that is nationally recognized bond counsel of an unqualified opinion to the effect that an Event of Taxability has occurred.

Such a Determination of Taxability will be deemed for all purposes of the Lease to have occurred on the date borne by such statutory notice of deficiency, such certificate, such judicial pronouncement, or such opinion. If the Lessee provides the Issuer with assurances reasonably satisfactory to the Issuer that the additional rental payments that the Lessee is obligated under the Lease to pay will be paid if the pursuit of the hereinafter described remedies is unsuccessful, the issuance of a statutory notice of deficiency by the Internal Revenue Service or the deposit with the Lessee of the legal opinion described in clause (d) above will not constitute a Determination of Taxability if the Lessee, within thirty (30) days after it receives a copy of such statutory notice of deficiency, makes written application for a private letter ruling or technical advice from the Internal Revenue Service, or, within thirty (30) days after it receives a copy of such statutory notice of deficiency or such legal opinion described in clause (d) above, obtains an unqualified opinion of Independent Counsel that is nationally recognized bond counsel reasonably acceptable to the Trustee, which ruling or advice is sought on the grounds that, or which opinion states that, an Event of Taxability has not occurred as a result of the facts and circumstances recited in such statutory notice of deficiency or such legal opinion described in clause (d) above. The Lessee must furnish the Trustee with a copy of such written application or opinion, and, if an application, the Lessee must deliver to the Trustee a copy of such private letter ruling or technical advice from the Internal Revenue Service within one hundred thirty-five (135) days after the date borne by such statutory notice of deficiency, the failure of which will constitute the occurrence of a Determination of Taxability on the date that is one hundred thirty five (135) days after the date borne by such statutory notice of deficiency.

The Issuer must cooperate with the Lessee in such pursuit of its administrative or judicial remedies, and the Lessee may pursue in the name of the Issuer such administrative or judicial remedies as may then be available to the Issuer; provided, however, that in no event will any Bondholder or any former Bondholder be obligated under the Lease or the Indenture to extend or waive, directly or by operation of law, the statute of limitations on assessment of federal income tax concerning any issue other than the excludability from gross income of the interest on the Tax-Exempt Bonds with respect to which a Determination of Taxability has occurred.

"Event of Taxability" means any event that has the effect of causing the interest payable on any Tax-Exempt Bonds to become includable in the gross income for federal income tax purposes of any Bondholders or former Bondholders (other than a Bondholder who is a "substantial user" of the Project or a "related person," as such terms are used or defined in Section 147(a) of the Code). Notwithstanding the foregoing, Event of Taxability does not include any adverse amendment or modification to the provisions of the Code that has the effect of causing the interest payable on any Tax-Exempt Bonds to become includable in the gross income of any Bondholders or former Bondholders.

"Extraordinary Services of the Trustee" and **"Extraordinary Expenses of the Trustee"** mean all services rendered and all expenses incurred by the Trustee under the Indenture, including reasonable counsel fees, other than Ordinary Services of the Trustee and Ordinary Expenses of the Trustee.

"Governmental Issuer" means the State, any other state of the United States, any agency or instrumentality of the State, and any county, municipal corporation, or political subdivision of the State.

"Government Obligations" means:

(a) direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) or obligations the payment of the principal of and interest on which when due are fully and unconditionally guaranteed by the United States of America;

(b) bonds, debentures, notes, participation certificates, or other obligations issued or guaranteed by any of the following agencies of the United States government: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Federal Farm Credit Banks, Government National Mortgage Association, Farmer's Home Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration, and the Student Loan Marketing Corporation;

(c) receipts or certificates that evidence an undivided ownership interest in the right to the payment of the principal of or interest on obligations described in clauses (a) or (b) above, provided that such obligations are held in the custody of a bank or trust company acceptable to the Trustee, in a special account separate from the general assets of such custodian; and

(d) bonds, notes, or other obligations of any Governmental Issuer the timely payment of the principal of and interest on which is fully provided for (without reinvestment) by the deposit in trust or escrow of cash or non-callable obligations described in clauses (a), (b), or (c) above.

"Inclusion Period" means the period that commences on the Date of Taxability and ends on the date of the Determination of Taxability.

"Indenture" means the Trust Indenture and Security Agreement, dated as of September 1, 2007, between the Issuer and the Trustee, providing the terms and provisions under which the Bonds will be issued and pursuant to which the Issuer's right, title, and interest in the Lease (except Unassigned Rights), the Contract, the revenues and receipts received by the Issuer from the Project, and certain funds established and held under the Indenture are assigned and pledged, and are the subject of a grant of a first priority security interest, to the Trustee, as security for the payment of principal of, premium, if any, and interest on the Bonds. The term Indenture includes any indenture supplemental thereto.

"Independent Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state of the United States and not in the full-time employment of the Issuer or the Lessee.

"Interest Payment Date" means January 1 and July 1 of each year, commencing January 1, 2008, in the case of Series 2007 Bonds, and the dates on which interest is scheduled to be paid, in the case of Additional Bonds.

"Issuance Cost Fund" means the Issuance Cost Fund created in the Indenture.

"Issuance Costs" means:

(a) The initial or acceptance fee of the Trustee, the fees and taxes for recording the Lease and the Indenture or a summary thereof, financing statements, and any title curative documents that either the Trustee or Independent Counsel may reasonably deem desirable to file for record in order to perfect or protect the title of the Issuer to the Project or the lien or security interest created or granted by the Indenture, and the reasonable fees and expenses in connection with any actions or proceedings that either the Trustee or Independent Counsel may reasonably deem desirable to bring in order to perfect or protect the lien or security interest created or granted by the Indenture.

(b) The costs of legal fees and expenses, underwriter's spread, underwriting fees, financing costs, financial advisor's fees, accounting fees and expenses, consulting fees, the Trustee's fees, paying agent and certifying and authenticating agent fees, publication costs, title insurance premiums, and printing and engraving costs incurred in connection with the authorization, sale, issuance, and carrying of the Bonds, and the preparation of the Bond Documents and all other documents in connection therewith.

(c) Other costs in connection with the issuance of the Bonds permitted by law to be paid or reimbursed from Bond proceeds.

"Issuer" means the Resource Recovery Development Authority of Cherokee County, a public corporation created and existing under the laws of the State, and its successors and assigns.

"Lease" means the Lease Agreement, dated as of September 1, 2007, between the Issuer and the Lessee, as it may be supplemented and amended from time to time in accordance with the provisions thereof.

"Lessee" means Ball Ground Recycling, LLC, a limited liability company duly formed and existing under the laws of the State of Georgia, and its successors and assigns.

"Optional Tender Date" means the date that is 60 days after the date on which the Trustee gives notice to the owners of the Series 2007A Bonds of the occurrence of a Determination of Taxability as required by the Indenture.

"Ordinary Services of the Trustee" and **"Ordinary Expenses of the Trustee"** mean those reasonable services rendered and those reasonable expenses incurred by the Trustee in the performance of its duties under the Indenture of the type ordinarily performed by corporate trustees under like indentures, including reasonable counsel fees.

"Outstanding Bonds" or **"Bonds Outstanding"** or **"Outstanding"** means all Bonds that have been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore cancelled or required to be cancelled by the Trustee,

(b) Bonds that are deemed to have been paid in accordance with the defeasance provisions of the Indenture, and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered under the Indenture.

If the Indenture is discharged pursuant to the defeasance provisions of the Indenture, no Bonds will be deemed to be Outstanding within the meaning of this definition.

"Permitted Investments" means obligations in which the Issuer is permitted to invest moneys of the Issuer pursuant to applicable law, which have (or are collateralized by obligations which have) a Rating by any Rating Agency that is equal to or greater than the third highest long-term Rating of such Rating Agency, or which bears (or are collateralized by obligations which bear) the second highest short-term Rating of such Rating Agency, or which consist of negotiable or non-negotiable certificates of deposit issued by or interest-bearing time or demand deposits in banks, provided that any such deposits are (a) fully insured by the Federal Deposit Insurance Corporation or (b) fully secured by Government Obligations. Obligations in which the Issuer is permitted to invest proceeds of Bonds are described, as of the date of execution of this Lease Agreement, in Section 36-82-7 and Section 50-17-2 of the Official Code of Georgia Annotated.

"Person" means natural persons, firms, joint ventures, associations, trusts, partnerships, corporations, and public bodies.

"Plans and Specifications" means the detailed plans and specifications for the construction of the Building prepared by the Consulting Architect or by architects and engineers acceptable to the Consulting Architect, as amended from time to time by the Lessee, a copy of which is or will be on file with the Issuer and the Trustee.

"Premises" means the real estate described in the Lease.

"Prior Contract" means the Intergovernmental Contract, dated as of September 1, 1997, as supplemented and amended by the First Amendment to Intergovernmental Contract, dated as of October 1, 2000, between the Development Authority of Cherokee County and the County, as the same may be supplemented and amended from time to time in accordance with the provisions thereof.

"Project" means the solid waste disposal and recycling facility to be acquired, constructed, and installed and to be located on Ball Ground Highway in Cherokee County, Georgia, and all related property, consisting of the Premises, the Building, and the Equipment.

"Project Fund" means the Project Fund created in the Indenture.

"Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

"Rating Agencies" or **"Rating Agency"** means Moody's Investors Services, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successors thereto and any other nationally recognized credit rating agency. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies will not include such Rating Agency.

"Series 2007 Bonds" means, collectively, the Series 2007A Bonds and the Series 2007B Bonds.

"Series 2007A Bonds" means the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A," to be dated the date of issuance and delivery thereof, in the aggregate principal amount of $13,205,000, to be issued pursuant to the Indenture.

"Series 2007B Bonds" means the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B," to be dated the date of issuance and delivery thereof, in the aggregate principal amount of $4,940,000, to be issued pursuant to the Indenture.

"State" means the State of Georgia.

"Tax-Exempt Bonds" means any Bonds the interest on which has been determined, in an unqualified opinion of Independent Counsel that is nationally recognized bond counsel, to be excludable from the gross income of the owners thereof for federal income tax purposes, unless a Determination of Taxability has occurred with respect to such Bonds.

"Tender Purchase Price" means 100% of the unpaid principal amount of Series 2007A Bonds tendered to the Lessee pursuant to the Lease upon the occurrence of a Determination of Taxability plus accrued interest to the Optional Tender Date.

"Trustee" means the trustee or the co-trustee at the time serving as such under the Indenture. The Bank of New York Trust Company, N.A., Atlanta, Georgia, is the initial Trustee.

"Trust Estate" means any and all property subject to the operation of the granting clauses of the Indenture.

"Unassigned Rights" means the rights of the Issuer under the Lease that were not assigned to the Trustee pursuant to the Indenture.

"Underwriter" means Citigroup Global Markets Inc., Atlanta, Georgia.

SUMMARIES OF PRINCIPAL DOCUMENTS

THE LEASE

Introduction

The Lease Agreement, dated as of September 1, 2007, between the Lessee and the Issuer, is a contract that provides for the use of the proceeds of the Series 2007 Bonds by the Issuer to finance the costs of acquiring, constructing, and installing the Project and for the lease of the Project by the Issuer to the Lessee. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Lease. Reference is made to the Lease in its entirety for a complete recital of the detailed provisions thereof.

Agreement to Issue Series 2007 Bonds and Acquire, Construct, and Install the Project

The Issuer has agreed to issue and sell the Series 2007 Bonds and to use the proceeds therefrom to pay the Costs of the Project and related costs. To the extent that the proceeds derived from the sale of the Series 2007 Bonds are not sufficient to pay in full the Costs of the Project, the Lessee is required to pay such monies as are necessary to provide for the payment in full of such costs.

In the Lease, the Lessee has agreed, as agent of the Issuer, to acquire, construct, and install the Project on behalf of the Issuer without material deviation from the Plans and Specifications and to lease the Project from the Issuer.

Term of the Lease

The Lease becomes effective upon its delivery and unless sooner terminated pursuant to its provisions, will expire at midnight, July 1, 2037.

Basic Rent

The Lease requires the Lessee to pay rent for the Project in amounts sufficient to pay, when due, principal of (including mandatory redemption requirements), premium, if any, and interest on the Series 2007 Bonds.

Reserve Rent

Upon the issuance of the Series 2007 Bonds, an amount equal to the Debt Service Reserve Requirement must be deposited in the Debt Service Reserve Fund, for the purpose of paying principal of, premium, if any, and interest on the Bonds as the same become due in the event there should be insufficient funds for such purpose in the Bond Fund, unless provision for their payment in full has been duly made, and for payment of fees, charges, and expenses of the Trustee upon the occurrence of an Event of Default under the Indenture. In the event any funds from the Debt Service Reserve Fund are withdrawn or if any losses result from the investment of amounts held in the Debt Service Reserve Fund or upon the failure of the Lessee to provide a substitute Debt Service Reserve Credit Facility as required by the Lease, the Lessee is required, beginning on the twentieth (20th) day of the month following notice of such withdrawal, diminution in value or losses, or failure to provide a substitute Debt Service Reserve Credit Facility, and on the twentieth (20th) day of each month thereafter, in addition to any other rental payments that may be due, to pay to the Trustee for deposit in the Debt Service Reserve Fund, three equal consecutive monthly rental payments as Reserve Rent, each equal to one-third of the amount of such withdrawals, diminution in value or losses, or replenishment requirement, subject to a credit for earnings retained in or other deposits made to the Debt Service Reserve Fund during such period, until the balance of the Debt Service Reserve Fund reaches the Debt Service Reserve Requirement, at which point the obligation to make Reserve Rent payments will be suspended.

The Lessee may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a Debt Service Reserve Credit Facility, subject to the following requirements: (A) the Debt Service Reserve Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the third highest long-term Rating of such Rating Agency; (B) the Lessee (and not the Issuer or the County) will be responsible for repaying the Debt Service Reserve Credit Facility Provider for any draw-down on the Debt Service Reserve Credit Facility and any interest or fees due the Debt Service Reserve Credit Facility Provider under such Debt Service Reserve Credit Facility, and no obligation to the Debt Service Reserve Credit Facility Provider may be secured by any lien on the Trust Estate; (C) each Debt Service Reserve Credit Facility must have a term of at least one (1) year (or, if less, the remaining term of the Bonds) and must entitle the Trustee to draw upon or demand payment and receive the amount so requested in immediately available funds on the date of such draw or demand; (D) the Debt Service Reserve Credit Facility must permit a drawing by the Trustee for the full stated amount in the event (i) the Debt Service Reserve Credit Facility expires or terminates for any reason prior to the final maturity of the Bonds, and (ii) the Lessee fails to satisfy the Debt Service Reserve Requirement by the deposit to the Debt Service Reserve Fund of cash, obligations, a substitute Debt Service Reserve Credit Facility, or any combination thereof, on or before the date of such expiration or termination; (E) if the Rating issued by the Rating Agency to the Debt Service Reserve Credit Facility Provider is withdrawn or reduced below the third highest long-term Rating of such Rating Agency, the Lessee must provide a substitute Debt Service Reserve Credit Facility within sixty (60) days after such rating change, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, must fund the Debt Service Reserve Requirement in not more than three (3) equal consecutive monthly rental payments as Reserve Rent, commencing not later than the twentieth (20th) day of the month immediately succeeding the date representing the end of such sixty (60) day period; and (F) if the Debt Service Reserve Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the Lessee must provide a substitute Debt Service Reserve Credit Facility within sixty (60) days thereafter, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, must fund the Debt Service Reserve Requirement in not more than three (3) equal consecutive monthly rental payments as Reserve Rent, commencing not later than the twentieth (20th) day of the month immediately succeeding the date representing the end of such sixty (60) day period. If the events described in either clauses (E) or (F) above occur, the Trustee may not relinquish the Debt Service Reserve Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, obligations, or a substitute Debt Service Reserve Credit Facility or any combination thereof. Any amount received from the Debt Service Reserve Credit Facility must be deposited directly into the Bond Fund, and such deposit will constitute the application of amounts in the Debt Service Reserve Fund.

Additional Rent

The Lease requires the Lessee to pay the following when the same become due:

(1) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered by it and the Ordinary Expenses of the Trustee incurred under the Indenture and all reasonable

fees and charges of the Trustee for the necessary Extraordinary Services of the Trustee rendered by it and Extraordinary Expenses of the Trustee incurred under the Indenture,

(2) reasonable fees and charges of the Trustee, as bond registrar and paying agent, and of any other paying agents on the Series 2007 Bonds for acting as paying agents as provided in the Indenture, and

(3) all expenses reasonably incurred by the Issuer in connection with the Project.

Obligations of Lessee Unconditional

The obligations of the Lessee under the Lease are general obligations of the Lessee and are absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Issuer.

Limitations on Mergers, Consolidations, and Sales of Assets

The Lessee has agreed in the Lease that it will maintain its legal existence as a Georgia limited liability company, will not merge into another entity or permit one or more other entities to merge into it, and will not dissolve or otherwise dispose of all or substantially all of its assets. The Lessee may, without violating the agreement described in the preceding sentence, merge into another domestic entity (that is, an entity organized and existing under the laws of one or more states of the United States of America), or permit one or more such domestic entities to merge into it, or sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, if the surviving, resulting, or transferee Person:

(1) is authorized to do business in the State,

(2) is a domestic corporation, partnership, limited liability company, or other entity, or if a natural person, is a resident of the United States of America,

(3) assumes in writing all of the obligations of the Lessee under the Lease, and

(4) obtains the prior written consent of the Issuer to the merger, sale, or transfer.

Events of Default

The Lease provides that the occurrence of any one of the following will constitute an "Event of Default":

(a) The Lessee's failure to pay the rents required to be paid under the Lease at the times specified therein and continuing for a period of five (5) days after notice by telegram, or if telegraphic service is not available, then after notice by mail, in the manner provided in the Lease, given to the Lessee by either the Trustee or the Issuer, that the payment referred to in such notice has not been received, or, without regard to notice, the Lessee's failure to pay the rents required to be paid under the Lease at the times specified therein and continuing for a period of ten (10) days after any such amount becomes due under the Lease, whichever occurs first.

(b) The Lessee's breach in any material respect of any representation or warranty contained in the Lease or the Lessee's failure to observe, perform, or comply in any material respect with any covenant, condition, or agreement in the Lease on the part of the Lessee to be observed or performed, other than as described in paragraph (a) above, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Lessee by the Issuer or the Trustee, unless the Issuer and the Trustee agree in writing to an extension of such time prior to its expiration. In the case of any such breach or default that cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of time not materially detrimental to the rights of the Issuer, the Trustee, and the Bondholders, to be determined conclusively by the Trustee, it will not constitute an Event of Default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the breach or default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee.

(c) The Lessee (i) applies for or consents to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of it or of all or a substantial part of its property or of the Project,

(ii) fails to promptly lift or bond (if legally permissible) any execution, garnishment, or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, (iii) enters into an agreement of composition with its creditors, (iv) admits in writing its inability to pay its debts generally as such debts become due, (v) makes a general assignment for the benefit of its creditors, (vi) commences a voluntary case under the federal bankruptcy law or any similar law in effect in a foreign jurisdiction (as now or hereafter in effect), (vii) files a petition or answer seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (viii) fails to controvert in a timely or appropriate manner or acquiesces in writing to any petition filed against it in an involuntary case under such federal bankruptcy law or any similar law in effect in a foreign jurisdiction, or (ix) takes any action for the purpose of effecting any of the foregoing.

(d) A proceeding or case is commenced, without the application of the Lessee, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Lessee, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of the Lessee or of all or any substantial part of the assets of it or of the Project, or (iii) similar relief in respect of the Lessee under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition and adjustment of debts, and such proceeding or case is continued undismissed or an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unvacated and unstayed and in effect for a period of sixty (60) days, whether consecutive or not.

(e) The failure of the Lessee to pay the Tender Purchase Price of any Series 2007 Bond tendered for purchase in accordance with the requirements of the Lease within five (5) days after the same is due and payable.

Remedies

Whenever any Event of Default occurs, the Issuer, to the extent permitted by law, may take any one or more of the following remedial steps:

(1) The Issuer, upon ten (10) days' prior written notice to the Lessee, may terminate the Lease and exclude the Lessee from possession of the Project.

(2) The Issuer, upon ten (10) days' prior written notice to the Lessee, may, without terminating the Lease, exclude the Lessee from possession of the Project and use its best efforts to sublease the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of such sublease and for the excess, if any, of the rent and other amounts payable by the Lessee under the Lease over the rents and other amounts that are payable by such new sublessee under such new sublease.

(3) The Issuer may have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Lessee related to the Project.

(4) The Issuer may from time to time take whatever action at law or in equity or under the terms of the Bond Documents may appear necessary or desirable to collect the Basic Rent and other amounts payable by the Lessee under the Lease then due or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Lessee under the Lease.

The Issuer, upon ten (10) days' prior written notice to the Lessee, is required to terminate the Lease and exclude the Lessee from possession of the Project upon the payment by the County to the Trustee, for the account of the Issuer, of any amounts payable pursuant to the Contract.

Amendments

See the caption **"THE INDENTURE - Amendment of Other Bond Documents"** herein.

THE CONTRACT

Introduction

The Intergovernmental Solid Waste Contract, dated as of September 1, 2007, between the County and the Issuer, provides security for the Issuer's obligations under the Series 2007 Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Contract. Reference is made to the Contract in its entirety for a complete recital of the detailed provisions thereof.

Acquisition, Construction, and Installation of the Project

The Issuer agreed in the Contract to acquire title to the Premises, to construct the Building, and to install the Equipment substantially in the manner set forth in the Plans and Specifications. The Issuer agreed in the Contract to not permit the construction of the Building to be accomplished in any manner that is not in accordance with the Plans and Specifications.

County's Payment Obligations

In order to provide financial assistance to the Issuer for the purpose of developing trade, commerce, industry, and employment opportunities, the County agreed in the Contract that:

(a) It will pay to the Issuer, by making such payments directly to the Trustee for the account of the Issuer for deposit in the Debt Service Reserve Fund, within 90 days of the date on which the balance held in the Debt Service Reserve Fund is less than 50% of the Debt Service Reserve Requirement, if an Event of Default under the Lease has occurred and is continuing, an amount sufficient, when added to funds held at the time of such payment in the Debt Service Reserve Fund, to cause the balance held therein to equal the Debt Service Reserve Requirement.

(b) The provisions described in paragraph (a) above to the contrary notwithstanding, if, for any reason, on the third business day preceding any Interest Payment Date and any redemption date with respect to the Bonds, there is not on deposit in the Bond Fund monies sufficient to pay the total principal, interest, and premium coming due on the Bonds on such Interest Payment Date or redemption date (whether by mandatory redemption, maturity, or otherwise), the County will on such date pay to the Issuer, by making such payments directly to the Trustee for the account of the Issuer for deposit into the Bond Fund, an amount equal to the amount by which the total principal, interest, and premium coming due on the Bonds (whether by mandatory redemption, maturity, or otherwise) on the next Interest Payment Date or redemption date exceeds the amount in the Bond Fund (and not being held for the payment of Bonds not yet presented for payment or interest checks not cashed).

(c) In the event the Trustee has notice that any payment of principal of, premium, if any, or interest on a Bond that has been made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court of competent jurisdiction, the County will pay to the Issuer, by making payments directly to the Trustee for the account of the Issuer for deposit in the Bond Fund, an amount equal to such recovery if sufficient funds are not otherwise available to reimburse such Bondholder.

(d) It will also pay to the Issuer an amount equal to (i) any costs incurred by the Issuer in connection with the issuance of any series of Bonds to the extent such costs are not paid from proceeds of such Bonds, and (ii) the fees and expenses of the Trustee under the Indenture if the Issuer is unable to pay such fees and expenses from the rental payments derived from the Project.

Source of Funds for County's Payment Obligations

The Contract provides that the obligation of the County to make payments under the Contract will constitute a general obligation of the County, payable out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds). The County agreed that it will, to the extent necessary, levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, as now existent and as the same may hereafter be extended, at such rate or rates within the one (1) mill limit authorized

pursuant to Section 48-5-220(20) of the Official Code of Georgia Annotated or within such greater millage as may hereafter be prescribed by applicable law, as may be necessary to produce in each year revenues that will be sufficient to fulfill the County's obligations under the Contract, from which revenues the County agreed to appropriate sums sufficient to pay in full when due all of the County's obligations under the Contract. The County created and granted a lien in favor of the Issuer on any and all revenues realized by the County from such tax, to make the payments that are required under the Contract, and agreed the lien will be superior to any that can hereafter be created, except that this lien may be on a parity basis with the lien created by the Prior Contract and this lien may be extended to cover any Additional Contracts. Nothing contained in the Contract, however, may be construed as limiting the right of the County to make the payments called for by the Contract out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds).

The County's obligation to levy an annual ad valorem tax within the one (1) mill limit authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, or such greater millage hereafter authorized by law, for the purpose of providing funds to meet the County's payment obligations under the Contract may not be junior and subordinate, but must be superior or equal to the County's obligation to levy an annual ad valorem tax at such rate or rates within such one (1) mill limit or such greater millage as hereinafter prescribed by law pursuant to the provisions of the Prior Contract and any Additional Contract. The Contract provides that the County will not be required to levy a tax in any year at a rate or rates exceeding in the aggregate the maximum one (1) mill now authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, or any greater millage hereafter prescribed by law, in order to meet its obligations under the Contracts.

Additional Contracts

The County agreed in the Contract that it would not:

(1) enter into an Additional Contract that creates a lien on the revenues to be derived from the tax to be levied under the Contract by the County to fulfill its obligations under the Contract, which is superior to the lien created under the Contract,

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

(3) enter into any Additional Contract that provides for payment to be made by the County from moneys derived from the levy of a tax within the maximum millage now or hereafter authorized by law if each annual payment of all amounts payable with respect to debt service or that are otherwise fixed in amount or currently budgeted in amount under all Contracts then in existence, together with each annual payment to be made under the proposed Additional Contract, in each future Bond Year, would exceed the amount then capable of being produced by a levy of a tax within the maximum millage now or hereafter authorized by law on the taxable value of property located within the territorial limits of the County subject to taxation for such purposes, as shown by the latest tax digest available immediately preceding the execution of any such Additional Contract.

The Contract also provides that the County may not hereafter enter into any Additional Contract for the purpose of debt service payments (including creation and maintenance of reserves therefor), unless the amount then capable of being produced by the levy of an ad valorem tax within the maximum millage then authorized under Section 48-5-220(20) of the Official Code of Georgia Annotated or any successor provision on all taxable property within the territorial limits of the County, as shown by the latest tax digest available immediately preceding the execution of such Additional Contract, is equal to at least one and twenty-five hundredths (1.25) times the maximum combined amount payable in any future Bond Year with respect to debt service under all existing Contracts and any such Additional Contract. Debt service for purposes of this provision means required payments of principal, including principal to be paid through mandatory redemption, interest, and amounts required to be paid for creation and maintenance of reasonable debt service reserves and to establish and maintain mandatory investment programs, less principal and interest received or to be received from investment of any of the foregoing amounts (except funds on hand or to be on hand in any debt service reserve) required to be applied to debt service in each Bond Year. The County agreed to furnish the Issuer, not less than five (5) nor more than sixty (60) days prior to the date of execution and delivery of any such Additional Contract, a report of an independent certified public accountant to the effect that, based upon an affidavit of the Tax Commissioner of Cherokee County as to the taxable value of property located within the territorial limits of the County, the requirements described in this paragraph have been met.

Term

The term of the Contract will commence with its execution and delivery and will extend until 91 days after the principal of, premium, if any, and interest on the Bonds have been paid in full or due provision is made therefor as provided in the Indenture, but in no event may the term of the Contract exceed fifty years from its date. The obligations of the County described in paragraph (c) under **"THE CONTRACT - County's Payment Obligations"** herein will survive the termination of the Contract, but in no event will extend beyond fifty years from the date of the Contract.

Obligations Absolute

The Contract provides that it will constitute security for the benefit of the owners of the Bonds and that the obligations of the County under the Contract will be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Issuer. The County agreed that it will not (i) withhold, suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in the Contract, (ii) fail to observe any of its other agreements contained in the Contract, or (iii) terminate its obligations under the Contract for any contingency, act of God, event, or cause whatsoever.

Amendments

See the caption **"THE INDENTURE - Amendment of Other Bond Documents"** herein.

THE INDENTURE

Introduction

The Trust Indenture and Security Agreement, dated as of September 1, 2007, between the Issuer and the Trustee, is a contract for the benefit of the Bondholders that specifies the terms and details of the Series 2007 Bonds and defines the security therefor. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Indenture. Reference is made to the Indenture in its entirety for a complete recital of the detailed provisions thereof.

Pledge and Assignment

Pursuant to the Indenture, the Issuer has pledged and assigned to the Trustee, and granted a security interest in, (i) its right, title, interest, and remedies in and to the Lease (except Unassigned Rights), the Contract, and certain funds established and held under the Indenture, and (ii) all revenues and receipts derived from the Issuer's ownership of the Project, as security for the obligations of the Issuer under the Indenture and the Bonds.

Establishment of Funds

The following trust funds are established with the Trustee under the Indenture:

Project Fund
Issuance Cost Fund
Bond Fund
Debt Service Reserve Fund
Purchase Fund

Initial Deposits to Funds

Upon the issuance and delivery of the Series 2007 Bonds, there will be deposited in the Debt Service Reserve Fund and the Issuance Cost Fund the amounts set forth in the Indenture, and in the Project Fund the balance of the proceeds received from the sale of the Series 2007 Bonds as set forth in the Indenture.

Project Fund

Moneys in the Project Fund will be applied to payment of the Costs of the Project. Any moneys remaining in the Project Fund after the Project is completed will be transferred to the Redemption Account of the Bond Fund and will be used to redeem Series 2007 Bonds or to pay principal of Series 2007 Bonds.

Moneys in the Project Fund can be disbursed by the Trustee only upon receipt of a requisition in which the Lessee has certified that the expenditures are proper charges against the Project Fund and have not been previously paid, accompanied by a cost breakdown showing the cost of labor and materials furnished and the percentage of completion certified by the appropriate contractor. For all "construction costs and fees," as defined in the Lease, there must also be provided the certificate of a Consulting Architect certifying, among other things, that the work was performed in a satisfactory and workmanlike manner in accordance with the Plans and Specifications.

Issuance Cost Fund

The Issuance Cost Fund is a trust fund used to pay Issuance Costs. The amounts held in the Issuance Cost Fund will be disbursed by the Trustee to pay Issuance Costs upon receipt of a requisition of the Lessee and the Issuer setting forth the nature of the Issuance Costs to be paid and the name of the payee and certifying that the amounts being paid are properly includable within the definition of Issuance Costs. Upon the date that is ninety (90) days after the date of issuance of the Series 2007 Bonds, all moneys remaining in the Issuance Cost Fund, if any, will be deposited in the related series account of the Project Fund.

Bond Fund

The Bond Fund is a trust fund used as a sinking fund to pay the principal of, premium, if any, and interest on the Bonds. There are two accounts within the Bond Fund designated the "General Account" and the "Redemption Account." The General Account of the Bond Fund will be used to pay principal of (including the mandatory redemption requirements) and interest on the Bonds as they become due and payable in accordance with their terms. The Redemption Account of the Bond Fund will be used to pay principal of, premium, if any, and interest on the Bonds in the event of redemption of the Bonds other than mandatory redemption.

There will be deposited into the Bond Fund, as and when received, (i) all Basic Rent, to the General Account, (ii) all payments made by the County pursuant to the Contract for deposit to the Bond Fund, to the General Account, and (iii) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease or the Contract, when accompanied by written directions from the Lessee or the County that such moneys are to be paid into the Bond Fund. All moneys received by the Trustee for redemption of Bonds, other than mandatory redemption, will be deposited into the Redemption Account. All other moneys received by the Trustee for deposit in the Bond Fund, unless otherwise specified, will be deposited into the General Account of the Bond Fund.

Moneys in the General Account of the Bond Fund will be used solely for the payment of principal of (including mandatory redemption requirements) and interest on the Bonds. Moneys in the Redemption Account of the Bond Fund will be used solely for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of the Bonds at or prior to maturity, and to purchase Bonds in the open market. Any moneys in the Bond Fund, other than Basic Rent held in the General Account of the Bond Fund, may be used at the written request of the Issuer if so directed by the Lessee pursuant to the Lease to redeem a part of the Bonds Outstanding on the next succeeding redemption date for which the required notice of redemption may be given or to purchase Bonds pursuant to the Indenture, so long as the Lessee is not in default with respect to any payments required to be made under the Lease and to the extent such moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds have not been presented for payment.

Debt Service Reserve Fund

The Debt Service Reserve Fund is a special trust fund into which will be deposited from the sale of the Series 2007 Bonds the amounts specified in the Indenture. The Trustee will withdraw funds from the Debt Service Reserve Fund and will draw upon any Debt Service Reserve Credit Facility to pay, first, all installments of interest then due on the Bonds, and then all principal of and premium, if any, then due on the Bonds in the event there should be insufficient funds for such purposes in the Bond Fund on the date such interest, principal, and premium is due. Any withdrawals for this purpose from the Debt Service Reserve Fund must be replaced by payments of Reserve Rent by the Lessee. See **"THE LEASE - Reserve Rent"** herein. If Additional Bonds are issued, the Debt Service Reserve Fund must be increased by an amount equal to the Debt Service Reserve Requirement with respect to such Additional Bonds.

Purchase Fund

The Purchase Fund is a special trust fund that will be maintained with the Trustee and into which the Lessee is required under the Lease to deposit, on or before the date that is ten (10) days before the Optional Tender Date, an amount of money sufficient to pay the Tender Purchase Price of Series 2007A Bonds tendered for purchase on the Optional Tender Date. Moneys on deposit in the Purchase Fund, together with the income earned thereon, will be held by the Trustee for the sole benefit and security of the owners of the Series 2007A Bonds who tender their Series 2007A Bonds for purchase on the Optional Tender Date and will be applied by the Trustee to purchase Series 2007A Bonds on the Optional Tender Date that have been tendered for purchase on such date in accordance with the provisions of the Indenture at the Tender Purchase Price.

Investments

Any moneys held as part of the Bond Fund, Project Fund, Issuance Cost Fund, Debt Service Reserve Fund, Purchase Fund, reserves in connection with contested liens, or other special trust funds created under the Indenture, or other accounts or funds held by the Trustee under the Indenture, to the extent permitted by law, will be invested and reinvested by the Trustee in such Permitted Investments as may be designated by the Lessee. Such investments will be valued at fair market value on each Interest Payment Date. Such investments will be made only as follows:

(i) moneys in the Project Fund and the Issuance Cost Fund, and any other accounts or funds, other than the Bond Fund, the Purchase Fund, and the Debt Service Reserve Fund, only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from each such respective fund,

(ii) moneys in the Bond Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than the next-succeeding principal payment date, mandatory redemption payment date, or Interest Payment Date of the Bonds,

(iii) moneys in the Debt Service Reserve Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than five (5) years from the date of purchase thereof, and

(iv) moneys in the Purchase Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than the Optional Tender Date.

All interest accruing from investments of moneys in the Bond Fund, Project Fund, Issuance Cost Fund, Debt Service Reserve Fund, Purchase Fund, and other funds and accounts and any profit realized therefrom must be allocated as follows:

(a) interest and profits from the investments of moneys of each account held in the Bond Fund will be retained in the account of the Bond Fund to which such investments relate;

(b) interest and profits from the investments of moneys in the Issuance Cost Fund will be retained in the Issuance Cost Fund;

(c) interest and profits from the investment of moneys in the Debt Service Reserve Fund will be retained in the Debt Service Reserve Fund at all times the balance is less than the Debt Service Reserve Requirement; thereafter and at all times the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Requirement, such interest and profits will be deposited in the General Account of the Bond Fund;

(d) interest and profits from the investment of moneys in the Purchase Fund will be retained in the Purchase Fund;

(e) interest and profits from the investment of moneys of each account in the Project Fund will be retained in the account of the Project Fund to which such investments relate; and

(f) interest and profits from the investment of moneys in any other funds will, at the written direction of the Lessee, be retained in the respective funds or deposited in the General Account of the Bond Fund.

Parity Bonds

Additional Bonds may be issued by the Issuer to provide funds to pay any one or more of the following: (i) the costs of completing the Project, (ii) the costs of making such Additions or Alterations in, on, or to the Project as the Lessee may deem necessary or desirable and as will not impair the nature of the Project as a modern solid waste disposal and recycling facility and as will be located on the Premises, (iii) to refund any Bonds, and (iv) the costs of the issuance and sale of the Additional Bonds, the cost of funding the Debt Service Reserve Requirement with respect to such Additional Bonds, and capitalized or funded interest for such period and such other costs reasonably related to the financing as are agreed upon by the Lessee and the Issuer.

Prior to the issuance of any Additional Bonds to finance the costs of completing the Project or the cost of Additions or Alterations to the Project, the Lessee must cause to be prepared and filed with the Trustee a certificate of the Lessee approved by the Consulting Architect setting forth the estimated cost of the completion of the Project or the proposed Additions or Alterations to the Project, including an allowance for contingencies, the estimated date of completion of the Project or estimated date on which such Additions or Alterations will be placed in service or completed, and the amount, if any, provided or to be provided by the Lessee from other sources toward payment of the costs of completion of the Project or such Additions or Alterations to the Project and the manner in which such funds will be provided. In addition, prior to the issuance of any Additional Bonds, there must be filed with the Trustee the items described in **"THE CONTRACT - Additional Contracts"** herein.

The Lessee is required under the Lease to deposit in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement with respect to Additional Bonds.

Any Additional Bonds will be secured by the liens and security interests granted by the Indenture, and the liens and security interests created by the Indenture will be equal, without preference or priority, to the liens and security interests provided for the Series 2007 Bonds.

Events of Default

Each of the following is an Event of Default within the meaning of the Indenture:

(a) default in the due and punctual payment of any interest on any Bond,

(b) default in the due and punctual payment of the principal of any Bond (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof,

(c) any material breach by the Issuer of any representation or warranty made in the Indenture or default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuer in the Indenture or in the Bonds contained, provided, however, that no default described in this paragraph (c) will constitute an Event of Default until actual written notice of such default by registered or certified mail is given by the Trustee or by the owners of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds then Outstanding to the Lessee and the Issuer, and the Lessee and the Issuer have had thirty (30) days after receipt of such notice to correct such default or cause such default to be corrected and have not corrected such default or caused such default to be corrected within the applicable period, provided, further, if such default be such that it cannot with due diligence be cured within the applicable period but can be wholly cured within a period of time not materially detrimental to the rights of the Trustee and the Bondholders, to be determined conclusively by the Trustee, it will not constitute an Event of Default if corrective action is instituted by the Lessee or the Issuer, as the case may be, within the applicable period and diligently pursued until the default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee,

(d) the issuance of an order of relief by the Bankruptcy Court of the United States District Court having valid jurisdiction, granting the Issuer relief under federal bankruptcy law, or the issuance by any other court having valid jurisdiction of an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Issuer or any substantial part of its property, affairs, or assets, and the continuance of any such decree or order is unstayed and in effect for a period of sixty consecutive days, or

(e) the consent by the Issuer to the institution of proceedings in bankruptcy against it, or to the institution of any proceeding against it under any federal or state insolvency laws, or to the filing

of any petition, application, or complaint seeking the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Issuer or of any substantial part of its property, affairs, or assets.

Remedies

If an Event of Default under the Indenture occurs and is continuing, the Issuer, upon the demand of the Trustee, is required to surrender the actual possession of, and the Trustee, by such officer or agent as it may appoint, with or without force or process of law, may enter and take possession of, and exclude the Issuer and its agents and servants wholly from, all or any part of the Project, without the appointment of a receiver, or an application therefor, and may hold, operate, store, use, control, and manage the same and conduct the business thereof, and the Trustee may lease or sublease the Project or any part thereof in the name and for the account of the Issuer or the Lessee and collect, receive, and sequester the rents therefrom.

Upon the occurrence of an Event of Default under the Indenture, the Trustee may exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect, and has the power to proceed with any available right or remedy granted by the Bond Documents or the Constitution and statutes of the State, as it may deem best. The Trustee, as the assignee of all of the right, title, and interest of the Issuer in and to the Lease (except for the Unassigned Rights) and the Contract, will enforce each and every right granted to the Issuer under the Lease (except for the Unassigned Rights) and the Contract.

In addition, the Trustee may appoint a receiver to take possession of and manage the Trust Estate.

If an Event of Default under the Indenture occurs and is continuing, and if requested so to do by the owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Bondholders.

No Bondholder will have any right to institute any suit, action, or proceeding for the enforcement of the Indenture unless: (i) a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which it is deemed to have notice under the Indenture, (ii) such default has become an Event of Default under the Indenture, (iii) the owners of at least twenty-five (25%) percent in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and provided the indemnity required by the Indenture and have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit, or proceeding in its own name, and (iv) the Trustee fails or refuses to exercise the powers granted in the Indenture or to institute such action, suit, or proceeding in its own name.

Anything in the Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of Bonds then Outstanding have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, provided the Trustee is indemnified pursuant to the Indenture, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the Indenture.

Application of Moneys After Default

Upon an Event of Default under the Indenture and if moneys held by the Trustee are insufficient to pay the principal of, premium, if any, and interest on the Bonds, all moneys received and held by the Trustee pursuant to the Indenture and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture will, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee, be applied as follows:

(a) Unless the principal of all the Bonds has become due and payable, all such moneys will be applied:

FIRST - To the payment of the fees for Ordinary Services of the Trustee and Extraordinary Services of the Trustee and the Ordinary Expenses and Extraordinary Expenses of the Trustee and the costs and compensation of any advances made by the Trustee, the Issuer, and any receiver and the reasonable attorneys' fees of the Trustee, the Issuer, or any receiver;

SECOND – To the payment of Rebate Amount then due or to establish a reserve for Rebate Amount then accrued;

THIRD - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, in the order of the maturity of the installments of such interest and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

FOURTH - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds that have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest at the same rate as the interest on such Bonds from the respective dates upon which they became due and, if the amount available is not sufficient to pay in full principal of, premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal, interest, and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege;

FIFTH - To the payment of reasonable and necessary operating expenses of the Project and for reasonable renewals, repairs, and replacements of the Project necessary to prevent impairment of the Project; and

SIXTH - To be held for the payment to the Bondholders entitled thereto as the same become due of the principal of, premium, if any, and interest on the Bonds that may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment will be made ratably according to the amount of principal, premium, if any, and interest due on such date to the Bondholders entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds has become due and payable, all such moneys will be applied first to the items described in paragraph FIRST in (a) above, second to the items described in paragraph SECOND of the preceding subsection (a) above, and then to the payment to the persons entitled thereto of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege.

Amendment of the Indenture

The Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture as are not inconsistent with the terms and provisions of the Indenture for certain purposes, including, among others, the following purposes:

(i) to cure any ambiguity or formal defect or omission in, or to correct or supplement any defective provision of, the Indenture,

(ii) to reflect a change in applicable law provided that the Trustee must determine that such supplemental indenture does not prejudice the rights of Bondholders, or

(iii) in connection with any other change in the Indenture that, in the judgment of the Trustee, does not prejudice or materially adversely affect the Bondholders or impair the Trust Estate.

Exclusive of indentures supplemental to the Indenture described above, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding have the right to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental to the Indenture as are deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing described above will permit, or be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or a reduction in the rate or an extension of the time of payment of interest on, or a reduction of any premium payable on the redemption of, any Bonds, without the consent of every owner of such Bonds, or (b) the creation of any lien or security interest prior to or on a parity with the lien and security interest of the Indenture or the deprivation of any Bondholders of the lien created by the Indenture, without

the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (c) a reduction in the amount, or an extension of the time of any payment, required by the mandatory sinking fund redemption provisions of the Indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (e) the modification of the trusts, powers, obligations, remedies, privileges, rights, duties, or immunities of the Trustee, without the written consent of the Trustee, or (f) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (g) the release of or requirements for the release of the Indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken.

Amendment of Other Bond Documents

The Issuer and the Trustee are required, without the consent of or notice to the Bondholders, to consent to any amendment, change, or modification of the Bond Documents other than the Indenture as may be required, among other purposes, (i) for the purpose of curing any ambiguity or formal defect or omission therein, (ii) to substitute a new lessee under the Lease as provided therein, or (iii) in connection with any other change therein that, in the judgment of the Trustee, does not prejudice the Trustee or materially adversely affect the owners of the Bonds.

Except for the amendments, changes, or modifications as described above, neither the Issuer nor the Trustee may consent to any other amendment, change, or modification of the Bond Documents other than the Indenture without giving notice to and obtaining the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that nothing described herein will permit or be construed as permitting, (a) an extension of the time for payment of any amounts payable under the Lease or the Contract or a reduction in the amount of any payment or in the total amount due under the Lease or the Contract, without the consent of every owner of Bonds affected thereby, (b) the creation of any lien on the revenues realized by the County from the ad valorem tax required to be levied under the Contract, prior to or superior to the lien created in the Contract on such revenues, without the consent of every owner of Bonds affected thereby, or (c) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such amendment, change, or modification of such other Bond Documents, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken.

Defeasance

If there is irrevocably deposited with the Trustee (a) moneys sufficient to make the payment of the principal of, premium, if any, and interest on the Bonds to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture) or (b) non-callable Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure, without further investment or reinvestment thereof, in the written opinion of an independent certified public accounting firm of national reputation in form and substance satisfactory to the Trustee, the availability of sufficient moneys to make such payment, then such Bonds or such portion will be deemed to have been paid within the meaning of the Indenture, will be secured solely by such moneys or Government Obligations deposited in escrow, and will no longer be secured by the Bond Documents.

Consents of Bond Insurer;
Bond Insurer Controls Remedies

The Bond Insurer's consent will be required in addition to the consent of the owners of the Series 2007 Bonds, when required, for the following purposes: (i) execution and delivery of any supplemental indenture or any amendment, supplement, or change to or modification of the Lease, (ii) removal of the Trustee and selection and appointment of any successor trustee, and (iii) initiation or approval of any action not described in (i) or (ii) above that requires the consent of the owners of the Series 2007 Bonds.

Upon the occurrence and continuance of an Event of Default under the Indenture, if the Bond Insurance Policy is in full force and effect, the Bond Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Series 2007 Bonds or the Trustee for the benefit of the owners of the Series 2007 Bonds.

THE CONTINUING DISCLOSURE AGREEMENT

Introduction

The Continuing Disclosure Agreement, dated the date of issuance and delivery of the Series 2007 Bonds, between the Lessee and the Trustee, is a contract that specifies the terms and details of the Lessee's continuing disclosure obligations and that assists the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Disclosure Agreement. Reference is made to the Disclosure Agreement in its entirety for a complete recital of the detailed provisions thereof.

Definitions

The following terms are defined terms in the Disclosure Agreement:

"Ambac" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Annual Report" means any Annual Report provided by the Lessee pursuant to the provisions of the Disclosure Agreement described herein under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Provision of Annual Reports and - Content of Annual Reports."**

"Bondholders" means the beneficial owners of the Series 2007 Bonds.

"Disclosure Representative" means the President of the Manager of the Lessee or his or her designee, or such other person as the Lessee may designate in writing to the Trustee from time to time.

"Dissemination Agent" means the Lessee, acting in its capacity as Dissemination Agent pursuant to the Disclosure Agreement, or any successor Dissemination Agent designated in writing by the Lessee and that has filed with the Trustee a written acceptance of such designation.

"Fiscal Year" means any period of twelve consecutive months adopted by the Lessee as its fiscal year for financial reporting purposes and initially means the period beginning on January 1 of each calendar year and ending on December 31 of the same calendar year.

"Listed Events" means any of the events listed in the provisions of the Disclosure Agreement described herein under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Reporting of Significant Events."**

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

(1) Bloomberg Municipal Repositories, Skillman, New Jersey,

(2) Interactive Data Pricing and Reference Data, Inc., New York, New York,

(3) Standard & Poor's Securities Evaluations, Inc., New York, New York, and

(4) DPC Data Inc., Fort Lee, New Jersey.

"Participating Underwriter" means any of the original underwriters or placement agents of the Series 2007 Bonds required to comply with the Rule in connection with the offering of the Series 2007 Bonds.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" means any public or private repository or entity designated by the State of Georgia as a state repository for the purpose of the Rule. As of the date of this Official Statement, there is no State Repository.

Provision of Annual Reports

The Lessee agreed in the Disclosure Agreement to, or to cause the Dissemination Agent to, not later than 180 days after the end of each Fiscal Year, commencing with Fiscal Year 2007, provide to each Repository and Ambac an Annual Report that is consistent with the requirements of the provisions of the Disclosure Agreement described below under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports."** Not later than fifteen business days prior to such date, the Lessee agreed to provide the Annual Report to the Dissemination Agent (if other than the Lessee) and to the Trustee (if the Trustee is not the Dissemination Agent). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the provision of the Disclosure Agreement described below under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports"**; provided that the audited financial statements of the Lessee may be submitted separately from the balance of the Annual Report.

If by fifteen business days prior to the date specified in the immediately preceding paragraph for providing the Annual Report to the Repositories, the Trustee has not received a copy of the Annual Report, the Trustee must contact the Lessee and the Dissemination Agent to determine if the Lessee is in compliance with the provisions of the Disclosure Agreement described in the immediately preceding paragraph.

If the Trustee is unable to verify that an Annual Report has been provided to the Repositories by the date required as described above, the Trustee must send a notice to each Repository and Ambac of such failure. The Dissemination Agent is required to:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) file a report with the Lessee and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

The Lessee is required to promptly file a notice of any change in its Fiscal Year with each Repository and Ambac. If the audit report specified in clause (1) of the provisions of the Disclosure Agreement described below under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports"** is not submitted as part of the Annual Report to each Repository pursuant to the Disclosure Agreement, the Lessee agreed to, or to cause the Dissemination Agent to, provide to each Repository and Ambac such audit report, together with the audited financial statements to which such audit report relates, when they are available to the Lessee.

Content of Annual Reports

The Disclosure Agreement requires the Lessee's Annual Report to contain or incorporate by reference the following:

(1) the Lessee's financial statements for the preceding Fiscal Year, which must be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which must be accompanied by an audit report, if available at the time of submission of the Annual Report to each Repository pursuant to the Disclosure Agreement, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards; and

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to the Disclosure Agreement and if such changes are material to the Lessee, a narrative explanation describing the impact of such changes on the Lessee.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Lessee is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Lessee must clearly identify each such other document so incorporated by reference.

Reporting of Significant Events

The Disclosure Agreement governs the giving of notices of the occurrence of any of the following events with respect to the Series 2007 Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions or events affecting the tax-exempt status of the Series 2007 Bonds;

(7) Modifications to rights of Bondholders;

(8) Series 2007 Bond calls;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Series 2007 Bonds; and

(11) Rating changes.

The Trustee must, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events (except events described in clauses (1), (8), or (9) above) contact the Disclosure Representative, inform such person of the event, and request that the Lessee promptly notify the Trustee in writing whether or not to report the event pursuant to the provisions of the Disclosure Agreement. If in response to such a request, the Lessee determines that the Listed Event is not material, the Lessee must so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to the provisions of the Disclosure Agreement.

If the Lessee obtains knowledge of the occurrence of a Listed Event that is material, because of a notice from the Trustee as described in the immediately preceding paragraph or otherwise, the Lessee must promptly notify the Trustee in writing. Such notice must instruct the Trustee to report the occurrence pursuant to the provisions of the Disclosure Agreement.

If the Trustee has been instructed by the Lessee to report the occurrence of a Listed Event, the Trustee must promptly file a notice of such occurrence with each Repository and Ambac. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in clauses (1), (8), or (9) above must be given by the Trustee unless the Lessee gives the Trustee affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in clauses (8) and (9) above need not be given under the provisions of the Disclosure Agreement any earlier than the notice (if any) of the underlying event is given to the owners of affected Series 2007 Bonds pursuant to the Indenture.

Termination of Reporting Obligation

The Lessee's obligations under the Disclosure Agreement terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2007 Bonds. If the Lessee's obligations under the Loan Agreement are assumed in full by some other entity, such Person will be responsible for compliance with the Disclosure Agreement in the same manner as if it were the Lessee and the original Lessee will have no further responsibility under the Disclosure Agreement.

Dissemination Agent

The Lessee may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Lessee will be the Dissemination Agent. The initial Dissemination Agent will be the Lessee.

Amendment; Waiver

Notwithstanding any other provision of the Disclosure Agreement, the Lessee and the Trustee may amend the Disclosure Agreement, and any provision of the Disclosure Agreement may be waived (and the Trustee must agree to any amendment or waiver so requested by the Lessee), if:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of any obligor on the Series 2007 Bonds, or type of business conducted by such obligor;

(b) such amendment or waiver does not materially impair the interests of the Beneficial Owners, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the Trustee or by the approving vote of the Beneficial Owners owning more than two-thirds in aggregate principal amount of the Series 2007 Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings in the Disclosure Agreement to violate the Rule if such amendment or waiver had been effective on the Closing Date but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of the Disclosure Agreement described herein under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports"** is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information must explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of the Disclosure Agreement described herein under the caption **"THE CONTINUING DISCLOSURE AGREEMENT - Content of Annual Reports"** specifying the accounting principles to be followed in preparing the Lessee's financial statements are amended or waived, the Annual Report for the year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the Lessee to meet its obligations. To the extent reasonably feasible, the comparison must also be quantitative. The Lessee must file a notice of the change in the accounting principles with each Repository and Ambac on or before the effective date of any such amendment or waiver.

Additional Information

Nothing in the Disclosure Agreement will be deemed to prevent the Lessee from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the Lessee chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by the Disclosure Agreement, the Lessee will have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default

In the event of a failure of the Lessee or the Trustee to comply with any provision of the Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter, Ambac, or the beneficial owners of at least 25% in aggregate principal amount of Outstanding Series 2007 Bonds, must), or Ambac or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific

performance by court order, to cause the Lessee or the Trustee, as the case may be, to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement will not be deemed an "Event of Default" or "default" under the Indenture or the Lease, and the sole remedy under the Disclosure Agreement in the event of any failure of the Lessee or the Trustee to comply with the Disclosure Agreement will be an action to compel performance. A court may decide not to order the specific performance of the covenants contained in the Disclosure Agreement.

THE CONTINUING DISCLOSURE CERTIFICATE

Introduction

The Continuing Disclosure Certificate of the County specifies the terms and details of the County's continuing disclosure obligations and assists the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Disclosure Certificate. Reference is made to the Disclosure Certificate in its entirety for a complete recital of the detailed provisions thereof.

Definitions

The following capitalized terms have the following meanings for purposes of the Disclosure Certificate:

"Ambac" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Annual Report" means any Annual Report provided by the County pursuant to the provisions of the Disclosure Certificate described herein under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Provision of Annual Reports and - Content of Annual Reports."**

"Bondholders" means the beneficial owners of the Series 2007 Bonds.

"Dissemination Agent" means the County or any successor Dissemination Agent designated in writing by the County and that has filed with the County a written acceptance of such designation.

"Fiscal Year" means any period of twelve consecutive months adopted by the County as its fiscal year for financial reporting purposes and initially means the period beginning on January 1 of each calendar year and ending on December 31 of the next calendar year.

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

(1) Bloomberg Municipal Repositories, Skillman, New Jersey,

(2) Interactive Data Pricing and Reference Data, Inc., New York, New York,

(3) Standard & Poor's Securities Evaluations, Inc., New York, New York, and

(4) DPC Data Inc., Fort Lee, New Jersey.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" means any public or private repository or entity designated by the State of Georgia as a state repository for the purpose of the Rule. As of the date of this Official Statement, there is no State Repository.

Provision of Annual Reports

The County agreed in the Disclosure Certificate to, or to cause the Dissemination Agent to, not later than 180 days after the end of each Fiscal Year, commencing with Fiscal Year 2007, provide to each Repository and Ambac an Annual Report that is consistent with the requirements of the provisions of the Disclosure Certificate described below under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports."** Not later than fifteen business days prior to such date, the County agreed to provide the Annual Report to the Dissemination Agent (if other than the County). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the provisions of the Disclosure Certificate described below under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports"**; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report.

If the County is unable to provide to the Repositories an Annual Report by the date required as described above, the County must send a notice to each Repository and Ambac of such failure. The Dissemination Agent is required to:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to the Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

The County is required to promptly file a notice of any change in its Fiscal Year with each Repository and Ambac. If the audit report specified in clause (1) of the provisions of the Disclosure Certificate described below under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports"** is not submitted as part of the Annual Report to each Repository pursuant to the Disclosure Certificate, the County agreed to, or to cause the Dissemination Agent to, provide to each Repository and Ambac such audit report, together with the audited basic financial statements to which such audit report relates, when they are available to the County.

Content of Annual Reports

The Disclosure Certificate requires the County's Annual Report to contain or incorporate by reference the following:

(1) the County's basic financial statements for the preceding Fiscal Year, which must be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which must be accompanied by an audit report, if available at the time of submission of the Annual Report to each Repository pursuant to the Disclosure Certificate, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to the Disclosure Certificate and if such changes are material to the County, a narrative explanation describing the impact of such changes on the County; and

(3) information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the County: (A) the legal debt margin of the County, (B) the property tax digest of the County, (C) the millage rates of the County, (D) the property tax levies and collections of the County, (E) the estimated value of tax executions owned by the County, (F) the ten largest taxpayers of the County, (G) the County's General Fund tax revenues by source, (H) the analysis of funding progress of the County's pension fund, and (I) the insurance coverage of the County.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County must clearly identify each such other document so incorporated by reference.

Termination of Reporting Obligation

The County's obligations under the Disclosure Certificate will terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2007 Bonds.

Dissemination Agent

The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent is the County.

Amendment; Waiver

Notwithstanding any other provision of the Disclosure Certificate, the County may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, if

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligor on the Series 2007 Bonds, or type of business conducted;

(b) such amendment or waiver does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the County or by the approving vote of the Bondholders owning more than two-thirds in aggregate principal amount of the Series 2007 Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings in the Disclosure Certificate to violate the Rule if such amendment or waiver had been effective on the date of the Disclosure Certificate but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of the Disclosure Certificate described herein under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports"** is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information must explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of the Disclosure Certificate described herein under the caption **"THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports"** specifying the accounting principles to be followed in preparing the County's financial statements are amended or waived, the Annual Report for the year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison must also be quantitative. The County must file a notice of the change in the accounting principles with each Repository and Ambac on or before the effective date of any such amendment or waiver.

Additional Information

Nothing in the Disclosure Certificate will prevent the County from disseminating any other information, using the means of dissemination set forth in the Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by the Disclosure Certificate. If the County chooses to include any information in any Annual Report in addition to that which is specifically required by the Disclosure Certificate, the County will have no obligation under the Disclosure Certificate to update such information or include it in any future Annual Report.

Default

In the event of a failure of the County to comply with any provision of the Disclosure Certificate, any Bondholder or Ambac may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate will not be deemed an "Event of Default" or "default" under the Indenture or the Contract, and the sole remedy under the Disclosure Certificate in the event of any failure of the County to comply with the Disclosure Certificate will be an action to compel performance. A court may decide not to order the specific performance of the covenants contained in the Disclosure Certificate.

APPENDIX C

FORM OF LEGAL OPINION

The form of Legal Opinion included as this Appendix C has been prepared by Kilpatrick Stockton LLP, Atlanta, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2007 Bonds.

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FORM OF OPINION OF BOND COUNSEL

_____, 2007

Resource Recovery Development Authority
of Cherokee County
Canton, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds")

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery on this date by the Resource Recovery Development Authority of Cherokee County (the "Issuer") of the captioned bonds (collectively the "Bonds").

We have examined the law and such certified proceedings and other papers authorizing and relating to the Bonds as we deem necessary to render this opinion, including the following:

1. Chapter 63 of Title 36 of the Official Code of Georgia Annotated, known as the "Resource Recovery Development Authorities Law" (the "Resource Recovery Development Authorities Law"), and Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the "Revenue Bond Law" (the "Revenue Bond Law").

2. Certified copy of a Series 2007 Bond Resolution of the Issuer adopted on July 3, 2007, as ratified, reaffirmed, supplemented, and amended by a Supplemental Bond Resolution of the Issuer adopted on September 18, 2007 (collectively the "Bond Resolution").

3. Certified transcript of validation proceedings in the Superior Court of Cherokee County, Georgia, resulting in a final judgment validating and confirming the Bonds and the security therefor.

4. Certified copy of a resolution of the Cherokee County, Georgia (the "County") adopted on June 19, 2007.

5. Fully executed counterpart of the Trust Indenture (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee").

6. Fully executed counterpart of the Lease Agreement (the "Lease"), dated as of September 1, 2007, between the Issuer and Ball Ground Recycling, LLC (the "Lessee").

7. Fully executed counterpart of the Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, between the Issuer and the County.

8. Fully executed counterpart of the Lessee's Tax Certificate (the "Tax Certificate"), dated the date hereof.

9. Fully executed counterpart of the Certificate As To Arbitrage Matters (the "Non-Arbitrage Certificate") of the Issuer, dated the date hereof.

The Bonds are being issued under and pursuant to the Resource Recovery Development Authorities Law and the Bond Resolution for the purpose of financing the costs, in whole or in part, of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project"), located in Cherokee County, Georgia, to be leased by the Issuer to the Lessee.

As to questions of fact material to our opinion, we have relied upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to us, (b) certifications furnished to us by or on behalf of the Lessee, the County, and the Issuer (including certifications made in the Tax Certificate and in the Non-Arbitrage Certificate), and (c) representations of the Lessee, the County, and the Issuer contained in such proceedings and in documents delivered in connection with the issuance of the Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Reference is made to an opinion of even date of Flint & Connolly, LLP, Canton, Georgia, with respect, among other matters, to the company status and good standing of the Lessee, to the company power of the Lessee to enter into and perform the Lease, and to the due authorization, execution, and delivery by the Lessee of the Lease.

Based upon the foregoing, it is our opinion, as of the date hereof and under existing law, that:

(1) The Issuer was duly created and is validly existing as a body corporate and politic and public corporation under the Constitution and laws of the State of Georgia, including particularly the Resource Recovery Development Authorities Law, and has all requisite power and authority (i) to adopt the Bond Resolution, (ii) to issue, sell, and deliver the Bonds and use the proceeds thereof for the purposes and upon the terms and conditions set forth in the Lease and the Indenture, and (iii) to enter into and perform its obligations under the Indenture, the Lease, and the Contract.

(2) The Lease, the Contract, and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute the legal, valid, and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the Trust Estate (as defined in the Indenture).

(3) The Bonds have been duly authorized, executed, issued, and delivered by the Issuer and are the legal, valid, and binding special obligations of the Issuer, payable solely from the amounts pledged under the Indenture.

(4) The Contract has been duly authorized, executed, and delivered by the County and constitutes the legal, valid, and binding obligation of the County enforceable upon the County.

(5) The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person", within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds that is so excluded is a specific "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. In addition to the foregoing exception, the opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Lessee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2007A Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Series 2007A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2007A Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

(6) The interest on the Series 2007A Bonds is exempt from State of Georgia income taxation (as long as such interest remains excluded from gross income for federal income tax purposes), although the Series 2007A Bonds and the interest thereon may be included in the measure of State of Georgia estate and inheritance taxes and of certain State of Georgia corporate excise and franchise taxes.

(7) The Bonds are exempt from registration under the Securities Act of 1933, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Lease, and the Contract (i) may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights, (ii) may be subject to usual equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (iii) may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

KILPATRICK STOCKTON LLP

By:_____
Earle R. Taylor, III, Partner

APPENDIX D

SPECIMEN BOND INSURANCE POLICY

The specimen Bond Insurance Policy included as this Appendix D has been furnished by Ambac Assurance Corporation, and is the form to be issued in connection with the delivery of the Series 2007 Bonds.

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Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee

SPECIMEN

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No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Lessee, the County, the Bond Insurer, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2007 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The delivery of this Official Statement at any time does not imply that the information herein is correct as of any time subsequent to this date.

[1] See detailed "TABLE OF CONTENTS" on pages (i) to (iii).

$18,145,000

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)

New Issue	New Issue
$13,205,000 Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A	**$4,940,000 Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B**

OFFICIAL STATEMENT

Citi

Dated: September 18, 2007

Printed on Recycled Paper
IMAGEMASTER 800 452 5152

SUPPLEMENT

to

OFFICIAL STATEMENT DATED SEPTEMBER 18, 2007

of the

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)

relating to its

$18,145,000
SOLID WASTE DISPOSAL REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT)

$13,205,000	**$4,940,000**
Solid Waste Disposal Revenue Bonds	**Solid Waste Disposal Taxable Revenue Bonds**
(Ball Ground Recycling, LLC Project),	**(Ball Ground Recycling, LLC Project),**
Series 2007A	**Series 2007B**

The purpose of this Supplement is to correct certain errors contained in the Official Statement dated September 18, 2007 (the "Official Statement"). **This Supplement should be read in conjunction with the Official Statement.** Terms used in this Supplement have the same meaning as in the Official Statement, unless specifically otherwise defined.

Definition of "Taxable Rate"

The definition of the term "Taxable Rate" was inadvertently omitted from the Official Statement. For purposes of the Official Statement, the term "Taxable Rate" means, with respect to any Series 2007A Bond, the interest rate borne by such Series 2007A Bond before the Date of Taxability plus the additional percentages per annum set forth below that correspond with the maturity dates of the Series 2007A Bonds:

Maturity Date	Additional Percentage Per Annum
July 1, 2026	1.60%
July 1, 2031	1.53
July 1, 2037	1.30

Corrections to Appendix B
to the Official Statement

The material appearing in Appendix B to the Official Statement entitled **"DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS"** inadvertently contained references to the terms "Optional Tender Date," "Tender Purchase Price," and "Purchase Fund." The defined terms "Optional Tender Date" and "Tender Purchase Price" appearing in Appendix B under the heading **"DEFINITIONS"** and the material appearing in Appendix B under the heading **"THE INDENTURE - Purchase Fund"** should be deleted from the Official Statement. In addition, all other references to the terms "Optional Tender Date," "Tender Purchase Price," and "Purchase Fund" appearing in Appendix B to the Official Statement should be disregarded.

Citi

Dated: October 4, 2007

SUPPLEMENT

to

OFFICIAL STATEMENT DATED SEPTEMBER 18, 2007

of the

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)

relating to its

$18,145,000
SOLID WASTE DISPOSAL REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT)

$13,205,000	**$4,940,000**
Solid Waste Disposal Revenue Bonds	**Solid Waste Disposal Taxable Revenue Bonds**
(Ball Ground Recycling, LLC Project),	**(Ball Ground Recycling, LLC Project),**
Series 2007A	**Series 2007B**

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Citi

Dated: October 4, 2007

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by Ball Ground Recycling, LLC (the "Lessee") and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), in connection with the issuance of $13,205,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and $4,940,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (collectively, the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture and Security Agreement (the "Indenture"), dated as of July 1, 2007, between the Resource Recovery Development Authority of Cherokee County (the "Issuer") and the Trustee. The proceeds of the Bonds are being used to finance the acquisition, construction, and installation of a solid waste disposal and recycling facility to be leased by the Issuer to the Lessee pursuant to a Lease Agreement (the "Lease Agreement"), dated as of July 1, 2007, between the Issuer and the Lessee. Pursuant to Section 508 of the Indenture and Section 8.11 of the Lease Agreement, the Lessee and the Trustee covenant and agree as follows:

SECTION 1. **Purpose of this Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Lessee and the Trustee for the benefit of the beneficial owners of the Bonds (the "Bondholders") and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The Lessee and the Trustee acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices, or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Bondholder, with respect to any such reports, notices, or disclosures.

SECTION 2. **Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Ambac" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Annual Report" shall mean any Annual Report provided by the Lessee pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Disclosure Representative" shall mean the President of the Manager of the Lessee or his or her designee, or such other person as the Lessee shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean the Lessee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Lessee and that has filed with the Trustee a written acceptance of such designation.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the Lessee as its fiscal year for financial reporting purposes and shall initially mean the period beginning on January 1 of each calendar year and ending on December 31 of the same calendar year.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

(1) Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962

(2) Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390

(3) Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, New York 10041
Phone: (212) 438-4595
Fax: (212) 438-3975

(4) DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Phone: (201) 346-0701
Fax: (201) 947-0107

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of Georgia as a state repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports

(a) The Lessee shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of each Fiscal Year, commencing with Fiscal Year 2007, provide to each Repository and Ambac an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to such date, the Lessee shall provide the Annual Report to the Dissemination Agent (if other than the Lessee) and to the Trustee (if the Trustee is not the Dissemination Agent). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Lessee may be submitted separately from the balance of the Annual Report.

(b) If by fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Lessee and the Dissemination Agent to determine if the Lessee is in compliance with subsection (a).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Trustee shall send a notice to each Repository and Ambac in substantially the form attached as Exhibit A hereto. In such event, the Lessee shall notify the Trustee of the date it anticipates providing the Annual Report to each Repository and Ambac.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) file a report with the Lessee and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

(e) The Lessee shall promptly file a notice of any change in its Fiscal Year with each Repository and Ambac.

(f) If the audit report specified in clause (1) of Section 4 hereof is not submitted as part of the Annual Report to each Repository pursuant to Section 3(a) hereof, the Lessee shall, or shall cause the Dissemination Agent to, provide to each Repository and Ambac such audit report, together with the audited financial statements to which such audit report relates, when they are available to the Lessee.

SECTION 4. **Content of Annual Reports.** The Lessee's Annual Report shall contain or incorporate by reference the following:

(1) the Lessee's financial statements for the preceding Fiscal Year, which shall be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which shall be accompanied by an audit report, if available at the time of submission of the Annual Report to each Repository pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards; and

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the Lessee, a narrative explanation describing the impact of such changes on the Lessee.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Lessee is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Lessee shall clearly identify each such other document so incorporated by reference.

SECTION 5. **Reporting of Significant Events**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(7) Modifications to rights of Bondholders;

(8) Bond calls;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds; and

(11) Rating changes.

(b) The Trustee shall, within one (1) business day of obtaining actual knowledge of the occurrence of any of the Listed Events (except events listed in clauses (a)(1), (8), or (9)), contact the Disclosure Representative, inform such person of the event, and request that the Lessee promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (e).

(c) If the Lessee obtains knowledge of the occurrence of a Listed Event that is material, because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Lessee shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (e).

(d) If in response to a request under subsection (b), the Lessee determines that the Listed Event is not material, the Lessee shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (e).

(e) If the Trustee has been instructed by the Lessee to report the occurrence of a Listed Event, the Trustee shall promptly file a notice of such occurrence with each Repository and Ambac. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in subsections (a)(1), (8), or (9) shall be given by the Trustee unless the Lessee gives the Trustee affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the owners of affected Bonds pursuant to the Indenture.

SECTION 6. **Termination of Reporting Obligation.** The Lessee's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If the Lessee's obligations under the Lease Agreement are assumed in full by some other entity, such Person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Lessee and the original Lessee shall have no further responsibility hereunder.

SECTION 7. **Dissemination Agent.** The Lessee may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Lessee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Lessee.

SECTION 8. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Lessee and the Trustee may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived (and the Trustee shall agree to any amendment or waiver so requested by the Lessee), if:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of any obligor on the Bonds, or type of business conducted by such obligor;

(b) such amendment or waiver does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the Trustee or by the approving vote of the Bondholders owning more than two-thirds in aggregate principal amount of the Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of Section 4 hereof is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of Section 4 hereof specifying the accounting principles to be followed in preparing the Lessee's financial statements are amended or waived, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the Lessee to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The Lessee shall file a notice of the change in the accounting principles with each Repository and Ambac on or before the effective date of any such amendment or waiver.

SECTION 9. **Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Lessee from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Lessee chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Lessee shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Lessee or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter, Ambac, or the beneficial owners of at least 25% in aggregate principal amount of Outstanding Bonds, shall), or Ambac or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Lessee or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an "Event of Default" or "default" under the Indenture or the Lease Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Lessee or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities, and Liabilities of Trustee and Dissemination Agent. Article XII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Lessee agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or wilful misconduct. Any duties performed by the Trustee pursuant to this Disclosure Agreement shall be deemed Extraordinary Services of the Trustee under the Indenture, and any costs or expenses incurred by the Trustee pursuant to this Disclosure Agreement shall be deemed Extraordinary Expenses of the Trustee under the Indenture. The Trustee shall be compensated for performing its duties under this Disclosure Agreement and reimbursed for its costs and expenses incurred under this Disclosure Agreement in accordance with the provisions of the Indenture governing compensation for Extraordinary Services of the Trustee and reimbursement for Extraordinary Expenses of the Trustee. The obligations of the Lessee under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Lessee, the Trustee, the Dissemination Agent, the Participating Underwriters, Ambac, and the Bondholders, and shall create no rights in any other person or entity.

SECTION 13. **Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: October 5, 2007

BALL GROUND RECYCLING, LLC

By:_____
Manager

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By:_____
Authorized Officer

(SEAL)

Attest:

_____
Authorized Officer

SECTION 13. **Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: October 5, 2007

BALL GROUND RECYCLING, LLC

By:_____
Manager

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By:_____
Authorized Officer

(SEAL)

Attest:

_____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)
Name of Bond Issue:	$13,205,000 RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007 and $4,940,000 RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL TAXABLE REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007B
Name of Obligated Person:	BALL GROUND RECYCLING, LLC
Date of Issuance:	OCTOBER 5, 2007

NOTICE IS HEREBY GIVEN that Ball Ground Recycling, LLC has not provided an Annual Report with respect to the above-named Bonds as required by Section 508 of the Trust Indenture and Security Agreement, dated as of July 1, 2007, between the Resource Recovery Development Authority of Cherokee County (the "Issuer") and The Bank of New York Trust Company, N.A., as trustee, and by Section 8.11 of the Lease Agreement, dated as of July 1, 2007, between the Issuer and Ball Ground Recycling, LLC (the "Lessee"). The Lessee anticipates that the Annual Report will be filed by _____.

Dated:_____

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By:_____
Authorized Officer

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Cherokee County, Georgia (the "County") in connection with the issuance of $13,205,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and $4,940,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (collectively, the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture and Security Agreement (the "Indenture"), dated as of July 1, 2007, between the Resource Recovery Development Authority of Cherokee County (the "Issuer") and The Bank of New York Trust Company, N.A., as trustee. The proceeds of the Bonds are being used to finance the acquisition, construction, and installation of a solid waste disposal and recycling facility to be leased by the Issuer to Ball Ground Recycling, LLC (the "Lessee") pursuant to a Lease Agreement (the "Lease Agreement"), dated as of July 1, 2007, between the Issuer and the Lessee. In addition, the Issuer and the County will enter into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of July 1, 2007, under the terms of which the County will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent rental payments derived from the communications system are insufficient for such purposes. Pursuant to Section 5.4 of the Contract, the County covenants and agrees as follows:

SECTION 1. **Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the County for the benefit of the beneficial owners of the Bonds (the "Bondholders") and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County acknowledges that the Issuer has undertaken no responsibility with respect to any reports, notices, or disclosures provided or required under this Disclosure Certificate, and has no liability to any person, including any Bondholder, with respect to any such reports, notices, or disclosures.

SECTION 2. **Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

"Ambac" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean the County or any successor Dissemination Agent designated in writing by the County and that has filed with the County a written acceptance of such designation.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the County as its fiscal year for financial reporting purposes and shall initially mean the period beginning on January 1 of each calendar year and ending on December 31 of the next calendar year.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

(1) Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962

(2) Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390

(3) Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, New York 10041
Phone: (212) 438-4595
Fax: (212) 438-3975

(4) DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Phone: (201) 346-0701
Fax: (201) 947-0107

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of Georgia as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports

(a) The County shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of each Fiscal Year, commencing with Fiscal Year 2007, provide to each Repository and Ambac an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report.

(b) If the County is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the County shall send a notice to each Repository and Ambac in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(d) The County shall promptly file a notice of any change in its Fiscal Year with each Repository and Ambac.

(e) If the audit report specified in clause (1) of Section 4 hereof is not submitted as part of the Annual Report to each Repository pursuant to Section 3(a) hereof, the County shall, or shall cause the Dissemination Agent to, provide to each Repository and Ambac such audit report, together with the audited basic financial statements to which such audit report relates, when they are available to the County.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(1) the County's basic financial statements for the preceding Fiscal Year, which shall be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which shall be accompanied by an audit report, if available at the time of submission of the Annual Report to each Repository pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the County, a narrative explanation describing the impact of such changes on the County; and

(3) information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the County: (A) the legal debt margin of the County, (B) the property tax digest of the County, (C) the millage rates of the County, (D) the property tax levies and collections of the County, (E) the estimated value of total tax executions owned by the County, (F) the ten largest taxpayers of the County, (G) the County's General Fund tax revenues by source, (H) the analysis of funding progress of the County's pension fund, and (I) the insurance coverage of the County.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. **Termination of Reporting Obligation.** The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds.

SECTION 6. **Dissemination Agent.** The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 7. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligor on the Bonds, or type of business conducted by such obligor;

(b) such amendment or waiver does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the County or by the approving vote of the Bondholders owning more than two-thirds in aggregate maturity amount of the Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the

date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of Section 4 hereof is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of Section 4 hereof specifying the accounting principles to be followed in preparing the County's financial statements are amended or waived, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The County shall file a notice of the change in the accounting principles with each Repository and Ambac on or before the effective date of any such amendment or waiver.

SECTION 8. **Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report.

SECTION 9. **Default.** In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Bondholder or Ambac may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an "Event of Default" or "default" under the Indenture or the Contract, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 10. **Duties, Immunities, and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent allowed by applicable law, the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section 10 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 11. **Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, Ambac, and the Bondholders, and shall create no rights in any other person or entity.

Date: October 5, 2007

CHEROKEE COUNTY, GEORGIA

(SEAL)

By: _____
Chairman, Board of Commissioners

Attest:

_____
Clerk, Board of Commissioners

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)
Name of Bond Issue:	$13,205,000 RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007 and $4,940,000 RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL TAXABLE REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007B
Name of Obligated Person:	CHEROKEE COUNTY, GEORGIA
Date of Issuance:	OCTOBER 5, 2007

NOTICE IS HEREBY GIVEN that Cherokee County, Georgia has not provided an Annual Report with respect to the above-named Bonds as required by the Intergovernmental Solid Waste Contract, dated as of July 1, 2007, between the Resource Recovery Development Authority of Cherokee County and Cherokee County, Georgia. Cherokee County, Georgia anticipates that the Annual Report will be filed by _____.

Dated: _____

CHEROKEE COUNTY, GEORGIA

By: _____
Chairman, Board of Commissioners

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Cherokee County, Georgia (the "County") in connection with the issuance of $13,205,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and $4,940,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (collectively, the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture and Security Agreement (the "Indenture"), dated as of July 1, 2007, between the Resource Recovery Development Authority of Cherokee County (the "Issuer") and The Bank of New York Trust Company, N.A., as trustee. The proceeds of the Bonds are being used to finance the acquisition, construction, and installation of a solid waste disposal and recycling facility to be leased by the Issuer to Ball Ground Recycling, LLC (the "Lessee") pursuant to a Lease Agreement (the "Lease Agreement"), dated as of July 1, 2007, between the Issuer and the Lessee. In addition, the Issuer and the County will enter into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of July 1, 2007, under the terms of which the County will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent rental payments derived from the communications system are insufficient for such purposes. Pursuant to Section 5.4 of the Contract, the County covenants and agrees as follows:

SECTION 1. **Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the County for the benefit of the beneficial owners of the Bonds (the "Bondholders") and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County acknowledges that the Issuer has undertaken no responsibility with respect to any reports, notices, or disclosures provided or required under this Disclosure Certificate, and has no liability to any person, including any Bondholder, with respect to any such reports, notices, or disclosures.

SECTION 2. **Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

"Ambac" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean the County or any successor Dissemination Agent designated in writing by the County and that has filed with the County a written acceptance of such designation.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the County as its fiscal year for financial reporting purposes and shall initially mean the period beginning on January 1 of each calendar year and ending on December 31 of the next calendar year.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

(1) Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962

(2) Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390

(3) Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, New York 10041
Phone: (212) 438-4595
Fax: (212) 438-3975

(4) DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Phone: (201) 346-0701
Fax: (201) 947-0107

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of Georgia as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports

(a) The County shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of each Fiscal Year, commencing with Fiscal Year 2007, provide to each Repository and Ambac an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report.

(b) If the County is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the County shall send a notice to each Repository and Ambac in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(d) The County shall promptly file a notice of any change in its Fiscal Year with each Repository and Ambac.

(e) If the audit report specified in clause (1) of Section 4 hereof is not submitted as part of the Annual Report to each Repository pursuant to Section 3(a) hereof, the County shall, or shall cause the Dissemination Agent to, provide to each Repository and Ambac such audit report, together with the audited basic financial statements to which such audit report relates, when they are available to the County.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(1) the County's basic financial statements for the preceding Fiscal Year, which shall be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which shall be accompanied by an audit report, if available at the time of submission of the Annual Report to each Repository pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the County, a narrative explanation describing the impact of such changes on the County; and

(3) information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the County: (A) the legal debt margin of the County, (B) the property tax digest of the County, (C) the millage rates of the County, (D) the property tax levies and collections of the County, (E) the estimated value of total tax executions owned by the County, (F) the ten largest taxpayers of the County, (G) the County's General Fund tax revenues by source, (H) the analysis of funding progress of the County's pension fund, and (I) the insurance coverage of the County.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. **Termination of Reporting Obligation.** The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds.

SECTION 6. **Dissemination Agent.** The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 7. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligor on the Bonds, or type of business conducted by such obligor;

(b) such amendment or waiver does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the County or by the approving vote of the Bondholders owning more than two-thirds in aggregate maturity amount of the Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the

date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of Section 4 hereof is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of Section 4 hereof specifying the accounting principles to be followed in preparing the County's financial statements are amended or waived, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The County shall file a notice of the change in the accounting principles with each Repository and Ambac on or before the effective date of any such amendment or waiver.

SECTION 8. **Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report.

SECTION 9. **Default.** In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Bondholder or Ambac may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an "Event of Default" or "default" under the Indenture or the Contract, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 10. **Duties, Immunities, and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent allowed by applicable law, the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section 10 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 11. **Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, Ambac, and the Bondholders, and shall create no rights in any other person or entity.

Date: October 5, 2007

CHEROKEE COUNTY, GEORGIA

(SEAL)

By: _____
Chairman, Board of Commissioners

Attest:

_____
Clerk, Board of Commissioners

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)
Name of Bond Issue:	$13,205,000 RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007 and $4,940,000 RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL TAXABLE REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007B
Name of Obligated Person:	CHEROKEE COUNTY, GEORGIA
Date of Issuance:	OCTOBER 5, 2007

NOTICE IS HEREBY GIVEN that Cherokee County, Georgia has not provided an Annual Report with respect to the above-named Bonds as required by the Intergovernmental Solid Waste Contract, dated as of July 1, 2007, between the Resource Recovery Development Authority of Cherokee County and Cherokee County, Georgia. Cherokee County, Georgia anticipates that the Annual Report will be filed by _____.

Dated: _____

CHEROKEE COUNTY, GEORGIA

By: _____
Chairman, Board of Commissioners

Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor: RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (GEORGIA)

Policy Number: 27092BE

Obligations: AS DESCRIBED ON THE REVERSE HEREOF

Premium: $71,682.33

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Effective Date: October 5, 2007

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)

A- 12052

Obligations: $13,205,000 in aggregate principal amount of Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A, dated their date of issuance and consisting of:

$3,065,000 of Term Bonds maturing on July 1, 2026;
$3,960,000 of Term Bonds maturing on July 1, 2031;
$6,180,000 of Term Bonds maturing on July 1, 2037 **and**

$4,940,000 in aggregate principal amount of Solid Waste Disposal Taxable Revenue Term Bonds (Ball Ground Recycling, LLC Project), Series 2007B, dated their date of issuance and maturing on July 1, 2022.

The Paying Agent is The Bank of New York Trust Company, N.A.

The undersigned hereby certifies that this document is a true and correct copy of the Financial Guaranty Insurance Policy. Policy No. 27092BE issued by AMBAC ASSURANCE CORPORATION.

Assistant Secretary

Date: October 3, 2007

CERTIFICATE AS TO FINANCIAL GUARANTY INSURANCE POLICY

The undersigned officer of The Bank of New York, New York, New York, **DOES HEREBY CERTIFY** that the undersigned has this day received the Financial Guaranty Insurance Policy, Policy Number 27092BE, dated October 5, 2007, issued by Ambac Assurance Corporation, which insures the payment of the principal of and interest on the $13,205,000 in original aggregate principal amount of bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A," and the $4,940,000 in original aggregate principal amount of bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B," the original of which is on file at the principal corporate trust office of The Bank of New York, New York, New York.

WITNESS my signature this 14 day of ~~October 2007~~ January 2008.

THE BANK OF NEW YORK

By: Noraida Lauro
Title: Vice President

PURCHASING AND PAYING AGENT AGREEMENT

This Purchasing and Paying Agent Agreement is made by and between the Resource Recovery Development Authority of Cherokee County (the "Issuer"), a public corporation created and existing under the laws of the State of Georgia, and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company formed and existing under the laws of the State of Georgia;

WITNESSETH:

WHEREAS, the Issuer and the Lessee have entered into a Lease Agreement (the "Lease"), dated as of September 1, 2007, relating to the acquisition, construction, and installation by the Issuer of a solid waste disposal and recycling facility (the "Project") in Cherokee County, Georgia for lease to the Lessee; and

WHEREAS, the Project is to be acquired, constructed, and installed in accordance with plans and specifications supplied by the Lessee; and

WHEREAS, the Issuer and the Lessee have agreed that the acquisition, construction, and installation of the Project will be expedited by the appointment of the Lessee as the Issuer's agent in connection with such acquisition, construction, and installation;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

1. The Issuer hereby constitutes and appoints the Lessee as its true and lawful agent for the acquisition, construction, and installation of the Project. As the Issuer's agent for such purpose the Lessee shall have all powers necessary or incidental to such purpose, including without limitation, the following:

(a) the power and authority to execute contracts and purchase orders in the name and on behalf of the Issuer in connection with the acquisition, construction, and installation of the Project;

(b) the power and authority to purchase in the name and on behalf of the Issuer all materials, supplies, and equipment for the Project; and

(c) the power and authority to establish in the name and on behalf of the Issuer such checking account or accounts with such bank or banks as may be selected by the Lessee and to make deposits to and withdrawals (including the signing of checks, drafts, or vouchers in the name and on behalf of the Issuer) from such checking account or accounts as may be necessary to make payments under any such contract or purchase order or to make payments for any materials, supplies, or equipment purchased for the Project.

The Lessee recognizes and acknowledges its status as agent of the Issuer for such purposes and agrees to act as such in accordance with the terms of this Agreement and the Lease.

2. It is the intention of this Agreement that the Issuer acquire any property acquired, constructed, or installed for the Project pursuant to any contract or purchase order executed by the Lessee in the name of the Issuer and that the Issuer acquire any materials, supplies, or equipment purchased for the Project by the Lessee in the name of the Issuer; accordingly, title to such property, materials, supplies, and equipment shall pass from the respective suppliers or vendors thereof directly to the Issuer, the Lessee being merely the Issuer's agent for such purposes.

3. Vendors and suppliers of such property, materials, supplies, and equipment and any bank or banks at which the Lessee establishes any checking account in the name of the Issuer may rely upon the existence of the agency relationship created hereby until they receive written notice of the termination of this Agreement or the revocation of such agency relationship.

4. The Issuer's liability under any such contract or purchase order shall be limited solely to (i) the available proceeds of the Issuer's revenue bonds issued for the Project; (ii) any moneys made available to the Issuer for such payment; and (iii) any revenues, rentals, or receipts derived by the Issuer from the leasing of the Project or any part thereof. The limited scope of the Issuer's liability shall be conspicuously noted on each such contract or purchase order executed by the Lessee as agent for the Issuer, in the following form:

> "ANY PROPERTY ACQUIRED BY THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (THE "ISSUER") PURSUANT TO THIS (CONTRACT) (PURCHASE ORDER) WILL BECOME PART OF A PROJECT (THE "PROJECT") LEASED BY THE ISSUER TO BALL GROUND RECYCLING, LLC. THE LIABILITY OF THE ISSUER FOR THE PAYMENT OF ANY MONEYS THAT MAY COME DUE UNDER THIS (CONTRACT) (PURCHASE ORDER) IS LIMITED SOLELY TO (i) THE AVAILABLE PROCEEDS DERIVED BY THE ISSUER FROM THE SALE OF ITS REVENUE BONDS; (ii) ANY MONEYS MADE AVAILABLE TO THE ISSUER FOR SUCH PAYMENT; AND (iii) ANY REVENUES, RENTALS, OR RECEIPTS DERIVED BY THE ISSUER FROM THE LEASING OF SUCH PROJECT OR ANY PART THEREOF, SUBJECT TO THE PLEDGE OF SUCH RENTALS TO THE BANK OF NEW YORK TRUST COMPANY, N.A., AS TRUSTEE FOR THE OWNERS OF THE ISSUER'S SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007A AND THE ISSUER'S SOLID WASTE DISPOSAL TAXABLE REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007B."

5. The Lessee shall indemnify the Issuer and hold it harmless against any and all liability (including reasonable attorneys' fees and expenses of the Issuer) of any nature whatsoever incurred by the Issuer as a result of the exercise by the Lessee of the powers and authority conferred on it by this Agreement. The aforesaid indemnity agreement shall survive the termination of this Agreement.

6. This Agreement shall remain in effect until completion of the Project or until terminated by written notice from either party delivered to the other.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names and have caused this Agreement to be dated as of September 1, 2007.

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

Attest:
Sheila R. Corkin
Secretary

BALL GROUND RECYCLING, LLC

BY: J. BOBO, LLC, its sole manager

By: _____
Manager

CLOSING CERTIFICATE OF THE ISSUER

The undersigned officers of the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** (the "Issuer") hereby certify and warrant as follows:

1. They are the duly elected, qualified, and acting incumbents of their respective offices of the Issuer as set forth after their signatures hereto and as such are familiar with the books and records of the Issuer and are duly authorized to execute and deliver this Certificate on behalf of the Issuer.

2. The Issuer is a public corporation duly created and validly existing under and by virtue of the laws of the State of Georgia, with all requisite power and authority to carry on its business as it is now being conducted.

3. Attached hereto as Exhibit "A" is a true, correct, and complete copy of the resolution adopted by the Board of Commissioners of Cherokee County, Georgia activating the Issuer, as in effect on the date hereof. The resolution has been filed with the Secretary of State of the State of Georgia, is in full force and effect, and has not been amended or repealed as of the date of this Certificate.

4. Attached hereto as Exhibit "B" is evidence that the Issuer has registered for calendar year 2007 with the Department of Community Affairs of the State of Georgia, as required by Section 36-80-16 of the Official Code of Georgia Annotated.

5. Attached hereto as Exhibit "C" is a true, correct, and complete copy of the inducement resolution authorizing the issuance of the Issuer's revenue bonds to finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") to be leased by the Issuer to Ball Ground Recycling, LLC and authorizing related matters, which was duly adopted by the affirmative vote of at least a majority of the entire membership of the Board of Directors of the Issuer at a lawful meeting duly called and held, which was open to the public and at which a requisite number of members of the Board of Directors of the Issuer was present and acting throughout on November 28, 2006, in accordance with law. Such resolution adopted on November 28, 2006 has not been repealed, revoked, rescinded, or otherwise amended and is in full force and effect on the date hereof, and the original of such resolution appears of record in the official books and records of the Issuer, which are in the custody and control of the undersigned Secretary of the Issuer.

6. Attached hereto as Exhibit "D" is a true, correct, and complete copy of the Series 2007 Bond Resolution authorizing the details of the issuance of $13,205,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and $4,940,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds") and the documents hereinafter described and related matters, which was duly adopted by the affirmative vote of at least a majority of the entire membership of the

Board of Directors of the Issuer at a lawful meeting duly called and held, which was open to the public and at which a requisite number of members of the Board of Directors of the Issuer was present and acting throughout on July 3, 2007, in accordance with law. Such resolution adopted on July 3, 2007 has not been repealed, revoked, rescinded, or amended and is in full force and effect on the date hereof, and the original of such resolution appears of record in the official books and records of the Issuer, which are in the custody and control of the undersigned Secretary of the Issuer.

7. Attached hereto as Exhibit "E" is a true, correct, and complete copy of a Supplemental Series 2007 Bond Resolution supplementing and amending the Series 2007 Bond Resolution described in paragraph 6 hereof, which was duly adopted by the affirmative vote of at least a majority of the entire membership of the Board of Directors of the Issuer at a lawful meeting duly called and held, which was open to the public and at which a requisite number of members of the Board of Directors of the Issuer was present and acting throughout on September 18, 2007, in accordance with law. Such resolution adopted on September 18, 2007 has not been repealed, revoked, rescinded, or amended and is in full force and effect on the date hereof, and the original of such resolution appears of record in the official books and records of the Issuer, which are in the custody and control of the undersigned Secretary of the Issuer.

8. The Issuer is governed by a Board of Directors, which is composed of five members, none of the memberships of which are currently vacant. The following named members of the Board of Directors of the Issuer have been duly appointed for terms expiring as indicated and, at the time of such appointment and at all times thereafter, have met all qualification requirements for members of the Board of Directors of the Issuer:

Name	Term Expiring
Leavitt B. Ahrens, Jr.	December 31, 2010
James E. Hubbard	December 31, 2008
Harry B. Johnston	December 31, 2010
Karen Mahurin	December 31, 2008
Derek V. Good	December 31, 2010

9. The Issuer has duly authorized, executed, and delivered or approved by all necessary action the following documents (hereinafter collectively referred to as the "Financing Documents") pursuant to, and in full compliance with, authority granted by the Board of Directors of the Issuer in the resolutions included as Exhibits "D" and "E" to this Certificate:

Document	Date	Other Party or Parties
Trust Indenture and Security Agreement	September 1, 2007	The Bank of New York Trust Company, N.A.
Lease Agreement	September 1, 2007	Ball Ground Recycling, LLC (the "Lessee")
Intergovernmental Solid Waste Contract	September 1, 2007	Cherokee County, Georgia

The Issuer hereby acknowledges receipt of an executed counterpart or photocopy (as executed) of each of the Financing Documents. The Financing Documents are in substantially the same form and text as the copies thereof authorized by the resolutions included as Exhibits "D" and "E" to this Certificate, with such changes as are permitted by such resolutions.

10. The Issuer has the power and authority to execute the Financing Documents and the Bonds and to perform the obligations required to be performed by the Issuer under the terms of the Financing Documents and the Bonds.

11. The Vice Chairman and Secretary of the Issuer have manually executed (1) $13,205,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A," and (2) $4,940,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B," hereinafter more fully described. The Bonds as originally issued shall be dated the date hereof. Interest on the Bonds shall be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2008. The Bonds shall mature on July 1 in the years and amounts and shall bear interest at the interest rates set forth below:

Series 2007A Bonds

Year	Amount	Interest Rate
2026	$3,065,000	4.65%
2031	3,960,000	4.75
2037	6,180,000	5.00

Series 2007B Bonds

Year	Amount	Interest Rate
2022	$4,940,000	5.80%

Each Bond is similar in form (except as to series, maturity, interest rate, number, and denomination), is similarly executed, and has impressed upon it the official seal of the Issuer, which is impressed upon this Certificate. The Bonds are in substantially the same form and text as the copy thereof authorized by the resolution included as Exhibit "D" to this Certificate with such changes as are permitted by such resolution.

12. The persons named below were on the date or dates of the execution of the Financing Documents and the Bonds, and are on the date hereof, the duly elected, qualified, and acting incumbents of their respective offices of the Issuer set forth opposite their respective

names, and the signatures appearing at the right of their respective names are their genuine signatures.

Name	Title	Signature
James E. Hubbard	Vice Chairman	James E. Hubbard
Sheila R. Corbin	Secretary	Sheila R. Corbin

13. Each of the representations and warranties of the Issuer contained in the Financing Documents is accurate and complete in all respects on the date of this Certificate.

14. All agreements to be complied with and conditions to be fulfilled by the Issuer pursuant to the Financing Documents on or prior to the date of this Certificate have been duly complied with and fulfilled.

15. As of the date hereof, each of the Financing Documents is in full force and effect and each constitutes the valid, binding, and legally enforceable obligation of the Issuer, and the other parties thereto are entitled to the benefits of the same. The Issuer has duly authorized, by all necessary action, the execution, delivery, receipt, and due performance of any and all other agreements and documents that may be required to be executed, delivered, received, or performed by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated by the Financing Documents.

16. The Bonds have been duly authorized, executed, and delivered by the Issuer and, when authenticated and delivered by the Trustee, will constitute the valid and binding special or limited obligations of the Issuer payable solely from the revenues and receipts derived from the Financing Documents. The Bonds constitute the only bonds or other existing obligations of the Issuer in any manner secured by or payable from the amounts payable under the Financing Documents or from the security provided in the Financing Documents.

17. The Issuer is neither in default under nor in violation of (a) any charter instrument, bylaw, indenture, mortgage, security deed, lien, security agreement, agreement, contract, deed, lease, loan agreement, promissory note, assignment, or other instrument or restriction of any kind or character to which the Issuer is a party or by which the Issuer may be bound or to which the Issuer or any of the assets of the Issuer may be subject, or (b) any license, judgment, decree, law, statute, order, rule, or regulation of any court or governmental authority having jurisdiction over the Issuer or any of the activities or properties of the Issuer, which default or violation could have a materially adverse effect on the transactions contemplated by the Financing Documents. Neither the execution and delivery of the Financing Documents, the Bonds, or any other agreements executed in connection with the issuance or sale of the Bonds, nor compliance with the terms, conditions, and provisions of any of them will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

18. The Issuer is not in default in the payment of the principal of, or interest on, any of the Issuer's indebtedness for borrowed money and is not in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been incurred,

which defaults could have a materially adverse effect on the transactions contemplated by the Financing Documents. No event has occurred and is continuing under the provisions of any such instrument or agreement that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, which event could have a materially adverse effect on the transactions contemplated by the Financing Documents.

19. No event has occurred and no condition exists that, upon the issuance by the Issuer of the Bonds, would constitute an Event of Default, as defined in any of the Financing Documents, or that, with the lapse of time or the giving of notice, or both, would become such an Event of Default.

20. There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, arbitration board or tribunal, or public board or body pending or, to the best of our knowledge, threatened:

(a) To restrain or enjoin the issuance, sale, execution, or delivery of the Bonds or the payment, collection, or application of payments under any of the Financing Documents or the acquisition, construction, and installation of the Project;

(b) In any way questioning or affecting the validity or enforceability of the Bonds, any provisions of the Financing Documents, any proceedings taken with respect to the foregoing, or the authority of the Issuer to issue the Bonds or to enter into and perform its obligations under the Financing Documents;

(c) Questioning the Issuer's creation, organization, or existence or the titles to office of any of its officers or looking toward the dissolution or liquidation of the Issuer;

(d) In any way contesting the powers of the Issuer in connection with any action contemplated by the Bonds or any of the Financing Documents; or

(e) Wherein an unfavorable decision, ruling, or finding would have an adverse effect on the transactions contemplated by the Financing Documents or the validity or enforceability of the Financing Documents or the Bonds or which would adversely affect its ability to comply with the terms of the Financing Documents or the Bonds or which, in any way, would affect the validity or enforceability of the Bonds or any agreement or instrument to which the Issuer is a party or by which it is bound and which is used or contemplated for use in connection with the transactions contemplated in connection with the issuance and sale of the Bonds.

21. All necessary consents, approvals, or authorizations of, or declarations, notices, registrations, or filings with, governmental authorities and regulatory bodies required for the issuance, delivery, and performance of the Bonds by the Issuer, the execution, delivery, and performance of the Financing Documents by the Issuer, and the carrying out of the conduct and activities contemplated by the Financing Documents have been obtained or made.

22. Any certificate signed by any officer of the Issuer (including this Certificate) delivered in connection with the issuance or sale of the Bonds shall be deemed a representation and warranty by the Issuer to the parties to whom such certificate was delivered.

23. The seal that has been impressed upon this Certificate and the Financing Documents and the Bonds is the legally adopted, proper, and only official seal of the Issuer.

24. A public hearing with respect to the proposed issuance of the Bonds was held on October 4, 2007, at 2:00 p.m., at the Cherokee County Justice Center, Suite 310, at 90 North Street in Canton, Georgia. The hearing was held in a location that was convenient for residents of Cherokee County, Georgia (the "County") (the governmental unit on behalf of which the Issuer acts) and provided a reasonable opportunity for interested individuals to express their views, both orally and in writing, on the Bonds and the location and nature of the proposed facility to be financed. The hearing was conducted by the designated hearing officer of the Issuer. Notice of the public hearing, (a) which was given in the same manner and same locations as required of the County for any other purposes for which applicable Georgia law specifies a notice of public hearing requirement (including laws relating to notice of public meetings of the County) and (b) which was published in the Cherokee Tribune, a newspaper of general circulation available to residents of the locality of Cherokee County, Georgia, on September 20, 2007, contained: (a) a general, functional description of the type and use of the facility to be financed, (b) the maximum aggregate face amount of the Bonds to be issued with respect to the facility to be financed, (c) the name of the initial owner of the facility to be financed, and (d) the prospective location of the facility to be financed by its street address or, if none, by a general description designed to inform readers of its specific location. The County is the governmental unit on behalf of which the Bonds are being issued and is the governmental unit having jurisdiction over the area in which the facility to be financed is located. The Chairman of the Board of Commissioners of Cherokee County, the chief elected executive officer of the County, popularly elected at-large by the voters, approved the Bonds on October 4, 2007. The approval of the Chairman of the Board of Commissioners of Cherokee County contained the information described in items (a) through (d) above.

GIVEN this 5th day of October 2007.

(SEAL)

James E Hubbard

Vice Chairman, Resource Recovery Development Authority of Cherokee County

Sheila R. Corlin

Secretary, Resource Recovery Development Authority of Cherokee County

The undersigned counsel to the Issuer, who is not an officer of the Issuer listed in paragraph 12 of the within and foregoing Closing Certificate, hereby certifies that (s)he personally knows such officers and that the signatures of the officers of the Issuer contained in the aforesaid paragraph 12 are genuine, this 5th day of October 2007.

Counsel to Resource Recovery Development
Authority of Cherokee County

EXHIBIT "A"
TO
CLOSING CERTIFICATE OF THE ISSUER

Activating Resolution of the Board of
Commissioners of Cherokee County

(Attached)

SECRETARY OF STATE

CORPORATIONS DIVISION
SUITE 315, WEST TOWER
2 MARTIN LUTHER KING JR. DR.
ATLANTA, GEORGIA 30334-1530

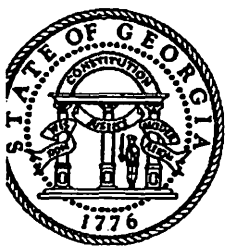
EUNICE S. SMITH
KILPATRICK STOCKTON LLP
SUITE 2800, 1100 PEACHTREE STREET
ATLANTA, GA 30309-4530

I, **KAREN C. HANDEL**, THE SECRETARY OF STATE OF THE STATE OF GEORGIA, DO HEREBY CERTIFY THAT A COPY OF THE RESOLUTION CREATING THE

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

HAS BEEN FILED WITH THE OFFICE OF THE SECRETARY OF STATE ON THE 20TH DAY OF JUNE, 2007; AS SAME APPEARS OF FILE AND RECORD IN THIS OFFICE.

IN TESTIMONY WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE SEAL OF MY OFFICE, AT THE CAPITOL, IN THE CITY OF ATLANTA, THIS 21ST DAY OF JUNE IN THE YEAR OR OUR LORD TWO THOUSAND SEVEN.



Karen C Handel

Karen C. Handel
Secretary of State

ORIGINAL

A RESOLUTION TO DECLARE THE NEED FOR THE ACTIVATION OF A RESOURCE RECOVERY DEVELOPMENT AUTHORITY TO FUNCTION IN CHEROKEE COUNTY, GEORGIA, PURSUANT TO THE PROVISIONS OF THE RESOURCE RECOVERY DEVELOPMENT AUTHORITIES LAW; TO APPOINT A BOARD OF DIRECTORS FOR SUCH RESOURCE RECOVERY DEVELOPMENT AUTHORITY; TO AUTHORIZE SUCH RESOURCE RECOVERY DEVELOPMENT AUTHORITY TO EXERCISE THE POWERS CONTAINED IN THE RESOURCE RECOVERY DEVELOPMENT AUTHORITIES LAW; TO PROVIDE FOR NOTICE TO THE SECRETARY OF STATE OF THE STATE OF GEORGIA OF THE ADOPTION OF THIS RESOLUTION; TO REPEAL CONFLICTING RESOLUTIONS; TO PROVIDE FOR AN EFFECTIVE DATE AND FOR OTHER PURPOSES.

WITNESSETH:

WHEREAS, the Cherokee County Board of Commissioners (the "Board of Commissioners") is the governing authority of Cherokee County, Georgia (the "County"), a political subdivision created and existing under the laws of the State of Georgia, and is charged with the duty of managing the affairs of the County; and

WHEREAS, it has been determined by the Board of Commissioners that there exists an urgent need to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage, sludge, solid waste, and water resources; and

WHEREAS, Article IX, Section VI, Paragraph III of the Constitution of the State of Georgia, which permits the General Assembly of the State of Georgia to create development authorities for certain purposes, and an act of the General Assembly of the State of Georgia entitled the "Resource Recovery Development Authorities Law," as amended, and codified as Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Resource Recovery Development Authorities Law"), which was enacted by the General Assembly of the State of Georgia pursuant to authority granted in such constitutional provision, creates in each county and each municipal corporation in the State of Georgia a resource recovery development authority and authorizes each such county and municipal corporation to activate a resource recovery development authority within each such county and municipal corporation; and

WHEREAS, the Board of Commissioners has determined that it is desirable and necessary that the Resource Recovery Development Authority of Cherokee County be activated immediately in order to fulfill the present needs expressed herein;

NOW, THEREFORE, BE IT RESOLVED by the Cherokee County Board of Commissioners, and it is hereby resolved by the authority of the same, that there be and there is hereby determined and declared to be a pressing, existing, and future need for a resource recovery development authority (as more fully described and defined in the Resource Recovery Development Authorities Law) to function in the County for the purpose of developing and promoting for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage, sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry.

BE IT FURTHER RESOLVED by the aforesaid authority that there be and there is hereby activated in the County the public body corporate and politic known as the "Resource Recovery Development Authority of Cherokee County," which was created upon the adoption and approval of the Resource Recovery Development Authorities Law.

BE IT FURTHER RESOLVED by the aforesaid authority that there be and there are hereby elected as members of the first Board of Directors of the Resource Recovery Development Authority of Cherokee County the following named persons, each of whom is a resident of the County:

J. Michael Byrd	4 years
Harry B. Johnston	4 years
James E. Hubbard	4 years
Karen Mahurin	4 years
Derek V. Good	4 years

BE IT FURTHER RESOLVED by the aforesaid authority that commencing with the date of adoption of this resolution by the Board of Commissioners each of such persons named as directors above shall serve in such capacity for the number of years set forth opposite their respective names, unless they cease to be eligible prior to the expiration of such term, and at the end of any term of office of any director, or upon becoming ineligible, a successor thereto shall be elected by the Board of Commissioners. A director whose term of office shall have expired shall continue to hold office until his successor shall be so elected.

BE IT FURTHER RESOLVED by the aforesaid authority that the Board of Directors hereinbefore elected shall organize itself, carry out its duties and responsibilities, and exercise its powers and prerogatives in accordance with the terms and provisions of the Resource Recovery Development Authorities Law as it now exists and as it might hereafter be amended or modified.

BE IT FURTHER RESOLVED by the aforesaid authority that the Clerk of the Board of Commissioners shall furnish immediately to the Secretary of State of the State of Georgia a certified copy of this resolution in compliance with the mandate set forth in the Resource Recovery Development Authorities Law.

BE IT FURTHER RESOLVED by the aforesaid authority that the action taken by the Board of Commissioners herein, including the activation of the Resource Recovery Development Authority of Cherokee County under the Resource Recovery Development Authorities Law, is not intended to, and shall in no way or to any extent, impair or otherwise affect the existence, purpose, organization, powers, or function of any other industrial development or other authority heretofore created by constitutional amendment or Act of the General Assembly, including without limitation the Cherokee County Development Authority created pursuant to an amendment to the Constitution of the State of Georgia (1966 Ga. Laws 938 to 944, inclusive), now specifically continued as a part of the Constitution of the State of Georgia of 1983 pursuant to an Act of the General Assembly of the State of Georgia (1987 Ga. Laws 3566 to 3567, inclusive), or the Development Authority of Cherokee County created pursuant to the Development Authorities Law, codified as Chapter 62 of Title 36 of the Official Code of Georgia Annotated.

BE IT FURTHER RESOLVED by the aforesaid authority that any and all resolutions in conflict with this resolution be and the same are hereby repealed.

BE IT FURTHER RESOLVED by the aforesaid authority that this resolution shall be effective immediately upon its adoption by the Board of Commissioners, and from and after such adoption and approval the Resource Recovery Development Authority of Cherokee County shall be deemed to be fully created and activated.

PASSED, ADOPTED, SIGNED, APPROVED, AND EFFECTIVE this 7th day of November 2006.

CHEROKEE COUNTY, GEORGIA

(SEAL)

By: _____
J. Michael Byrd, Chairman
Cherokee County Board of Commissioners

Attest:

_____
Sheila R. Corbin, County Clerk
Cherokee County Board of Commissioners

US2009 9544463.1

EXHIBIT "B"
TO
CLOSING CERTIFICATE OF THE ISSUER

Evidence of Registration for Calendar Year 2007
with the Department of Community Affairs
of the State of Georgia

(Attached)

GEORGIA DEPARTMENT OF
COMMUNITY AFFAIRS

Mike Beatty
COMMISSIONER

Sonny Perdue
GOVERNOR

September 5, 2007

Mr. James E. Hubbard, Vice-Chairman
Resource Recovery Development Authority of Cherokee County
Cherokee County Board of Commissioners
90 North Street, Suite 310
Canton, Georgia 30114

Dear Mr. Hubbard:

This letter certifies that the Resource Recovery Development Authority of Cherokee County has met the registration requirements for calendar year 2007, as outlined in the Local Government Authorities Registration Act. This certification letter should be kept on file to document the authority's 2007 registration status.

To maintain a current registration status, the authority must register annually with the Department of Community Affairs (DCA) prior to January 1 of each year. We plan to mail out the 2008 registration forms in October of 2007. However, if your authority does not receive the 2008 registration form, it is the authority's responsibility to contact DCA to request a copy.

This letter does not certify that the Resource Recovery Development Authority of Cherokee County was legally constituted or is currently active. If you have any questions, or if you do not receive a 2008 registration form by November 1, 2007, please contact Brian DiNapoli at (404) 679-3147.

Sincerely,

Michael G. Bush, CPA
Director, Office of Research

MB/bd

EXHIBIT "C"
TO
CLOSING CERTIFICATE OF THE ISSUER

Inducement Resolution of the Issuer

(Attached)

ORIGINAL

RESOLUTION OF THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY APPROVING IN PRINCIPLE THE ISSUANCE OF ITS REVENUE BONDS IN AN AMOUNT NOT TO EXCEED $15,000,000 TO FINANCE THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF A RECYCLING FACILITY PLUS AN AMOUNT OF REVENUE BONDS NECESSARY TO FINANCE RELATED ISSUANCE COSTS AND THE COSTS OF FUNDING A DEBT SERVICE RESERVE FUND AND AUTHORIZING THE EXECUTION OF A LETTER OF INTENT AND INDUCEMENT AGREEMENT WITH CHEROKEE RECYCLING, LLC AND FOR RELATED PURPOSES.

WHEREAS, the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia, has been informed by **CHEROKEE RECYCLING, LLC** (the "Company"), a limited liability company duly formed and existing under and by virtue of the laws of the State of Georgia, that the Company is planning to acquire, construct, and install a recycling facility in Cherokee County (the "Proposed Project"); and

WHEREAS, the Company has estimated that the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project may require expenditures currently estimated not to exceed $15,000,000; and

WHEREAS, after careful study and investigation of the nature of the Proposed Project, the Issuer has determined that the Proposed Project will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, and that the Issuer, in assisting with the financing of the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project, will be acting in furtherance of the public purposes for which it was created; and

WHEREAS, the most feasible method of financing the Proposed Project is for the Issuer to issue its revenue bonds for that purpose and for it (i) to plan, develop, acquire, construct, install, and carry out the Proposed Project and to lease or sell the Proposed Project to the Company or to its successors and assigns acceptable to the Issuer for specified periodic rental or purchase price payments sufficient to pay the principal of, the redemption premium (if any), and the interest on such revenue bonds as the same become due and payable or (ii) to lend the proceeds from the sale of such revenue bonds to the Company to enable the Company to plan, develop, acquire, construct, install, and carry out the Proposed Project and to repay the loan in installments which will be sufficient and timely to pay the principal of, the redemption premium (if any), and the interest on such revenue bonds; and

WHEREAS, the Issuer considers the Proposed Project to be in the best interests of the inhabitants of Cherokee County, Georgia and has determined that the Proposed Project and the issuance of its revenue bonds to finance in whole or in part the cost thereof will be in the public interest and in furtherance of the public purposes for which the Issuer was created and is existing; and

WHEREAS, the Company has requested the Issuer to indicate its willingness to issue its revenue bonds to finance the Proposed Project, and the Issuer has determined that it is in the best interest of the inhabitants of Cherokee County, Georgia that the Proposed Project be carried out and that the acquisition, construction, and installation thereof move forward without delay;

NOW, THEREFORE, BE IT RESOLVED by the Resource Recovery Development Authority of Cherokee County as follows:

1. In order to induce the Company to proceed with the Proposed Project and to indicate the Issuer's willingness to issue its revenue bonds to finance, in whole or in part, the Proposed Project, the execution and delivery to the Company of a Letter of Intent and Inducement Agreement is hereby authorized, such letter to be in substantially the form attached hereto as Exhibit "A", subject to such changes, corrections, insertions, and omissions as may be approved by the Chairman or Vice Chairman of the Issuer, and the execution of such letter by the Chairman or Vice Chairman of the Issuer as herewith authorized shall be conclusive evidence of such approval.

2. The Issuer does hereby declare that it will authorize the issuance of and will issue one or more series of its revenue bonds under and in accordance with the applicable laws of the State of Georgia in an aggregate principal amount necessary to finance the cost of the acquisition, construction, and installation of the Proposed Project, now estimated at an amount not to exceed $15,000,000, plus an aggregate principal amount necessary to finance related issuance costs and the costs of funding a debt service reserve fund, upon such terms and conditions as may be agreed upon by the Issuer, the Company, and the underwriter of such revenue bonds.

3. The Issuer finds, intends, and declares that this Resolution shall constitute its official binding commitment, subject to the terms hereof, to issue such revenue bonds pursuant to the laws of the State of Georgia. The Issuer finds, considers, and declares that the issuance and sale of such revenue bonds for the purpose set forth in this Resolution will be appropriate and consistent with the objectives of the laws of the State of Georgia.

4. At the Company's request, Citigroup Global Markets, Atlanta, Georgia, is hereby confirmed and authorized to act as underwriter on a "best efforts basis" in connection with the sale of the revenue bonds referred to above.

5. Kilpatrick Stockton LLP, Atlanta, Georgia, is hereby confirmed and authorized to act as Bond Counsel for the Issuer in connection with the sale of the revenue bonds referred to above.

6. In order to facilitate the commencement of the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project, the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Issuer are hereby authorized to execute, or accept the assignment of, contracts for the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project, subject to the receipt of appropriate guarantees of payment by the Company.

7. The Company may, from time to time as it may deem necessary prior to the issuance of such revenue bonds, advance to the Issuer funds necessary to enable it to begin the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project. Any

such funds so advanced shall be kept by the Issuer in a separate bank account or accounts to be opened by it, and the same shall be repaid to the Company from the proceeds of such revenue bonds when the same are issued and delivered.

8. The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Issuer are hereby authorized to execute and deliver to the Company the Letter of Intent and Inducement Agreement substantially in the form attached hereto as Exhibit "A" and are further hereby authorized to take any and all further action and to execute and deliver any and all other documents as may be necessary or appropriate to authorize, issue, and deliver such revenue bonds and to effect the undertaking for which such revenue bonds are proposed to be issued.

9. The Issuer declares its intent to use proceeds of such revenue bonds to reimburse the Company for moneys used to pay expenditures related to the Proposed Project. This Resolution is and constitutes the Issuer's "official intent" (within the meaning of Treasury Regulation Section 1.150-2) to reimburse original expenditures related to the Proposed Project with proceeds of such revenue bonds.

10. Nothing herein shall be construed to create a general or moral obligation of Cherokee County, Georgia (the "County") nor a debt, an indebtedness, or an obligation of, or a pledge of the faith and credit or taxing power of the County.

11. This Resolution shall take effect immediately upon its adoption.

DULY ADOPTED this the 28th day of November 2006.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: _____
Chairman

(SEAL)

Attest: _____
Secretary

EXHIBIT "A"

LETTER OF INTENT AND INDUCEMENT AGREEMENT

Cherokee Recycling, LLC
Canton, Georgia

Re: Proposed Financing of a Recycling Facility

Gentlemen:

We are informed that **CHEROKEE RECYCLING, LLC** (which, together with any successors or assigns approved by the Issuer, are collectively hereinafter referred to as the "Company"), a limited liability company duly formed and existing under and by virtue of the laws of the State of Georgia, proposes to acquire, construct, and install a recycling facility in Cherokee County (the "Proposed Project"), that the Proposed Project will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, and that the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project will require expenditures currently estimated not to exceed $15,000,000, plus an aggregate principal amount necessary to finance related issuance costs and the costs of funding a debt service reserve fund. It is our understanding that the willingness of the Resource Recovery Development Authority of Cherokee County (the "Issuer") to issue its revenue bonds in one or more series for the purpose of facilitating the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project is a factor under consideration by the Company in connection with the feasibility of the Proposed Project.

As a result of our discussions with your officers and agents, we have determined that, in issuing revenue bonds of the Issuer to assist the Company in financing the Proposed Project, we will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, and will be acting in furtherance of the public purposes for which we were created.

Accordingly, in order to induce the Company to locate and to operate, or cause to be operated, and continue to operate, or cause to be operated, the Proposed Project and in order to carry out the public purposes for which the Issuer was created, we hereby make the following proposals which, if accepted in writing as hereinafter provided, shall constitute an agreement:

1. We will issue our revenue bonds in one or more series (the "Bonds") in an aggregate principal amount currently estimated not to exceed $15,000,000 for the purpose of providing funds to pay the costs, in whole or in part, as the Company may determine, of the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project, plus an amount of revenue bonds necessary to finance related issuance costs and the costs of funding a debt service reserve fund. The Proposed Project will be on sites acquired or leased by the

Company, or acquired or leased by the Issuer with the approval of the Company, subject only to such encumbrances as will not, in the judgment of the Company, interfere with the use of the sites for the purposes presently contemplated. Any advances made by the Company to the Issuer for the acquisition of the sites of the Proposed Project or for the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project shall be held by the Issuer for such purpose and shall be disbursed accordingly and shall be repaid to the Company from the proceeds of the Bonds when the same are issued and delivered.

2. The terms of the Bonds (principal, maturities, interest rates, denominations, redemption provisions, and other terms) shall be determined by an underwriting or bond purchase agreement to be entered into among the Issuer, the Company, and Citigroup Global Markets (the "Underwriter"), Atlanta, Georgia, the underwriter of the Bonds. The Bonds shall be issued and sold by the Issuer at such price and upon such terms as will be provided in such underwriting or bond purchase agreement.

3. Simultaneously with the delivery of the Bonds, the Proposed Project may be leased or sold by the Issuer to the Company pursuant to a lease agreement or agreement of sale (as the case may be), or the Issuer may loan the proceeds from the sale of the Bonds to the Company pursuant to a loan agreement to enable the Company to plan, develop, acquire, construct, install, and carry out the Proposed Project, and the terms and provisions of such lease agreement, agreement of sale, or loan agreement (as the case may be) shall be substantially in the form generally utilized in connection with such financial undertakings, as agreed upon by the Issuer and the Company. Such lease agreement, agreement of sale, or loan agreement (as the case may be) (hereinafter referred to as the "Basic Security Document") shall contain, in substance, the following provisions:

(a) The Basic Security Document shall be dated contemporaneously with the dated date of the Bonds, and the term of the Basic Security Document shall coincide with the term of the Bonds. In the event the Basic Security Document shall be in the form of a lease agreement, such lease agreement shall be a triple net lease from the Issuer to the Company.

(b) The amounts payable under the Basic Security Document shall be paid directly to a corporate trustee, to be named by the Issuer, subject to the approval of the Company (the "Trustee"), for the benefit of the owners of the Bonds at such times and in such amounts as shall be timely and sufficient to pay the principal of, redemption premium (if any), and interest on the Bonds as the same become due and payable (after giving credit to other amounts available for such purposes). The obligation of the Company to make all payments required under the Basic Security Document shall be absolute and unconditional after the delivery of the Bonds.

(c) The proceeds from the sale of the Bonds remaining after issuance costs to be financed therefrom are funded and after a reserve for the Bonds is funded shall be deposited in a project fund to be held by the Trustee and shall be disbursed pursuant to the requirements of the Basic Security Document and a Trust Indenture to be entered into between the Issuer and the Trustee

(the "Indenture"). Prior to the acquisition, construction, and installation of the Proposed Project, moneys in such trust fund may be invested in obligations which represent legal investments for revenue bond proceeds of the Issuer.

(d) The obligations of the Company under the Basic Security Document shall be secured in a manner as shall be agreed upon by the Issuer, the Company, and the Underwriter. In the event the Basic Security Document shall be in the form of a loan agreement or an agreement of sale, the obligations of the Company under the Basic Security Document shall be evidenced by a promissory note executed by the Company in favor of the Issuer, which the Issuer shall endorse, without recourse or warranty, to the order of the Trustee.

(e) The Company shall be permitted to replace or substitute obsolete or worn out machinery, equipment, and related personal property constituting part of the Proposed Project.

(f) The Company shall pay any taxes, assessments, or utility charges which may be lawfully levied, assessed, or charged upon the Company, the Issuer, the Proposed Project, or the payments under the Basic Security Document, if such would result in a lien or a charge upon the Proposed Project or the revenues of the Issuer therefrom.

(g) The Company shall keep the Proposed Project insured against loss or damage or perils generally insured against by industries or businesses similar to the Company and shall carry public liability insurance covering personal injury, death, or property damage with respect to the Proposed Project, but it may be self-insured to the extent permitted in the Basic Security Document.

4. In the event the Basic Security Document shall be in the form of a lease agreement, simultaneously with the delivery of the Bonds, the Company shall enter into a guaranty agreement with the Trustee pursuant to which it shall absolutely and unconditionally guarantee the Issuer's obligations under the Bonds.

5. The Issuer shall enter into the Indenture with the Trustee, and the terms and provisions of the Indenture shall be substantially in the form generally utilized in connection with such financial undertakings, as agreed upon by the Issuer and the Trustee and approved by the Company. Pursuant to the Indenture, the Issuer shall pledge, assign, and grant a first priority security interest to the Trustee in its right, title, interest, and remedies in and to the Basic Security Document, as security for its obligations under the Bonds. The Issuer shall further secure its obligations under the Bonds in a manner as shall be agreed upon by the Issuer, the Company, and the Underwriter. The Indenture shall provide that in the performance of the covenants contained therein on the part of the Issuer, any obligations it may incur for the payment of money shall not be a general obligation on its part, but shall be a special or limited obligation payable solely from the specific payments received under the Basic Security Document or from bond proceeds, foreclosure proceeds, insurance proceeds, condemnation awards, or other proceeds collected under

the Basic Security Document or from security for the Company's obligations under the Basic Security Document or from security otherwise pledged under the Indenture.

6. The Company, in accepting this proposal, shall thereby agree to indemnify, defend, and hold the Issuer and the individual members, officers, and agents thereof harmless against any claim of loss or damage to property or any injury or death of any person or persons occurring in connection with the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project. The Company also agrees to reimburse the Issuer or otherwise pay on behalf of the Issuer any and all expenses, not hereinbefore mentioned, incurred by the Issuer in connection with the Proposed Project. This indemnity may be superseded by a similar indemnity in the Basic Security Document; otherwise, it shall remain in full force and effect, and if the Bonds are not issued and delivered, this indemnity shall survive the termination of the inducement agreement resulting from the Company's acceptance of this proposal.

7. The Issuer hereby agrees that the Bonds to be issued to finance the Proposed Project as herein provided shall be issued under a bond resolution of the Issuer, and the basic terms of the obligations of the Issuer with respect to the Bonds shall be set forth in such bond resolution or in other appropriate documents to which the Issuer is a party.

8. The Issuer hereby makes, constitutes, and appoints the Company as its true, lawful, and exclusive agent for the purpose of planning, developing, acquiring, constructing, installing, and carrying out the Proposed Project, and the Company, in accepting this proposal, hereby accepts such agency to act and do all things on behalf of the Issuer and to perform all acts and agreements of the Issuer in connection with planning, developing, acquiring, constructing, installing, and carrying out the Proposed Project. This appointment of the Company to act as agent and all authority hereby conferred are granted and conferred irrevocably until superseded by a similar appointment in the Basic Security Document or until the termination of this agreement as hereinafter provided.

9. The Issuer shall, upon the request of the Company, permit the planning, developing, acquiring, constructing, installing, and carrying out of the Proposed Project to begin and to continue prior to the issuance and delivery of the Bonds. Contracts or other documents for the acquisition, construction, and installation of the Proposed Project, and for the purchase of machinery, equipment, and all related real and personal property deemed necessary or desirable by the Company, may be let by the Company and thereafter assigned to the Issuer, or if requested by the Company, the Issuer shall let all such contracts or other documents in its name. Any such contracts let in the name of the Issuer shall contain language which serves to apprise the other party to the contract that the Company is the only source of payment thereof.

10. The Company is hereby informed that numerous procedural and substantive actions must be undertaken and completed in order to conclude this transaction in accordance with applicable state and federal laws, rules, and regulations. While the Issuer represents that it will act

in good faith and use its best efforts to issue the Bonds and to provide the funds to finance the Proposed Project, the Issuer cannot guarantee that such financing will occur. Further, if the Company elects to exercise its rights granted in Section 8 hereinabove, it is understood and agreed that expenditures of funds or the incurrence of debt in connection with the Proposed Project shall be at the entire risk of the Company, and in the event costs are incurred by the Company, reimbursement for such costs or expenses can only be made from the proceeds of the Bonds after their issuance.

11. Acceptance of this letter by the Company shall be deemed to mean that the Company agrees to guarantee the payment of all obligations incurred by the Issuer at the request of the Company in connection with this agreement. The Company may advance any interim funds required in connection with planning, developing, acquiring, constructing, installing, and carrying out the Proposed Project and may be reimbursed from the proceeds of the Bonds when the same are issued and delivered. The Issuer shall assist in the prompt preparation of the Basic Security Document, the Indenture, and any related documents needed to carry out the financing.

12. Upon the issuance and delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Company shall have no further effect, and in the event of any inconsistency between the terms of this proposal and the terms of the Basic Security Document, the Indenture, and any related financing documents, the provisions of the Basic Security Document, the Indenture, and any related financing documents shall control.

13. If for any reason the Bonds are not delivered before the 22nd day of November 2010, the provisions of this proposal and the agreement resulting from its acceptance by the Company shall, at the option of any party to be evidenced in writing, be cancelled, and no party shall have any rights against the other, and no third parties shall have any rights against any party, except:

(a) the Issuer shall convey to the Company the sites of the Proposed Project and all improvements thereon and personal property thereon or therein to the extent its ownership therein, if any, was acquired with funds of the Company;

(b) the Company shall pay the Issuer for all expenses which shall have been authorized by the Company and incurred by the Issuer in connection with planning, developing, acquiring, constructing, installing, and carrying out the Proposed Project;

(c) the Company shall assume and be responsible for all contracts entered into by the Issuer at the request or direction of the Company in connection with the Proposed Project; and

(d) the Company shall pay the out-of-pocket expenses of the members, officers, and agents of the Issuer, the accountants for the Issuer, and counsel for the Issuer incurred at the direction of the Company in connection with the Proposed Project and the proposed issuance of the Bonds and shall pay counsel for the Issuer reasonable fees for legal services and the

accountants for the Issuer reasonable fees for accounting services related to the proposed issuance of the Bonds.

14. The Company shall apply for, and use its best efforts to obtain, all permits, licenses, authorizations, and approvals required by all governmental authorities in connection with the acquisition, construction, installation, operation, and use of the Proposed Project.

15. In the event title to the Proposed Project is vested in the Issuer, the Company shall make contributions to the appropriate taxing entities in lieu of taxes in amounts equal to the taxes the Company would have owed had title to the Proposed Project been vested in the Company. This covenant may be superseded by a similar provision in the Basic Security Document; otherwise it shall remain in full force and effect. The Company, in accepting this proposal, thereby will agree to pay all ad valorem taxes with respect to the Proposed Project or the site thereof, as though it were the fee simple owner thereof regardless of the fact of any ownership interest of the Issuer in the Proposed Project or the site thereof. The foregoing shall not preclude the Company from asserting a claim for ad valorem tax exemption to which it would otherwise be entitled under the laws of the State of Georgia, as a fee simple owner (or as if the Company were a fee simple owner) of the Proposed Project or the site thereof.

16. Reserved.

17. All rights and benefits of the Company under this agreement and the Issuer's resolution authorizing this agreement may be transferred and assigned in whole or in part to any one or more individuals, corporations, partnerships (general or limited), joint ventures, limited liability companies, or other entities which propose to acquire the Proposed Project and which are approved in writing by the Issuer, with the same effect as if such individuals, corporations, partnerships, joint ventures, limited liability companies, or other entities were named as the Company in this agreement and the Issuer's resolution authorizing this agreement.

18. Nothing herein shall prevent the Issuer or the Company from entering into any other mode of financing with respect to any portion of the Proposed Project allowed under applicable law as it exists on the date of delivery of the Bonds.

19. Kilpatrick Stockton LLP, Atlanta, Georgia, is hereby confirmed and authorized to act as Bond Counsel for the Issuer in connection with the sale of the revenue bonds referred to above.

20. The Bonds shall either (1) be assigned to an "investment grade" rating category by a nationally recognized credit rating agency or (2) be sold to "institutional investors" under such terms and conditions as are satisfactory to the Issuer (including, without limitation, the execution and delivery by any such institutional investor to the Issuer of an investment letter in form and substance satisfactory to the Issuer).

21. Nothing herein shall be construed to create a general or moral obligation of Cherokee County, Georgia (the "County") nor a debt, an indebtedness, or an obligation of, or a pledge of the faith and credit or taxing power of the County.

If the foregoing proposal is satisfactory to you, you may so indicate by having the following acceptance executed by a duly authorized officer of the Company and by returning a copy to the Issuer. This proposal and your acceptance will then constitute an agreement in principle with respect to the matters herein contained as of this 28th day of November 2006.

Yours very truly,

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: _____
Chairman

(SEAL)

Attest: _____
Secretary

ACCEPTANCE OF PROPOSAL OF THE
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

The terms and conditions contained in the foregoing proposal of the Resource Recovery Development Authority of Cherokee County are hereby accepted this 28 day of November 2006.

CHEROKEE RECYCLING, LLC

By: _____
Authorized Officer

SECRETARY'S CERTIFICATE

I, Sheila R. Corbin, the duly appointed, qualified, and acting Secretary of the Resource Recovery Development Authority of Cherokee County (the "Issuer"), DO HEREBY CERTIFY that the foregoing pages of typewritten matter constitute a true and correct copy of the resolution adopted on November 28, 2006 by the Board of Directors of the Issuer in a meeting duly called and assembled, after due and reasonable public notice was given in accordance with the procedures of the Issuer and with the applicable provisions of law, which was open to the public and at which a quorum was present and acting throughout, and that the original of the such resolution appears of public record in the minute book of the Issuer which is in my custody and control.

GIVEN under my hand and the seal of the Issuer this 28th day of November 2006.

Sheila R. Corbin
Secretary, Resource Recovery Development
Authority of Cherokee County

(SEAL)

EXHIBIT "D"
TO
CLOSING CERTIFICATE OF THE ISSUER

Series 2007 Bond Resolution of the Issuer

A certified copy of the Series 2007 Bond Resolution of the Issuer is included in this Closing Transcript as part of Document Number 22.

EXHIBIT "E"
TO
CLOSING CERTIFICATE OF THE ISSUER

Supplemental Series 2007 Bond Resolution of the Issuer

(Attached)

ACCEPTANCE OF PROPOSAL OF THE
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

The terms and conditions contained in the foregoing proposal of the Resource Recovery Development Authority of Cherokee County are hereby accepted this 28 day of November 2006.

CHEROKEE RECYCLING, LLC

By: _____
Authorized Officer

SECRETARY'S CERTIFICATE

I, Sheila R. Corbin the duly appointed, qualified, and acting Secretary of the Resource Recovery Development Authority of Cherokee County (the "Issuer"), DO HEREBY CERTIFY that the foregoing pages of typewritten matter constitute a true and correct copy of the resolution adopted on November 28, 2006 by the Board of Directors of the Issuer in a meeting duly called and assembled, after due and reasonable public notice was given in accordance with the procedures of the Issuer and with the applicable provisions of law, which was open to the public and at which a quorum was present and acting throughout, and that the original of the such resolution appears of public record in the minute book of the Issuer which is in my custody and control.

GIVEN under my hand and the seal of the Issuer this 28th day of November 2006.

Sheila R. Corbin
Secretary, Resource Recovery Development
Authority of Cherokee County

(SEAL)

EXHIBIT "D"
TO
CLOSING CERTIFICATE OF THE ISSUER

Series 2007 Bond Resolution of the Issuer

A certified copy of the Series 2007 Bond Resolution of the Issuer is included in this Closing Transcript as part of Document Number 22.

EXHIBIT "E"
TO
CLOSING CERTIFICATE OF THE ISSUER

Supplemental Series 2007 Bond Resolution of the Issuer

(Attached)

SUPPLEMENTAL SERIES 2007 BOND RESOLUTION

WHEREAS, the Resource Recovery Development Authority of Cherokee County (the "Issuer") adopted its Series 2007 Bond Resolution (the "Original Resolution") on July 3, 2007, authorizing the issuance and sale of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and its Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project, Series 2007B (collectively the "Bonds"), for the purpose of obtaining funds to finance the costs of acquiring, constructing, and installing land, buildings, improvements, fixtures, and other real and personal property located within the territorial limits of Cherokee County, Georgia, constituting a solid waste disposal and recycling facility (the "Project"), to be leased to Ball Ground Recycling, LLC (the "Lessee"); and

WHEREAS, certain capitalized terms used in this Supplemental Series 2007 Bond Resolution (this "Supplemental Resolution") shall have the meaning given to them in the Original Resolution; and

WHEREAS, the Original Resolution provides that the Bonds (1) shall be issued in an original aggregate principal amount to be specified in a Supplemental Bond Resolution to be adopted by the Board of Directors of the Issuer, but which shall not in any event exceed a maximum aggregate principal amount of $18,750,000, (2) shall be dated the date of issuance and delivery, and (3) shall bear interest from the date(s) provided in the Indenture at the rates per annum to be specified in a Supplemental Bond Resolution to be adopted by the Board of Directors of the Issuer (but which shall not in any event exceed a maximum per annum rate of interest of 7.00%), computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008, and semi-annually thereafter on July 1 and January 1 of each year and shall mature on July 1, in the years (with a term not exceeding 40 years) and in the amounts to be specified in a Supplemental Bond Resolution to be adopted by the Board of Directors of the Issuer (provided the principal of and interest on the Bonds payable in any bond year (July 2 – July 1) shall not in any event exceed a maximum amount of $1,550,000), unless earlier called for redemption; and

WHEREAS, the Lessee has requested the Issuer to sell the Bonds to Citigroup Global Markets Inc. (the "Underwriter"), pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 2007, among the Issuer, the Lessee, and the Underwriter; and

WHEREAS, the Lessee has requested the Issuer to sell the Bonds at private sale as permitted by the Act and to authorize the marketing of the Bonds by means of a Preliminary Official Statement, dated September 12, 2007 (the "Preliminary Official Statement"), and an Official Statement, to be dated September 18, 2007 (the "Official Statement"), both of which shall contain information about the Issuer, the Lessee, the County, and the Project; and

WHEREAS, the Preliminary Official Statement and the Bond Purchase Agreement have been submitted to the Issuer and are now on file with the Issuer;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY AS FOLLOWS:

1. All actions heretofore taken by the Board of Directors of the Issuer and the officers and agents of the Issuer directed toward the issuance and sale of the Bonds be and the same are hereby ratified, approved, and confirmed.

2. The Bonds shall be issued in an original aggregate principal amount of $18,145,000 and shall be dated the date of issuance and delivery. The Bonds shall bear interest from the date(s) provided in the Indenture at the rates per annum specified below, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008 and semi-annually thereafter on July 1 and January 1 of each year and shall mature on July 1, in the years and in the amounts as follows, unless earlier called for redemption:

Series 2007A Bonds

Year	Amount	Interest Rate
2026	$3,065,000	4.65%
2031	3,960,000	4.75
2037	6,180,000	5.00

Series 2007B Bonds

Year	Amount	Interest Rate
2022	$4,940,000	5.80%

3. The form, terms, and conditions and the execution, delivery, and performance of the Bond Purchase Agreement, which has been filed with the Issuer, are hereby approved and authorized. The Bond Purchase Agreement shall be in substantially the form submitted to the Board of Directors of the Issuer with such changes, corrections, deletions, insertions, variations, additions, or omissions as may be approved by the Chairman or Vice Chairman of the Issuer, whose approval thereof shall be conclusively evidenced by the execution of the Bond Purchase Agreement. The Chairman or Vice Chairman of the Board of Directors of the Issuer is hereby authorized and directed to execute on behalf of the Issuer the Bond Purchase Agreement, and the Secretary or Assistant Secretary of the Issuer is hereby authorized and directed to affix thereto and attest the seal of the Issuer, upon proper execution and delivery by the other parties thereto, provided, that in no event shall any such attestation or affixation of the seal of the Issuer be required as a prerequisite to the effectiveness thereof, and the Chairman or Vice Chairman and Secretary or Assistant Secretary are authorized and directed to deliver the Bond Purchase Agreement on behalf of the Issuer to the other parties thereto.

4. The form of the Preliminary Official Statement is hereby approved, and the Board of Directors of the Issuer hereby approves and confirms the distribution by the Underwriter of

copies of the Preliminary Official Statement to potential investors; provided, however, that the Issuer has not reviewed the Preliminary Official Statement or the Official Statement and takes no responsibility for and makes no representations or warranties as to the accuracy or completeness of the information contained therein, except for the information under the caption "THE ISSUER" and the information pertaining to the Issuer set forth under the caption "LEGAL MATTERS - Pending Litigation," which is hereby approved. The Underwriter is hereby authorized and directed to prepare a definitive Official Statement with such changes, variations, omissions, insertions, corrections, additions, and deletions from the Preliminary Official Statement placed on file with the Issuer as may be appropriate and not inconsistent herewith. The Issuer hereby authorizes the use of conformed copies of such definitive Official Statement. The Chairman or Vice Chairman of the Board of Directors of the Issuer is hereby authorized to execute and deliver the definitive Official Statement and all such documents or certificates as may be reasonably requested of the Issuer to "deem final" the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

5. The execution and delivery of the Bonds to the Trustee for authentication, the acceptance and redelivery of the authenticated Bonds, and the sale and delivery of the Bonds to the Underwriter, or its duly authorized attorney-in-fact, against receipt by the Trustee of the purchase price set forth in the Bond Purchase Agreement in payment therefor, are hereby approved and authorized. The Issuer hereby determines that the sale of the Bonds at private sale upon a negotiated basis in the manner, at the prices, and at the times determined in and pursuant to the Bond Purchase Agreement is most advantageous to the Issuer.

6. This Supplemental Resolution and the Bond Purchase Agreement, as approved by this Supplemental Resolution, which is hereby incorporated in this Supplemental Resolution by this reference thereto, shall be placed on file at the office of the Issuer and made available for public inspection by any interested party immediately following the passage and approval of this Supplemental Resolution.

7. All motions, orders, ordinances, bylaws, resolutions, and parts thereof in conflict herewith are hereby repealed to the extent only of such conflict. This repealer shall not be construed as reviving any motion, order, ordinance, bylaw, resolution, or part thereof.

8. The Issuer hereby confirms the existence and applicability of the Original Resolution and ratifies, restates, and reaffirms its representations, warranties, covenants, and agreements and all of the applicable terms, conditions, and provisions as set forth in the Original Resolution and as supplemented and amended by this Supplemental Resolution. Except where otherwise expressly indicated in this Supplemental Resolution, the provisions of the Original Resolution are to be read as part of this Supplemental Resolution as though copied verbatim herein, and provisions of this Supplemental Resolution shall be read as additions to, and not as substitutes for or modifications of (except as otherwise specifically provided herein), the provisions of the Original Resolution. Except as expressly amended, modified, or supplemented by this Supplemental Resolution, all of the terms, conditions, and provisions of the Original Resolution shall remain in full force and effect. In adopting this Supplemental Resolution, the Issuer shall be entitled to all powers, privileges, and immunities afforded to the Issuer and shall be subject to all the duties, responsibilities, and obligations of the Issuer under the Original Resolution.

copies of the Preliminary Official Statement to potential investors; provided, however, that the Issuer has not reviewed the Preliminary Official Statement or the Official Statement and takes no responsibility for and makes no representations or warranties as to the accuracy or completeness of the information contained therein, except for the information under the caption "THE ISSUER" and the information pertaining to the Issuer set forth under the caption "LEGAL MATTERS - Pending Litigation," which is hereby approved. The Underwriter is hereby authorized and directed to prepare a definitive Official Statement with such changes, variations, omissions, insertions, corrections, additions, and deletions from the Preliminary Official Statement placed on file with the Issuer as may be appropriate and not inconsistent herewith. The Issuer hereby authorizes the use of conformed copies of such definitive Official Statement. The Chairman or Vice Chairman of the Board of Directors of the Issuer is hereby authorized to execute and deliver the definitive Official Statement and all such documents or certificates as may be reasonably requested of the Issuer to "deem final" the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

5. The execution and delivery of the Bonds to the Trustee for authentication, the acceptance and redelivery of the authenticated Bonds, and the sale and delivery of the Bonds to the Underwriter, or its duly authorized attorney-in-fact, against receipt by the Trustee of the purchase price set forth in the Bond Purchase Agreement in payment therefor, are hereby approved and authorized. The Issuer hereby determines that the sale of the Bonds at private sale upon a negotiated basis in the manner, at the prices, and at the times determined in and pursuant to the Bond Purchase Agreement is most advantageous to the Issuer.

6. This Supplemental Resolution and the Bond Purchase Agreement, as approved by this Supplemental Resolution, which is hereby incorporated in this Supplemental Resolution by this reference thereto, shall be placed on file at the office of the Issuer and made available for public inspection by any interested party immediately following the passage and approval of this Supplemental Resolution.

7. All motions, orders, ordinances, bylaws, resolutions, and parts thereof in conflict herewith are hereby repealed to the extent only of such conflict. This repealer shall not be construed as reviving any motion, order, ordinance, bylaw, resolution, or part thereof.

8. The Issuer hereby confirms the existence and applicability of the Original Resolution and ratifies, restates, and reaffirms its representations, warranties, covenants, and agreements and all of the applicable terms, conditions, and provisions as set forth in the Original Resolution and as supplemented and amended by this Supplemental Resolution. Except where otherwise expressly indicated in this Supplemental Resolution, the provisions of the Original Resolution are to be read as part of this Supplemental Resolution as though copied verbatim herein, and provisions of this Supplemental Resolution shall be read as additions to, and not as substitutes for or modifications of (except as otherwise specifically provided herein), the provisions of the Original Resolution. Except as expressly amended, modified, or supplemented by this Supplemental Resolution, all of the terms, conditions, and provisions of the Original Resolution shall remain in full force and effect. In adopting this Supplemental Resolution, the Issuer shall be entitled to all powers, privileges, and immunities afforded to the Issuer and shall be subject to all the duties, responsibilities, and obligations of the Issuer under the Original Resolution.

SECRETARY'S CERTIFICATE

I, **SHEILA R. CORBIN**, the duly appointed, qualified, and acting Secretary of the Resource Recovery Development Authority of Cherokee County (the "Issuer"), **DO HEREBY CERTIFY** that the foregoing pages of typewritten matter pertaining to the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" constitute a true and correct copy of the Supplemental Series 2007 Bond Resolution adopted on September 18, 2007 by the Board of Directors of the Issuer in a meeting duly called and assembled, after due and reasonable notice was given in accordance with the procedures of the Issuer and with applicable provisions of law, which was open to the public and at which a quorum was present and acting throughout, and that the original of such Supplemental Series 2007 Bond Resolution appears of public record in the Minute Book of the Issuer, which is in my custody and control.

I further certify that such Supplemental Series 2007 Bond Resolution has not been rescinded, repealed, or modified.

GIVEN under my signature and the seal of the Issuer, this 18th day of September 2007.

(SEAL)

Sheila R. Corbin

Secretary, Resource Recovery Development
Authority of Cherokee County

WITNESS my signature and the official seal of the Issuer, this the 5th day of October 2007.

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

Attest:

Sheila R. Corbin
Secretary

US2000 10347138.2

CERTIFICATE RESPONSIVE TO
BOND PURCHASE AGREEMENT

I, **JAMES E. HUBBARD**, Vice Chairman of the Resource Recovery Development Authority of Cherokee County (the "Issuer"), acting for the Issuer, **DO HEREBY CERTIFY** that:

1. Capitalized terms used herein have the meanings assigned to them in the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 2007, among the Issuer, Ball Ground Recycling, LLC, and Citigroup Global Markets Inc.

2. The Issuer has duly performed and satisfied under the Bond Purchase Agreement or complied with all of its obligations and conditions to be performed and satisfied under the Bond Purchase Agreement at or prior to the Closing Time, and each of its representations and warranties contained in the Bond Purchase Agreement have not been amended, modified, or rescinded and is in full force and effect and is true and correct in all material respects as of the Closing Time.

3. The Issuer has duly authorized, by all necessary action, the execution, delivery, receipt, and due performance of the Bonds, the Bond Resolution, the Issuer Contracts, and any and all such other agreements and documents as may be required to be executed, delivered, received, and performed by the Issuer to carry out, give effect to, and consummate the transactions contemplated by the Bond Purchase Agreement and by the Bond Resolution and the Official Statement.

4. No litigation is pending, or, to my knowledge after making due inquiry with respect thereto, threatened against the Issuer, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Bond Resolution, the Issuer Contracts, or the Issuer's existence or powers or its right to use the proceeds of the Bonds as contemplated in the Indenture.

5. All information furnished to the Underwriter for use in connection with the marketing of the Bonds and the information contained in the Preliminary Official Statement and the Official Statement relating to the Issuer were, as of the respective dates thereof and are as of the Closing Date, true in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

6. The execution, delivery, receipt, and due performance of the Bonds, the Bond Resolution, the Issuer Contracts, and the other agreements contemplated by the Bond Purchase Agreement and by the Bond Resolution and the Official Statement under the circumstances contemplated by the Bond Purchase Agreement and thereby and the Issuer's compliance with the provisions thereof will not conflict with or be in violation of or constitute on the Issuer's part a breach of or a default under any Legal Requirement or Contractual Requirement to which the Issuer is a party or by which the Issuer or its property may be subject or bound.

WITNESS my signature and the official seal of the Issuer, this the 5th day of October 2007.

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

Attest:

Sheila R. Corbin
Secretary

US2000 10347138.2

CERTIFICATE APPOINTING
AUTHORIZED ISSUER REPRESENTATIVE

The Resource Recovery Development Authority of Cherokee County (the "Issuer"), party to a Lease Agreement (the "Lease"), dated as of September 1, 2007, by and between it and Ball Ground Recycling, LLC, hereby designates Jerry W. Cooper, whose specimen signature appears below, as Authorized Issuer Representative, as defined in Article I of the Lease, and authorizes him to take all actions and to do all things as Authorized Issuer Representative required or permitted under the terms of the Lease, and hereby designates Leavitt B. Ahrens, Jr., whose specimen signature appears below, as Alternate Authorized Issuer Representative and authorizes him to take all actions and to do all things as Authorized Issuer Representative if the Authorized Issuer Representative is unavailable to act.

SPECIMEN SIGNATURE _____
Authorized Issuer Representative

SPECIMEN SIGNATURE _____
Alternate Authorized Issuer Representative

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

Attest:

Sheila R. Coblin
Secretary

Dated: October 5, 2007

CERTIFICATE DESIGNATING CONSULTING ARCHITECT

The Resource Recovery Development Authority of Cherokee County, lessor under a Lease Agreement (the "Lease"), dated as of September 1, 2007, by and between it and Ball Ground Recycling, LLC, hereby designates Sheffer and Grant, Architects, P.C., a specimen signature of whose officer appears below, as Consulting Architect, as defined in Article I of the Lease, and authorizes it to take all actions and to do all things as Consulting Architect required or permitted under the terms of the Lease. The Consulting Architect, by the signature of its officer below, certifies that it is licensed and qualified to practice architecture in the State of Georgia.

Specimen Signature:

SHEFFER AND GRANT, ARCHITECTS, P.C.

By: _____
Its: President

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

Attest:
Sheila R. Corlin
Secretary

Dated: October 5, 2007

CERTIFICATE AS TO ARBITRAGE MATTERS

The undersigned officer of the Resource Recovery Development Authority of Cherokee County (the "Issuer") executes and delivers this Certificate pursuant to Treasury Regulation Section 1.148-2(b)(2) for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project) Series 2007A, dated the date hereof, in the original aggregate principal amount of $13,205,000 (the "Bonds"), and certifies as follows:

(1) The undersigned is the duly elected, qualified, and acting Vice Chairman of the Board of Directors of the Issuer, and as such, together with other officers of the Issuer, is charged with the responsibility for issuing the Bonds, and is duly authorized to execute and deliver this Certificate on behalf of the Issuer.

(2) Simultaneously with the delivery of this Certificate, the Issuer is issuing and delivering the Bonds for the purpose of providing funds for the permanent financing of the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") to be located in Cherokee County, Georgia and to finance related costs. The Issuer is issuing the Bonds pursuant to a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The Issuer will use the proceeds of the sale of the Bonds to pay the costs of acquiring, constructing, and installing the Project and will lease the Project to Ball Ground Recycling, LLC (the "Lessee") pursuant to a Lease Agreement (the "Lease"), dated as of September 1, 2007.

(3) Based upon the certificate of Citigroup Global Markets Inc., the underwriter for the Bonds (the "Underwriter"), attached hereto as Exhibit "A," the Bonds are being sold to the general public for the issue price of $12,926,668.30 (being the aggregate principal amount of the Bonds minus original issue discount of $278,331.70). The Underwriter will retain an underwriting discount or fee of $99,037.50. Accordingly, the total purchase price of the Bonds from the Underwriter is $12,827,630.80. The proceeds of the sale of the Bonds will be used as follows:

(a) $159,495.87 will be deposited into the Issuance Cost Fund created under the Indenture and will be used to pay the costs of issuance of the Bonds,

(b) $444,000.39 will be deposited into the Debt Service Reserve Fund created under the Indenture to fully fund a reasonably required debt service reserve for the Bonds,

(c) $58,124.73 will be applied to pay the premium for an insurance policy insuring the payment of the principal of and interest on the Bonds when due, and

(d) the balance of the proceeds so received ($12,166,009.81) will be deposited in the Series 2007A Account of the Project Fund created under the Indenture and will be used by the Lessee on behalf of the Issuer to pay the costs of acquiring, constructing, and installing the Project and to pay interest on the Bonds.

(4) The estimated total costs of the acquisition, construction, and installation of the Project, establishing a reasonably required reserve fund, and paying the expenses of issuing the Bonds will be not less than $18,325,714.19, to be financed as follows: (i) $12,827,630.80 from proceeds of the sale of the Bonds, (ii) $365,191.86 from earnings estimated to be received from the investment of Bond proceeds, and (iii) $5,132,891.53 from parity obligations issued under the Indenture.

(5) The anticipated total costs of such acquisition, construction, and installation and capitalized interest being financed with proceeds of the Bonds plus anticipated investment earnings (excluding the expenses anticipated to be incurred in connection with the issuance of the Bonds and funding the Debt Service Reserve Fund will be approximately $12,531,201.67.

(6) The Lessee has entered into, or will enter into within six months after the date of issue of the Bonds, a contract or contracts or binding obligations with or to a third party (which are not subject to contingencies within the Lessee's or a related party's control) to expend an amount equal to, at a minimum, five percent of the net sale proceeds of the Bonds on the Project.

(7) The acquisition, construction, and installation of the Project and the allocation of the net sale proceeds of the Bonds to expenditures will commence and will proceed with due diligence to completion.

(8) It is estimated that the acquisition, construction, and installation of the Project will be completed and that the Project will be ready for occupancy and use by October 1, 2010, which date is not later than three years from the date of issue of the Bonds. At least 85 percent of the net sale proceeds of the Bonds are expected to be allocated to expenditures on the Project by October 1, 2010, which date is not later than three years from the date of issue of the Bonds.

(9) All money remaining in the Project Fund and the Issuance Cost Fund after payment in full of the costs of the Project and issuance costs of the Bonds will be deposited in the Redemption Account of the Bond Fund held under the Indenture and will be applied to the redemption of the Bonds or to the payment of the principal of serial Bonds (if any) at the earliest practicable date. Any money remaining in the Project Fund and the Issuance Cost Fund after three years from the date of issue of the Bonds will not be invested at a yield that is higher than the yield on the Bonds by any amount.

(10) The total proceeds to be received by the Issuer from the sale of the Bonds, viz., the gross sum of $12,827,630.80, plus the earnings of $365,191.86 estimated to be received from the investment of Bond proceeds, do not exceed by more than $100,000 the total of:

(a) the estimated total costs of the acquisition, construction, and installation of the Project being financed with the proceeds of the Bonds, viz., the gross sum of $11,312,365.46, plus

(b) the expenses expected to be incurred in connection with the sale of the Bonds being financed with the proceeds of the Bonds, viz., the sum of $159,495.87, plus

(c) the estimated funded interest on the Bonds being financed with the proceeds of the Bonds, viz., the sum of $1,218,836.21, plus

(d) the amount required to be set aside out of the proceeds from the sale of the Bonds for deposit into the Debt Service Reserve Fund, viz., the sum of $444,000.39, plus

(e) the premium for an insurance policy insuring the payment of the principal of and interest on the Bonds when due, viz., the sum of $58,124.73.

(11) The proceeds of the Bonds, together with anticipated investment earnings thereon, will not exceed the amount necessary for the purposes of the Bonds.

(12) It is not reasonably expected that any property comprising the Project will be sold, encumbered, or otherwise disposed of, in whole or in part, except such parts or portions thereof that may be disposed of due to normal wear, obsolescence, or depreciation, prior to the maturity of the Bonds.

(13) (a) In addition to the Project Fund, the following funds are established under the Indenture:

(i) Bond Fund,
(ii) Debt Service Reserve Fund, and
(iii) Issuance Cost Fund.

(b) Two accounts have been established in the Bond Fund: the Redemption Account and the General Account. There are presently no moneys held in the Redemption Account of the Bond Fund, and it is expected that no moneys will be held in the Redemption Account of the Bond Fund during the term of the Bonds. The Bonds will be repaid from amounts received under the Lease. Payments under the Lease will be in amounts sufficient to pay principal of, premium, if any, and interest on the Bonds as the same become due and will be deposited into the General Account of the Bond Fund. The Bonds will be repaid through debt service payments made from the General Account of the Bond Fund. Interest on the Bonds will be paid semiannually on each January 1 and July 1, commencing on January 1, 2008, to and including July 1, 2037. Principal payments of the Bonds will be made on each July 1, commencing July 1, 2018, to and including July 1, 2037. Payments of interest under the Lease will be made monthly and held in the General Account of the Bond Fund for a maximum period of six months before being expended to pay interest on the Bonds. Each interest payment under the Lease will be equal to 1/6th of the cumulative semiannual interest due through the next ensuing January 1 or July 1, as the case may be. Payments of principal under the Lease will be made monthly and held in the General Account of the Bond Fund for a maximum period of twelve months before being expended to pay principal of the Bonds. Each principal payment under the Lease will be equal to 1/12th of the next ensuing principal amount due on July 1. Earnings on the investment of moneys in the General Account of the Bond Fund will be credited against the monthly payments of principal and interest required to be made under the Lease. Money in the General Account of the Bond Fund will be used directly to pay debt service on the Bonds, and the General Account of the Bond Fund is used primarily to achieve a proper matching of revenues and debt service within each bond year (July 2 - July 1). Once a year on July 1, the amounts in the General Account of the Bond Fund will be depleted to an amount not to exceed the

greater of (a) the earnings on the amounts in the General Account of the Bond Fund for the immediately preceding bond year or (b) 1/12th of the debt service on the Bonds for the immediately preceding bond year. All amounts contributed to the General Account of the Bond Fund during a bond year will be expended within thirteen months of receipt (and any amount received from investment of money held in the General Account of the Bond Fund will be spent within a one-year period beginning on the date of receipt). Amounts deposited in the General Account of the Bond Fund that are allocable to the Bonds may be invested at an unrestricted yield for a period not exceeding thirteen months from the date of the deposit to the General Account of the Bond Fund. Earnings on such amounts may be invested at an unrestricted yield for a period not exceeding one year from the date of receipt of the amount earned.

(c) Amounts deposited in the Project Fund and expected earnings on such amounts will be expended solely to pay the costs of acquiring, constructing, and installing the Project and to pay interest on the Bonds. Amounts held in the Project Fund will be completely expended by October 1, 2010. All amounts deposited in the Project Fund may be invested at an unrestricted yield for a period not to exceed three years from the date hereof. Earnings on such amounts may be invested at an unrestricted yield for a period not exceeding the later of three years from the date hereof or one year from the date of receipt of the amount earned.

(d) $159,495.87 will be deposited into the Issuance Cost Fund created under the Indenture on the date of issuance and delivery of the Bonds and will be used to pay issuance expenses in connection with the Bonds. Such amounts will be expended on or shortly after the date hereof and will not be invested.

(e) Upon the issuance of the Bonds, $444,000.39 of the proceeds of the Bonds will be deposited into the Debt Service Reserve Fund. This balance is equal to 50% of the maximum annual debt service requirement on the Bonds in any bond year (the "Reserve Requirement"). The amount required to be set aside out of the proceeds to be derived from the sale of the Bonds for deposit into the Debt Service Reserve Fund, viz., the sum of $444,000.39, does not exceed 10 percent of the stated principal amount of the Bonds. Amounts in the Debt Service Reserve Fund allocable to the Bonds are not anticipated to exceed the least of (i) 10 percent of the stated principal amount of the Bonds, (ii) the maximum annual principal and interest requirements on the Bonds, or (iii) 125 percent of the average annual principal and interest requirements on the Bonds (the "Size Limitation"). Amounts in the Debt Service Reserve Fund that are allocable to the Bonds (including earnings on such amounts retained in the Debt Service Reserve Fund), up to an amount equal to the sum of the Size Limitation plus the "minor portion" of the Bonds (or $1,272,334.79), may be invested at an unrestricted yield. Amounts in the Debt Service Reserve Fund that are allocable to the Bonds (including earnings on such amounts retained in the Debt Service Reserve Fund), in an amount in excess of the sum of the Size Limitation plus the "minor portion" of the Bonds (or $1,272,334.79), may not be invested at an unrestricted yield. After the balance of the Debt Service Reserve Fund exceeds the Reserve Requirement, earnings on amounts deposited in the Debt Service Reserve Fund that are allocable to the Bonds will be deposited into the Bond Fund and expended within one year of their receipt and may be invested at an unrestricted yield. The amount to be

deposited in the Debt Service Reserve Fund is required as a reserve to allow the Underwriter to market the Bonds at an interest rate comparable to that of other bond issues of a similar type, as indicated in the Underwriter's certificate attached hereto as Exhibit "A."

(f) Amounts described in subparagraph (b) and subparagraph (e) that cannot be invested at an unrestricted yield, if any such amounts ever exist, will be invested at a yield not in excess of the yield on the Bonds by any amount, investments of such amounts will be purchased at the prevailing market price, and investments of such amounts will be limited to securities for which there is an established securities market or U.S. Treasury Obligations - State and Local Government Series. Amounts described in subparagraph (c) that cannot be invested at an unrestricted yield, if any such amounts ever exist, will be invested at a yield not in excess of the yield on the Bonds plus one-eighth of one percentage point.

(14) The only sinking funds with respect to the Bonds are the Bond Fund and the Debt Service Reserve Fund. The Issuer and the Lessee do not expect to create or establish any other sinking fund or similar fund with respect to the Bonds. No amounts in any other accounts or funds of the Issuer or the Lessee are reserved or pledged for debt service on the Bonds, and it is not expected that any such other accounts or funds will be used, nor is there any reasonable assurance that any portion of such other accounts or funds will be available, for debt service if the Issuer or the Lessee encounters financial difficulty.

(15) The weighted average maturity of the Bonds will not exceed 120 percent of the average reasonably expected economic life of the portion of the Project being financed with the net proceeds of the Bonds, as determined by taking into account the respective costs of such portion of the Project, as such terms are described in Section 147(b) of the Internal Revenue Code of 1986, as amended (the "Code").

(16) Except for amounts held under the Indenture, no security, as defined in Sections 165(g)(2)(A) and (B) of the Code, any other obligation (other than a tax exempt bond), any annuity contract, or any other property that is held principally as a passive vehicle for the production of income will be pledged as security for the payment of the principal of, premium, if any, or interest on the Bonds. None of the proceeds of the Bonds is expected to be used directly or indirectly to replace funds that were or are to be used directly or indirectly to acquire securities, obligations (other than a tax exempt bond), any annuity contract, or other property that is held principally as a passive vehicle for the production of income that is expected to produce a yield that is materially higher than the yield produced by the Bonds.

(17) Yield on the Bonds and any acquired obligations, including those purchased with replacement proceeds, will be calculated at that yield which, when used in computing the present worth of all payments of principal and interest to be paid on such obligations, produces an amount equal to the purchase price or, if required, the market price or fair market value. For purposes of calculating the yield on the Bonds, the purchase price of the Bonds has been set at $12,926,668.30, representing the initial offering price of the Bonds to the public (excluding bond houses, brokers, and other intermediaries) at which a substantial amount of each of the maturities of the Bonds has been sold (which is the initial offering prices, including accrued interest, set

forth on the cover page of the Official Statement relating to the Bonds), as set forth in the certificate of the Underwriter attached hereto as Exhibit "A," and the premium paid to obtain bond insurance in the amount of $58,124.73 has been treated as an additional interest payment on the Bonds on the date of payment. The Issuer reasonably expects, based upon the representation of the Underwriter as set forth in the certificate attached hereto as Exhibit "A," that the present value of the bond insurance premium will be less than the present value of the expected interest savings as a result of the bond insurance, using the hereinafter specified yield on the Bonds as the discount rate. The bond insurance premium has been established in an arm's-length transaction and does not exceed a reasonable, arm's-length charge for the transfer of credit risk. The yield on the Bonds calculated in this manner is 5.05%.

(18) There are no other obligations of the Issuer that (i) are sold at substantially the same time (within 15 days) as the Bonds, (ii) are sold pursuant to the same plan of financing together with the Bonds, and (iii) are reasonably expected to be paid from substantially the same source of funds, determined without regard to guarantees from unrelated parties, as the Bonds.

(19) The Bonds are not and will not be part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the regulations thereunder (a) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and (b) overburdening the tax-exempt bond market.

(20) None of the proceeds of the Bonds will be allocated to reimburse the Lessee for any expenditures that were originally paid before the issue date of the Bonds from another source, except for (1) $-0-, which the Lessee has allocated to reimburse itself for expenditures (the "Preliminary Expenditures") paid to purchase the items described in Part 1 of Exhibit V of the Lessee 's Tax Certificate of even date herewith, and (2) $6,248,581, which the Lessee has allocated to reimburse itself for expenditures (the "Reimbursement Expenditures") paid to purchase the items described in Part 2 of such Exhibit V. The Preliminary Expenditures do not exceed 20 percent of the issue price of the Bonds and consist of architectural, engineering, surveying, soil testing, issuance, and similar costs that were incurred prior to commencement of the acquisition and construction of the Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction. The Reimbursement Expenditures were paid not earlier than 60 days before the adoption by the Issuer of its Inducement Resolution on November 28, 2006. The Lessee's reimbursement allocation is made not later than 18 months after the later of (a) the date the Reimbursement Expenditures were paid or (b) the date the Project is placed in service or abandoned, but in no event more than three years after the Reimbursement Expenditures were paid.

(21) The funded interest to be financed by the Bonds does not extend beyond the period commencing on the issue date of the Bonds and ending on the date that is the later of three years from the issue date or one year after the date on which the Project is placed in service. The working capital expenditures to be financed by the Bonds do not exceed 5 percent of the sale proceeds of the Bonds and are directly related to capital expenditures financed by the Bonds.

(22) To the best of the knowledge, information, and belief of the undersigned, the above expectations are reasonable. The facts and estimates in paragraphs (3) through (21) hereof are based on representations made by the Lessee in the Lessee's Tax Certificate of even date herewith, which is incorporated herein and made a part hereof by this reference, and are based on representations made by the Underwriter in the certificate attached hereto as Exhibit "A." The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by such other parties. Any statements in this Certificate involving future events, whether or not so stated, are intended as expectations by the Issuer and not as representations of fact.

(23) For the purposes of this Certificate, the terms "sale proceeds," "net sale proceeds," "replacement proceeds," "investment proceeds," "market price," "temporary period," "sinking fund," "acquired obligations," "working capital expenditures," "capital expenditures," "yield," and "proceeds" shall have such meaning as is provided by the Treasury Regulations issued by the Department of Treasury pursuant to Section 148 of the Code.

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hulbard
Vice Chairman

Attest:
Sheila R. Corkin
Secretary

Dated: October 5, 2007

EXHIBIT A

UNDERWRITER'S CERTIFICATE AS TO CERTAIN ARBITRAGE MATTERS

An executed counterpart of the Underwriter's Certificate as to Certain Arbitrage Matters is included in this Closing Transcript as Document Number 41.

Form **8038**
(Rev. September 2007)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Private Activity Bond Issues

(Under Internal Revenue Code section 149(e))
▶ See separate instructions.

OMB No. 1545-0720

Part I Reporting Authority

Check if Amended Return ▶ ☐

1 Issuer's name: Resource Recovery Development Authority of Cherokee County	2 Issuer's employer identification number: 71-1037785
3 Number and street (or P.O. box if mail is not delivered to street address): 90 North Street, Suite 310 — Room/suite:	4 Report number: 1 71
5 City, town, or post office, state, and ZIP code: Canton, Georgia 30114	6 Date of issue: October 5, 2007
7 Name of issue: Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A	8 CUSIP number: 164224 AC4
9 Name and title of officer or legal representative whom the IRS may call for more information: Earle R. Taylor, III, Bond Counsel	10 Telephone number of officer or legal representative: (404) 815-6274

Part II Type of Issue (check the applicable box(es) and enter the issue price for each)

			Issue Price
11	Exempt facility bond:		
a ☐	Airport (sections 142(a)(1) and 142(c))	11a	
b ☐	Docks and wharves (sections 142(a)(2) and 142(c))	11b	
c ☐	Water furnishing facilities (sections 142(a)(4) and 142(e))	11c	
d ☐	Sewage facilities (section 142(a)(5))	11d	
e ☒	Solid waste disposal facilities (section 142(a)(6))	11e	12,926,668
f ☐	Qualified residential rental projects (sections 142(a)(7) and 142(d)), (see instructions)	11f	
	Meeting 20–50 test (section 142(d)(1)(A)) ☐		
	Meeting 40–60 test (section 142(d)(1)(B)) ☐		
	Meeting 25–60 test (NYC only) (section 142(d)(6)) ☐		
	Has an election been made for deep rent skewing (section 142(d)(4)(B))? ☐ Yes ☐ No		
g ☐	Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f)	11g	
h ☐	Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions)	11h	
	Facility type		
	1986 Act section		
i ☐	Qualified enterprise zone facility bonds (section 1394) (see instructions)	11i	
j ☐	Qualified empowerment zone facility bonds (section 1394(f)) (see instructions)	11j	
k ☐	District of Columbia Enterprise Zone facility bonds (section 1400A)	11k	
l ☐	Qualified public educational facility bonds (sections 142(a)(13) and 142(k))	11l	
m ☐	Qualified green building and sustainable design projects (sections 142(a)(14) and 142(l))	11m	
n ☐	Qualified highway or surface freight transfer facilities (sections 142(a)(15) and 142(m))	11n	
o ☐	Qualified Gulf Opportunity Zone Bonds (sections 1400N(a)(1)(A) and 1400N(a)(2)(A)(i))	11o	
p ☐	Qualified New York Liberty Bonds (section 1400L(d))	11p	
q ☐	Other. Describe (see instructions) ▶	11q	
12a ☐	Qualified mortgage bond (section 143(a))	12a	
b ☐	Qualified Gulf Opportunity Zone mortgage bond (sections 1400N(a)(1)(B) and 1400N(a)(2)(A)(ii)	12b	
13 ☐	Qualified veterans' mortgage bond (section 143(b)) (see instructions) ▶	13	
	Check the box if you elect to rebate arbitrage profits to the United States ☐		
14 ☐	Qualified small issue bond (section 144(a)) (see instructions) ▶	14	
	Check the box for $10 million small issue exemption ☐		
15 ☐	Qualified student loan bond (section 144(b))	15	
16 ☐	Qualified redevelopment bond (section 144(c))	16	
17 ☐	Qualified hospital bond (section 145(c)) (attach schedule—see instructions)	17	
18 ☐	Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule—see instructions)	18	
	Check box if 95% or more of net proceeds will be used only for capital expenditures ▶ ☐		
19 ☐	Nongovernmental output property bond (treated as private activity bond) (section 141(d))	19	
20a ☐	Gulf Opportunity Zone advance refunding bond (sections 1400N(b)(1)) (see instructions)	20a	
b ☐	New York Liberty Zone advance refunding bond (section 1400L(e)) (see instructions)	20b	
c ☐	Other. Describe (see instructions)	20c	

Part III Description of Bonds (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2037	$ 12,926,668	$ 13,205,000	23.211 years	5.05 %

Part IV **Uses of Proceeds of Issue** (including underwriters' discount)

					Amount
22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	12,926,668
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	258,533		
25	Proceeds used for credit enhancement	25	58,125		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	444,000		
27	Proceeds used to currently refund prior issue (complete Part VI)	27	-0-		
28	Proceeds used to advance refund prior issue (complete Part VI)	28	-0-		
29	Add lines 24 through 28			29	760,658
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	12,166,010

Part V **Description of Property Financed by Nonrefunding Proceeds**

Caution: *The total of lines 31a through e below must equal line 30 above. Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.*

31	Type of Property Financed by Nonrefunding Proceeds:		Amount
a	Land	31a	2,830,000
b	Buildings and structures	31b	4,581,320
c	Equipment with recovery period of more than 5 years	31c	3,535,854
d	Equipment with recovery period of 5 years or less	31d	-0-
e	Other (describe) Capitalized Interest	31e	1,218,836

32 North American Industry Classification System (NAICS) of the projects financed by nonrefunding proceeds.

	NAICS Code	Amount of nonrefunding proceeds		NAICS Code	Amount of nonrefunding proceeds
a	423930	$ 12,166,010	c		$
b		$	d		$

Part VI **Description of Refunded Bonds** (Complete this part only for refunding bonds.)

33	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A	years
34	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A	years
35	Enter the last date on which the refunded bonds will be called ▶	N/A	
36	Enter the date(s) the refunded bonds were issued ▶	N/A	

Part VII **Miscellaneous**

37 Name of governmental unit(s) approving issue (see the instructions) ▶ Cherokee County, Georgia
Date of Approval - October 4, 2007; Date of Public Hearing - October 4, 2007

38 Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III) ▶ ☐

39 Check the box if you have elected to pay a penalty in lieu of arbitrage rebate ▶ ☐

40 Check the box if you have identified a hedge (see instructions) ▶ ☐

41 Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds and provide name and EIN of the primary private user ▶ ☒
Name ▶ Ball Ground Recycling, LLC EIN 26-0855203

Part VIII **Volume Caps**

			Amount
42	Amount of state volume cap allocated to the issuer. **Attach copy of state certification**	42	13,205,000
43	Amount of issue subject to the unified state volume cap	43	13,205,000
44	Amount of issue not subject to the unified state volume cap or other volume limitations:	44	
a	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	44a	-0-
b	Under a carryforward election. Attach a copy of Form 8328 to this return	44b	-0-
c	Under transitional rules of the Tax Reform Act of 1986. Enter Act section ▶	44c	-0-
d	Under the exception for current refunding (section 146(i) and section 1313(a) of the Tax Reform Act of 1986)	44d	-0-
45a	Amount of issue of qualified veterans' mortgage bonds	45a	-0-
b	Enter the state limit on qualified veterans' mortgage bonds	45b	N/A
46a	Amount of section 1394(f) volume cap allocated to issuer. **Attach copy of local government certification**	46a	-0-
b	Name of empowerment zone ▶		
47	Amount of section 142(k)(5) volume cap allocated to issuer. **Attach copy of state certification**	47	-0-

Sign Here

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge

▶ James E. Hubbard
Signature of officer

▶ October 5, 2007
Date

James E. Hubbard
Name of above officer (type or print)

Vice Chairman
Title of officer (type or print)

Attachment for Line 42

MAIL TO:
Georgia Department of
COMMUNITY AFFAIRS
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231
Attention: Bond Allocation Manager

CONFIRMATION OF ISSUANCE

GEORGIA ALLOCATION SYSTEM

1. Issuer: Resource Recovery Development
a. Authority of Cherokee County
Name of Authority
b. 90 North Street, Suite 310
Address
c. Canton Cherokee Georgia 30114
City County State Zip Code

2. Borrower/User
a. Ball Ground Recycling, LLC
Name
b. 391 Marietta Road
Address
c. Canton Cherokee Georgia 30114
City County State Zip Code

3. Bond Information:
a. Date of Issue: (Date Bond Closed) October 5, 2007
b. Face Amount of Issue: $13,205,000
c. Allocation Number: 4221

4. Allocation Issuance Cost: $13,205

Please attach a **check** made payable to the **Georgia Department of Community Affairs** in the amount specified in the "Notice of Allocation".

5. Description of Project:
Acquisition, construction, and installation of a solid waste disposal and recycling facility.

Note: Please complete and return all copies of this form to the Department of Community Affairs. Fully executed copies will be returned to the Issuer for Internal Revenue Service reporting requirements.

Issuer

James E Hubbard
Signature
James E. Hubbard, Vice Chairman
Name/Title
October 5, 2007
Date

For Department of Community Affairs Use Only

Internal Revenue Service Reporting Requirement:
As the State Official designated by state law (Georgia Laws 1986, p.344), I do hereby certify that the bonds subject to this Confirmation of Issuance meet the requirements of Section 146 of the Internal Revenue Code of 1986 relating to the cap on private activity bonds.

Department of COMMUNITY AFFAIRS

Mike Boy
Commissioner
12/21/07
Date

AUTHENTICATION ORDER

The Bank of New York Trust Company, N.A.
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds")

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (the "Series 2007B Bonds")

To the Addressee:

The undersigned, the Resource Recovery Development Authority of Cherokee County (the "Issuer"), has sold the obligations in caption (the "Bonds"), more fully described in the Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., acting in its capacity as trustee (the "Trustee") for the owners of the Bonds, to Citigroup Global Markets Inc.

There have been delivered to you, as Trustee, the documents required by Section 212 of the Indenture and three (3) Series 2007A Bonds and one (1) Series 2007B Bond, numbered and in the denominations set forth below, each fully registered in the name of Cede & Co., as nominee of The Depository Trust Company, and executed on behalf of the Issuer, but blank as to date of authentication and registration and authenticating signature:

Series 2007A Bonds		Series 2007B Bonds	
Number	Denomination	Number	Denomination
RA- 1	$3,065,000	RB-1	$4,940,000
RA- 2	3,960,000		
RA- 3	6,180,000		

You are hereby ordered to sign the Certificates of Authentication with respect to the Bonds and to deliver $18,145,000 in aggregate principal amount of the Bonds to The Depository Trust Company, the securities depository to hold the Bonds under its book-entry system, upon receipt of the following sums:

Purchase Price	$17,730,580.80
Less: Bond Insurance Premium	(71,682.33)
Total	$17,658,898.47

Such sums shall be immediately deposited by you in accordance with the provisions of Article VII of the Indenture. This instrument constitutes the request and authorization specified in Section 212(e) of the Indenture.

GIVEN this 5th day of October 2007.

(SEAL)

James E Hulbard

Vice Chairman, Resource Recovery Development Authority of Cherokee County

Attest:

Sheila R. Corbin

Secretary, Resource Recovery Development Authority of Cherokee County

OPEN MEETINGS CERTIFICATE

I, **SHEILA R. CORBIN,** DO HEREBY CERTIFY that:

1. I am the Secretary of the Resource Recovery Development Authority of Cherokee County (the "Issuer") and as such I am authorized to execute this Certificate on behalf of the Issuer.

2. All matters to date pertaining to the authorization, issuance, sale, and delivery by the Issuer of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A, in the original aggregate principal amount of $13,205,000, and its Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B, in the original aggregate principal amount of $4,940,000, were presented to, deliberated upon, and determined by the Board of Directors of the Issuer at the following meetings (each a "Meeting" and collectively the "Meetings"), and no others, of the Board of Directors of the Issuer:

(a) a public, special meeting held on November 28, 2006 at 2:00 p.m., local time, at the Cherokee County Justice Center at 90 North Street in Canton, Georgia;

(b) a public, special meeting held on July 3, 2007 at 3:00 p.m., local time, at the Cherokee County Justice Center at 90 North Street in Canton, Georgia; and

(c) a public, special meeting held on September 18, 2007 at 3:00 p.m., local time, at the Cherokee County Justice Center at 90 North Street in Canton, Georgia.

3. The Issuer posted written notice of each Meeting for at least 24 hours at the place of its regular meetings and gave written or oral notice at least 24 hours in advance of each Meeting to the legal organ in which notices of sheriff's sales are published in Cherokee County or to a newspaper having a general circulation in Cherokee County at least equal to that of the legal organ.

4. Each Meeting was continuously open to the public at all times, except for any portions of either Meeting closed to the public pursuant to Chapter 14 of Title 50 of the Official Code of Georgia Annotated (the "Open Meetings Act"), and the public at all times was afforded access to the portion of each Meeting open to the public.

5. Prior to each Meeting, the Issuer made available an agenda of all matters expected to come before the Issuer at such Meeting. The agenda was available upon request and was posted at the Meeting site at some time during the two-week period immediately prior to each Meeting.

6. A summary of the subjects acted on and those members present at each Meeting was written and made available to the public for inspection within two business days of the adjournment of such Meeting. The minutes of each Meeting were promptly and fully recorded in writing and include a record of the names of the members present at such Meeting, a description of each motion or other proposal made, a record of all votes, and, in the case of a roll-call vote, the name of each person voting for or against a proposal.

7. The minutes of each Meeting have been since they were approved as official by the Issuer (in no case later than immediately following the next regular meeting of the Issuer), are, and shall continue to be open to public inspection at the offices of the Issuer.

8. All votes taken at each Meeting were by public voice vote or roll-call vote. No secret votes, proxy votes, secret ballots, secret roll call votes, or any other means to circumvent the intent of the Open Meetings Act were taken at either Meeting.

GIVEN under my signature and the seal of the Issuer, this 5th day of October 2007.

(SEAL)

Sheila R. Corkin

Secretary, Resource Recovery Development
Authority of Cherokee County

AUTHORIZING RESOLUTION

WHEREAS, in furtherance of the purposes for which it was created, the Resource Recovery Development Authority of Cherokee County (the "Issuer") proposes to issue not to exceed $18,230,000 in original aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Cherokee Recycling, LLC Project), Series 2007 (the "Bonds"), in order to finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") and related costs; and

WHEREAS, Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes any county of the State of Georgia to contract for any period not exceeding fifty years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake or provide; and

WHEREAS, Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Act"), known as the "Resource Recovery Development Authorities Law," authorizes Cherokee County, Georgia (the "County") to enter into contracts or agreements with the Issuer, upon such terms and for such purposes as they deem advisable, and without limiting the generality of the above, specifically grants authority to the County to enter into contracts or other undertakings relative to the furnishing of "project" (as defined in the Act) activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years; and

WHEREAS, Section 48-5-220(20) of the Official Code of Georgia Annotated provides that county taxes may be levied and collected for the public purpose of providing financial assistance to county development authorities for the purpose of developing trade, commerce, industry, and employment opportunities, as long as any tax for this purpose does not exceed one mill per dollar upon the assessed value of the taxable property in the county levying the tax; and

WHEREAS, in consideration of the issuance of the Bonds by the Issuer to finance the costs of acquiring, constructing, and installing the Project, the County proposes to enter into an Intergovernmental Solid Waste Contract (the "Contract"), to be dated as of July 1, 2007, with the Issuer, under the terms of which the County shall, under certain terms and conditions, levy a tax not to exceed one mill as permitted by Section 48-5-220(20) of the Official Code of Georgia Annotated; and

WHEREAS, the Issuer will lease the Project to Cherokee Recycling, LLC or an affiliate (the "Lessee"), a Georgia limited liability company, pursuant to a Lease Agreement, to be dated as of July 1, 2007; and

WHEREAS, pursuant to the terms of a Trust Indenture and Security Agreement (the "Indenture"), to be dated as of July 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), the Issuer will pledge all rents payable by the Lessee with respect to the Project to the Trustee as security for payment of the Bonds; and

WHEREAS, pursuant to the terms of the Indenture, the Issuer will also pledge the amounts received from the County under the Contract as security for payment of the Bonds; and

WHEREAS, after careful study and investigation, the County desires to enter into the Contract;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Cherokee County, Georgia as follows:

1. The form, terms, and conditions and the execution, delivery, and performance of the Contract, which has been filed with the County, are hereby approved and authorized. The Contract shall be in substantially the form submitted to the Board of Commissioners of the County with such changes, corrections, deletions, insertions, variations, additions, or omissions as may be approved by the Chairman or Vice Chairman of the Board of Commissioners of the County, whose approval thereof shall be conclusively evidenced by the execution of the Contract.

2. The Chairman or Vice Chairman of the Board of Commissioners of the County is hereby authorized and directed to execute on behalf of the County the Contract, and the Clerk of the Board of Commissioners of the County is hereby authorized and directed to affix thereto and attest the seal of the County, upon proper execution and delivery of the Issuer, provided, that in no event shall any such attestation or affixation of the seal of the County be required as a prerequisite to the effectiveness thereof, and the Chairman or Vice Chairman and Clerk of the Board of Commissioners of the County are authorized and directed to deliver the Contract on behalf of the County to the Issuer, and to execute and deliver all such other instruments, contracts, documents, affidavits, or certificates and to do and perform all such things and acts as each shall deem necessary or appropriate in furtherance of the issuance of the Bonds and the carrying out of the transactions authorized by this Resolution or contemplated by the instruments and documents referred to in this Resolution.

3. This Resolution and the Contract, as approved by this Resolution, which is hereby incorporated in this Resolution by this reference thereto, shall be placed on file at the office of the County and made available for public inspection by any interested party immediately following the passage and approval of this Resolution.

PASSED, ADOPTED, SIGNED, APPROVED, AND EFFECTIVE this 19th day of June 2007.

(COUNTY SEAL)

CHEROKEE COUNTY, GEORGIA

By: _____
Chairman, Board of Commissioners

Attest: Sheila R. Carlin
Clerk, Board of Commissioners

US2000 9994366.2

WHEREAS, pursuant to the terms of the Indenture, the Issuer will also pledge the amounts received from the County under the Contract as security for payment of the Bonds; and

WHEREAS, after careful study and investigation, the County desires to enter into the Contract;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Cherokee County, Georgia as follows:

1. The form, terms, and conditions and the execution, delivery, and performance of the Contract, which has been filed with the County, are hereby approved and authorized. The Contract shall be in substantially the form submitted to the Board of Commissioners of the County with such changes, corrections, deletions, insertions, variations, additions, or omissions as may be approved by the Chairman or Vice Chairman of the Board of Commissioners of the County, whose approval thereof shall be conclusively evidenced by the execution of the Contract.

2. The Chairman or Vice Chairman of the Board of Commissioners of the County is hereby authorized and directed to execute on behalf of the County the Contract, and the Clerk of the Board of Commissioners of the County is hereby authorized and directed to affix thereto and attest the seal of the County, upon proper execution and delivery of the Issuer, provided, that in no event shall any such attestation or affixation of the seal of the County be required as a prerequisite to the effectiveness thereof, and the Chairman or Vice Chairman and Clerk of the Board of Commissioners of the County are authorized and directed to deliver the Contract on behalf of the County to the Issuer, and to execute and deliver all such other instruments, contracts, documents, affidavits, or certificates and to do and perform all such things and acts as each shall deem necessary or appropriate in furtherance of the issuance of the Bonds and the carrying out of the transactions authorized by this Resolution or contemplated by the instruments and documents referred to in this Resolution.

3. This Resolution and the Contract, as approved by this Resolution, which is hereby incorporated in this Resolution by this reference thereto, shall be placed on file at the office of the County and made available for public inspection by any interested party immediately following the passage and approval of this Resolution.

PASSED, ADOPTED, SIGNED, APPROVED, AND EFFECTIVE this 19th day of June 2007.

(COUNTY SEAL)

CHEROKEE COUNTY, GEORGIA

By: _____
Chairman, Board of Commissioners

Attest: Sheila R. Carlin
Clerk, Board of Commissioners

US2000 9994366.2

CLERK'S CERTIFICATE

I, **SHEILA R. CORBIN**, the duly appointed, qualified, and acting Clerk of the Board of Commissioners of Cherokee County, Georgia (the "County"), **DO HEREBY CERTIFY** that the foregoing pages of typewritten matter constitute a true and correct copy of a resolution adopted on June 19, 2007 by the Board of Commissioners of the County in a meeting duly called and assembled in accordance with applicable laws and with the procedures of the County, by a vote of 4 Yea and 0 Nay, which meeting was open to the public and at which a quorum was present and acting throughout, and that the original of the foregoing resolution appears of public record in the Minute Book of the County, which is in my custody and control.

Given under my hand and the seal of the County, this 19th day of June 2007.

(COUNTY SEAL)

Sheila R. Corbin
Clerk, Board of Commissioners of
Cherokee County, Georgia

US2000 9994366.2

$13,205,000
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT),
SERIES 2007A

$4,940,000
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL TAXABLE REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT),
SERIES 2007B

CLOSING MEMORANDUM

Containing an
Index of Closing Documents

Closing: October 5, 2007

Bond Counsel:

Kilpatrick Stockton LLP
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 30309

Volume II of II

US2000 10347138.4

DATE OF CLOSING: Friday, October 5, 2007, at 10:00 a.m.

PLACE OF CLOSING: Kilpatrick Stockton LLP
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 30309

PARTICIPANTS:

Issuer - Resource Recovery Development Authority of Cherokee County

County - Cherokee County, Georgia

Lessee - Ball Ground Recycling, LLC

Bond Insurer - Ambac Assurance Corporation

Trustee - The Bank of New York Trust Company, N.A.

Underwriter - Citigroup Global Markets Inc.

County's Auditors – Mauldin & Jenkins, LLC

Counsel to Issuer and County - Jarrard & Davis, LLP

Counsel to Lessee - Flint & Connolly, LLP

Counsel to Underwriter - Smith Gambrell & Russell, LLP

Counsel to Trustee - Murray Barnes Finister LLP

Bond Counsel and Disclosure Counsel - Kilpatrick Stockton LLP

DISTRIBUTION OF TRANSCRIPTS:

Each of the items listed in the Index of Closing Documents are to be delivered at the closing to each of the following participants:

Participant	Number of Transcripts
Issuer	1
County	1
Lessee	1
Bond Insurer	2
Trustee	1
Underwriter	1
Counsel to Issuer and County	1
Counsel to Lessee	1
Counsel to Underwriter	1
Counsel to Trustee	1
Bond Counsel and Disclosure Counsel	2
TOTAL	13

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IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

STATE OF GEORGIA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	**CIVIL ACTION**
	).	**FILE NO.** 07-CV-2030JH
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	**BOND VALIDATION**
	)	
Defendants.	)	
	)	

FILED IN THE OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 JUL 30 AM 11:26
PATSY BAKER, CLERK

PETITION AND COMPLAINT

The **STATE OF GEORGIA**, by and through the District Attorney of the Blue Ridge Judicial Circuit, files this Petition and Complaint against the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY**(the "Issuer"), **CHEROKEE COUNTY, GEORGIA** (the "County"), and **BALL GROUND RECYCLING, LLC** (the "Lessee"), as defendants, and respectfully shows:

1.

Exclusive jurisdiction of this proceeding is vested in this Court under and by virtue of an Act of the General Assembly of the State of Georgia entitled the "Revenue Bond Law," as amended, codified as Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated (the "Revenue Bond Law").

2.

The Issuer is a public body corporate and politic created pursuant to an Act of the General Assembly of the State of Georgia entitled the "Resource Recovery Development

Authorities Law," as amended, codified as Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Resource Recovery Development Authorities Law"), and an activating resolution of the governing body of Cherokee County, Georgia, duly adopted by the Board of Commissioners of Cherokee County on November 7, 2006, a copy of which was filed with the Secretary of State of the State of Georgia. The Issuer has been duly and lawfully created and its directors have been duly and lawfully appointed, and the Issuer is existing and operating in compliance with law as a public body corporate and politic. The Issuer has been created to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry. The Resource Recovery Development Authorities Law empowers the Issuer to issue its revenue bonds, under and in accordance with the procedure set forth in the Revenue Bond Law, and to use the proceeds of such revenue bonds for the purpose of paying all or part of the cost of any "project," as defined in the Resource Recovery Development Authorities Law, to carry out and effectuate the purposes and provisions of the Resource Recovery Development Authorities Law. The Issuer is subject to the jurisdiction of this Court.

3.

The County is a political subdivision of the State of Georgia, legally created and existing pursuant to the Constitution and statutes of the State of Georgia. The County is subject to the jurisdiction of this Court.

4.

The Lessee is a limited liability company duly formed and existing under the laws of the State of Georgia and is subject to the jurisdiction of this Court.

5.

The Issuer, in furtherance of the public purposes for which it was created, proposes to issue not to exceed $18,750,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds").

6.

The Bonds are duly authorized pursuant to the Constitution of the State of Georgia and the various statutes of the State of Georgia, including specifically the Resource Recovery Development Authorities Law, and under and by virtue of the authority of a Series 2007 Bond Resolution of the Issuer (the "Bond Resolution") duly adopted by the Issuer on July 3, 2007, authorizing, among other things, the issuance and sale of the Bonds and the execution, acceptance, and delivery of the Lease, the Indenture, and the Contract hereinafter referred to. A certified copy of the Bond Resolution, together with copies of forms of the Lease, the Indenture, and the Contract (collectively the "Financing Documents"), therein referred to, form a part of the Notice to the District Attorney attached hereto as Exhibit A, which Notice (with all attachments thereto) is by this reference incorporated herein and made a part hereof.

7.

The Bonds shall be issued in an original aggregate principal amount to be specified in a Supplemental Bond Resolution to be adopted by the Board of Directors of the Issuer, but which shall not in any event exceed a maximum aggregate principal amount of $18,750,000, shall be dated the date of issuance and delivery, and shall be issuable as fully registered bonds without

coupons. The Bonds shall bear interest from the date(s) provided in the Indenture at the rates per annum to be specified in a Supplemental Bond Resolution to be adopted by the Board of Directors of the Issuer (but which shall not in any event exceed a maximum per annum rate of interest of 7.00%), computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008, and semi-annually thereafter on July 1 and January 1 of each year and shall mature on July 1, in the years (with a term not exceeding 40 years) and in the amounts to be specified in a Supplemental Bond Resolution to be adopted by the Board of Directors of the Issuer (provided the principal of and interest on the Bonds payable in any bond year (July 2 - July 1) shall not in any event exceed a maximum amount of $1,550,000), unless earlier called for redemption. Upon the occurrence of a Determination of Taxability (as defined in the Lease), the interest rate per annum borne by the Bonds shall be increased to the Taxable Rate (as defined in the Indenture) as of, from, and after the Date of Taxability (as defined in the Lease). The Bonds shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the aforesaid rates. The Bonds shall be substantially in the form set forth in the Indenture and shall be subject to redemption, shall be in such denominations, shall be payable in such medium of payment at such place or places, shall be of such tenor, and shall have such other terms and provisions as are provided in the Indenture. The form and denominations of the Bonds and the provisions for execution, delivery, authentication, payment, exchange, transfer, registration, and redemption shall be as set forth in the Indenture.

8.

The Bonds are to be issued for the purpose of paying the costs, in whole or in part, of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located in the County (the "Project") and to finance related costs, in order to develop and promote for the

public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry. The Project is more fully described in the Lease.

9.

Pursuant to a Lease Agreement (the "Lease"), to be dated as of July 1, 2007, by and between the Issuer and the Lessee, (1) the Issuer will agree to issue the Bonds and to acquire, construct, and install the Project and (2) the Lessee will agree to lease the Project from the Issuer and to pay to the Issuer such rentals at such times and in such amounts as will be required to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds, as and when the same become due.

10.

Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes any county of the State of Georgia to contract for any period not exceeding fifty years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake or provide. Section 48-5-220(20) of the Official Code of Georgia Annotated provides that county taxes may be levied and collected for the public purpose of providing financial assistance to county development authorities for the purpose of developing trade, commerce, industry, and employment opportunities, as long as any tax for this purpose does not exceed one mill per dollar upon the assessed value of the taxable property in the county levying the tax. The Resource

Recovery Development Authorities Law authorizes the County to enter into contracts with the Issuer.

11.

The Issuer and the County will enter into an Intergovernmental Solid Waste Contract (the "Contract"), to be dated as of July 1, 2007, under the terms of which the County, in order to provide financial assistance to the Issuer for the purpose of developing trade, commerce, industry, and employment opportunities, (1) will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) will agree to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract.

12.

To secure its obligation to pay principal of, premium, if any, and interest on the Bonds, the Issuer will assign and pledge to The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), and will grant a first priority security interest in, all of its right, title, and interest in the Lease (except for the Unassigned Rights, as defined in the Lease) and the Contract and all revenues, payments, receipts, and moneys to be received and held thereunder, pursuant to a Trust Indenture and Security Agreement (the "Indenture"), to be dated as of July 1, 2007, between the Issuer and the Trustee.

13.

The Financing Documents will constitute the security for the Bonds and, when executed and delivered, will be valid, binding, and legally enforceable obligations of the parties thereto in accordance with their terms.

14.

The Bonds shall never constitute an indebtedness or general obligation of the State of Georgia, the County, or any other political subdivision of the State of Georgia, within the meaning of any constitutional provision or statutory limitation whatsoever, nor a pledge of the faith and credit or taxing power of any of the foregoing, nor shall any of the foregoing be subject to any pecuniary liability thereon. The Issuer has no taxing power. The Bonds shall not be payable from nor a charge upon any funds other than the revenues pledged to the payment thereof and shall be limited or special obligations of the Issuer payable solely from the funds provided therefor in the Indenture, including the proceeds of the ad valorem tax that the County is obligated to levy pursuant to the Contract. No owner of the Bonds shall ever have the right to compel the exercise of the taxing power of the State of Georgia, the County, or any other political subdivision of the State of Georgia, except to levy the ad valorem tax required by the Contract, to pay the principal of the Bonds or the interest or any premium thereon, or to enforce payment thereof against any property of the foregoing, other than the proceeds of the ad valorem tax required by the Contract, nor shall the Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the foregoing, other than the proceeds of the ad valorem tax required by the Contract.

15.

The Issuer has taken all necessary and proper steps to authorize the issuance of the Bonds, and such steps were done in compliance with law. The Issuer has agreed to set aside, allocate, convey, assign, and pledge the property subject to the operation of the granting clauses of the Indenture to the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, and such amounts have been calculated to be sufficient for such purpose.

16.

The Clerk of this Superior Court is authorized to execute the validation certificate on the Bonds as provided by law.

17.

The Issuer desires to issue the Bonds as aforesaid and desires that the Bonds and the security therefor be confirmed and validated according to law, and to this end the Issuer has notified the District Attorney of this judicial circuit in writing that the Bond Resolution was passed in favor of the issuance of the Bonds and that the Issuer intends to issue the Bonds, pursuant to the Notice attached hereto as Exhibit A, which Notice was personally served on such District Attorney.

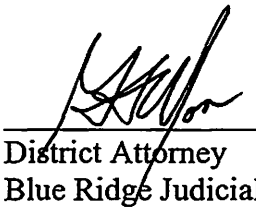
18.

The District Attorney of this judicial circuit, pursuant to the laws of the State of Georgia, in particular Section 9-11-52 of the Official Code of Georgia Annotated, waives, in the name of the State of Georgia, the requirement that separate findings of fact and conclusions of law be entered in this action.

WHEREFORE, pursuant to the laws of the State of Georgia your District Attorney, within twenty days from the date of service of the Notice attached hereto as Exhibit A, files this Petition and Complaint in the name of the State of Georgia against the Issuer, the County, and the Lessee and prays:

1. that an order be issued requiring the defendants, by their proper officers, to appear and to show cause, if any exists, at such time and place, whether in term or at chambers, within twenty days from filing of this Petition and Complaint, as the Judge of this Court may direct, why the Bonds and the security for the payment thereof should not be confirmed and validated, as well as to pass upon all questions of law and fact pertaining to the right to issue the Bonds and to provide the security therefor;
2. that this Petition and Complaint and such order as shall be issued be served upon the defendants in the manner provided by law;
3. that all actions of the Issuer, the County, and the Lessee in connection with the issuance of the Bonds and the provision of the security therefor (including the execution, delivery, and performance of the Financing Documents) be confirmed and validated in all respects;
4. that this Court enter a judgment declaring that the defendants who are parties thereto are authorized to execute, deliver, and perform their obligations under the Financing Documents and that the Financing Documents and all of the terms and conditions contained therein will constitute valid, binding, and legally enforceable obligations of the defendants who are parties thereto, and that the Clerk of this Superior Court is authorized to execute the validation certificate on the Bonds as provided by law; and

5. that this Court make such other adjudications with respect to the Bonds and the security therefor as may be proper or necessary in connection with the matters before it.



District Attorney
Blue Ridge Judicial Circuit

GEORGIA, CHEROKEE COUNTY

TO THE HONORABLE DISTRICT ATTORNEY OF THE BLUE RIDGE JUDICIAL CIRCUIT

YOU ARE HEREBY NOTIFIED that under and by virtue of the Constitution and statutes of the State of Georgia, including specifically, but without limitation, an Act of the General Assembly of the State of Georgia entitled the "Resource Recovery Development Authorities Law," as amended, codified as Chapter 63 of Title 36 of the Official Code of Georgia Annotated, granting to the Resource Recovery Development Authority of Cherokee County (the "Issuer") the power and authority to issue revenue bonds for the purpose of developing and promoting for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry, the Issuer, in a meeting duly called and lawfully assembled on July 3, 2007, adopted a Series 2007 Bond Resolution (the "Bond Resolution") authorizing the issuance of its revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds"), in the original aggregate principal amount not to exceed $18,750,000, for the purpose of financing the costs, in whole or in part, of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located in Cherokee County, Georgia (the "Project") and to finance related costs, all in accordance with the provisions of a Lease Agreement (the "Lease"), to be

EXHIBIT A

dated as of July 1, 2007, between the Issuer and Ball Ground Recycling, LLC (the "Lessee"), a Georgia limited liability company, pursuant to which the Issuer will acquire, construct, and install the Project and the Lessee will lease the Project from the Issuer and will pay to the Issuer such rentals at such times and in such amounts as will be required to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds, as and when the same become due. The Issuer and Cherokee County, Georgia (the "County") propose to enter into an Intergovernmental Solid Waste Contract (the "Contract"), to be dated as of July 1, 2007, under the terms of which the County (1) will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) will agree to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract. To secure its obligation to pay principal of, premium, if any, and interest on the Bonds, the Issuer proposes to assign and pledge to The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), and proposes to grant a first priority security interest in, all of its right, title, and interest in the Lease (except for the Unassigned Rights, as defined in the Lease) and the Contract and all revenues, payments, receipts, and moneys to be received and held thereunder, pursuant to a Trust Indenture and Security Agreement (the "Indenture"), to be dated as of July 1, 2007, between the Issuer and the Trustee. The form, date, denominations, rates of interest, maturity dates, redemption provisions, payment terms, and all other facts pertaining to the Bonds, the Lease, the Indenture, and the Contract are set forth in detail in the Bond Resolution, a certified copy of which (together with

copies of forms of the Lease, the Indenture, and the Contract) is attached to this Notice and made a part hereof.

You are hereby notified that the Issuer intends to issue the Bonds, and you are further hereby notified of the action of the Issuer in accordance with the law pertaining to confirmation and validation of the Bonds and the security therefor, and request is hereby made that you take immediate and proper steps for the confirmation and validation of the Bonds and the security therefor as provided by law.

Dated: July __, 2007

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

(SEAL)

By: Jim Hubbard
Vice Chairman

Attest:

Sheila R. Corlin
Secretary

US2000 10180353.1

SERIES 2007 BOND RESOLUTION

A RESOLUTION OF THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY AUTHORIZING, INTER ALIA, THE ISSUANCE OF ITS SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007A AND ITS SOLID WASTE DISPOSAL TAXABLE REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007B, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $18,750,000

Adopted July 3, 2007

Exhibit "A" - Form of Trust Indenture and Security Agreement

Exhibit "B" - Form of Lease Agreement

Exhibit "C" - Form of Intergovernmental Solid Waste Contract

SERIES 2007 BOND RESOLUTION

WHEREAS, the Resource Recovery Development Authority of Cherokee County (the "Issuer") is a body corporate and politic and public corporation duly created and validly existing under and pursuant to an act entitled "Resource Recovery Development Authorities Law," codified as Chapter 63 of Title 36 of the Official Code of Georgia Annotated, as amended (the "Act"); and

WHEREAS, the governing body of Cherokee County, Georgia (the "County") has, by proper resolution, declared that there is a need for the Issuer to function in Cherokee County, as required by the terms of the Act, the Issuer has been duly created and activated pursuant to the terms of the Act, and its directors have been elected as provided therein and are currently acting in that capacity; and

WHEREAS, the Act authorizes the Issuer to borrow money and issue its revenue bonds and to use the proceeds thereof for the purpose of paying all or part of the cost of any "project," which includes any property, real or personal, used as or in connection with a facility for the extraction, collection, storage, treatment, processing, utilization, or final disposal of resources contained in solid waste, including the conversion of solid waste or resources contained therein into steam, electricity, oil, charcoal, gas, or any other product or energy source and the collection, storage, treatment, utilization, processing, or final disposal of solid waste in connection with the foregoing, including the cost of extending, adding to, or improving such project, to otherwise carry out its purposes, and to pay all other costs of the Issuer incident to or necessary and appropriate to such purposes, including the providing of funds to be paid into any fund or funds to secure such bonds; and

WHEREAS, the Act authorizes the Issuer to acquire, construct, improve, or modify, to place into operation, and to operate or cause to be placed into operation and operated, a project and to rent or lease the same to others or make contracts with respect to the use thereof or sell, lease, or otherwise dispose of or grant options for any such property in any manner which the Issuer deems to the best advantage of itself and its purposes; and

WHEREAS, the Act also authorizes the Issuer (1) to make contracts and leases and to execute all instruments necessary or convenient, including contracts for construction of projects and leases of projects or contracts with respect to the use of projects which it causes to be acquired or constructed and without limiting the generality of the above, to enter into contracts or other undertakings relative to the furnishing of project activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years, and (2) as security for repayment of its obligations, to pledge, convey, assign, hypothecate, or otherwise encumber any property, real or personal, of the Issuer and to execute any trust agreement, indenture, or security agreement containing any provisions not in conflict with law; and

WHEREAS, the Issuer proposes to issue, sell, and deliver revenue bonds to be known as "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and as "Resource Recovery

Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Series 2007 Bonds"), in the aggregate principal amount not to exceed $18,750,000, for the purpose of obtaining funds to finance the costs of acquiring, constructing, and installing land, buildings, improvements, fixtures, and other real and personal property located within the territorial limits of Cherokee County, Georgia, constituting a solid waste disposal and recycling facility (the "Project"), and to finance related costs; and

WHEREAS, to accomplish the foregoing, the Issuer and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under and by virtue of the laws of the State of Georgia, will enter into a Lease Agreement (the "Lease Agreement"), to be dated as of July 1, 2007, pursuant to the terms of which the Issuer will acquire, construct, and install the Project and the Lessee will lease the Project from the Issuer and will pay to the Issuer such rentals at such times and in such amounts as will be required to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds, as and when the same become due; and

WHEREAS, the Issuer and the County will enter into an Intergovernmental Solid Waste Contract (the "Contract"), to be dated as of July 1, 2007, under the terms of which the County (1) will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) will agree to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract; and

WHEREAS, to secure its obligation to pay principal of, premium, if any, and interest on the Series 2007 Bonds, the Issuer proposes to assign and pledge to The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), and proposes to grant a first priority security interest in, all of its right, title, and interest in the Lease Agreement (except for the Unassigned Rights, as defined in the Lease Agreement) and the Contract and all revenues, payments, receipts, and moneys to be received and held thereunder, pursuant to a Trust Indenture and Security Agreement (the "Indenture"), to be dated as of July 1, 2007, between the Issuer and the Trustee; and

WHEREAS, the Issuer hereby finds and determines that the Project is a "project" within the meaning of the Act and that the financing of the Project will further the purposes and policies of the Act; and

WHEREAS, the Board of Directors of the Issuer has determined that accomplishing the foregoing is in the best interests of the Issuer, and the Board of Directors of the Issuer has found and does hereby declare that such undertaking is for a lawful, valid, and necessary public purpose, which will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry, all to the public benefit and good; and

WHEREAS, it is anticipated that additional amounts may be necessary to improve the Project or to refund the Series 2007 Bonds, and as a result provision should be made for the issuance of additional parity bonds from time to time as specified in Article II of the Indenture; and

WHEREAS, copies of the forms of the following documents relating to the transactions described above have been submitted to the Issuer, are now on file with the Issuer, and are attached as exhibits:

Exhibit "A" - Trust Indenture and Security Agreement, to be dated as of July 1, 2007, between the Issuer and the Trustee,

Exhibit "B" - Lease Agreement, to be dated as of July 1, 2007, between the Issuer and the Lessee, and

Exhibit "C" - Intergovernmental Solid Waste Contract, to be dated as of July 1, 2007, between the County and the Issuer;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY AS FOLLOWS:

1. In order to further the public purposes of the Act, the Issuer is hereby authorized to issue the Series 2007 Bonds to finance the costs of acquiring, constructing, and installing the Project and to finance related costs, and all such assistance previously provided is hereby ratified and approved. It is hereby found, ascertained, determined, and declared that the Project constitutes a "project," within the meaning of that term as defined in the Act, and that the financing of the acquisition, construction, and installation of the Project and the related costs is for a public purpose and is necessary to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry, all to the public benefit and good.

2. For the purpose of paying the costs, in whole or in part, of acquiring, constructing, and installing the Project and of financing related costs, the issuance of not to exceed $18,750,000 in original aggregate principal amount of revenue bonds of the Issuer to be known as "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and as "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" is hereby approved and authorized pursuant to the provisions of the Act.

3. The Series 2007 Bonds shall be issued in an original aggregate principal amount to be specified in a Supplemental Bond Resolution to be adopted by the Board of Directors of the Issuer, but which shall not in any event exceed a maximum aggregate principal amount of $18,750,000, shall be dated the date of issuance and delivery, and shall be issuable as fully registered bonds without coupons. The Series 2007 Bonds shall bear interest from the date(s) provided in the Indenture at the rates per annum to be specified in a Supplemental Bond

Resolution to be adopted by the Board of Directors of the Issuer (but which shall not in any event exceed a maximum per annum rate of interest of 7.00%), computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008, and semi-annually thereafter on July 1 and January 1 of each year and shall mature on July 1, in the years (with a term not exceeding 40 years) and in the amounts to be specified in a Supplemental Bond Resolution to be adopted by the Board of Directors of the Issuer (provided the principal of and interest on the Series 2007 Bonds payable in any bond year (July 2 - July 1) shall not in any event exceed a maximum amount of $1,550,000), unless earlier called for redemption. Upon the occurrence of a Determination of Taxability (as defined in the Lease Agreement), the interest rate per annum borne by the Series 2007A Bonds shall be increased to the Taxable Rate (as defined in the Indenture) as of, from, and after the Date of Taxability. The Series 2007 Bonds shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the aforesaid rates. The Series 2007 Bonds shall be substantially in the form set forth in the Indenture and shall be subject to redemption, shall be in such denominations, shall be payable in such medium of payment at such place or places, shall be of such tenor, and shall have such other terms and provisions as are provided in the Indenture. The form and denominations of the Series 2007 Bonds and the provisions for execution, delivery, authentication, payment, exchange, transfer, registration, and redemption shall be as set forth in the Indenture.

4. It is found, ascertained, determined, and declared that the rental payments to be received by the Issuer under the Lease Agreement, as represented by the Lessee, have been calculated to be sufficient to pay the principal of, premium, if any, and interest on the Series 2007 Bonds as the same become due and payable, and all of such payments and other payments received under the Lease Agreement, the Contract, and all other revenues arising out of or in connection with the collateral pertaining to the Series 2007 Bonds are hereby pledged for that purpose and in addition for such other purposes as are more fully set forth and provided for in the Indenture. The Series 2007 Bonds shall be secured as provided in the Indenture.

5. The Series 2007 Bonds shall never constitute an indebtedness or general obligation of the State of Georgia, the County, or any other political subdivision of the State of Georgia, within the meaning of any constitutional provision or statutory limitation whatsoever, nor a pledge of the faith and credit or taxing power of any of the foregoing, nor shall any of the foregoing be subject to any pecuniary liability thereon. The Issuer has no taxing power. The Series 2007 Bonds shall not be payable from nor a charge upon any funds other than the revenues pledged to the payment thereof and shall be limited or special obligations of the Issuer payable solely from the funds provided therefor in the Indenture, including the proceeds of the ad valorem tax that the County is obligated to levy pursuant to the Contract. No owner of the Series 2007 Bonds shall ever have the right to compel the exercise of the taxing power of the State of Georgia, the County, or any other political subdivision of the State of Georgia, except to levy the ad valorem tax required by the Contract, to pay the principal of the Series 2007 Bonds or the interest or any premium thereon, or to enforce payment thereof against any property of the foregoing, other than the proceeds of the ad valorem tax required by the Contract, nor shall the Series 2007 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the foregoing, other than the proceeds of the ad valorem tax required by the Contract. Neither the members of the Board of Directors of the Issuer nor any person executing the Series

2007 Bonds shall be liable personally on the Series 2007 Bonds by reason of the issuance thereof.

6. The provisions for guaranty, insurance, construction, use, operation, maintenance, and financing of the Project shall be as provided in the Lease Agreement. The obligations of the Issuer with respect to the Project shall be as provided in the Lease Agreement, the Indenture, and the Contract.

7. The forms, terms, and conditions and the execution, delivery, and performance of the Indenture, the Lease Agreement, and the Contract, attached hereto as Exhibits A, B, and C, respectively, are hereby approved and authorized. The Indenture, the Lease Agreement, and the Contract (collectively the "Issuer Contracts") shall be in substantially the forms submitted to the Board of Directors of the Issuer with such changes, corrections, deletions, insertions, variations, additions, or omissions as may be approved by the Chairman or Vice Chairman of the Board of Directors of the Issuer, whose approval thereof shall be conclusively evidenced by the execution of each such instrument.

8. The Bank of New York Trust Company, N.A., Atlanta, Georgia, is hereby appointed and designated to act as trustee under the Indenture and paying agent and bond registrar for the Series 2007 Bonds.

9. The Chairman or Vice Chairman of the Board of Directors of the Issuer is hereby authorized and directed to execute on behalf of the Issuer the Issuer Contracts, and the Secretary or Assistant Secretary of the Issuer is hereby authorized and directed to affix thereto and attest the seal of the Issuer, upon proper execution and delivery of the other parties thereto, provided, that in no event shall any such attestation or affixation of the seal of the Issuer be required as a prerequisite to the effectiveness thereof, and the Chairman or Vice Chairman and Secretary or Assistant Secretary are authorized and directed to deliver such instruments and documents on behalf of the Issuer to the other parties thereto, and to execute and deliver all such other instruments, documents, affidavits, or certificates and to do and perform all such things and acts as each shall deem necessary or appropriate in furtherance of the issuance of the Series 2007 Bonds and the carrying out of the transactions authorized by this Bond Resolution or contemplated by the instruments and documents referred to in this Bond Resolution. The Series 2007 Bonds shall be executed on behalf of the Issuer by its Chairman or Vice Chairman by his manual or facsimile signature, and the official seal of the Issuer shall be impressed or reproduced thereon and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Issuer. All such facsimile signatures and the reproduction of the official seal of the Issuer on the Series 2007 Bonds shall have the same force and effect as if such officers had manually signed the Series 2007 Bonds and as if the official seal of the Issuer had been impressed on the Series 2007 Bonds; provided that no Series 2007 Bond shall be valid or obligatory for any purpose unless and until the certificate of authentication contained in the form of the Series 2007 Bonds shall have been duly executed by the manual signature of an authorized signatory of the Trustee, as required by the Indenture.

10. The Chairman or Vice Chairman of the Issuer is authorized and directed on behalf of the Issuer (i) to execute and deliver a certificate as to the reasonable expectations of the Issuer regarding the amount and use of the proceeds of the Series 2007A Bonds, such certificate to be

based upon representations of the Lessee, (ii) to execute and file with the Internal Revenue Service Internal Revenue Service Form 8038, as required by Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code"), and (iii) to execute and make all other certifications and filings required under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder.

11. The attorneys for the Issuer, Jarrard & Davis, LLP, are hereby authorized and instructed to commence validation proceedings in accordance with the requirements of Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, as amended, and to take all actions necessary to obtain an order of the Superior Court of Cherokee County, Georgia validating and confirming the Series 2007 Bonds and the security therefor. The Chairman or Vice Chairman and Secretary or Assistant Secretary are hereby authorized and directed to execute any pleadings in connection therewith.

12. This Bond Resolution and the Indenture, the Lease Agreement, and the Contract, as approved by this Bond Resolution, all of which are hereby incorporated in this Bond Resolution by this reference thereto, shall be placed on file at the office of the Issuer and made available for public inspection by any interested party immediately following the passage and approval of this Bond Resolution.

13. The Series 2007A Bonds shall be issued only after public notice of and the conduct of a Public Hearing and the grant of Public Approval for the issuance of the Series 2007A Bonds by the County, in accordance with the requirements of Section 147(f) of the Code. The Issuer hereby appoints Angela E. Davis as its hearing officer to conduct the public hearing on the Series 2007A Bonds and on the location and nature of the facility to be financed with the proceeds of the Series 2007A Bonds and authorizes all actions to be taken by her in that regard.

14. No representation, statement, covenant, stipulation, obligation, or agreement herein contained, or contained in the Series 2007 Bonds, the Issuer Contracts, or in any certificate or other instrument to be executed in connection with the issuance of the Series 2007 Bonds, shall be deemed to be a representation, statement, covenant, stipulation, obligation, or agreement of any director, officer, employee, or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any of the officers of the Issuer executing the Series 2007 Bonds, the Issuer Contracts, or any certificate or other instrument to be executed in connection with the issuance of the Series 2007 Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

15. Except as otherwise expressly provided herein or in the Series 2007 Bonds or the Issuer Contracts, nothing in this Bond Resolution or in the Series 2007 Bonds or the Issuer Contracts, express or implied, is intended or shall be construed to confer upon any person, firm, corporation, or other organization, other than the Issuer, the Lessee, the County, the Trustee, and the owners from time to time of the Series 2007 Bonds, any right, remedy, or claim, legal or equitable, under and by reason of this Bond Resolution or any provision hereof, or of the Series 2007 Bonds or the Issuer Contracts, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Lessee, the County, the Trustee, and the owners from time to time of the Series 2007 Bonds.

16. All acts, conditions, and things relating to the passage of this Bond Resolution, to the issuance, sale, and delivery of the Series 2007 Bonds and to the execution and delivery of the Issuer Contracts, required by the Constitution or other laws of the State of Georgia to happen, exist, and be performed precedent to the passage hereof, have happened, exist, and have been performed as so required, with the exception of the validation proceedings referred to in paragraph 11 above.

17. The directors of the Issuer and its officers, attorneys, engineers, or other agents or employees are hereby authorized to do all acts and things required of them by this Bond Resolution, the Series 2007 Bonds, and the Issuer Contracts and to do all acts and things that are desirable and consistent with the requirements hereof or of the Series 2007 Bonds and the Issuer Contracts, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained herein or in the Series 2007 Bonds and the Issuer Contracts.

18. The Issuer covenants and agrees that this Bond Resolution shall constitute a contract between the Issuer and the owners from time to time of the Series 2007 Bonds, and that all covenants and agreements set forth herein and in the Series 2007 Bonds and the Issuer Contracts to be performed by the Issuer shall be for the equal and ratable benefit and security of the owners from time to time of the Series 2007 Bonds and any additional parity bonds issued under the Indenture, without privilege, priority, or distinction as to lien or otherwise of any of such bonds over any other of such bonds. The Issuer expressly reserves the right to issue subsequent bonds on a parity with the Series 2007 Bonds as provided in the Indenture.

19. All motions, orders, ordinances, bylaws, resolutions, and parts thereof in conflict herewith are hereby repealed to the extent only of such conflict. This repealer shall not be construed as reviving any motion, order, ordinance, bylaw, resolution, or part thereof.

20. This Bond Resolution shall become effective immediately, and if any section, paragraph, clause, or provision hereof shall for any reason be held invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining provisions hereof.

PASSED, ADOPTED, SIGNED, APPROVED, and **EFFECTIVE** this 3rd day of July 2007.

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E. Hubbard
Vice Chairman

Attest:

Sheila R. Corkin
Secretary

EXHIBIT A

STATE OF GEORGIA)
)
COUNTY OF CHEROKEE)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
(a public corporation created
and existing under the laws of the State of Georgia)

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.
(a banking association with trust powers chartered and existing
under the laws of the United States of America)

as Trustee

TRUST INDENTURE AND SECURITY AGREEMENT

Dated as of July 1, 2007

This instrument prepared by:

Kilpatrick Stockton LLP
1100 Peachtree Street
Suite 2800
Atlanta, Georgia 30309

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(This Table of Contents is not a part of the Trust Indenture and Security Agreement and is only for convenience of reference.)

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TRUST INDENTURE AND SECURITY AGREEMENT

THIS TRUST INDENTURE AND SECURITY AGREEMENT, made and entered into as of July 1, 2007, between the Resource Recovery Development Authority of Cherokee County (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia, and The Bank of New York Trust Company, N.A. (the "Trustee"), a banking association chartered and existing under the laws of the United States of America and duly authorized and empowered to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, as trustee;

WITNESSETH:

WHEREAS, the Issuer has adopted a Bond Resolution (hereinafter sometimes referred to as the "Bond Resolution") authorizing the issuance of its revenue bonds for the purpose of financing the costs of acquiring, constructing, and installing land, buildings, improvements, fixtures, and other real and personal property located within the territorial limits of Cherokee County, Georgia constituting a solid waste disposal and recycling facility to be located at _____ Road in _____, Cherokee County, Georgia (hereinafter sometimes referred to as the "Project"); and

WHEREAS, to accomplish the financing as contemplated in the Bond Resolution, the Issuer and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under the laws of the State of Georgia, will enter into a Lease Agreement (the "Lease Agreement"), dated the date hereof, pursuant to the terms of which the Issuer will acquire, construct, and install the Project and the Lessee will lease the Project from the Issuer and will pay to the Issuer such rentals at such times and in such amounts as will be required to enable the Issuer to pay the principal of, premium, if any, and interest on the revenue bonds to be issued, as and when the same become due; and

WHEREAS, the Issuer and Cherokee County, Georgia (the "County") will enter into an Intergovernmental Solid Waste Contract (the "Contract"), dated the date hereof, under the terms of which the County (1) will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the revenue bonds to be issued when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) will agree to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract; and

WHEREAS, to secure its obligation to pay principal of, premium, if any, and interest on the revenue bonds to be issued hereunder, the Issuer has agreed to assign and pledge to the Trustee, and grant a first priority security interest in, all of its right, title, and interest in the Lease Agreement (except for the Unassigned Rights, as defined in the Lease Agreement) and the Contract and in certain funds established and held hereunder, all pursuant to the granting clauses of this Trust Indenture and Security Agreement (hereinafter sometimes referred to as the "Indenture"); and

WHEREAS, the execution and delivery of this Indenture, the Lease Agreement, and the Contract were authorized by the Bond Resolution, which was duly adopted and approved; and

WHEREAS, in order to obtain funds to finance the costs of acquiring, constructing, and installing the Project and related costs, including necessary expenses incidental thereto, the Issuer will issue its revenue bonds to be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" in the aggregate principal amount of $_____ (hereinafter referred to as the "Series 2007 Bonds"); and

WHEREAS, it is anticipated that additional amounts may be necessary to improve the Project, and as a result provision should be made for the issuance of additional parity bonds of the Issuer from time to time as specified in Section 211 hereof (hereinafter sometimes referred to as the "Additional Bonds"); and

WHEREAS, the Series 2007 Bonds to be issued, the Trustee's Certificate of Authentication and Validation Certificate to be endorsed on such Series 2007 Bonds, and the Assignment for Transfer of such Series 2007 Bonds are to be in substantially the following forms, and any Additional Bonds, Trustee's Certificate of Authentication and Validation Certificate, and Assignment for Transfer are also to be in substantially the following forms (except as to redemption, sinking fund, and other provisions peculiar to such Additional Bonds), with necessary and appropriate variations, omissions, and insertions as permitted or required by this Indenture, to wit:

[FORM OF BOND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company ("DTC"), a New York corporation, to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF GEORGIA
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL [TAXABLE] REVENUE BOND
(BALL GROUND RECYCLING, LLC PROJECT)
SERIES 2007[A or B]

Number R[**A or B**]-_____ Principal Amount $_____

Rate of Interest:	Maturity Date:	Dated:	CUSIP:
____%	July 1, ____	July __, 2007	

Registered Owner: CEDE & CO.

KNOW ALL MEN BY THESE PRESENTS that the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia, for value received, hereby promises to pay, but only from the source as hereinafter provided, to the registered owner shown above, or registered assigns, on the maturity date specified above (unless this bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for), the principal sum stated above and in like manner to pay interest on such principal sum from time to time remaining unpaid from and including the date hereof or from and including the most recent Interest Payment Date (as defined in the hereinafter defined Indenture) with respect to which interest has been paid or duly provided for, until payment of such principal sum has been made, at the rate of interest stated above per annum (computed on the basis of a 360-day year consisting of twelve 30-day months), on January 1, 2008, and semiannually thereafter on July 1 and January 1 of each year until payment in full of such principal sum. This bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the aforesaid rate.

Principal of and premium, if any, on this bond shall be payable by check or draft in lawful money of the United States of America by presentation and surrender of this bond at the principal corporate trust office of The Bank of New York Trust Company, N.A., Atlanta, Georgia, as trustee, or its successor in trust (the "Trustee") or at the duly designated office of any duly appointed alternate or successor paying agent. Payment of interest on this bond shall be

made to the registered owner and shall be paid in lawful money of the United States of America by check or draft mailed on the applicable Interest Payment Date to such registered owner as of the close of business on the applicable Record Date (as defined in the Indenture) at its address as it appears on the registration books of the Issuer maintained by the Trustee, as bond registrar, or at such other address as is furnished in writing by such registered owner to the Trustee. If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such defaulted interest shall be paid to the owner in whose name this bond is registered at the close of business on the Special Record Date (as defined in the Indenture) next preceding the date of payment of such defaulted interest.

[Upon the occurrence of a Determination of Taxability (as defined in the Indenture), the interest rate per annum borne by this bond shall be increased to the Taxable Rate (as hereinafter defined) as of, from, and after the Date of Taxability (as defined in the Indenture). "Taxable Rate" means the interest rate borne by this bond before the Date of Taxability plus ___ percent per annum. An amount equal to the difference between the interest paid on this bond at the rate of interest stated above per annum during the Inclusion Period (as defined in the Indenture) and the interest that would have accrued on this bond during the Inclusion Period had the interest rate on this bond during the Inclusion Period been equal to the Taxable Rate, which amount shall be owed retroactively on this bond as a result of the occurrence of a Determination of Taxability, shall be payable thirty (30) days after the date of the Determination of Taxability and shall be apportioned among registered owners of this bond during the Inclusion Period according to the ratio of the number of days they were registered owners of this bond during the Inclusion Period to the total number of days within the Inclusion Period.

Retroactive interest payable on this bond as a result of the occurrence of a Determination of Taxability shall be paid by check or draft mailed to each person in whose name this bond was registered during the Inclusion Period at its address as it appears on the registration books of the Issuer maintained by the Trustee, as bond registrar.]

This bond is one of an authorized issue of bonds in the original aggregate principal amount of $_____ (the "Series 2007**[A or B]** Bonds"), authorized to be issued, together with $_____ in original aggregate principal amount of the Issuer's Solid Waste Disposal **[Taxable]** Revenue Bonds (Ball Ground Recycling, LLC Project, Series 2007**[A or B]** (the "Series 2007**[A or B]** Bonds"), for the purpose of financing the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located at _____ in _____, Cherokee County, Georgia, including the land, buildings, improvements, fixtures, and other real and personal property therefor, located within the territorial limits of Cherokee County, Georgia (hereinafter referred to as the "Project"), and related costs and necessary expenses incidental thereto. The Project will be owned by the Issuer, and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under the laws of the State of Georgia, will lease the Project from the Issuer pursuant to a Lease Agreement (the "Lease Agreement"), dated as of July 1, 2007, between the Issuer and the Lessee. The Lessee is obligated pursuant to the Lease Agreement to pay to the Issuer such rentals as will always be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007A Bonds and the Series 2007B Bonds (collectively the "Series 2007 Bonds"), as the same mature and become due, and under the Lease Agreement it is the

obligation of the Lessee to pay all expenses of operating and maintaining the Project in good repair, to keep it properly insured, and to pay all taxes, assessments, and other charges levied or assessed against or with respect to the Project.

The Issuer and Cherokee County, Georgia (the "County") have entered into an Intergovernmental Solid Waste Contract (the "Contract"), dated as of July 1, 2007, under the terms of which the County agreed (1) to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2007 Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract.

The Series 2007 Bonds are all issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture and Security Agreement (the "Indenture"), dated as of July 1, 2007, duly executed and delivered by and between the Issuer and the Trustee. Pursuant to the Indenture, as security for the payment of the principal of, premium, if any, and interest on the Series 2007 Bonds, the Issuer assigned and pledged to the Trustee, and granted a first priority security interest in, all of its right, title, and interest in the Lease Agreement (except for the Unassigned Rights, as defined in the Lease Agreement) and the Contract and in certain funds established and held under the Indenture. It is provided in the Indenture that the Issuer may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds will rank on a parity with the Series 2007 Bonds. Reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the property subject to the lien and security interest of the Indenture, the provisions, among others, with respect to the nature and extent of the security for the Series 2007 Bonds, the rights, duties, and obligations of the Issuer, the Trustee, and the owners of the Series 2007 Bonds, the issuance of Additional Bonds, the terms upon which Additional Bonds may be issued and secured, and the provisions regulating the manner in which the terms of the Indenture, the Lease Agreement, and the Contract may be modified, to all of which provisions the owner of this bond, on behalf of itself and its successors in interest, assents by acceptance hereof.

THIS BOND SHALL NEVER CONSTITUTE AN INDEBTEDNESS, DEBT, OR GENERAL OBLIGATION OF THE STATE OF GEORGIA, CHEROKEE COUNTY, GEORGIA, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY DEBT LIMITATION WHATSOEVER, NOR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF ANY OF THE FOREGOING, NOR SHALL ANY OF THE FOREGOING BE SUBJECT TO ANY PECUNIARY LIABILITY HEREON. THE ISSUER HAS NO TAXING POWER. THIS BOND SHALL NOT BE PAYABLE FROM NOR A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES PLEDGED TO THE PAYMENT HEREOF AND SHALL BE A LIMITED OR SPECIAL OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR IN THE INDENTURE, INCLUDING THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX THAT CHEROKEE COUNTY, GEORGIA IS OBLIGATED TO LEVY. NO

OWNER OF THIS BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF GEORGIA, CHEROKEE COUNTY, GEORGIA, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, EXCEPT TO LEVY THE HEREINBEFORE DESCRIBED AD VALOREM TAX, TO PAY THE PRINCIPAL OF THIS BOND OR THE INTEREST OR ANY PREMIUM HEREON, OR TO ENFORCE PAYMENT HEREOF AGAINST ANY PROPERTY OF THE FOREGOING, OTHER THAN THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX, NOR SHALL THIS BOND CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE FOREGOING OTHER THAN THE PROCEEDS OF THE HEREINBEFORE DESCRIBED AD VALOREM TAX. NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY PERSON EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND BY REASON OF THE ISSUANCE THEREOF.

The Series 2007 Bonds are issuable only in the form of fully registered bonds without coupons in the denominations of $5,000 each or any integral multiple thereof. The Issuer has established a book-entry system of registration for the Series 2007 Bonds. Except as specifically provided otherwise in the Indenture, an agent will hold this bond on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery, or transfer, the beneficial owner of this bond shall be deemed to have agreed to such arrangement. While the Series 2007 Bonds are in the book-entry system of registration, the Indenture provides special provisions relating to the Series 2007 Bonds that override certain other provisions of the Indenture. This bond is transferable by the registered owner hereof in person or by its attorney duly authorized in writing at the principal corporate trust office of the Trustee but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer, a new registered bond or bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same series, interest rate, and maturity or maturities will be issued to the transferee in exchange herefor.

Series 2007**[A or B]** Bonds maturing on or after July 1, ____ are subject to optional redemption by the Issuer upon written request of the Lessee prior to maturity, in whole on any date or in part on any interest payment date, in either event on or after July 1, ____, and if in part in inverse order of maturity and by lot within a maturity in amounts not less than $5,000, in such manner as may be designated by the Trustee, at the redemption prices (expressed as percentages of principal amount redeemed) set forth in the following table plus accrued interest to the redemption date:

Redemption Period	Redemption Price

In addition, Series 2007**[A or B]** Bonds maturing on July 1, ____ are subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by

the Trustee, in accordance with the mandatory redemption requirements of Article III of the Indenture, at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following principal amounts (which include the principal amount that will be outstanding on the date of maturity) and on the dates set forth below:

Series 2007[A or B] Bonds Maturing July 1, ____

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount

(Leaving $_____ to mature July 1, ____)

A copy of the notice of the call for any redemption identifying the Series 2007 Bonds to be redeemed shall be given by first class mail, postage prepaid, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, to the registered owners of Series 2007 Bonds to be redeemed at their addresses as shown on the registration books.

[As described in this paragraph and as set forth more completely in the Indenture, upon the occurrence of a Determination of Taxability (as defined in the Indenture), each registered owner of the Series 2007A Bonds shall have the right, at such owner's option, to cause all or any portion of such owner's Series 2007A Bonds then outstanding to be purchased by the Lessee on the date (the "Optional Tender Date") that is 60 days after any date on which the Trustee gives notice to the owners of the Series 2007A Bonds of the occurrence of a Determination of Taxability at a purchase price (the "Tender Purchase Price") of 100% of the unpaid principal amount thereof plus accrued interest to the Optional Tender Date, but without premium. On or before the fifteenth (15th) day after the Trustee receives notice that a Determination of Taxability has occurred, the Trustee shall mail by first class mail (postage prepaid) to all registered owners of the Series 2007A Bonds at the addresses shown on the registration books at the close of business on the fifth (5th) day preceding the date of mailing a notice of the occurrence of the Determination of Taxability, the Optional Tender Date, the date by which the tender option right must be exercised, the Tender Price for Series 2007A Bonds, and the procedures that the registered owners of the Series 2007A Bonds must follow to exercise the tender option right.

In order to exercise the tender option right with respect to any Series 2007A Bonds, the registered owner of any Series 2007A Bonds must deliver, on or before the thirtieth (30th) day prior to the Optional Tender Date, a properly executed written notice to the Trustee signed by such registered owner or its attorney duly authorized in writing, stating that such registered owner is exercising its option to have such Series 2007A Bond(s) purchased and specifying the principal amount and numbers of the Series 2007A Bonds to be tendered by such registered owner to the Lessee for purchase on the Optional Tender Date and agreeing to surrender such Series 2007A Bonds to the Trustee on the Optional

Tender Date together with an appropriate instrument of transfer. The election to exercise such tender option right made in such notice shall be irrevocable and binding upon such registered owner of any Series 2007A Bonds and on any transferee thereof until and through the Optional Tender Date, unless waived in writing by the Lessee.

If any registered owner of a Series 2007A Bond shall fail to deliver any Series 2007A Bonds for which an election to tender has been made in accordance with the Indenture, such Series 2007A Bonds that are not delivered to the Trustee shall be deemed to have been properly tendered to the Trustee for purchase and, to the extent that there shall be on deposit in the Purchase Fund held under the Indenture on or before the Optional Tender Date an amount sufficient to pay the Tender Price for such Series 2007A Bonds, such Series 2007A Bonds shall be deemed to have been purchased by the Lessee on the Optional Tender Date, and the owner of any such Series 2007A Bond shall not be entitled to receive any interest on such Series 2007A Bond after the Optional Tender Date. Any registered owner of Series 2007A Bonds that does not elect to tender any Series 2007A Bonds strictly in compliance with the Indenture shall be deemed to have elected to retain such Series 2007A Bonds.

IN THE EVENT OF A FAILURE BY ANY REGISTERED OWNER OF A SERIES 2007A BOND TO DELIVER ANY SERIES 2007A BONDS FOR WHICH AN ELECTION TO TENDER HAS BEEN MADE IN ACCORDANCE WITH THE INDENTURE, SUCH REGISTERED OWNERS SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING INTEREST TO ACCRUE SUBSEQUENT TO THE OPTIONAL TENDER DATE), OTHER THAN THE TENDER PRICE FOR SUCH UNTENDERED SERIES 2007A BONDS, AND SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE INDENTURE, EXCEPT FOR THE PURPOSE OF PAYMENT OF THE TENDER PRICE THEREOF. REPLACEMENT SERIES 2007A BONDS SHALL BE ISSUED IN PLACE OF SUCH UNTENDERED SERIES 2007A BONDS PURSUANT TO THE INDENTURE, AND AFTER THE ISSUANCE OF THE REPLACEMENT SERIES 2007A BONDS SUCH UNTENDERED SERIES 2007A BONDS SHALL NO LONGER BE CONSIDERED OUTSTANDING UNDER THE INDENTURE. The registered owner of any such untendered Series 2007A Bonds shall be entitled to receive payment of the Tender Price thereof upon surrender of the same to the Trustee.

The Trustee shall, in its sole discretion, determine, with respect to any Series 2007A Bond, whether the registered owner thereof shall have properly exercised its option of purchase, and the Trustee shall have the right in its sole discretion to waive formal defects in connection therewith. The Trustee shall promptly acknowledge receipt of all notices of exercise of such tender option rights to the registered owners of all Series 2007A Bonds with respect to which such notices were delivered to the Trustee.

THE COUNTY HAS NO OBLIGATION OR LIABILITY UNDER THE CONTRACT WITH RESPECT TO THE TENDER OPTION RIGHTS FOR ANY OF THE SERIES 2007A BONDS.]

This bond and the series of which it forms a part, as may be outstanding from time to time, are issued pursuant to and in full conformity with a resolution duly adopted by the

governing body of the Issuer under the authority of and in full conformity with the Constitution and statutes of the State of Georgia, particularly the provisions of Chapter 63 of Title 36 of the Official Code of Georgia Annotated, entitled "Resource Recovery Development Authorities Law," as amended (the "Act"). This bond and the series of which it forms a part are not general obligations of the Issuer but are payable solely from the revenues and receipts derived from the Project and otherwise as provided in the Indenture. Pursuant to the provisions of the Lease Agreement and the Contract, rental payments (or, if rental payments are not made, payments by the County) sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Series 2007 Bonds are to be paid to the Trustee for the account of the Issuer and deposited in a special account created by the Issuer and designated the "Bond Fund" and have been and are hereby again duly pledged for that purpose. The obligations hereunder shall be limited as provided in Section 36-63-10 of the Act. This Series 2007 Bond is issued by the Issuer to aid in the financing of a "project," as such term is defined in the Act, to accomplish the public purposes of the Act.

The owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in, or defend any suit or other proceedings with respect thereto except as provided in the Indenture. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of this bond do exist, have happened, and have been performed in due time, form, and manner as required by law in order to make this bond a valid and legal revenue obligation of the Issuer and that the issuance of the Series 2007 Bonds, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation applicable to the Issuer.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Trustee's certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** has caused this bond to be executed by its Chairman by his manual signature, has caused its official seal to be impressed hereon, and has caused this bond to be attested by its Secretary by his manual signature.

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By:_____
Chairman

Attest:

_____
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds of the series described in the within-mentioned Indenture.

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

By:_____
Authorized Signatory

Date of Registration
and Authentication:

_____, _____

VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF CHEROKEE

The undersigned Clerk of the Superior Court of Cherokee County, Georgia, does hereby certify that the within bond and the security therefor was validated and confirmed by judgment of the Superior Court of Cherokee County, Georgia, rendered on the ____ day of July 2007, that no intervention or objection was filed opposing the validation of the within bond and the security therefor, and that no appeal of such judgment of validation has been taken.

IN WITNESS WHEREOF, the undersigned has hereunto executed this certificate by her manual signature and has impressed hereon the official seal of the Superior Court of Cherokee County, Georgia.

_____
Clerk, Superior Court of Cherokee County,
Georgia

(COURT SEAL)

The following abbreviations, when used in the inscription on this bond or in the assignment below, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common and not as community property
UNIF TRANS MIN ACT	-	_____ Custodian _____ (Custodian) (Minor) under Uniform Transfers to Minors Act _____ (State)

Additional abbreviations may also be used although not in the above list.

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned, _____, _____, hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____
(Signature Guaranteed)

Notice: Signature(s) must be guaranteed by an eligible guarantor institution (such as banks, stockbrokers, savings and loan associations, and credit unions) with membership in an approved Signature Guarantee Medallion Program pursuant to S.E.C. Rule 17Ad-15.

_____
Registered Owner

Notice: The signature(s) on this assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

WHEREAS, all things necessary to make the Series 2007 Bonds, when executed by the Issuer and when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding, and legal obligations of the Issuer according to the import thereof, to constitute this Indenture a valid lien on the interests in property hereby conveyed, a valid grant of a security interest in the interests in property hereby made, and a valid assignment and pledge of the revenues and receipts hereby made to secure the payment of the principal of, premium, if any, and interest on the Series 2007 Bonds, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms have been done and performed, and the creation, execution, and delivery of this Indenture and the creation, execution, and issuance of the Series 2007 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS TRUST INDENTURE AND SECURITY AGREEMENT WITNESSETH:

That the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Series 2007 Bonds by the owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds (as hereinafter defined) according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, grant, bargain, sell, transfer, convey, pledge, and assign, without recourse and irrevocably in trust, unto The Bank of New York Trust Company, N.A., as trustee, and unto its successors in trust, and to its assigns forever, and does hereby grant a continuing security interest in (to the extent permitted by law), for the securing of the performance of the obligations of the Issuer hereinafter set forth, the property, real or personal, tangible or intangible, which property is more particularly described below:

GRANTING CLAUSE FIRST

All the right, title, and interest of the Issuer in and to (a) the Lease Agreement, dated as of July 1, 2007, between the Issuer and the Lessee (except for Unassigned Rights, as defined in the Lease Agreement) and (b) the Intergovernmental Solid Waste Contract, dated as of July 1, 2007, between the County and the Issuer, and all extensions and renewals of the terms thereof, if any, and all amounts encumbered thereby, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things that the Issuer is or may become entitled to do under the foregoing, provided that the assignment made by this clause shall not impair or diminish any obligation of the Issuer under the provisions of the foregoing.

GRANTING CLAUSE SECOND

All the right, title, and interest of the Issuer in and to (a) all of the rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the real property described in Exhibit A attached hereto, on which the Project will be located, and from and in connection with the Issuer's ownership of the Project, including, without limiting the generality of the foregoing, rents and revenues under any and all leases of the Project or any agreement for the operation or management of the Project, and (b) all leases of all or part of the Project hereafter made, executed, or delivered, whether oral or written, together with any and all renewals, extensions, and modifications thereof and any guarantees of the lessees' obligations under any thereof and any and all tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, and other contracts, licenses, and permits now or hereafter affecting the Project or any part thereof.

GRANTING CLAUSE THIRD

All the right, title, and interest of the Issuer in and to all cash proceeds and receipts arising out of or in connection with the sale of the Bonds (as defined herein) and all moneys held by the Trustee in the funds created under this Indenture, including the Bond Fund, the Project Fund, the Issuance Cost Fund, the Debt Service Reserve Fund, and the Purchase Fund created hereunder, or held by the Trustee as special trust funds derived from insurance proceeds, condemnation awards, payments on contractors' performance or payment bonds or other surety bonds, or any other source.

GRANTING CLAUSE FOURTH

All the right, title, and interest of the Issuer in and to all moneys and securities and interest earnings thereon from time to time delivered to and held by the Trustee under the terms of this Indenture and all other rights of every name and nature and any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned, or transferred as and for additional security hereunder by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

GRANTING CLAUSE FIFTH

All the right, title, and interest of the Issuer in and to all proceeds (cash and noncash) of any or all of the foregoing, including, without limiting the generality of the foregoing, all inventory, accounts, chattel paper, documents, equipment, instruments, investment property, deposit accounts, farm products, consumer goods, and general intangibles constituting proceeds acquired with cash proceeds of any or all of the foregoing.

IN EACH CASE, whether now owned or hereafter acquired by the Issuer and howsoever its interest therein may arise or appear (whether by ownership, security interest, claim, or otherwise) and whether due or to become due and whether or not earned by performance;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby pledged, conveyed, and assigned, or agreed or intended so to be, to the Trustee and its successors in such trusts and to them and their assigns forever;

SUBJECT, HOWEVER, to "Permitted Encumbrances" as defined in Section 101 of this Indenture;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security, and protection of all present and future owners of the Bonds from time to time issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay or cause to be paid to the owners of the Bonds the principal, interest, and premium, if any, due or to become due thereon at the times and in the manner stipulated therein and herein, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required hereby, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon and if the Issuer shall well and truly keep, perform, and observe all and singular the covenants, conditions, and premises in the Bonds and in this Indenture expressed as to be kept, performed, and observed by it or on its part, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then these presents and the estate and rights hereby granted shall, at the option of the Issuer, cease, determine, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof and reconvey to the Issuer the estate hereby conveyed and assign and deliver to the Issuer any property at the time subject to the lien of this Indenture, which may then be in its possession, except amounts in the funds created hereunder required to be paid to the Lessee or the County under Section 614 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds; otherwise this Indenture to be and remain in full force and effect until such time as the principal of the Bonds and the interest and premium, if any, thereon have been paid or provided for as hereinafter set out.

NOW, THEREFORE, THE ISSUER AND THE TRUSTEE FURTHER AGREE that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and all the revenues, receipts, and property hereby conveyed, pledged, and assigned and that are the subject of a grant of a security interest are to be dealt with and disposed of under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as herein expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions. Certain words and terms used in this Indenture shall have the meaning given them in Section 1.01 of the Lease Agreement, which by this reference is incorporated herein. In addition to the words and terms defined elsewhere herein, the following words and terms shall have the meanings set forth below. When used herein, such words and terms shall have the meanings given to them by the language employed in Section 1.01 of the Lease Agreement and in this Article I defining such words and terms, unless the context or use clearly indicates otherwise.

"Beneficial Owner" shall have the meaning specified in Section 213 hereof.

"Defaulted Interest" means any interest on any Bond that is due and payable, but that is not punctually paid or duly provided for on any Interest Payment Date.

"DTC" means The Depository Trust Company, New York, New York or its nominee, or its successors and assigns, or any other depository performing similar functions under this Indenture.

"Event of Default" means the events specified in Section 1101 of this Indenture.

"Inclusion Period" means the period that commences on the Date of Taxability and ends on the date of the Determination of Taxability.

"Interest Payment Date" means January 1 and July 1 of each year, commencing January 1, 2008, in the case of Series 2007 Bonds, and the dates on which interest is scheduled to be paid, in the case of Additional Bonds.

"Letter of Representations" means the Blanket Issuer Letter of Representations, dated _____, 2007, between the Issuer and DTC.

"Record Date" means the fifteenth (15th) day of the month (whether or not a business day) next preceding each Interest Payment Date.

"Special Record Date" means the date fixed by the Trustee for the payment of any Defaulted Interest pursuant to Section 202 of this Indenture.

"Taxable Rate" means, with respect to any Series 2007A Bond, the interest rate borne by such Series 2007A Bond before the Date of Taxability plus the percentages per annum set forth below that correspond with the maturity dates of the Series 2007A Bonds:

Section 102. Construction of Certain Terms. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(1) The use of the masculine, feminine, or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine, or neuter gender, as appropriate.

(2) All references in this instrument to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this instrument. The words "herein," "hereof," "hereto," "hereby," and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, or other subdivision.

(3) The terms defined in this Article include the plural as well as the singular.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles promulgated by the American Institute of Certified Public Accountants, on and as of the date of this instrument.

Section 103. Table of Contents; Titles and Headings. The table of contents, the titles of the articles, and the headings of the sections of this Indenture are solely for convenience of reference, are not a part of this Indenture, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 104. Contents of Certificates or Opinions. Every certificate or opinion with respect to the compliance with a condition or covenant provided for in this Indenture and which is precedent to the taking of any action by the Trustee under this Indenture shall include (i) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition herein and the definitions herein relating thereto, (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with, and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an officer of the Issuer or the Lessee may be based, insofar as it relates to legal or accounting matters, upon a certificate or an opinion of counsel or an accountant, which certificate or opinion has been given only after due inquiry of the relevant facts and circumstances, unless such officer knows that the certificate or opinion with respect to the matters upon which his certificate or opinion may be based is erroneous or in the exercise of reasonable care should have known that the same was erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based (insofar as it relates to factual matters with respect to information that is in the possession of an officer of the Issuer or the Lessee or any third party) upon the certificate or opinion of or representations by an officer of the Issuer or the Lessee or any third party on whom counsel or an accountant could reasonably rely, unless such counsel or such accountant knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same

were erroneous. The same officer of the Issuer or the Lessee or the same counsel or accountant, as the case may be, need not certify to or render an opinion as to all of the matters required to be certified or covered by an opinion under any provision of this Indenture, but different officers, counsel, or accountants may certify to or render an opinion as to different matters, respectively.

[End of Article I]

ARTICLE II

THE BONDS

Section 201. **Authorized Amount of Bonds.** No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total aggregate principal amount of Series 2007 Bonds that may be issued and outstanding hereunder is expressly limited to $_____; provided, however, that Additional Bonds may be issued as provided in Section 214 hereof.

Section 202. **Number and Payment Provisions.** The Bonds shall be issuable only as fully registered Bonds, without coupons, in denominations of $5,000 or any integral multiple thereof. Unless the Issuer shall otherwise direct, the Bonds of each series shall be lettered "R" and shall be numbered consecutively from 1 upward.

Each Bond authenticated prior to the first Interest Payment Date thereon shall bear interest from its dated date. Each Bond authenticated on or after the first Interest Payment Date thereon shall bear interest from the Interest Payment Date thereon next preceding the date of authentication thereof, unless such date of authentication shall be an Interest Payment Date to which interest on such Bond has been paid in full or duly provided for, in which case from such date of authentication; provided that if, as shown by the records of the Trustee, interest on such Bond shall be in default, such Bond shall bear interest from the date to which interest has been paid in full on such Bond or, if no interest has been paid on such Bond, its dated date. Each Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rate borne by such Bond.

The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America that, at the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal of and premium, if any, on any Bonds shall be payable to the Bondholder at the principal corporate trust office of the Trustee, upon presentation and surrender of such Bond.

Payment of the interest on each Bond shall be made by the Trustee on each Interest Payment Date to the person appearing as the registered owner thereof as of the close of business on the Record Date preceding the Interest Payment Date by check mailed to such registered owner at its address as it appears on the registration books maintained by the Trustee, or at such other address as is furnished in writing by such registered owner to the Trustee, notwithstanding the cancellation of any such Bonds upon any exchange or transfer thereof subsequent to the Record Date and prior to such Interest Payment Date. Notwithstanding anything provided above, payment of interest on the Bonds may, at the option of the owner of such Bonds in an aggregate principal amount of at least $1,000,000, be transmitted by wire transfer of immediately available funds to such owner to the bank account number on file with the Trustee, as of the relevant Record Date.

Defaulted Interest with respect to any Bond shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the registered owner of such Bond at

the close of business of the Trustee on the Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Lessee or the County shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Lessee or the County shall deposit, on behalf of the Issuer, with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Bondholders entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest, which shall be not more than fifteen nor less than ten days prior to the date of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name of the Issuer and at the expense of the Lessee, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner of a Bond at the address of such owner as it appears on the registration books not less than ten days prior to such Special Record Date. Such Defaulted Interest shall be paid to the owners in whose names the Bonds on which such Defaulted Interest is to be paid are registered on such Special Record Date.

Section 203. Execution. The Bonds shall be executed on behalf of the Issuer by its Chairman or Vice Chairman with his manual or facsimile signature and shall be attested by the manual or facsimile signature of its Secretary or Assistant Secretary, and the official seal of the Issuer shall be impressed or reproduced thereon. All such facsimile signatures shall have the same force and effect as if such officers had manually signed each of the Bonds. The reproduction of the official seal of the Issuer on the Bonds shall have the same force and effect as if the official seal of the Issuer had been impressed on the Bonds. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer after the execution but before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, and the Bonds may be issued and delivered as if such officer had remained in office until delivery.

Section 204. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth and duly executed by the Trustee shall be entitled to any right, security, or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture and that the owner thereof is entitled to the benefits of the trust hereby created. The certificate of authentication on any Bond shall be deemed to have been duly executed by the Trustee if (a) signed by an authorized officer, agent, or signatory of the Trustee, but it shall not be necessary that the same officer, agent, or signatory sign the certificate of authentication on all of the Bonds or on all of the Bonds of any series issued hereunder, and (b) the date of registration and authentication of the Bond is inserted in the place provided therefor on the certificate of authentication.

Section 205. Form of Series 2007 Bonds. The Series 2007 Bonds shall be substantially in the form set forth in the recitals of this Indenture with such variations, insertions, or omissions as are appropriate and not inconsistent herewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto.

Section 206. Mutilated, Lost, Stolen, Destroyed, or Untendered Bonds. In the event any Bond is mutilated, lost, stolen, or destroyed, the Issuer shall execute and the Trustee shall authenticate and deliver a new Bond of like series, date, number, interest rate, maturity, and denomination as that mutilated, lost, stolen, or destroyed; provided, that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen, or destroyed Bond, there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft, or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured, or shall be about to mature or have been called for redemption, instead of issuing a duplicate Bond the Issuer may pay the same without surrender thereof, making such requirements as it deems fit for its protection, including a lost instrument bond. The Issuer and the Trustee may charge the owner of such Bond with their reasonable fees and expenses in connection with actions taken under this Section and may require the owner of such Bond to pay any tax, fee, or other governmental charge that may be imposed in relation thereto as conditions precedent to the issuance of any replacement Bond(s). The Issuer shall cooperate with the Trustee in connection with the issuance of replacement Bonds, but nothing in this Section shall be construed in derogation of any rights that the Issuer or the Trustee may have to receive indemnification against liability, or payment or reimbursement of expenses, in connection with the issuance of a replacement Bond.

Replacement Series 2007A Bonds shall also be issued in the place of "untendered Series 2007A Bonds" described in Section 401(c) hereof.

Every substituted Bond issued pursuant to this Section shall constitute an original additional contractual obligation of the Issuer, whether or not the Bond alleged to have been mutilated, destroyed, lost, stolen, or untendered shall be at any time enforceable by anyone, and shall be entitled to all the rights and benefits of this Indenture equally and proportionately with any and all other Bonds Outstanding duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are, to the extent permitted by law, exclusive with respect to the replacement or payment of mutilated, destroyed, lost, stolen, or untendered Bonds, and shall preclude any and all other rights or remedies.

Section 207. Cancellation and Destruction of Surrendered Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount represented thereby, or for replacement pursuant to Section 206 hereof or transfer or exchange pursuant to Section 208 hereof, such Bond shall be promptly cancelled and shall be cremated or otherwise destroyed by the Trustee.

Section 208. Registration, Transfer, and Exchange. The Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State, and the

Bondholders, in accepting any of the Bonds, shall be conclusively deemed to have agreed that the Bonds shall be and have all of such qualities and incidents of negotiable instruments.

The Issuer shall cause books for the registration of ownership of the Bonds and for the registration of transfer of the Bonds as provided in this Indenture to be kept by the Trustee, which is hereby constituted and appointed the Issuer's Bond registrar and agent for the transfer and exchange of the Bonds and as such shall maintain the books of the Issuer for the registration of ownership of each Bond as provided in this Indenture. The Trustee, for and on behalf of the Issuer, shall keep the Bond registration record, in which shall be recorded any and all transfers of ownership of Bonds. No Bonds shall be registered to bearer. The Issuer covenants that the registration records kept by the Trustee shall at all times comply with any requirements of Section 149(a) of the Code and any regulations from time to time promulgated thereunder as may be applicable to such registration records. At reasonable times and under reasonable regulations established by the Trustee (in its capacity as registrar), such registration books may be inspected and copied by the Issuer, the Lessee, or the Beneficial Owners (or a designated representative thereof) of 15% or more in aggregate principal amount of the Bonds then unpaid.

Any Bond may be transferred upon the registration books upon surrender thereof at the principal corporate trust office of the Trustee by the Bondholder in person or by his attorney in fact or legal representative duly authorized in writing together with a written instrument of transfer in form and with guarantee of signature satisfactory to the Trustee duly executed by the Bondholder or its attorney-in-fact or legal representative duly authorized in writing and upon payment by such Bondholder of a sum sufficient to cover any governmental tax, fee, or charge required to be paid as provided in this Indenture. Upon any such registration of transfer, the Issuer shall cause to be executed and the Trustee shall authenticate and deliver in the name of the transferee a new fully registered Bond or Bonds of authorized denominations and of the same series, maturity or maturities, and interest rate(s) and in the same aggregate principal amount(s), and the Trustee shall enter the transfer of ownership in the registration books. No transfer of any Bond shall be effective until entered on the registration books.

Any Bonds, upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer in form and with guarantee of signature satisfactory to the Trustee, duly executed by the Bondholder or its attorney in fact or legal representative duly authorized in writing, may be exchanged, at the option of the Bondholder, and upon payment by such Bondholder of a sum sufficient to cover any governmental tax, fee, or charge required to be paid as provided in this Indenture, when not prohibited by law, for an equal aggregate principal amount of Bonds of the same series, interest rate(s), and maturity or maturities and of any other authorized denominations and registered in the name of the same Bondholder. The Issuer shall cause to be executed and the Trustee shall authenticate and deliver Bonds that the Bondholder making the exchange is entitled to receive, bearing numbers not then outstanding, and the Trustee, as bond registrar, shall enter the exchange in the registration books.

Except as provided herein with respect to exchanges for certain temporary Bonds, the cost of printing, lithographing, and engraving of all Bonds shall be deemed to be an Ordinary Expense of the Trustee, and there shall be no charge to any Bondholder for the registration, exchange, or transfer of Bonds, although in each case the Trustee may require the payment by the Bondholder requesting exchange or transfer of any tax, fee, or other governmental charge

required to be paid with respect thereto and may require that such amount be paid before any such new Bond shall be delivered.

The Issuer, the Trustee, the Lessee, and the County may deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Indenture and the other Bond Documents, whether such Bond shall be overdue or not, and the Issuer, the Trustee, the Lessee, and the County shall not be affected by any notice or knowledge to the contrary. Payment of, or on account of, the principal of and interest and redemption premium, if any, on any Bond shall be made to or upon the written order of such registered owner or its attorney in fact or legal representative duly authorized in writing. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The execution and attestation by the Chairman or Vice Chairman and Secretary or Assistant Secretary of the Issuer of any Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond. New Bonds delivered upon any transfer or exchange shall be valid limited obligations of the Issuer, evidencing the same obligation as the Bonds surrendered, shall be secured by this Indenture, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered. The Trustee shall not be required to transfer or exchange any Bond (a) after the notice calling such Bond for redemption has been given as herein provided, (b) during a period beginning at the opening of business on the fifteenth (15th) day (whether or not a business day) next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (c) until the certificate of validation on such Bond shall have been properly executed by the Clerk of the Superior Court of Cherokee County, Georgia.

The inclusion of the foregoing provisions shall constitute (i) a continuing request from the Issuer to the Clerk of the Superior Court of Cherokee County, Georgia to execute the certificate of validation on any replacement Bonds issued, and (ii) the appointment of the Trustee as agent of the Issuer to do any and all things necessary to effect any exchange or transfer.

Section 209. Temporary Bonds. Until Bonds in definitive form of any series are ready for delivery, or by agreement with the purchasers of all Bonds of any series, the Issuer may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of definitive Bonds, subject to the provisions, limitations, and conditions set forth above, one or more printed, lithographed, typewritten, or otherwise produced Bonds in temporary form, substantially of the tenor of the Bonds in this Article II described, with appropriate omissions, variations, and insertions as may be required and in authorized denominations.

Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the same security, lien, and benefit of this Indenture and shall have the same rights, remedies, and security hereunder as definitive Bonds to be issued and authenticated hereunder. The Issuer shall, without unreasonable delay, prepare, execute, and deliver definitive Bonds to the Trustee, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Trustee at its principal corporate trust office, the Trustee shall cancel the same and authenticate and deliver, in exchange therefor, a Bond or Bonds of the same series,

maturity, and interest rate, in definitive form in authorized denominations, and for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without making any charge therefor to any Bondholder. Notwithstanding the foregoing, Bonds in definitive form may be issued hereunder in typewritten form.

Section 210. Limited Obligations. The Bonds shall be special or limited and not general obligations of the Issuer giving rise to no pecuniary liability of the Issuer, shall be payable solely from the Trust Estate, and shall be a valid claim of the respective owners thereof only against the Trust Estate, which Trust Estate is hereby again specifically pledged and assigned for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds shall not constitute a general or moral obligation of the County nor a debt, indebtedness, or obligation of, or a pledge of the faith and credit or taxing power of, the County or the State or any political subdivision thereof, within the meaning of any constitutional or statutory provision whatsoever. Neither the faith and credit nor the taxing power of the State, the County, or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or other costs incident thereto, except as provided in the Contract. The Issuer has no taxing power. Neither the members of the Board of Directors of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

Section 211. Series 2007 Bonds. (a) The Series 2007A Bonds in the aggregate principal amount of $_____ shall be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and shall be dated the date of issuance and delivery thereof. The Series 2007A Bonds shall bear interest at the rates per annum set forth below, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008 and semiannually thereafter on July 1 and January 1 of each year and shall mature on July 1, in the years and in the amounts as follows, unless earlier called for redemption.

Year	Amount	Interest Rate

Upon the occurrence of a Determination of Taxability, the interest rate per annum borne by the Series 2007A Bonds shall be increased to the Taxable Rate as of, from, and after the Date of Taxability. An amount equal to the difference between the interest paid on the Series 2007A Bonds at the rates per annum set forth above during the Inclusion Period and the interest that would have accrued on the Series 2007A Bonds during the Inclusion Period had the interest rate

on the Series 2007A Bonds during the Inclusion Period been equal to the Taxable Rate, which amount shall be owed retroactively on the Series 2007A Bonds as a result of the occurrence of a Determination of Taxability, shall be payable thirty (30) days after the date of the Determination of Taxability, and shall be apportioned among registered owners of Series 2007A Bonds during the Inclusion Period according to the ratio of the number of days they were registered owners of Series 2007A Bonds during the Inclusion Period to the total number of days within the Inclusion Period. Retroactive interest payable on each Series 2007A Bond as a result of the occurrence of a Determination of Taxability shall be paid by check or draft mailed to each person in whose name such Series 2007A Bond was registered during the Inclusion Period at its address as it appears on the registration books of the Issuer maintained by the Trustee, as bond registrar.

(b) The Series 2007B Bonds in the aggregate principal amount of $_____ shall be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" and shall be dated the date of issuance and delivery thereof. The Series 2007B Bonds shall bear interest at the rates per annum set forth below, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on January 1, 2008 and semiannually thereafter on July 1 and January 1 of each year and shall mature on July 1, in the years and in the amounts as follows, unless earlier called for redemption.

Year	Amount	Interest Rate

Section 212. Delivery of Series 2007 Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee and the Trustee shall register and authenticate the Series 2007 Bonds in the aggregate principal amount of $_____ and deliver them to the Underwriter.

Prior to the registration and authentication by the Trustee of any of the Series 2007 Bonds, there shall be filed with the Trustee:

(a) closing certificate of the Issuer incorporating a copy of the activating resolution of Cherokee County, Georgia and the Bond Resolution, each certified by the Secretary or the Assistant Secretary of the Issuer as of the date of closing,

(b) closing certificate of the Lessee incorporating a copy of the Lessee's Articles of Organization, Operating Agreement, and Certificate of Existence, and a copy of the resolution of the Manager of the Lessee authorizing and approving the execution

and delivery of the Lessee Documents and all other documents to be delivered by the Lessee in connection with the transactions contemplated by such instruments, each certified by an officer of the Lessee as of the date of closing,

(c) closing certificate of the County incorporating a copy of the resolution of the Board of Commissioners of the County authorizing and approving the execution and delivery of the Contract and all other documents to be delivered by the County in connection with the transactions contemplated by such instruments, certified by the Clerk of the Board of Commissioners of the County as of the date of closing,

(d) original executed counterparts of this Indenture, the Lease Agreement, and the Contract,

(e) a request and authorization to the Trustee on behalf of the Issuer, signed by the Chairman or Vice Chairman of the Issuer, to authenticate and deliver the Series 2007 Bonds to be issued in the first instance in the aggregate principal amount of $_____ to the purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of the sum therein specified (including accrued interest),

(f) opinions dated as of the date of the closing of (i) counsel for the Issuer, (ii) Bond Counsel, (iii) counsel for the Lessee, and (iv) counsel for the County, in form and substance satisfactory to the Underwriter,

(g) a certified copy of an order of the Superior Court of Cherokee County, Georgia validating and confirming the Series 2007 Bonds and the security therefor, and

(h) such other documents, certificates, and instruments in connection with the transactions contemplated by this Indenture, in form and substance satisfactory to the Trustee, as the Trustee may reasonably request.

Upon receipt of the foregoing and of the purchase price for the Series 2007 Bonds, the Trustee shall register, authenticate, and deliver the Series 2007 Bonds to or upon the order of the purchasers thereof.

Section 213. DTC Book-Entry. The Series 2007 Bonds shall be initially issued in the name of Cede & Co., as nominee for DTC, as registered owner of the Series 2007 Bonds, and held in the custody of DTC. A single certificate will be issued and delivered to DTC for each maturity of each series of the Series 2007 Bonds. The actual purchasers of the Series 2007 Bonds (the "Beneficial Owners") will not receive physical delivery of Series 2007 Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase from DTC or the participants through which they purchased, providing details of each Series 2007 Bond acquired. For so long as DTC shall continue to serve as securities depository for the Series 2007 Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling, or otherwise transferring beneficial ownership of Series 2007 Bonds is to receive, hold, or deliver any Series 2007 Bond certificate.

For every transfer and exchange of the Series 2007 Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee, or other governmental charge that may be imposed in relation thereto.

The Issuer, the Lessee, the County, and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting. Neither the Issuer nor the Trustee shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person that is not shown on the Bond registration books as being a Bondholder, with respect to: (i) the Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal of, redemption price of, or interest on the Bonds, (iv) any notice that is permitted or required to be given to Bondholders under this Indenture, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

The Issuer and the Trustee covenant and agree, so long as DTC shall continue to serve as securities depository for the Series 2007 Bonds, to meet the requirements of DTC with respect to required notices and other provisions of the Letter of Representations.

The Trustee is authorized to rely conclusively upon a certificate furnished by DTC as to the identity of, and the respective principal amount of Series 2007 Bonds beneficially owned by, the Beneficial Owner or Beneficial Owners.

Whenever, during the term of the Series 2007 Bonds, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Indenture of holding, delivering, or transferring Series 2007 Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

If at any time, DTC ceases to hold the Series 2007 Bonds, a supplemental indenture amending the provisions hereof shall be executed and delivered and thereafter all references herein to DTC shall be of no further force or effect.

Section 214. <u>Issuance of Additional Bonds</u>. So long as no Event of Default hereunder is then existing, the Issuer at the request of the Lessee for the purposes and in the manner specified in Section 8.07 of the Lease Agreement and to the extent permitted by law in effect at the time thereof may in its sole discretion issue Additional Bonds on a parity with the Series 2007 Bonds and any Additional Bonds theretofore or thereafter issued and payable from the Bond Fund from time to time. Before any Additional Bonds are registered and authenticated, there shall be delivered to the Trustee the items required therefor by Section 215 hereof.

Such Additional Bonds shall be issued in such series and principal amounts, shall be dated, shall bear interest at such rate or rates, shall be subject to redemption at such times and prices, and shall mature in such years as the indenture supplemental hereto authorizing the issuance thereof shall fix and determine and shall be deposited with the Trustee for authentication and delivery.

Section 215. Delivery of Additional Bonds. Upon the execution and delivery in each instance of an appropriate indenture supplemental hereto, the Issuer shall execute and deliver to the Trustee, and the Trustee shall register and authenticate, Additional Bonds and deliver them to the purchaser or purchasers as may be directed by the Issuer, as hereinafter in this Section 215 provided. Prior to the delivery by the Trustee of any such Additional Bonds, there shall be filed with the Trustee:

(a) a valid and effective amendment to the Lease Agreement, pursuant to Section 8.07 thereof, providing for the inclusion within the "Project", as defined in the Lease Agreement, of any real estate and interests therein and any buildings, structures, facilities, machinery, equipment, and related property to be acquired by purchase or construction from the proceeds of the Additional Bonds and providing for an increase in the rental obligations of the Lessee in accordance with Section 8.07 of the Lease Agreement and providing any other changes required by the issuance of Additional Bonds;

(b) a valid and effective amendment to the Contract approving the issuance of the Additional Bonds and providing any other changes required by the issuance of Additional Bonds;

(c) a valid and effective supplemental indenture providing for the issuance of such new series of Additional Bonds and subjecting to the lien and security interest of this Indenture and pledging and assigning the additional rentals provided for in the amendment to the Lease Agreement and the amendments to the Lease Agreement and the Contract, to the payment of the Bonds, subject to the rights of the Lessee under the Lease Agreement;

(d) a copy, duly certified by the Secretary or Assistant Secretary of the Issuer, of a resolution of its Governing Body theretofore adopted and approved authorizing the execution and delivery of such supplemental indenture, such amendment to the Lease Agreement, such amendment to the Contract, and the issuance of such Additional Bonds;

(e) a request and authorization to the Trustee on behalf of the Issuer, signed by the Chairman or Vice Chairman of the Issuer or such other officers of the Issuer as are designated by the Governing Body, to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, for the account of the Issuer, of a specified sum plus any accrued interest; the proceeds of such Additional Bonds shall be paid over to the Trustee and deposited to the credit of the Bond Fund, the Debt Service Reserve Fund, and such other funds as are provided and created by the supplemental indenture;

(f) a certificate signed by an officer of the Lessee to the effect that no Event of Default under this Indenture or the Lease Agreement is then existing or will result from the issuance of such Additional Bonds;

(g) there shall be deposited to the Debt Service Reserve Fund at least the amount required by Section 8.07 of the Lease Agreement; and

(h) the items required by Section 8.07 of the Lease Agreement and Section 5.2(d) of the Contract.

[End of Article II]

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 301. Privilege of Redemption and Redemption Price. The Bonds shall be subject to redemption prior to maturity to the extent and in the manner provided in this Indenture in the case of the Series 2007 Bonds and in any indenture supplemental hereto pursuant to which Additional Bonds shall be issued in the case of such Additional Bonds.

Section 302. Issuer's Election to Redeem. At the written request of the Lessee given pursuant to Section 11.03 of the Lease Agreement, the Issuer shall give written notice to the Trustee of its election to redeem, of the redemption date, and of the principal amount of each maturity of each series of redeemable Bonds to be redeemed, which notice shall be given at least seventy (70) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 303 hereof provided, the Issuer shall, and hereby covenants that it will, prior to the redemption date, pay to the Trustee an amount in cash that, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds that the Issuer has so elected to redeem.

Section 303. Notice of Redemption. In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed shall be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the registration books at the close of business on the fifth day preceding the date of mailing; provided, however, that failure to give such notice by mailing to any owner of Bonds, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds not affected by such failure or defect. Each notice shall specify the numbers of the Bonds of each series being called, if less than all of the Bonds of any series are being called, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable. Such notice shall further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption, if such date is not an Interest Payment Date, will be made upon presentation and surrender of the Bonds to be redeemed and that on the redemption date, the redemption price will become due and payable upon each Bond to be redeemed and that interest thereon will cease to accrue on and after such date, provided funds for the redemption of the Bonds to be redeemed are on deposit at the place of payment at that time. Any notice mailed as provided in this Section 303 shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds actually receives the notice.

Section 304. Redemption Dates and Prices for Series 2007 Bonds. Series 2007 Bonds maturing on or after July 1, ____ are subject to optional redemption by the Issuer upon the written request of the Lessee prior to maturity, in whole on any date or in part on any Interest Payment Date, in either event on or after July 1, ____, and if in part in inverse order of maturity and by lot within a maturity in amounts not less than $5,000, in such manner as may be

designated by the Trustee, at the redemption prices (expressed as percentages of principal amount redeemed) set forth in the table below plus accrued interest to the redemption date:

Redemption Period	Redemption Price

In addition, Series 2007 Bonds are also subject to mandatory redemption prior to maturity, in part by lot, in such manner as may be designated by the Trustee, in specified amounts pursuant to the terms provided by Section 305 hereof at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, but without premium.

Section 305. Mandatory Redemption of Series 2007 Bonds. As and for the retirement of Series 2007 Bonds, the Basic Rent related to the Series 2007 Bonds specified in Section 5.03 of the Lease Agreement, which is to be deposited in the General Account of the Bond Fund beginning on July 20, ____, and on the twentieth (20th) day of each month thereafter, to and including June 20, ____, shall include an amount sufficient to redeem in part, by lot (after credit as provided below), the following principal amounts (which include the principal amount that will be outstanding on the date of maturity) of such Series 2007 Bonds:

Series 2007 Bonds Maturing July 1, ___

July 1 of the Year	Principal Amount	July 1 of the Year	Principal Amount

(Leaving $_____ to mature July 1, _____)

The Issuer shall be entitled to receive a credit in respect of its mandatory redemption obligation under this Section 305 for Series 2007 Bonds maturing on July 1, ____ delivered, purchased, or redeemed, as hereinafter provided, if the Issuer or the Lessee at its option, (a) delivers to the Trustee for cancellation such Series 2007 Bonds, in an aggregate principal amount desired, or (b) directs the Trustee to grant a credit for any such Series 2007 Bonds that prior to such date have been purchased in the open market or redeemed (otherwise than through mandatory redemption) and cancelled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each such Series 2007 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof on the obligation of the Issuer on such mandatory redemption payment date, and any excess shall be credited on future mandatory redemption obligations in chronological order, and the principal amount of such Series 2007 Bonds to be redeemed by operation of mandatory redemption and the Basic Rent related to the Series 2007

Bonds specified in Section 5.03 of the Lease Agreement for mandatory redemption shall be accordingly reduced.

The Trustee shall redeem, in the manner provided in this Section 305, such an aggregate principal amount of such Series 2007 Bonds at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date as will exhaust as nearly as practicable such mandatory redemption payment.

Section 306. Partial Redemption. If less than all of the Bonds of any series are called for redemption on any of the circumstances set forth above, the particular Bonds or portions thereof of such series to be redeemed shall be selected by lot in such manner as the Trustee shall determine. In the event that a Bond subject to redemption pursuant to this Article is in a denomination larger than $5,000, all or a portion of such Bond may be redeemed, but only in a principal amount equal to $5,000 or an integral multiple thereof. Upon surrender of any Bond for redemption in part, the Issuer shall execute and the Trustee shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same series, interest rate, and maturity and of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Section 307. Payment Upon Redemption. On or prior to each redemption date, the Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust, (a) an amount from the Bond Fund sufficient to pay the principal of and interest on such Bonds, and (b) an amount from the Bond Fund sufficient to pay the premium, if any, on such Bonds. Upon presentation and surrender of any such Bond at the principal corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the principal of and premium, if any, on such Bond from the moneys set aside for such purpose. Interest on any Bond called for redemption maturing prior to or on the date fixed for redemption shall be payable only to the registered owner of such Bond.

Section 308. Effect of Redemption. Notice of redemption having been given as provided in Section 303 hereof, the Bonds or portions thereof designated for redemption shall become and be due and payable on the date fixed for redemption at the redemption price provided for herein, provided funds for their redemption are on deposit at the place of payment at that time, and, unless the Issuer defaults in the payment of the principal thereof and premium, if any, thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date. If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof shall continue to bear interest at the rate set forth therein until paid or until due provision is made for the payment of the same.

Section 309. Purchase of Bonds. At the direction of the Lessee in writing, the Trustee may apply moneys in the Bond Fund held for redemption or payment of Bonds, in excess of any amount set aside for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds have not been presented for payment, to the purchase on the open market of Outstanding Bonds subject to redemption or payment from such moneys as herein provided, and upon such purchase such Bonds shall be cancelled and the amount of such redemption or principal payment shall thereupon be reduced by the principal amount of

such Bonds so purchased and cancelled, provided that no such Bonds shall be so purchased within the thirty (30) days next preceding the redemption or payment date. The price paid by the Trustee (excluding accrued interest, but including any brokerage and other charges) for any Bond purchased pursuant to this paragraph shall not exceed the redemption price thereof. The Trustee shall also pay (from the Bond Fund) accrued interest on any such Bond to the date of purchase. Subject to the above limitations, the Trustee shall, if and to the extent practicable and if directed by the Lessee, purchase Bonds on the open market for cancellation at such times, for such prices, in such amounts, and in such manner (whether after advertisement for tenders or otherwise) as the Trustee in its discretion may determine and as may be possible with the amount of money available in the Bond Fund. The expenses of such purchase shall be deemed an Ordinary Expense of the Trustee.

Section 310. Cancellation. All Bonds that have been purchased, redeemed, paid, or retired, or received by the Trustee for exchange, shall not be reissued but shall be cancelled and destroyed by the Trustee, in accordance with Section 207 hereof.

[End of Article III]

ARTICLE IV

DETERMINATION OF TAXABILITY PUT OPTIONS

Section 401. Determination of Taxability Put Options. (a) Upon the occurrence of a Determination of Taxability, each registered owner of the Series 2007A Bonds shall have the right, at such owner's option, to cause all or any portion of such owner's Series 2007A Bonds then Outstanding to be purchased on the Optional Tender Date at the Tender Purchase Price.

(b) On or before the fifteenth (15th) day after the date the Trustee receives notice that a Determination of Taxability has occurred, the Trustee shall mail by first class mail (postage prepaid) to all registered owners of the Series 2007A Bonds at the addresses shown on the registration books at the close of business on the fifth (5th) day preceding the date of mailing a notice of the occurrence of such Determination of Taxability, the Optional Tender Date, the date by which the tender option right must be exercised, the Tender Purchase Price for Series 2007A Bonds, and the procedures that the registered owners of the Series 2007A Bonds must follow to exercise the tender option right.

(c) In order to exercise the tender option right with respect to any Series 2007A Bonds, the registered owner of any Series 2007A Bonds must deliver, on or before the thirtieth (30th) day prior to the Optional Tender Date, a properly executed written notice to the Trustee signed by such registered owner or its attorney duly authorized in writing, stating that such registered owner is exercising its option to have such Series 2007A Bond(s) purchased and specifying the principal amount and numbers of the Series 2007A Bonds to be tendered by such registered owner to the Lessee for purchase on the Optional Tender Date and agreeing to surrender such Series 2007A Bonds to the Trustee on the Optional Tender Date together with an appropriate instrument of transfer. The election to exercise such tender option right made in such notice shall be irrevocable and binding upon such registered owner of any Series 2007A Bonds and on any transferee thereof until and through the Optional Tender Date, unless waived in writing by the Lessee.

If any registered owner of a Series 2007A Bond shall fail to deliver any Series 2007A Bonds for which an election to tender has been made in accordance with this Section 401, such Series 2007A Bonds that are not delivered to the Trustee shall be deemed to have been properly tendered to the Trustee for purchase and, to the extent that there shall be on deposit in the Purchase Fund on or before the Optional Tender Date an amount sufficient to pay the Tender Purchase Price for such Series 2007A Bonds, such Series 2007A Bonds shall be deemed to have been purchased by the Lessee on the Optional Tender Date, and the owner of any such Series 2007A Bonds shall not be entitled to receive any interest on such Series 2007A Bonds after the Optional Tender Date. Any registered owner of Series 2007A Bonds that does not elect to tender any Series 2007A Bonds strictly in compliance with this Section 401 shall be deemed to have elected to retain such Series 2007A Bonds.

In the event of a failure by any registered owner of a Series 2007A Bond to deliver any Series 2007A Bonds for which an election to tender has been made in accordance with this Section 401, such registered owners shall not be entitled to any payment (including interest to accrue subsequent to the Optional Tender Date), other than the Tender Purchase Price for such

untendered Series 2007A Bonds, and shall no longer be entitled to the benefits of this Indenture, except for the purpose of payment of the Tender Purchase Price thereof. Replacement Series 2007A Bonds shall be issued in place of such untendered Series 2007A Bonds pursuant to Section 206 of this Indenture, and after the issuance of the replacement Series 2007A Bonds such untendered Series 2007A Bonds shall no longer be considered Outstanding. The registered owner of any such untendered Series 2007A Bonds shall be entitled to receive payment of the Tender Purchase Price thereof upon surrender of the same to the Trustee.

(d) The Trustee shall, in its sole discretion, determine, with respect to any Series 2007A Bond, whether the registered owner thereof shall have properly exercised its option of purchase, and the Trustee shall have the right in its sole discretion to waive formal defects in connection therewith. The Trustee shall promptly acknowledge receipt of all notices of exercise of such tender option rights to the registered owners of all Series 2007A Bonds with respect to which such notices were delivered to the Trustee.

Section 402. Duties of Trustee with Respect to Moneys Furnished by Lessee to Purchase Series 2007A Bonds. (a) The Trustee shall, prior to the close of business on the business day immediately succeeding the date that is thirty (30) days prior to the Optional Tender Date, given written notice to the Lessee of the aggregate principal amount of Series 2007A Bonds with respect to which notice of tender has been properly given and which are required to be purchased by the Lessee on the Optional Tender Date. On the date that is ten (10) days before the Optional Tender Date (or if such day is not a business day, on the next preceding business day), the Trustee shall demand by telegraphic notice that the Lessee immediately pay to the Trustee an amount of money sufficient to pay the Tender Purchase Price of all Series 2007A Bonds to be tendered for purchase on the Optional Tender Date pursuant to Section 401 hereof.

(b) The Trustee shall deposit in the Purchase Fund all moneys paid by the Lessee to the Trustee pursuant to Section 5.06 of the Lease Agreement. Such moneys shall be held by the Trustee as trust funds to be used solely for the purpose of purchasing Series 2007A Bonds tendered for purchase and shall be delivered, to the extent necessary, to the registered owners of Series 2007A Bonds tendered for purchase on the Optional Tender Date to effect the purchase of Series 2007A Bonds tendered for purchase on such date. In the event all of the moneys held in the Purchase Fund are not required to be used to purchase Series 2007A Bonds on the Optional Tender Date, any excess moneys shall on the Optional Tender Date be returned by the Trustee to the Lessee.

Section 403. Purchase of Series 2007A Bonds Delivered to Trustee. (a) On the Optional Tender Date, the Trustee, in its capacity as tender agent for the Lessee and not as trustee, shall purchase the Series 2007A Bonds tendered (or deemed to have been tendered in accordance with Section 401(c) hereof) to the Trustee for purchase in accordance with Section 401 hereof at the Tender Purchase Price. The funds for the payment of the Tender Purchase Price of such Series 2007A Bonds shall be derived solely from the Purchase Fund; the Issuer shall have no obligation to use funds from any other source to effect such purchase.

(b) The Tender Purchase Price of the Series 2007A Bonds is payable by check or draft on the Optional Tender Date at the principal corporate trust office of the Trustee to the registered owner of each Series 2007A Bond that has properly exercised its right to require the Lessee to

purchase such Series 2007A Bond upon presentation and surrender of the Series 2007A Bond being tendered for purchase by the Lessee by the registered owner of such Series 2007A Bond in person or by its attorney duly authorized in writing, together with a written instrument of transfer naming the Lessee as the transferee, in form and with guarantee of signature satisfactory to the Trustee, duly executed by the registered owner of the Series 2007A Bond or its attorney-in-fact or legal representative duly authorized in writing and upon payment by such registered owner of the Series 2007A Bond of a sum sufficient to cover any governmental tax, fee, or charge required to be paid as provided in this Indenture, when not prohibited by law. The Tender Purchase Price of Series 2007A Bonds deemed to have been purchased in accordance with Section 401(c) hereof shall be held in trust by the Trustee in the Purchase Fund until surrender of such Series 2007A Bonds for payment in accordance with the foregoing provisions of this Section 403(b).

(c) The Trustee shall (i) hold all Series 2007A Bonds delivered to it for purchase pursuant to Article IV hereof in trust solely for the benefit of the registered owners of such Series 2007A Bonds until funds representing the Tender Purchase Price of such Series 2007A Bonds shall have been delivered to or for the account of or to the order of such registered owners and (ii) hold all funds delivered to it hereunder for the purchase of Series 2007A Bonds pursuant to Article IV hereof in trust in the Purchase Fund solely for the benefit of the Person that shall have so delivered such funds until the Series 2007A Bonds purchased with such funds shall have been delivered to or for the account of such Person.

Section 404. Delivery of Series 2007A Bonds. (a) Series 2007A Bonds purchased by the Trustee, as tender agent, pursuant to Section 401 hereof shall, at the direction of the Lessee, be cancelled by the Trustee or be delivered by the Trustee to the Lessee.

(b) Series 2007A Bonds delivered as provided in this Section 404 shall be registered by the Trustee in the manner directed by the Lessee.

Section 405. No Redemption or Extinguishment. The Issuer and the Trustee recognize and acknowledge that, in carrying out their responsibilities under this Article IV, the Trustee shall be acting solely as the agent of the Lessee. No delivery of Series 2007A Bonds to the Trustee pursuant to this Article IV shall constitute a redemption of Series 2007A Bonds or an extinguishment of the debt thereby evidenced.

[End of Article IV]

ARTICLE V

GENERAL COVENANTS

Section 501. Payment of Principal and Interest. The Issuer covenants that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates, and in the manner provided herein and in the Bonds according to the true intent and meaning thereof, but solely from the amounts pledged therefor, which are from time to time held by the Trustee in the various accounts of the Bond Fund. The principal of, premium, if any, and interest on the Bonds are payable solely from the sources as provided herein, which sources are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer.

Section 502. Performance of Covenants; Authority of the Issuer. The Issuer covenants that it shall faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Indenture, in any and every Bond executed, authenticated, and delivered hereunder, and in all proceedings pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and statutes of the State, including particularly the Act, to issue the Bonds authorized hereby and to execute this Indenture, to convey the Trust Estate to the Trustee, and to pledge the receipts, revenues, and collateral hereby pledged in the manner and to the extent herein set forth, that all action required on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 503. Instruments of Further Assurance. The Issuer agrees that the Trustee may defend its rights to the payments and other amounts due under the Lease Agreement and the Contract, for the benefit of the Bondholders, against the claims and demands of all persons whomsoever. The Issuer covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning, and confirming unto the Trustee the Trust Estate. Any and all property hereafter acquired that is of the kind or nature provided herein to be and become subject to the lien and security interest hereof shall, without any further conveyance, assignment, or act on the part of the Issuer or the Trustee, be and become subject to the lien and security interest of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer under this Section 503. The Issuer covenants and agrees that, except as herein and in the Lease Agreement provided, it has not and will not sell, convey, assign, pledge, encumber, grant a security interest in, or otherwise dispose of, or create or suffer to be created any lien, encumbrance, security interest, or charge upon, any part of the Trust Estate or the income and revenues therefrom or of its rights under the Lease Agreement or the Contract, or enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired.

Section 504. Inspection of Project Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Project and the income and revenues derived from the Project shall at all times be open to inspection by such accountants or other agents as the Trustee may from time to time designate.

Section 505. Rights Under and Possession of the Lease Agreement and the Contract. The Lease Agreement and the Contract, duly executed originals or counterparts of which have been filed with the Trustee, set forth the covenants and obligations of the Issuer, the Lessee, and the County, including provisions that subsequent to the initial issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Lease Agreement and the Contract may not be effectively amended, changed, modified, altered, or terminated (other than as provided therein) without the written consent of the Trustee, and reference is hereby made to the Lease Agreement and the Contract for a detailed statement of such covenants and obligations of the Lessee under the Lease Agreement and the County under the Contract, and the Trustee in its own name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Lessee and the County under and pursuant to the Lease Agreement and the Contract and may enforce all rights of the Issuer for and on behalf of the Bondholders, whether or not the Issuer is in default hereunder.

So long as any of the Bonds remain Outstanding, and for such longer period when required by the Lease Agreement, the Issuer shall faithfully and punctually perform and observe all obligations and undertakings on its part to be performed and observed under the Lease Agreement and the Contract. The Issuer covenants to maintain, at all times, the validity and effectiveness of the Lease Agreement and the Contract and (except as expressly permitted thereby) shall take no action, shall permit no action to be taken by others, and shall not omit to take any action or permit others to omit to take any action, which action or omission might release the Lessee from its liabilities or obligations under the Lease Agreement, release the County from its liabilities or obligations under the Contract, or result in the surrender, termination, amendment, or modification of, or impair the validity of, the Lease Agreement or the Contract.

The Issuer covenants to diligently enforce all covenants, undertakings, and obligations of the Lessee under the Lease Agreement and the County under the Contract, and the Issuer hereby authorizes the Trustee to enforce any and all of the Issuer's rights under the Lease Agreement and the Contract on behalf of the Issuer and the owners of the Bonds.

The Trustee shall retain possession of executed originals or counterparts of the Lease Agreement and the Contract and shall release the same only in accordance with the provisions thereof. The Lease Agreement and the Contract shall be available for inspection at reasonable times and under reasonable conditions by the Issuer, the Lessee, the County, and any Beneficial Owner of 15% or more in aggregate principal amount of the Bonds then Outstanding.

Section 506. Recording and Filing. This Indenture, or an appropriate notice hereof, shall be recorded and indexed as an assignment of rents and leases in the real estate records of the Office of the Clerk of the Superior Court of Cherokee County, Georgia and any other place provided by law as the proper place for the recordation thereof. The security interest of the Trustee created by this Indenture shall be perfected by the filing of financing statements required

to be filed pursuant to the State Uniform Commercial Code or by the taking of possession of appropriate collateral. Such financing or continuation statements shall be filed on behalf of the Issuer by the Lessee from time to time, copies of which shall be provided to the Trustee, and the appropriate parties shall take or maintain possession of appropriate collateral, as is necessary to preserve the security interest of this Indenture.

Section 507. Maintenance of Existence; Compliance with Laws. The Issuer shall at all times maintain its corporate existence or assure the assumption of its obligations under this Indenture by any other entity succeeding to its powers. The Issuer shall comply with all valid acts, rules, regulations, orders, and directions of any legislative, executive, administrative, or judicial body known to it to be applicable to this Indenture.

Section 508. Continuing Disclosure. Pursuant to Section 8.11 of the Lease Agreement and Section 5.4 of the Contract, the Lessee and the County have undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuer shall have no liability to the Bondholders or any other person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of the Lessee or the County to comply with its respective continuing disclosure obligations shall not be considered an Event of Default; however, any beneficial owner of the Series 2007 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Lessee or the County to comply with its obligations under Section 8.11 of the Lease Agreement or Section 5.4 of the Contract, respectively.

[End of Article V]

ARTICLE VI

REVENUES AND FUNDS

Section 601. Source of Payment of Bonds. The Basic Rent provided for in Section 5.03 of the Lease Agreement and the payments provided for in Section 5.1(b) and (c) of the Contract are to be remitted directly to the Trustee for the account of the Issuer and deposited in the General Account of the Bond Fund. Such Basic Rent and such payments under the Contract are required to be sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of revenues and receipts from the Lease Agreement (except amounts paid to the Issuer under its Unassigned Rights) and the Contract are pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The Issuer hereby covenants and agrees that it shall not create any lien or security interest upon the Trust Estate other than the lien and security interest hereby created, subject to Permitted Encumbrances.

Section 602. Creation of the Bond Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Bond Fund," which shall be used as a sinking fund to pay the principal of, premium, if any, and interest on the Bonds. There is hereby created by the Issuer and ordered established with the Trustee two accounts within the Bond Fund to be designated the "General Account" and the "Redemption Account." The General Account of the Bond Fund shall be used to pay principal of (including the mandatory redemption requirements of Section 305 hereof) and interest on the Bonds as they become due and payable in accordance with their terms. The Redemption Account of the Bond Fund shall be used to pay principal of, premium, if any, and interest on the Bonds in the event of redemption of the Bonds other than mandatory redemption pursuant to Section 305 hereof.

Section 603. Payments into the Bond Fund. There shall be deposited into the General Account of the Bond Fund from the sale of the Series 2007 Bonds the amounts specified in Section 701 hereof. In addition, there shall be deposited into the Bond Fund, as and when received, (i) all Basic Rent specified in Section 5.03 of the Lease Agreement, to the General Account, (ii) all payments specified in Section 5.1(b) and (c) of the Contract, to the General Account, and (iii) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement or the Contract when accompanied by written directions from the Lessee or the County that such moneys are to be paid into the Bond Fund. All moneys received by the Trustee for redemption of Bonds, other than mandatory redemption pursuant to Section 305 hereof, shall be deposited into the Redemption Account. All other moneys received by the Trustee for deposit in the Bond Fund shall be deposited into the General Account of the Bond Fund. The Trustee, as assignee of the Contract, shall demand payment from the County of the amounts due under Section 5.1(b) and (c) of the Contract, as and when such amounts become due.

The Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are Outstanding it shall deposit, or cause to be deposited for its account, promptly into General Account of the Bond Fund sufficient sums from income and revenues derived from the Project to meet and pay the principal of, premium, if any, or interest on the Bonds as and when the same become due and payable, and to this end the Issuer covenants and agrees that, so long as any Bonds are Outstanding, it shall cause the Project to be continuously leased or operated as a

revenue and income producing undertaking and that, should there be a default under the Lease Agreement with the result that the right of possession under the Lease Agreement is returned to the Issuer, the Issuer shall fully cooperate with the Trustee and the Bondholders to the end of fully protecting the rights of the Bondholders and the Trust Estate and shall diligently proceed in good faith and use its best efforts to secure another tenant for the Project or to secure an operator for the Project to the end that at all times sufficient income and revenues will be derived from the Project promptly to meet and pay the principal of, premium, if any, and interest on the Bonds as and when the same become due and payable, as well as covering the cost of maintaining and insuring the Project. Nothing herein shall be construed as requiring the Issuer to operate the Project or to use or to provide any funds or revenues from any source other than the Trust Estate.

Section 604. Use of Moneys in the Bond Fund. Except as provided in Section 614 hereof, moneys in the Bond Fund shall be used solely as a fund for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of the Bonds at or prior to maturity, and to purchase Bonds in the open market pursuant to Section 309 of this Indenture. Except as provided in Article III hereof or any corresponding article in an indenture supplemental hereto, no part of Basic Rent in the General Account of the Bond Fund shall be used to redeem, prior to maturity, a part of the Bonds Outstanding; provided, that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds Outstanding hereunder, to pay interest to accrue thereon to such redemption date, and to pay all costs and expenses accrued and to accrue to such redemption date, if so directed by the Lessee pursuant to the Lease Agreement, the Issuer covenants and agrees to take and cause to be taken the necessary steps to redeem all of such Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund, other than Basic Rent held in the General Account of the Bond Fund, may be used at the written request of the Issuer if so directed by the Lessee pursuant to the Lease Agreement to redeem a part of the Bonds Outstanding on the next succeeding redemption date for which the required notice of redemption may be given or to purchase Bonds pursuant to Section 309 of this Indenture so long as the Lessee is not in default with respect to any payments required to be made under the Lease Agreement and to the extent such moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds have not been presented for payment.

Section 605. Custody of the Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest and premium, if any, on the Bonds as the same become due and payable and to make such funds so withdrawn available to the Trustee and to the paying agent or agents for the purpose of paying such principal, interest, and premium, if any, which authorization and direction the Trustee hereby accepts.

Section 606. Creation of and Disbursements from the Issuance Cost Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Issuance Cost Fund," which shall be used as a fund to pay Issuance Costs. There shall be deposited into the Issuance Cost Fund from the sale of the Series 2007 Bonds the amounts specified in Section 701 hereof. Moneys in the Issuance Cost Fund shall be expended in accordance with the provisions of the Lease Agreement, particularly Section 4.05 of the Lease

Agreement. The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Issuance Cost Fund and all disbursements therefrom, and after all amounts are disbursed from the Issuance Cost Fund, the Trustee shall, if requested by the Lessee, file an accounting thereof with the Issuer and the Lessee.

Section 607. Creation of the Debt Service Reserve Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Debt Service Reserve Fund," which shall be used solely for the purposes set forth in Section 608 hereof. There shall be deposited into the Debt Service Reserve Fund from the sale of the Series 2007 Bonds the amounts specified in Section 701 hereof. The Trustee shall deposit in the Debt Service Reserve Fund any moneys paid to the Trustee under the Lease Agreement, the Contract, or this Indenture for credit or transfer to the Debt Service Reserve Fund and shall credit to the Debt Service Reserve Fund any Debt Service Reserve Credit Facility delivered to the Trustee pursuant to Section 5.03(d) of the Lease Agreement. The Trustee, as assignee of the Contract, shall demand payment from the County of the amounts due under Section 5.1(a) of the Contract, as and when such amounts become due. In addition, there shall be deposited into the Debt Service Reserve Fund as and when received by the Trustee all moneys received by the Trustee under and pursuant to any provisions of the Lease Agreement or the Contract that are to be paid into the Debt Service Reserve Fund. If the Lessee has exercised its option to prepay the Basic Rent in whole and not in part pursuant to the terms of Article XI of the Lease Agreement, and has paid the sums as provided therein, all of the moneys then in the Debt Service Reserve Fund shall be transferred to the Redemption Account of the Bond Fund by the Trustee.

Section 608. Custody of the Debt Service Reserve Fund. The Debt Service Reserve Fund shall be in the custody of the Trustee but in the name of the Issuer. The Issuer hereby authorizes and directs the Trustee to withdraw funds from the Debt Service Reserve Fund and to draw upon any Debt Service Reserve Credit Facility to pay, first, all installments of interest then due on the Bonds, and then all principal of and premium, if any, then due on the Bonds in the event there should be insufficient funds for such purposes in the Bond Fund on the date such interest, principal, and premium is due, which authorization and direction the Trustee hereby accepts. The Trustee shall give written notice to the Issuer and the County of any withdrawal from the Debt Service Reserve Fund, of any losses from the investment of moneys in the Debt Service Reserve Fund, of any draw-down on a Debt Service Reserve Credit Facility, and of any termination or expiration of a Debt Service Reserve Credit Facility.

Any Debt Service Reserve Credit Facility shall be governed by the provisions of Section 5.03(d) of the Lease Agreement.

When the amount of principal of, premium, if any, and interest on the Outstanding Bonds is equal to or less than the balance of the Bond Fund and moneys deposited in the Debt Service Reserve Fund and if all amounts owed under the Lease Agreement and this Indenture have been paid, moneys held in the Debt Service Reserve Fund may be deposited in the Bond Fund and credited against payments of Basic Rent required under Section 5.03 of the Lease Agreement.

Section 609. Creation of the Purchase Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Purchase Fund," which shall be used as a fund to purchase Series 2007A Bonds on the Optional Tender Date that have been tendered for purchase on such date in accordance with the provisions of Section 401 hereof at the Tender Purchase Price.

There shall be deposited into the Purchase Fund, as and when received, all payments made by the Lessee pursuant to Section 5.06 of the Lease Agreement and all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by written directions from the Lessee that such moneys are to be paid into the Purchase Fund.

Except as provided in Section 614 hereof, moneys in the Purchase Fund shall be used solely as a fund for the payment of the Tender Purchase Price of Series 2007A Bonds that are tendered for purchase on the Optional Tender Date in accordance with Section 401 hereof.

Section 610. Custody of the Purchase Fund. The Purchase Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Purchase Fund to pay the Tender Purchase Price of Series 2007A Bonds that are tendered for purchase on the Optional Tender Date in accordance with Section 401 hereof as the same become due and payable and to make such funds so withdrawn available to the Trustee and to the paying agent or agents for the purpose of paying the Tender Purchase Price, which authorization and direction the Trustee hereby accepts.

Section 611. Non-presentment of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity, at the date fixed for redemption thereof, upon tender for purchase on the Optional Tender Date, or otherwise, if funds sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the owner or owners thereof, all liability of the Issuer, the Lessee, and the County to the owner or owners thereof for the payment of such Bonds shall forthwith cease, determine, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the owner or owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on its or their part under this Indenture or on, or with respect to, such Bonds.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds, if any, within five (5) years after the date on which the same shall have become due (or such earlier date as immediately precedes the date on which such funds would be required to escheat or be payable to the State or any other governmental unit under any laws governing unclaimed funds) shall be paid by the Trustee to the Lessee, upon receipt of a written request of the Lessee, and thereafter Bondholders shall be entitled to look only to the Lessee for payment, and then only to the extent of the amount so repaid, and the Lessee shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 612. Trustee's and Paying Agent's Fees, Charges, and Expenses. Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of, interest, and premium, if any, on the Bonds shall have been fully paid, (i) an amount

equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered, as trustee, and its Ordinary Expenses of the Trustee incurred, as trustee, under this Indenture, as and when the same become due, (ii) the reasonable fees and charges of the Trustee, as bond registrar and paying agent and of any paying agents and co-bond registrars for acting as paying agent or co-bond registrar pursuant to Section 1010(b) hereof, and (iii) the reasonable fees and charges for the necessary Extraordinary Services of the Trustee and Extraordinary Expenses of the Trustee under this Indenture, as and when the same become due. The Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services of the Trustee and Extraordinary Expenses of the Trustee and the reasonableness of any of the fees, charges, or expenses referred to herein.

Section 613. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of the Bond Fund, the Project Fund, the Issuance Cost Fund, the Debt Service Reserve Fund, the Purchase Fund, or any other trust fund or reserve under any provision of this Indenture shall be held by the Trustee in trust and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the trust created hereby and any lien or security interest granted with respect to the Trust Estate and shall be and remain entitled to the benefit and shall be subject to the security of this Indenture for the equal and proportionate benefit of the owners of all Outstanding Bonds, except for amounts held in the Purchase Fund, which shall be for the equal and proportionate benefit of the owners of all Series 2007 Bonds that elect to tender their Series 2007 Bonds for purchase in accordance with Article IV hereof. The Trustee hereby covenants that all moneys held in any fund under this Indenture and any collateral securing such funds are a part of the Trust Estate, and that the rights and interests of the Bondholders in and to such moneys and collateral are and shall be superior to the claims of the creditors and depositors of the Trustee and of any other financial institution in which such moneys are deposited or which has provided or pledged such collateral. To the extent not invested as provided in Article VIII of this Indenture, all such moneys held by the Trustee in excess of the amount insured by the Federal Deposit Insurance Corporation or a successor federal agency shall be continuously secured, for the benefit of the Issuer and the owners of the Bonds, by a pledge of securities of the type described in Article VIII of this Indenture.

Section 614. Amounts Remaining in Funds and Accounts. Any amounts remaining in the Bond Fund, the Project Fund, the Issuance Cost Fund, the Debt Service Reserve Fund, the Purchase Fund, or any other fund, account, or reserve created under this Indenture, after payment in full of the principal of, interest, and premium, if any, on the Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges, and expenses of the Trustee, the Issuer, and any paying agents, and all other amounts required to be paid hereunder, shall be promptly paid to the Lessee as a refund of excess rental payments under the Lease Agreement or, to the extent that payments have been made under the Contract, to the County.

[End of Article VI]

ARTICLE VII

CUSTODY AND APPLICATION OF PROCEEDS OF SERIES 2007 BONDS

Section 701. Deposits in the Debt Service Reserve Fund and Issuance Cost Fund. Upon the issuance and delivery of the Series 2007A Bonds, there shall be deposited in the Debt Service Reserve Fund the sum of $_____, and there shall be deposited in the Issuance Cost Fund the sum of $_____. Upon the issuance and delivery of the Series 2007B Bonds, there shall be deposited in the Debt Service Reserve Fund the sum of $_____, and there shall be deposited in the Issuance Cost Fund the sum of $_____.

Section 702. Project Fund; Disbursements. There is hereby created and established with the Trustee a trust fund in the name of the Issuer to be designated the "Project Fund." There is hereby created by the Issuer and ordered established with the Trustee three accounts within the Project Fund to be designated the "Series 2007A Account", the "Series 2007B Account," and the "Net Proceeds Account." The Issuer shall establish within the Project Fund a separate account for each project financed by a series of Additional Bonds. The balance of the proceeds received on the delivery of the Series 2007A Bonds, after the deduction of deposits provided by Section 701 hereof shall have been made, shall be deposited in the Series 2007A Account of the Project Fund. The balance of the proceeds received on the delivery of the Series 2007B Bonds, after the deduction of deposits provided by Section 701 hereof shall have been made, shall be deposited in the Series 2007B Account of the Project Fund. Reference is hereby made to Article VII of the Lease Agreement whereunder it is provided that under certain circum-stances the Net Proceeds of insurance and condemnation awards are to be paid to the Trustee and deposited in the Net Proceeds Account of the Project Fund, and are to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified. Moneys in the Project Fund shall be expended in accordance with the provisions of the Lease Agreement, particularly Sections 4.03 and 4.04 thereof.

The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and the Trustee shall, if requested by the Issuer or the Lessee, file an accounting thereof with the Issuer and the Lessee.

[End of Article VII]

ARTICLE VIII

INVESTMENTS

Section 801. Investment of Funds and Accounts. Subject to Article X hereof, any moneys held as part of the Bond Fund, Project Fund, Issuance Cost Fund, Debt Service Reserve Fund, Purchase Fund, reserves in connection with contested liens, or other special trust funds created under this Indenture, or other accounts or funds held by the Trustee hereunder, to the extent permitted by law, shall be invested and reinvested by the Trustee, but only at the written request of and as specified by the Authorized Lessee Representative, in accordance with the provisions of Section 4.12 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Bond Fund, Project Fund, Issuance Cost Fund, Debt Service Reserve Fund, Purchase Fund, reserve, other special trust fund, or other account or fund, as the case may be, and the interest accruing thereon and any profit realized from such investments shall be credited as set forth in Section 802 of this Indenture, and any loss resulting from such investments shall be charged to such fund or account. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient for the uses prescribed for moneys held in such fund or account. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when required or permitted by the provisions of this Indenture. In computing the assets of any fund or account, investments and accrued interest thereon shall be deemed a part thereof. Such investments shall be valued at fair market value on each Interest Payment Date. The Trustee shall not be liable for any depreciation in the value of any obligations in which moneys of funds or accounts shall be invested, as aforesaid, or for any loss arising from any investment.

Such investments shall be made only as follows:

(i) moneys in the Project Fund and the Issuance Cost Fund, and any other accounts or funds, other than the Bond Fund, the Purchase Fund, and the Debt Service Reserve Fund, only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from each such respective fund;

(ii) moneys in the Bond Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than the next-succeeding principal payment date, mandatory redemption payment date, or Interest Payment Date of the Bonds;

(iii) moneys in the Debt Service Reserve Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than five (5) years from the date of purchase thereof; and

(iv) moneys in the Purchase Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than the Optional Tender Date.

The Issuer covenants that none of the moneys held under this Indenture will be used in any manner that will cause any Tax-Exempt Bonds to become arbitrage bonds within the

meaning of Section 148 of the Code or to become federally guaranteed within the meaning of Section 149(b) of the Code. The Trustee's reliance upon the written investment instructions of the Authorized Lessee Representative shall fully protect the Issuer in fulfilling its covenanted obligations set forth above.

Section 802. Allocation of Income from Investments. All interest accruing from investments of moneys in the Bond Fund, Project Fund, Issuance Cost Fund, Debt Service Reserve Fund, Purchase Fund, and other funds and accounts and any profit realized therefrom shall be allocated as follows:

(a) interest and profits from the investments of moneys of each account held in the Bond Fund shall be retained in the account of the Bond Fund to which such investments relate;

(b) interest and profits from the investments of moneys in the Issuance Cost Fund shall be retained in the Issuance Cost Fund;

(c) interest and profits from the investment of moneys in the Debt Service Reserve Fund shall be retained in the Debt Service Reserve Fund at all times the balance is less than the Debt Service Reserve Requirement; thereafter and at all times the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Requirement, such interest and profits shall be deposited in the General Account of the Bond Fund;

(d) interest and profits from the investment of moneys in the Purchase Fund shall be retained in the Purchase Fund;

(e) interest and profits from the investment of moneys of each account held in the Project Fund shall be retained in the account of the Project Fund to which such investments relate; and

(f) interest and profits from the investment of moneys in any other funds shall, at the written direction of the Authorized Lessee Representative, be retained in the respective funds or deposited in the General Account of the Bond Fund.

Section 803. Trustee's Own Bond or Investment Department. The Trustee may make any and all investments permitted under Section 801 hereof through its own bond or investment department or through its broker-dealer affiliate.

Section 804. Investment Records. The Trustee shall keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and application of the moneys held under this Indenture. Such records shall specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth (a) its purchase price, including any accrued interest paid, (b) identifying information, including face amount, coupon rate, and payment dates, (c) the amount received at maturity or its disposition price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity.

In order to allow the Lessee to perform the calculations required by Section 148(f) of the Code, the Trustee acknowledges that it will be necessary to track separately all of the investments held under this Indenture. To that end, the Trustee shall take such accounting measures as are necessary or appropriate to account fully for all investments and the amount earned thereon. The Trustee agrees to deliver to the Lessee, upon the request of the Lessee, copies of all records maintained pursuant to this Section 804 and such other records as are reasonably required to allow the Lessee to comply with Section 4.14 of the Lease Agreement. Such records shall be open to inspection by any owner of Bonds at any reasonable time during regular business hours on reasonable notice.

[End of Article VIII]

ARTICLE IX

POSSESSION, USE, AND PARTIAL RELEASE OF THE PROJECT

Section 901. **Subordination of Rights of the Lessee.** Pursuant to Section 12.10 thereof and except as otherwise provided therein, the Lease Agreement and the rights and privileges thereunder of the Lessee are specifically made subject and subordinate to the rights and privileges of the Trustee and the owners of the Bonds set forth in this Indenture.

Section 902. **Release of the Premises.** Reference is made to the provisions of the Lease Agreement, including, without limitation, Sections 11.07 and 11.08 of the Lease Agreement, whereby the Issuer and the Lessee have reserved the right to withdraw from the demise of the Lease Agreement certain portions of the Premises upon compliance with the terms and conditions of the Lease Agreement.

Section 903. **Granting of Easements.** Reference is made to the provisions of the Lease Agreement, including, without limitation, Section 11.09 of the Lease Agreement, whereby the Issuer may grant easements and take other action upon compliance with the terms and conditions of the Lease Agreement.

[End of Article IX]

ARTICLE X

DISCHARGE OF INDENTURE

Section 1001. Discharge of Indenture. If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the owners of the Bonds the principal, interest, and premium, if any, due or to become due thereon at the times and in the manner stipulated therein and herein and shall pay or cause to be paid all fees and expenses of the Trustee and each paying agent due or to become due under this Indenture and if the Issuer shall keep, perform, and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed, and observed by it or on its part, then this Indenture and these presents and the estate, lien, interests, and rights hereby created and granted shall cease, determine, terminate, and become null and void (except as to any surviving rights of registration, transfer, or exchange of Bonds herein provided for and except for the obligations under Section 804 hereof), and thereupon the Trustee shall cancel and discharge the lien and security interest of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requested by the Issuer and requisite to discharge and satisfy the lien and security interest hereof and convey to the Issuer the estate hereby conveyed and release, assign, and deliver to the Issuer any property at the time subject to the lien and security interest of this Indenture that may then be in its possession, except funds held by the Trustee for the payment of principal of, interest, and premium, if any, on the Bonds.

Section 1002. Defeasance of Bonds. (a) Any Bond shall be deemed to be paid within the meaning of this Article X and for all purposes of this Indenture when (a) payment of the principal of, premium, if any, and interest on such Bond to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) shall have been (i) made or caused to be made in accordance with the terms thereof, or (ii) provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) non-callable Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure, without further investment or reinvestment thereof, in the written opinion of an independent certified public accounting firm of national reputation in form and substance satisfactory to the Trustee, the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof shall have been provided for to the satisfaction of the Trustee. At such time as a Bond shall be deemed to be paid hereunder, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

(b) Notwithstanding the foregoing, no deposit under clause (a)(ii) of this Section 1002 shall be deemed payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds shall have been previously given in accordance with Article III of this Indenture, or in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable written instructions to (i) give notice of redemption of such Bonds as provided in Article III of this Indenture and (ii) notify, as soon as practicable in the same manner as a notice

of redemption of such Bonds as provided in Article III of this Indenture, the owners of such Bonds that the deposit required by (a)(ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity or redemption dates upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bonds or (b) the maturity of such Bonds.

(c) All moneys so deposited with the Trustee as provided in this Section may also be invested and reinvested, at the written request of the Authorized Lessee Representative, in non-callable Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Section that is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited shall be deposited in the General Account of the Bond Fund as and when realized and collected for use and application as are other moneys deposited in such account.

(d) The Issuer hereby covenants that no deposit will be made or accepted and no use made of any such deposit that would cause any Tax-Exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code or as federally guaranteed within the meaning of Section 149(b) of the Code.

(e) Notwithstanding any provision of any other article of this Indenture that may be contrary to the provisions of this Section, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of Bonds (including interest and premium, if any, thereon) shall be applied to and used solely for the payment of the particular Bonds (including the interest and premium, if any, thereon) with respect to which such moneys or Government Obligations have been so set aside in trust.

(f) Anything in Article XIV hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Section 1002 shall be made without the consent of the owner of each Bond affected thereby.

Section 1003. **Recording Office.** The release of property from the lien and security interest of this Indenture by the Trustee under the provisions of this Article shall operate and be effective as a full and complete discharge and satisfaction of the lien and security interest created by this Indenture as to the property described in such release and may be relied upon by the Office of the Clerk of the Superior Court of Cherokee County, Georgia, and his successors in office, without the production of the Bonds for endorsement thereon of such release, and such release shall be conclusive evidence that the property therein specifically described has been validly released from the lien and security interest of this Indenture, and the Office of the Clerk of the Superior Court of Cherokee County, Georgia and any purchaser need not inquire as to the power or authority of the Trustee to give such release nor see to the application of any money in respect thereto.

[End of Article X]

ARTICLE XI

DEFAULTS AND REMEDIES

Section 1101. Defaults. If any of the following events occur, subject to the provisions of Sections 1110 and 1111 hereof, it is hereby defined as and declared to be and to constitute a default and an "Event of Default":

(a) default in the due and punctual payment of any interest on any Bond,

(b) default in the due and punctual payment of the principal of any Bond (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof,

(c) any material breach by the Issuer of any representation or warranty made in this Indenture or default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuer in this Indenture or in the Bonds contained, subject to the provisions of Section 1111 of this Indenture,

(d) the issuance of an order of relief by the Bankruptcy Court of the United States District Court having valid jurisdiction, granting the Issuer relief under federal bankruptcy law, or the issuance by any other court having valid jurisdiction of an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Issuer or any substantial part of its property, affairs, or assets, and the continuance of any such decree or order is unstayed and in effect for a period of sixty consecutive days, or

(e) the consent by the Issuer to the institution of proceedings in bankruptcy against it, or to the institution of any proceeding against it under any federal or state insolvency laws, or to the filing of any petition, application, or complaint seeking the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Issuer or of any substantial part of its property, affairs, or assets.

Section 1102. Remedies Upon Event of Default. If an Event of Default occurs and is continuing, the Trustee shall have the right and option to exercise any or all of the following remedies, or any or all other remedies then provided by law or in equity:

(a) The Issuer, upon the demand of the Trustee, shall forthwith surrender the actual possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, with or without force or process of law, to enter and take possession of, and exclude the Issuer and its agents and servants wholly from, all or any part of the Project together with the books, papers, and accounts of the Issuer pertaining thereto, including the rights and the position of the Issuer under the Lease Agreement, without the appointment of a receiver, or an application therefor, and to hold, operate, store, use, control, and manage the same and conduct the business thereof and from time to time make all necessary and proper repairs, maintenance, renewals, restorations, replacements, and improvements and procure all necessary and proper insurance as

the Trustee deems prudent; and the Trustee may lease or sublease the Project or any part thereof in the name and for the account of the Issuer or the Lessee and collect, receive, and sequester the rents, revenues, issues, earnings, income, products, and profits therefrom and, out of the same and any moneys received from any receiver of any part thereof, pay, or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding, and managing the same, including reasonable compensation to the Trustee and its agents and counsel and for any charges of the Trustee hereunder, any taxes and assessments and other charges that the Trustee may deem wise to pay, and all expenses of such maintenance, repairs, and improvements and apply the remainder of the moneys so received in accordance with the provisions of Section 1106 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults have been made good, the Trustee shall surrender possession to the Issuer, the same rights of entry provided in this Section 1102, however, to exist upon any subsequent Event of Default. The Trustee may complete the construction of any improvements that have been undertaken but not completed, and the Trustee for such purpose may use all available materials and equipment at the Project and may acquire all other necessary materials and equipment and employ contractors and other employees. All sums expended by the Trustee for such purposes shall constitute advancements pursuant to Section 6.06 of the Lease Agreement and shall be secured by this Indenture and shall forthwith be due and payable by the Lessee to the Trustee. While in possession of such property the Trustee shall render annually to the Issuer and the Lessee and also to the Bondholders at their addresses shown by the registration books a summarized statement of income and expenditures in connection therewith. The authority and agency conferred by this paragraph upon the Trustee shall be deemed to create a power coupled with an interest and shall be irrevocable.

(b) The Trustee may exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect, and shall have the power to proceed with any available right or remedy granted by the Bond Documents or the Constitution and statutes of the State, as it may deem best, including any suit, action, mandamus, or special proceeding in equity or at law or in bankruptcy or otherwise for the collection of all amounts due and unpaid under the Bond Documents and the Bonds, for specific performance of any covenant or agreement contained herein or therein, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effective to protect the rights aforesaid, insofar as such may be authorized by law, and may enforce its right to the appointment of a receiver pursuant to Section 1105 of this Indenture. The Trustee, as the assignee of all of the right, title, and interest of the Issuer in and to the Lease Agreement (except for the Unassigned Rights) and the Contract, shall enforce each and every right granted to the Issuer under the Lease Agreement (except for the Unassigned Rights) and the Contract. Upon the occurrence of an Event of Default, the Trustee, in its own name and as trustee of an express trust, or in the name of the Issuer without the necessity of joining the Issuer, shall be entitled to institute any action or proceedings at law or in equity and may prosecute any such action or proceedings to judgment or final decree and may enforce any such judgment or final decree against any obligor thereon and collect in the manner provided by law, but limited as provided in the Bond Documents, out of the property of any obligor thereon wherever situated the moneys adjudged or decreed to be payable for the benefit of the Bondholders, or on behalf of the Issuer. The rights herein specified are to be cumulative to all other available rights, remedies, or powers and shall not exclude any such rights, remedies, or powers.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of any obligor under the Lease Agreement or the Contract under federal bankruptcy law or any other applicable law, or in the case a receiver or trustee shall have been appointed for the property of any such obligor, or in the case of any other judicial proceedings relative to any obligor under the Lease Agreement or the Contract or relative to the creditors or property of any such obligor, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed and irrespective of whether the Trustee shall have made any demand pursuant to the power vested in it by this Indenture) shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys, and counsel and for reimbursement of all expenses and liabilities incurred and all advances made by the Trustee except as a result of its negligence or bad faith) and of the Bondholders allowed in any such judicial proceedings relative to the Lessee, the County, or any other obligor under the Lease Agreement or the Contract, or relative to the creditors or property of the Lessee or the County, or relative to any such other obligor, as the case may be, and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf. Any receiver, assignee, or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make payments to the Trustee and in the event that the Trustee shall consent to the making of payments directly to the Bondholders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys, and counsel and all other expenses and liabilities incurred and all advances made by the Trustee except as a result of its negligence or bad faith.

Section 1103. Rights of Bondholders to Require Trustee to Pursue Remedies. If an Event of Default occurs and is continuing, and if requested so to do by the owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in Section 1214 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by Section 1102 as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No lien, right, or remedy by the terms of this Indenture conferred upon or reserved or otherwise available to the Trustee or to the Bondholders is intended to be or shall be construed to be exclusive of any other available lien, right, or remedy, but each and every such lien, right, or remedy shall be cumulative and shall be in addition to any other lien, right, or remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right, power, or remedy accruing upon any default or Event of Default shall impair any such right, power, or remedy or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, but every such right, power, or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall

impair any rights or remedies consequent thereon. The giving, taking, or enforcement of any other or additional security, collateral, or guaranty for the payment of the Bonds shall not operate to prejudice, waive, or affect the Trust Estate or any rights, powers, or remedies under this Indenture, nor shall the Trustee be required to first look to, enforce, or exhaust such other additional security, collateral, or guarantors.

Section 1104. Rights of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of Bonds then Outstanding (determined subject to the provision of Section 1601(d) hereof) shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, provided the Trustee is indemnified pursuant to Section 1214 hereof, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or in connection with the appointment of a receiver or in connection with any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 1105. Appointment of Receivers.

(a) If an Event of Default occurs and is continuing, a receivership may be necessary to protect the Trust Estate, whether before or after maturity of the Bonds, or at the time of or after the institution of suit to collect the principal of, premium (if any), or interest on the Bonds, or to enforce this Indenture; accordingly, the Trustee shall, as a matter of strict right and regardless of the value of the Trust Estate or of the solvency of any party bound for the payment of the Bonds, have the right to the appointment on ex parte application and without notice to the Issuer or the Lessee, by any court having jurisdiction, of a receiver to take charge of, manage, preserve, protect, and operate the Project and the Trust Estate, to collect the revenues, rents, issues, profits, products, and income thereof, to make all necessary and needed repairs, to complete the construction of any improvements that have been undertaken but not completed, to pay all taxes and assessments against the Project and insurance premiums for insurance thereon, and after the payment of the expenses of the receivership, including reasonable attorneys' fees to the Trustee's attorney, and after compensation for management of the Project, to apply the net proceeds to pay the Bonds or in such manner as the court shall direct. All such expenses shall be secured by the lien of this Indenture until paid.

(b) The receiver or its agents shall be entitled to enter upon and take possession of any part and all of the Project and to complete construction of improvements, to the same extent and in the same manner as the Issuer might lawfully do. The receiver, personally or through its agents or attorneys, may exclude the Issuer and its agents, servants, and employees wholly from the Project and may have, hold, use, operate, manage, and control the same and each and every part thereof and in the name of the Issuer and its agents, may exercise all of their rights and powers under the Lease Agreement and at the expense of the Project, may maintain, restore, complete construction, insure, and keep insured the Project and may make all necessary and proper repairs, renewals, and replacements and all such useful

alterations, additions, betterments, and improvements as the receiver may deem judicious.

(c) Such receivership shall continue until the first to occur of full payment of the Bonds or the Event of Default having been cured.

Section 1106. Application of Moneys. Upon an Event of Default and if moneys held by the Trustee are insufficient to pay the principal of, premium, if any, and interest on the Bonds, all moneys received and held by the Trustee pursuant to this Indenture (except for moneys held in the Purchase Fund, which shall solely secure Series 2007 Bonds tendered for purchase in accordance with Article IV hereof) and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee, be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST - To the payment of the fees for Ordinary Services of the Trustee and Extraordinary Services of the Trustee and the Ordinary Expenses and Extraordinary Expenses of the Trustee and the costs and compensation of any advances made by the Trustee, the Issuer, and any receiver and the reasonable attorneys' fees of the Trustee, the Issuer, or any receiver;

SECOND – To the payment of Rebate Amount then due or to establish a reserve for Rebate Amount then accrued;

THIRD - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

FOURTH - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds that shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest at the same rate as the interest on such Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full principal of, premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal, interest, and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege;

FIFTH - To the payment of reasonable and necessary operating expenses of the Project and for reasonable renewals, repairs, and replacements of the Project necessary to prevent impairment of the Project; and

SIXTH - To be held for the payment to the Bondholders entitled thereto as the same shall become due of the principal of, premium, if any, and interest on the Bonds that may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of principal, premium, if any, and interest due on such date to the Bondholders entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied first to the items described in paragraph FIRST of the preceding subsection (a), second to the items described in paragraph SECOND of the preceding subsection (a), and then to the payment to the persons entitled thereto of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, but in accordance with the provisions of Section 202 hereof, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section 1106 and whenever all fees, expenses, and charges of the Trustee shall have been paid, any Trust Estate remaining hereunder shall be paid, transferred, and assigned to the Lessee, as provided in Section 12.05 of the Lease Agreement, or, to the extent that payments have been made under the Contract, to the County.

Section 1107. <u>Remedies Vested in the Trustee</u>. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any

owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the owners of the Outstanding Bonds.

Section 1108. Limitations on Rights and Remedies of Bondholders. No Bondholder shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless: (i) a default has occurred of which the Trustee has been notified as provided in subsection (h) of Section 1201, or of which by such subsection it is deemed to have notice, (ii) such default shall have become an Event of Default, (iii) the owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and provided the indemnity required by Section 1214 of this Indenture and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name, and (iv) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name. Such notification, request, and offer of opportunity and indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by its, his, or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal and ratable benefit of the owners of all Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective owners thereof at the time, place, from the source, and in the manner in such Bonds expressed.

Section 1109. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies, and powers of the Trustee shall continue unimpaired as if no such proceedings had been taken.

Section 1110. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and rescind its consequences and shall waive any Event of Default hereunder and its consequences upon the written request of the owners of a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that there shall not be waived any Event of Default specified in subsection (a) or (b) of Section 1101 unless prior to such waiver or rescission, all arrears of principal, premium, if any, and interest, with interest on such overdue amounts (to the extent permitted by law) at the rate borne by the Bonds, and all expenses of the Trustee in connection with such Event of Default, shall have been paid or provided for. In the case of any such waiver or rescission, or in case any proceeding taken by the

Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Issuer, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon. All waivers under this Indenture shall be in writing.

Section 1111. Notice of Defaults; Opportunity of the Issuer and the Lessee to Cure Defaults. (a) Anything herein to the contrary notwithstanding, no default under Section 1101(c) hereof shall constitute an Event of Default until actual written notice of such default by registered or certified mail shall be given by the Trustee or by the owners of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds then Outstanding to the Lessee and the Issuer, and the Lessee and the Issuer shall have had thirty (30) days after receipt of such notice to correct such default or cause such default to be corrected and shall not have corrected such default or caused such default to be corrected within the applicable period; provided, however, if such default be such that it cannot with due diligence be cured within the applicable period but can be wholly cured within a period of time not materially detrimental to the rights of the Trustee and the Bondholders, to be determined conclusively by the Trustee, it shall not constitute an Event of Default if corrective action is instituted by the Lessee or the Issuer, as the case may be, within the applicable period and diligently pursued until the default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Section 1111, the Issuer hereby grants the Lessee full authority for the account of the Issuer to perform any covenant or obligation alleged in such notice to constitute a default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

(b) In addition, the Trustee shall immediately give written notice of all Events of Default under this Indenture and the Lease by registered or certified mail to the Lessee, the Issuer, and the County, provided, however, such notice shall not be a condition precedent to the Trustee or the Bondholders exercising any right or remedy granted to them hereunder, except as provided in subsection (a) above.

[End of Article XI]

ARTICLE XII

THE TRUSTEE

Section 1201. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, represents and covenants that it is fully empowered under applicable laws and regulations to accept such trusts, and agrees to perform such trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations should be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, accountants, agents, receivers, employees, or other experts, and shall not be responsible for the acts of any attorneys, accountants, agents, receivers, employees, or other experts appointed by it in good faith and without negligence, and shall be entitled to advice of its counsel, accountant, or other expert concerning all matters of trusts hereof and the duties hereunder and may in all cases pay and be reimbursed for such reasonable compensation to all such attorneys, accountants, agents, receivers, employees, and other experts as may be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorneys, accountants, or other experts (who may be the attorneys, accountants, or other experts for the Issuer or the Lessee) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action taken in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital other than its own contained herein or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds) or for insuring the property conveyed hereby or for collecting any insurance moneys or for the recording or re-recording or filing or re-filing of this Indenture or any financing statement or for the validity of the execution by the Issuer of this Indenture or any supplemental indentures hereto or instruments of further assurance or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby or for the value or title of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture, it shall use due diligence in preserving such property. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants,

conditions, or agreements on the part of the Issuer, the Lessee, or the County under the Lease Agreement or the Contract except as herein expressly set forth, but the Trustee may require of the Issuer, the Lessee, or the County full information and advice as to the agreements aforesaid and as to the condition of the property conveyed hereby. Except as otherwise provided in this Indenture, the Lease Agreement, or the Contract, the Trustee shall perform all of the duties or obligations of the Issuer under the Lease Agreement and the Contract, but shall not be answerable for the performance of any such duty or obligation for other than its negligence or willful misconduct.

(d) The Trustee shall not be accountable for the use of the proceeds from the sale of the Bonds disbursed in accordance with the provisions of this Indenture. The Trustee may become the owner of Bonds secured hereby with the same rights that it would have if not Trustee.

(e) The Trustee shall be protected in acting in good faith upon any notice, request, resolution, consent, certificate, order, affidavit, letter, telegram, or other paper or document, or oral communication or direction, reasonably believed to be genuine and to have been signed or sent or given by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the registered owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and of any Bond or Bonds issued in exchange therefor or upon transfer of or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper, or proceedings, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by the Authorized Issuer Representative or by its Chairman or Vice Chairman and attested by the Secretary or Assistant Secretary of the Issuer and upon a certificate signed on behalf of the Lessee by the Authorized Lessee Representative or by its Manager, as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section or of which by such subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary or Assistant Secretary of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Governing Body as conclusive evidence that such a resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable with respect to any such permissive right for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (i) failure by the Issuer to cause to be made any of the payments required to be made by the Bonds, (ii) failure by the Lessee to make any of the payments to the Trustee required to be made by Section 5.03 of the Lease Agreement, and (iii) failure by the County to make any of the payments to the Trustee required to be made by Section 5.1 of the Contract, unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the owners of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered in accordance with Section 1604 hereof, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(i) The Trustee shall not be liable for any debts contracted or for damages to persons or to personal property injured or damaged or for salaries or nonfulfillment of contracts related to the Project, other than for its negligence or willful misconduct.

(j) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to fully to inspect any and all of the Project, including all books, papers, and records of the Issuer pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired, subject to the limitations imposed upon such rights of inspection pursuant to Section 8.02 of the Lease Agreement.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers hereunder or otherwise in respect of the premises hereof.

(l) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any action whatsoever within the purview of this Indenture, the delivery of any showings, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of any such action by the Trustee, deemed reasonably necessary for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(m) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law or by this Indenture. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be separately agreed upon in writing.

(n) The Trustee may construe any provision hereof insofar as such may appear to it to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provision by the Trustee shall be binding upon the Bondholders and the Issuer.

(o) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the owners of a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture.

(p) No provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(q) Prior to entering or taking possession of, or taking any other actions with respect to the Project, the Trustee may require assurance in the form of an opinion of counsel or otherwise that no liability under any Environmental Laws will be imposed upon it as a result of such actions.

(r) The Trustee shall have no responsibility for any information in any official statement, offering memorandum, or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(s) In the event that the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Bondholders, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, then the Trustee, in its sole discretion, may determine what action or actions, if any, shall be taken or not taken.

(t) The Trustee's reliance upon the written investment instructions of the Authorized Lessee Representative shall fully protect the Trustee as to whether the investments covered by such instructions are permitted under applicable state law.

Section 1202. Fees, Charges, and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for Ordinary Services of the Trustee rendered hereunder, and all advances, attorneys' fees, and other Ordinary Expenses of the Trustee reasonably made or incurred by the Trustee in connection with such Ordinary Services of the Trustee, and in the event that it should become necessary that the Trustee perform Extraordinary Services of the Trustee, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable Extraordinary Expenses of the Trustee in connection therewith; provided, that if such Extraordinary Services of the Trustee or Extraordinary Expenses of the Trustee are occasioned by the negligence or willful misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall

be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as bond registrar and paying agent for the Bonds as hereinabove provided. Upon an Event of Default hereunder, but only upon such an Event of Default, the Trustee shall have a right of payment prior to payment on account of principal of, or premium, if any, or interest on, any Bond for the foregoing advances, fees, costs, and expenses incurred; provided, however, that in no event shall the Trustee have any such prior right of payment or claim therefor against (a) moneys held to pay redemption price of the Bonds, (b) moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds that are deemed to have been paid in accordance with Article X hereof, or (c) funds held pursuant to Section 611 hereof. The Trustee's right to compensation shall survive discharge of this Indenture, the resignation or removal of the Trustee hereunder, and payment in full of the Bonds.

Section 1203. Notice to Bondholders if Default Occurs. If a default occurs of which the Trustee is by subsection (h) of Section 1201 hereof required to take notice or if notice of default is given as in such subsection (h) provided, the Trustee shall give such notice to the Lessee, the County, and the Issuer as is specified in Section 1111 hereof and shall give written notice thereof by first-class, registered or certified mail, within fifteen (15) days (unless such default is cured or waived), to the owners of all Bonds then Outstanding shown by the registration books maintained by the Trustee pursuant to Section 208 hereof, provided that, except in the case of a default in the payment of the principal of, premium, if any, or interest on any Bond, the Trustee may withhold such notice to the Bondholders if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders.

Section 1204. Intervention by the Trustee. The Trustee may intervene on behalf of Bondholders in any judicial proceeding to which the Issuer, the Lessee, or the County is a party and which, in the reasonable opinion of the Trustee and its counsel, has a substantial bearing on the interests of owners of the Bonds and shall do so if requested in writing by the owners of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding and the indemnity required by Section 1214 hereof has been provided. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction, if such approval is required by law as a condition to such intervention.

Section 1205. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell, lease, or transfer its corporate trust business and corporate trust assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, if otherwise eligible under Section 1211 hereof, ipso facto, shall be and become successor trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, rights, obligations, duties, remedies, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 1206. Resignation by the Trustee. The Trustee and any successor trustee may at any time resign from the trusts hereby created by executing an instrument in writing resigning such trusts and specifying the date when such resignation shall take effect, and filing the same

with the Issuer, the Lessee, and the County not less than 45 days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by first class mail, postage prepaid, not less than 20 days prior to such resignation date, to each Bondholder shown on the registration records maintained pursuant to Section 208 hereof, and such resignation shall only take effect at the appointment of a successor trustee pursuant to the provisions of Section 1208 hereof and acceptance by the successor trustee of such trusts.

Section 1207. Removal of the Trustee. The Trustee may be removed at any time by the Issuer, by an instrument in writing delivered to the Trustee, for any breach of the trusts set forth herein or for failure or refusal to act as trustee, or by an instrument or concurrent instruments in writing delivered to the Trustee, the Issuer, and the Lessee and signed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that no such removal shall be effective until a successor trustee has been appointed and qualified.

Section 1208. Appointment of Successor Trustee; Temporary Trustee. In case the Trustee hereunder shall (a) resign or be removed or (b) be dissolved or shall be in the course of dissolution or liquidation, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court or otherwise become incapable of acting hereunder, a successor may be appointed by an instrument executed and signed by the Chairman or Vice Chairman and attested by the Secretary or Assistant Secretary of the Issuer under its seal and executed by an officer of the Lessee; provided, that if a successor trustee is not so appointed within ten (10) days after notice of resignation is mailed or an instrument of removal is delivered as provided under Sections 1206 and 1207 hereof, respectively, or within ten (10) days of the Issuer's knowledge of any of the events specified in clause (b) hereinabove, then the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by or on behalf of such owners, delivered personally or sent by registered mail to the Issuer and the Lessee, may designate a successor trustee. Until a successor trustee shall be appointed by the Bondholders in the manner above provided, the Issuer, by resolution and upon written notice to the Lessee, shall appoint a temporary trustee to fill such vacancy, and any such temporary trustee so appointed by the Issuer shall immediately and without further act be superseded by the successor trustee so appointed by the Bondholders. Notice of the appointment of a successor trustee shall be given in the same manner as provided by Section 1206 hereof with respect to the resignation of the Trustee.

In case at any time the Trustee shall give notice of its intent to resign and no appointment of a successor trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the owner of any Bond or the resigning Trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor trustee.

Section 1209. Concerning Any Successor Trustee. Every successor trustee appointed hereunder shall execute, acknowledge, and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, remedies, immunities, privileges, duties, and obligations of its

predecessor, but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, and upon payment of all amounts due such predecessor pursuant to Section 1202 hereof, execute and deliver an instrument transferring to such successor trustee all the estates, properties, obligations, duties, remedies, immunities, privileges, rights, powers, and trusts of such predecessor hereunder, and every predecessor trustee shall deliver all securities and moneys held by it as trustee hereunder to its successors, and every predecessor trustee shall deliver the registration books held by it as bond registrar hereunder to its successors. Should any instrument in writing from the Issuer be required by a successor trustee for more fully and certainly vesting in such successor the estates, trusts, obligations, remedies, immunities, privileges, rights, powers, and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged, and delivered by the Issuer. The resignation of any trustee and the instrument or instruments removing any trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor trustee in each recording office where this Indenture or a notice hereof or a financing statement relating to this Indenture shall have been filed or recorded, if any. Any predecessor trustee shall not be liable for any action taken or omitted to be taken by a successor trustee.

Section 1210. Right of the Trustee to Pay Insurance, Taxes, and Other Charges. In case any tax, assessment, or governmental or other charge upon, or insurance premium with respect to, any part of the Project is not paid as required herein or in the Lease Agreement and is not being contested pursuant to Section 6.07 of the Lease Agreement, the Trustee may pay such tax, assessment, or governmental or other charge, or insurance premium, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure, and any amount at any time so paid under this Section or Section 6.07 of the Lease Agreement, with interest thereon from the date of payment at the rate charged prime corporate borrowers plus two percent (2%) per annum on demand loans by the commercial lending department of the Trustee or any of its affiliates, shall become an additional obligation secured by this Indenture and the same shall be given a preference in payment over any of the Bonds and shall be paid out of the revenues herein pledged to the payment of the Bonds if not otherwise caused to be paid, but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the owners of at least twenty-five percent (25%) in the aggregate principal amount of all Bonds then Outstanding and shall have been provided with adequate funds for the purpose of such payment.

Section 1211. Trustee Required; Paying Agents, Co-Authenticating Agent, and Co-Bond Registrar. (a) There shall at all times be a trustee hereunder, which shall be a corporation or association duly organized and existing under the laws of the United States of America or any state or territory thereof and authorized by law to perform all the duties imposed upon it by this Indenture and shall be (1) a bank or trust company, (2) a wholly-owned subsidiary of a bank or trust company, or (3) a wholly-owned subsidiary of a bank holding company the principal banking subsidiary of which is a bank or trust company, which bank or trust company, in case of (1), (2), or (3) of this subsection, is subject to examination by federal or state authority and has a reported capital and surplus of not less than $75,000,000, if there be such an institution willing, qualified, and able to accept the trusts imposed under this Indenture upon reasonable or customary terms. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection, it shall resign immediately in the manner provided in Section 1206

hereof. No resignation or removal of the Trustee and no appointment of a successor trustee shall become effective until the successor trustee has accepted its appointment under Section 1209 hereof.

(b) The Issuer hereby appoints and designates the principal corporate trust office of the Trustee as the place of payment for the Bonds, and the Trustee as the paying agent for the Bonds. The Issuer shall, upon the written request from the Lessee and payment of any expenses incurred in connection therewith pursuant to Section 5.03 of the Lease Agreement, cause the necessary arrangements to be made through the Trustee for the designation of additional paying agents as specified by the Lessee for the making available of funds for the payment of such of the Bonds as shall be presented when due at the principal office of such additional paying agents. The Trustee may designate a co-authenticating agent and a co bond registrar, which may perform the duties of authenticating agent and bond registrar on behalf of the Trustee, and all references herein to authenticating agent and bond registrar shall include any such co-authenticating agent and co bond registrar.

Section 1212. **Trustee Protected in Relying Upon Resolutions.** The resolutions, opinions, certificates, and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection, and authority to the Trustee for the release of property and the withdrawal of cash or other action taken hereunder.

Section 1213. **Successor Trustee as Trustee of Funds and Accounts, as Paying Agent, and as Bond Registrar.** In the event of a change in the office of trustee, the predecessor trustee that has resigned or has been removed shall cease to be trustee of the Bond Fund, the Project Fund, the Issuance Cost Fund, the Debt Service Reserve Fund, the Purchase Fund, and any special trust funds hereunder created and shall cease to be paying agent for the payment of principal of and interest and premium, if any, on the Bonds and shall cease to be bond registrar, and the successor trustee as qualified under Section 1208 hereof shall become such trustee, paying agent, and bond registrar.

Section 1214. **Trust Estate May Be Vested in Separate Trustee or Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Bond Documents and in particular in case of the enforcement of either on an Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies herein granted to the Trustee or may not hold title to the Trust Estate, in trust, as herein granted, or may not take any other action that may be necessary or desirable in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 1214 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, duty, obligation, interest, security interest, and lien expressed or intended

by this Indenture to be exercised by or vested in or granted or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights, and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance, or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties, and obligations, any and all such deeds, conveyances, and instruments in writing shall, on request, be executed, acknowledged, and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign, or be removed, all the estates, properties, rights, powers, trusts, duties, and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee. Any co-trustee appointed by the Trustee pursuant to this Section may be removed by the Trustee, in which case all powers, rights, and remedies vested in the co-trustee shall again vest in the Trustee as if no such appointment of a co-trustee had been made. The Trustee shall not be liable for any action taken or omitted to be taken by any such separate trustee or co-trustee.

Section 1215. Indemnification of Trustee. Before taking any action under this Indenture at the direction or request of the Bondholders, the Trustee may require that a satisfactory indemnity bond be furnished for reimbursement of all expenses it may incur and to protect it against all liabilities, except for liability that is adjudicated to have resulted from the negligence or willful misconduct of the Trustee by reason of any action so taken.

Section 1216. Reports. The Trustee shall provide to the Issuer, the Lessee, the County, the Underwriter, or any Beneficial Owner of 15% or more in aggregate principal amount of the Bonds then Outstanding, on written request, the following items:

(1) copies of all notices, documents, or reports provided to or by it under this Indenture,

(2) a description of the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such), which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Bonds, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than one half of one percent (1/2 of 1%) of the principal amount of the Outstanding Bonds on the date of such report,

(3) a description of the property and funds, if any, physically in the possession of the Trustee as such on the date of such report, and

(4) a description of any additional issue of Bonds that the Trustee has not previously reported.

[End of Article XII]

ARTICLE XIII

MEETINGS OF BONDHOLDERS

Section 1301. Purpose of Meetings. A meeting of Bondholders may be called at any time and from time to time pursuant to the provisions of this Article XIII, to the extent relevant to the Bondholders, to take any action (i) authorized to be taken by or on behalf of the Bondholders of any specified aggregate principal amount of the Bonds or (ii) under any provision of this Indenture or authorized or permitted by law.

Section 1302. Call of Meetings. The Trustee may call at any time a meeting of Bondholders to be held at any reasonable time and place as the Trustee shall determine. Notice of such meeting, setting forth the time, place, and the general subject matter thereof, shall be mailed by first class mail, postage prepaid, not less than fifteen (15) nor more than ninety (90) days prior to the date of the meeting, to the Lessee, the County, and the Issuer and to the Bondholders at their addresses as they appear on the registration books of the Issuer on the fifteenth (15th) day preceding the date of such mailing, which fifteenth day preceding the date of such mailing shall be the record date for the meeting.

If at any time the Issuer, the County, or the Lessee or the owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have requested the Trustee to call a meeting of Bondholders, by written request setting forth the purpose of the meeting, and if the Trustee shall not have mailed the notice of the meeting within twenty (20) days after the receipt of the request, then the Issuer, the Lessee, the County, or the owners of the Bonds in the amount above specified may determine the time and place of the meeting and may call the meeting to take any action authorized in Section 1301 hereof, by mailing notice thereof as provided above.

Any meetings of Bondholders shall be valid without notice, if the owners of the Bonds then Outstanding that are required to be present at such meeting are present in person or by proxy, or if notice is waived before or after the meeting by the owners of the Bonds Outstanding that were required to be present at such meeting and who were not so present at the meeting, and if the Issuer, the Lessee, the County, and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 1303. Voting. To be entitled to vote at any meeting of Bondholders, a Person shall (a) be a Bondholder as of the record date for the meeting as determined in Section 1302 hereof, or (b) be a person appointed as a representative by proxy by an instrument or document in writing by a Bondholder as of the record date for the meeting.

The vote upon any resolution submitted to any meeting of Bondholders shall be by written ballots upon which shall be subscribed the signatures of the Bondholders or of their representative by proxy and the identifying number(s) of the Bonds held or represented by them.

Section 1304. Meetings. Notwithstanding any other provisions of this Indenture, the Trustee may make any reasonable regulations that it may deem to be advisable for meetings of Bondholders, with regard to:

(a) proof of the ownership of Bonds and of the appointment of representatives by proxy,

(b) the appointment and duties of inspectors of votes,

(c) the recordation of the proceedings of the meetings,

(d) the execution, submission, and examination of proxies and other evidence of the right to vote, and

(e) any other matters concerning the conduct, adjournment, or reconvening of meetings that it may deem appropriate or necessary.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Issuer, the Lessee, the County, or the Bondholders, as provided in Section 1302 hereof, in which case the Issuer, the Lessee, the County, or the Bondholders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the owners of a majority in aggregate principal amount of the Bonds represented at the meeting and entitled to vote at such meeting.

The only persons who shall be entitled to be present or to speak at any meeting of Bondholders shall be the persons entitled to vote at the meeting and their counsel, any representatives of the Issuer and its counsel, any representatives of the Trustee and its counsel, any representatives of the Lessee and its counsel, and any representatives of the County and its counsel.

Meetings shall be conducted in accordance with rules, regulations, orders, and procedures established by the chair of the meeting. Unless otherwise specifically required in this Indenture, all issues, matters, motions, or resolutions at any meeting shall be determined by the majority of votes represented at the meeting in person or by proxy.

Section 1305. Miscellaneous. Nothing contained in this Article XIII shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Bondholders under any of the provisions of this Indenture or of the Bonds by reason of any call of a meeting of Bondholders or by reason of any rights expressly or impliedly conferred by this Article XIII to call a meeting of Bondholders.

[End of Article XIII]

ARTICLE XIV

SUPPLEMENTAL INDENTURES

Section 1401. Supplemental Indentures Not Requiring Consent of Bondholders.

(a) The Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in, or to correct or supplement any defective provision of, this Indenture,

(ii) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in this Indenture other covenants, agreements, limitations, and restrictions to be observed by the Issuer for the protection of the Bondholders,

(iii) to evidence the appointment of a separate trustee or a co-trustee, or the succession of a new trustee or the appointment of a new or additional paying agent or bond registrar,

(iv) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, benefits, security, liabilities, duties, or authority that may lawfully be granted to or conferred or imposed upon the Bondholders or the Trustee or either of them,

(v) to subject to the lien and security interest of this Indenture additional revenues, properties, or collateral,

(vi) to modify, amend, or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions, and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or any similar federal statute,

(vii) to modify, amend, or supplement this Indenture in such manner to assure the continued exclusion from gross income of the owners thereof for federal income tax purposes of interest on any Tax-Exempt Bonds,

(viii) to reflect a change in applicable law provided that the Trustee shall determine that such supplemental indenture does not prejudice the rights of Bondholders,

(ix) in connection with any other change herein that, in the judgment of the Trustee, does not prejudice or materially adversely affect the Bondholders or impair the Trust Estate, or

(x) to provide for certificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, if permitted by law.

(b) The Issuer and the Trustee shall, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture (i) in connection with the issuance of any Additional Bonds in accordance with Section 211 hereof and the inclusion of additional collateral in the Trust Estate in connection therewith, (ii) to the extent necessary with respect to the land and interests in land, buildings, furnishings, machinery, equipment, and all other real and personal property that may form a part of the Project, so as to more precisely identify the same or to substitute, release, or add additional land or interests in land, buildings, furnishings, machinery, equipment, or real or personal property as collateral in the Trust Estate, or (iii) with respect to any changes required to be made in the description of the Trust Estate in order to conform with similar changes made in the Lease Agreement as permitted by Section 1501 hereof.

Section 1402. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of indentures supplemental hereto covered by Section 1401 hereof and subject to the terms and provisions contained in this Section and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section or in Section 1401 contained shall permit, or be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or a reduction in the rate or an extension of the time of payment of interest on, or a reduction of any premium payable on the redemption of, any Bonds, without the consent of every owner of such Bonds, or (b) the creation of any lien or security interest (other than any Permitted Encumbrances) prior to or on a parity with the lien and security interest of this Indenture or the deprivation of any Bondholders of the lien created by this Indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (c) a reduction in the amount, or an extension of the time of any payment, required by the mandatory sinking fund redemption provisions of this Indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, or (e) the modification of the trusts, powers, obligations, remedies, privileges, rights, duties, or immunities of the Trustee, without the written consent of the Trustee, or (f) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (g) the release of or requirements for the release of this Indenture, without the

consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes allowed by this Section, the Trustee shall, upon being reasonably indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given in substantially the manner provided in Section 303 hereof with respect to redemption of Bonds. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If, within sixty (60) days or such longer period as shall be reasonably prescribed by the Issuer following the giving of such notice, the owners of the requisite principal amount of affected Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein or to the operation thereof or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may require or request and rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article XIV.

Anything herein to the contrary notwithstanding, if the Lessee is not in default under the Lease Agreement at such time, a supplemental indenture under this Article XIV that affects any rights or obligations of the Lessee or that changes the priority or use of moneys under this Indenture shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture, together with a copy of such supplemental indenture, to be mailed by certified or registered mail to the Lessee at least fifteen (15) days prior to the proposed date of execution and delivery of any such supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 4:30 p.m., local time of the Trustee, on the fifteenth (15th) day after the mailing of such notice and a copy of the proposed supplemental indenture.

[End of Article XIV]

ARTICLE XV

AMENDMENT OF OTHER BOND DOCUMENTS

Section 1501. Amendments to Other Bond Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee shall, without the consent of or notice to the Bondholders, consent to any amendment, change, or modification of the Bond Documents other than this Indenture as may be required (i) by the provisions of this Indenture and the Lease Agreement, (ii) in connection with the issuance of Additional Bonds as provided in Section 211 hereof, (iii) for the purpose of curing any ambiguity or formal defect or omission therein, (iv) in connection with the land and interests in land, buildings, machinery, equipment, and other real or personal property described in Exhibit A to the Lease Agreement so as to identify more precisely the same or to substitute, release, or add additional land or interests in land, buildings, machinery, equipment, or other real or personal property, (v) so as to add additional rights acquired in accordance with the provisions of the Bond Documents, (vi) to substitute a new lessee under the Lease Agreement as provided therein, (vii) as permitted by the Lease Agreement, or (viii) in connection with any other change therein that, in the judgment of the Trustee, does not prejudice the Trustee or materially adversely affect the owners of the Bonds.

Section 1502. Amendments to Other Bond Documents Requiring Consent of Bondholders. Except for the amendments, changes, or modifications as provided in Section 1501 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change, or modification of the Bond Documents other than this Indenture without giving notice to and obtaining the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, given and procured as in Section 1402 hereof provided; provided, however, that nothing in this Section or Section 1501 hereof shall permit or be construed as permitting, (a) an extension of the time for payment of any amounts payable under the Lease Agreement or the Contract or a reduction in the amount of any payment or in the total amount due under the Lease Agreement or the Contract, without the consent of every owner of Bonds affected thereby, (b) the creation of any lien on the revenues realized by the County from the ad valorem tax required to be levied under the Contract, prior to or superior to the lien created in the Contract on such revenues, without the consent of every owner of Bonds affected thereby, or (c) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such amendment, change, or modification of such other Bond Documents, without the consent of the owners of all the Bonds at the time Outstanding that would be affected by the action to be taken. If at any time the Issuer, the Lessee, or the County shall request the consent of the Trustee to any such proposed amendment, change, or modification of such other Bond Documents, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 1402 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change, or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such amendment, change, or modification when consented to and approved as provided in this Section. If, within sixty (60) days or such longer period as shall be reasonably

prescribed by the Issuer following the giving of such notice, the owners of not less than the requisite principal amount of the affected Bonds Outstanding at the time of the execution of such proposed amendment, change, or modification shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein or to the operation thereof or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee from consenting to the execution thereof or to enjoin or restrain the Issuer, the Lessee, or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment, change, or modification as in this Section permitted and provided, such other Bond Documents shall be and be deemed to be modified, changed, and amended in accordance therewith. The Trustee may require or request and rely upon an opinion of counsel as conclusive evidence that execution and delivery of an amendment, change, or modification of any Bond Document other than this Indenture has been effected in compliance with the provisions of this Article XV.

[End of Article XV]

ARTICLE XVI

MISCELLANEOUS

Section 1601. Consents of Bondholders. Any consent, request, direction, approval, waiver, objection, or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any consent, request, direction, approval, waiver, objection, or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Trustee and the Issuer, with regard to any action taken under such request or other instrument, namely:

(a) the fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such instrument or writing acknowledged to him the execution thereof; where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association, or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority;

(b) the fact of ownership of Bonds and the amount or amounts, numbers, other identification of such Bonds, and the date of ownership shall be proved by the registration books of the Issuer maintained by the Trustee pursuant to Section 208 hereof;

(c) any request, consent, or vote of the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in pursuance of such request, consent, or vote; and

(d) in determining whether the owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent, or waiver under this Indenture, Bonds that are owned by the Issuer, by the Lessee, by the County, or by any other obligor under the Bond Documents or on the Bonds, or by any Affiliate of the foregoing, shall be disregarded and deemed not to be outstanding for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent, or waiver, but only Bonds that the Trustee knows to be so owned shall be disregarded; Bonds so owned that have been pledged in good faith may be regarded as outstanding for the purposes of this Section 1601 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not an Affiliate of the Issuer, the Lessee, the County, or any other obligor under the Bond Documents or on the Bonds; in case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 1602. **Limitation of Rights.** With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Lessee, the County, and the owners of the Bonds any legal or equitable right, remedy, or claim under or in respect to this Indenture, or any covenants, conditions, and provisions herein contained. This Indenture and all of the covenants, conditions, and provisions hereof are intended to be and are for the sole and exclusive benefit of the parties hereto, the Lessee, the County, and the owners of the Bonds herein provided for.

Section 1603. **Severability.** If any provision of this Indenture shall be held or be deemed to be or shall, in fact, be illegal, invalid, inoperative, or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained illegal, invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, or sections in this Indenture contained shall not affect the remaining portions of this Indenture or any part thereof.

Section 1604. **Notices.** All notices, certificates, requests, demands, or other communications hereunder shall be sufficiently given and shall be deemed given upon receipt, by hand delivery, mail, overnight delivery, telecopy, or other electronic means, addressed as follows:

If to the Issuer:	Resource Recovery Development Authority of Cherokee County 90 North Street, Suite 310 Canton, Georgia 30114 Attention: Chairman
If to the Lessee:	Ball Ground Recycling, LLC _____ Canton, Georgia _____ Attention: President
If to the County:	Cherokee County, Georgia 90 North Street Suite 310 Canton, Georgia 30114 Attention: County Manager
If to the Trustee:	The Bank of New York Trust Company, N.A. 100 Ashford Center North, Suite 520 Atlanta, Georgia 30338 Telecopy: (770) 698-5195 Attention: Corporate Trust Department

A duplicate copy of each notice, certificate, or other communication given hereunder shall also be given to the Trustee. Any party named in this Section 1604 may, by notice given to all parties to this Indenture and the other Bond Documents, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent. For purposes of this Section, "electronic means" shall mean telecopy or facsimile transmission or other similar electronic means of communication that produces evidence of transmission

Section 1605. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date of maturity of interest on or principal of any Bonds or the date fixed for redemption of any Bonds shall be, in the location of the principal corporate trust office of the Trustee, a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday, legal holiday, or day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 1606. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1607. Laws Governing Indenture and Situs and Administration of Trust. The effect and meanings of this Indenture and the rights of all parties hereunder shall be governed by and construed according to the laws of the State, exclusive of such State's rules regarding choice of law, but it is the intention of the Issuer that the situs of the trust created by this Indenture be in the state in which is located the principal corporate trust office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to Section 1214 of this Indenture. It is the further intention of the Issuer that the Trustee administer such trust in the state in which it is located, from time to time, and that the same be, for all purposes hereunder, the situs of such trust.

Section 1608. No Liability of Issuer's or Trustee's Officers. No recourse under or upon any obligation, covenant, or agreement contained in this Indenture, or in the Bonds, or for any claim based thereon, or under any judgment obtained against the Issuer or the Trustee, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent of this Indenture, shall be had against any incorporator, member, director, or officer, as such, past, present, or future, of the Issuer or the Trustee, or any incorporator, member, director, or officer of any successor corporation, as such, either directly or through the Issuer or the Trustee or any successor corporation, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Trustee as trustee for the Bondholders or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Trustee as trustee for the Bondholders or

otherwise, of any sum that may remain due and unpaid upon the Bonds, is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

[End of Article XVI]

SIGNATURES AND SEALS

IN WITNESS WHEREOF, the Issuer has executed this Indenture by causing its name to be hereunto subscribed by its Chairman and by causing the official seal of the Issuer to be impressed hereon and attested by its Secretary; and the Trustee, to evidence its acceptance of the trusts created hereunder, has executed this Indenture by causing its name to be hereunto subscribed by its Authorized Officer and by causing its corporate seal to be impressed hereon and attested by its Authorized Officer, all being done as of the day and year first above written but actually executed by the Issuer on July __, 2007 and by the Trustee on July __, 2007.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By:_____
Chairman

(SEAL)

Attest:

_____
Secretary

As to the Issuer, signed, sealed, and delivered this ____ day of July 2007, in the presence of:

_____
Unofficial Witness

_____
Notary Public

My commission expires:_____

(NOTARIAL SEAL)

[Signatures and Seals Continued on Following Page]

[Signatures and Seals Continued From Preceding Page]

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By:_____
Authorized Officer

(SEAL)

Attest:

_____
Authorized Officer

As to the Trustee, signed, sealed, and delivered this ____ day of July 2007, in the presence of:

_____
Unofficial Witness

_____
Notary Public

My commission expires:_____

(NOTARIAL SEAL)

EXHIBIT A

DESCRIPTION OF PREMISES

EXHIBIT B

STATE OF GEORGIA)
)
COUNTY OF CHEROKEE)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
(a public corporation created
and existing under the laws of the State of Georgia)
as Lessor

and

BALL GROUND RECYCLING, LLC
(a limited liability company duly formed and existing
under the laws of the State of Georgia)
as Lessee

LEASE AGREEMENT

Dated as of July 1, 2007

THE RIGHTS AND INTEREST OF THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY IN THIS LEASE AGREEMENT AND THE REVENUES AND RECEIPTS DERIVED HEREFROM, EXCEPT FOR ITS UNASSIGNED RIGHTS, AS DEFINED HEREIN, HAVE BEEN ASSIGNED AND ARE THE SUBJECT OF A GRANT OF A SECURITY INTEREST TO THE BANK OF NEW YORK TRUST COMPANY, N.A., AS TRUSTEE, UNDER A TRUST INDENTURE AND SECURITY AGREEMENT DATED AS OF JULY 1, 2007.

This instrument prepared by:

Kilpatrick Stockton LLP
1100 Peachtree Street
Suite 2800
Atlanta, Georgia 30309

LEASE AGREEMENT

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(This Table of Contents is not a part of the Lease Agreement and is only for convenience of reference.)

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LEASE AGREEMENT

This **LEASE AGREEMENT,** dated as of July 1, 2007, by and between the Resource Recovery Development Authority of Cherokee County (the "Issuer"), a public corporation created and existing under the laws of the State of Georgia, and Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under the laws of the State of Georgia.

WITNESSETH:

IN CONSIDERATION OF the respective representations and agreements hereinafter contained, the parties hereto agree as follows, provided, that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not constitute a general obligation of the Issuer but shall be payable solely out of the revenues, receipts, and other payments derived from the Bond Documents and the sale of the Series 2007 Bonds referred to in Section 1.01 hereof, and the Bonds shall not constitute a general obligation of the Issuer nor constitute an indebtedness or general obligation of Cherokee County, Georgia or of the State of Georgia or any other agency or political subdivision of the State of Georgia or Cherokee County, Georgia, within the meaning of any constitutional or statutory provision whatsoever:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions. Certain words and terms used in this Lease Agreement are defined herein. When used herein, such words and terms shall have the meanings given to them by the language employed in this Article I defining such words and terms, unless the context clearly indicates otherwise. In addition to the words and terms defined elsewhere herein, the following words and terms are defined terms under this Lease Agreement:

"Act" means Chapter 63 of Title 36 of the Official Code of Georgia Annotated, entitled "Resource Recovery Development Authorities Law," as amended, and as the same may be from time to time additionally supplemented and amended.

"Additional Bonds" means the additional parity bonds authorized to be issued by the Issuer pursuant to the terms and conditions of Section 211 of the Indenture.

"Additions or **Alterations"** means modifications, repairs, renewals, improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to the Project, including any and all machinery, furnishings, and equipment therefor.

"Affiliate" means any Person directly or indirectly controlling, controlled by, or under common control with another Person or any Person controlling ten percent (10%) or more of the voting securities or equity or membership interest of such Person or any officer, director, or partner of such Person and if such Person is an officer, director, or partner, any entity for which such Person acts in any such capacity. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or an equity interest, by contract, or otherwise.

"Authorized Issuer Representative" means the person at the time designated to act on behalf of the Issuer by written certificate furnished to the Lessee and the Trustee, containing the specimen signature of such person and signed on behalf of the Issuer by the Chairman or Vice Chairman of the Governing Body. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Authorized Lessee Representative" means the person at the time designated to act on behalf of the Lessee by written certificate furnished to the Issuer and the Trustee, containing the specimen signature of such person and signed on behalf of the Lessee by the Manager of the Lessee. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Basic Rent" means the rent payable by the Lessee to the Issuer, described under the subheadings "Basic Rent related to Series 2007 Bonds" and "Basic Rent related to Additional Bonds" in Section 5.03 of this Lease Agreement.

"Bond Documents" means, collectively, this Lease Agreement, the Indenture, and the Contract.

"Bond Fund" means the fund created in Section 602 of the Indenture and referred to herein.

"Bondholders" means the Persons in whose names any of the Bonds are registered on the books kept and maintained by the Trustee as bond registrar.

"Bond Resolution" means the resolution or resolutions adopted by the Governing Body of the Issuer authorizing the issuance and sale of the Series 2007 Bonds and the provision of the security therefor.

"Bonds" means the Series 2007 Bonds and all series of Additional Bonds from time to time authenticated and delivered under the Indenture.

"Bond Year" means the twelve-month period beginning on July 2 of each calendar year and ending on July 1 of the next succeeding calendar year.

"Building" means those certain buildings and all other facilities and improvements constituting part of the Project, which are or will be located on the Premises.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" means the date of completion of the acquisition, construction, and installation of the Project, as that date shall be certified as provided in Section 4.07 hereof.

"Construction Contracts" means the contracts between the Issuer and the general contractor for the construction of the Building and the contracts between the Issuer and suppliers of materials and Equipment.

"Consulting Architect" means the architect or architectural firm or construction management firm at the time employed by the Lessee on behalf of the Issuer and designated to act on behalf of the Issuer by written certificate furnished to the Trustee, containing the signature of such person or the signature of a partner or officer of such firm, and signed on behalf of the Issuer by the Chairman or Vice Chairman of the Governing Body. The Consulting Architect shall be registered and qualified to practice under the laws of the State and shall not be a full-time employee of the Issuer or the Lessee.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated the date hereof, between the Lessee and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Contract" means the Intergovernmental Solid Waste Contract, dated the date hereof, between the Issuer and the County, as the same may be amended from time to time in accordance with the provisions thereof, under the terms of which the County agreed (1) to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent rental payments derived from the Project are

insufficient for such purposes, and (2) to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract.

"Costs of the Project" means those costs and expenses in connection with the acquisition, construction, and installation of the Project permitted by Section 4.03 hereof to be paid or reimbursed from Bond proceeds.

"County" means Cherokee County, Georgia, a political subdivision of the State of Georgia.

"Date of Taxability" means the earliest effective date as of which the interest payable on Tax-Exempt Bonds becomes includable in the gross income for federal income tax purposes of any Bondholder or former Bondholder as a result of the occurrence of a Determination of Taxability.

"Debt Service Reserve Credit Facility" means the letter of credit, insurance policy, or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of this Lease Agreement, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

"Debt Service Reserve Credit Facility Provider" means any provider of a Debt Service Reserve Credit Facility.

"Debt Service Reserve Fund" means the fund created in Section 607 of the Indenture and referred to herein.

"Debt Service Reserve Requirement" means, at any given time of determination, the sum of the following:

(a) with respect to the Series 2007 Bonds and the liability of the Lessee under this Lease Agreement, 50% of the maximum amount of principal and interest coming due thereon in the then current or any succeeding Bond Year; provided, however, that with respect to the Series 2007 Bonds, the amount of principal due in any Bond Year shall be determined by reference to the principal amount of such Series 2007 Bonds to be retired by mandatory redemption in such year; and

(b) with respect to any Additional Bonds and the liability of the Lessee under the supplemental lease agreement relating to such Additional Bonds, 50% of the maximum amount of principal and interest coming due thereon in the then current or any succeeding Bond Year; provided, however, that with respect to any Additional Bonds for which a sinking fund is subsequently established or for which mandatory redemption is required, the amount of principal coming due in any Bond Year shall be determined by reference to the amounts required to be deposited in such year in the sinking fund established therefor or the principal amount of such Additional Bonds to be retired by mandatory redemption in such

year and not by reference to the aggregate principal amount of such Bonds due on such dates.

"Determination of Taxability" means:

(a) the issuance of a statutory notice of deficiency by the Internal Revenue Service that holds in effect that an Event of Taxability has occurred,

(b) the delivery by the Lessee to the Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the Date of Taxability,

(c) the rendering of a final and unappealable decision, judgment, decree, or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or

(d) the delivery to the Trustee and the Lessee by Independent Counsel retained by the Trustee that is nationally recognized bond counsel of an unqualified opinion to the effect that an Event of Taxability has occurred.

Such a Determination of Taxability shall be deemed for all purposes of this Lease Agreement to have occurred on the date borne by such statutory notice of deficiency, such certificate, such judicial pronouncement, or such opinion. If the Lessee provides the Issuer with assurances reasonably satisfactory to the Issuer that the additional rental payments that the Lessee is obligated under this Lease Agreement to pay will be paid if the pursuit of the hereinafter described remedies is unsuccessful, the issuance of a statutory notice of deficiency by the Internal Revenue Service or the deposit with the Lessee of the legal opinion described in clause (d) above shall not constitute a Determination of Taxability if the Lessee, within thirty (30) days after it receives a copy of such statutory notice of deficiency, makes written application for a private letter ruling or technical advice from the Internal Revenue Service, or, within thirty (30) days after it receives a copy of such statutory notice of deficiency or such legal opinion described in clause (d) above, obtains an unqualified opinion of Independent Counsel that is nationally recognized bond counsel reasonably acceptable to the Trustee, which ruling or advice is sought on the grounds that, or which opinion states that, an Event of Taxability has not occurred as a result of the facts and circumstances recited in such statutory notice of deficiency or such legal opinion described in clause (d) above. The Lessee shall furnish the Trustee with a copy of such written application or opinion, and, if an application, the Lessee shall deliver to the Trustee a copy of such private letter ruling or technical advice from the Internal Revenue Service within one hundred thirty-five (135) days after the date borne by such statutory notice of deficiency, the failure of which shall constitute the occurrence of a Determination of Taxability on the date that is one hundred thirty five (135) days after the date borne by such statutory notice of deficiency.

The Issuer shall cooperate with the Lessee in such pursuit of its administrative or judicial remedies, and the Lessee may pursue in the name of the Issuer such administrative or judicial remedies as may then be available to the Issuer; provided, however, that in no event will any Bondholder or any former Bondholder be obligated under this Lease Agreement or the Indenture to extend or waive, directly or by operation of law, the statute of limitations on assessment of federal income tax concerning any issue other than the excludability from gross income of the interest on the Tax-Exempt Bonds with respect to which a Determination of Taxability has occurred.

"Environmental Laws" means all federal, state, and local laws, rules, regulations, ordinances, programs, permits, guidances, orders, and consent decrees relating to health, safety, and environmental matters, including, but not limited to, the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, the Toxic Substances Control Act, as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, state and federal superlien and environmental cleanup programs and laws, and U.S. Department of Transportation regulations.

"Equipment" means the equipment, machinery, furnishings, and other personal property described in Exhibit B attached hereto, which, by this reference thereto, is incorporated herein, and all replacements, substitutions, and additions thereto.

"Event of Default" means the events specified in Section 10.01 of this Lease Agreement.

"Event of Taxability" means any event that has the effect of causing the interest payable on any Tax-Exempt Bonds to become includable in the gross income for federal income tax purposes of any Bondholders or former Bondholders (other than a Bondholder who is a "substantial user" of the Project or a "related person," as such terms are used or defined in Section 147(a) of the Code). Notwithstanding the foregoing, Event of Taxability shall not include any adverse amendment or modification to the provisions of the Code that has the effect of causing the interest payable on any Tax-Exempt Bonds to become includable in the gross income of any Bondholders or former Bondholders.

"Extraordinary Services of the Trustee" and **"Extraordinary Expenses of the Trustee"** mean all services rendered and all expenses incurred by the Trustee under the Indenture, including reasonable counsel fees, other than Ordinary Services of the Trustee and Ordinary Expenses of the Trustee.

"Fair Market Value" means (i) with respect to real property, the market value for such property as established by an independent real estate appraiser who is a member of the American Institute of Real Estate Appraisers selected by the Lessee and reasonably acceptable to the Issuer and (ii) with respect to property other than real property, the current market value of such property as established by a broker, appraiser, or other expert selected by the Lessee and reasonably acceptable to the Issuer. Whenever the Fair Market Value of property is required to be established pursuant to this Lease Agreement, such valuation shall be made in writing and delivered to the Issuer.

"Fiscal Year" means any period of twelve consecutive months adopted by the Lessee as its fiscal year for financial reporting purposes and shall initially mean the period beginning on January 1 of each calendar year and ending on December 31 of the same calendar year.

"Governing Body" means the Board of Directors of the Issuer.

"Governmental Issuer" means the State, any other state of the United States, any agency or instrumentality of the State, and any county, municipal corporation, or political subdivision of the State.

"Government Obligations" means:

(a) direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) or obligations the payment of the principal of and interest on which when due are fully and unconditionally guaranteed by the United States of America;

(b) bonds, debentures, notes, participation certificates, or other obligations issued or guaranteed by any of the following agencies of the United States government: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Federal Farm Credit Banks, Government National Mortgage Association, Farmer's Home Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration, and the Student Loan Marketing Corporation;

(c) receipts or certificates that evidence an undivided ownership interest in the right to the payment of the principal of or interest on obligations described in clauses (a) or (b) above, provided that such obligations are held in the custody of a bank or trust company acceptable to the Trustee, in a special account separate from the general assets of such custodian; and

(d) bonds, notes, or other obligations of any Governmental Issuer the timely payment of the principal of and interest on which is fully provided for (without reinvestment) by the deposit in trust or escrow of cash or non-callable obligations described in clauses (a), (b), or (c) above.

"Indenture" means the Trust Indenture and Security Agreement, dated the date hereof, between the Issuer and the Trustee, as the same may be amended from time to time in accordance with the provisions thereof, providing the terms and provisions under which the Bonds will be issued and pursuant to which the Issuer's right, title, and interest in this Lease Agreement (except Unassigned Rights), the Contract, the revenues and receipts received by the Issuer from the Project, and certain funds established and held under the Indenture are assigned and pledged, and are the subject of a grant of a first priority security interest, to the Trustee, as security for the payment of principal of, premium, if any, and interest on the Bonds.

"Independent Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state of the United States and not in the full-time employment of the Issuer or the Lessee.

"Issuance Cost Fund" means the fund created in Section 606 of the Indenture and referred to in Section 4.05 hereof.

"Issuance Costs" means:

(a) The initial or acceptance fee of the Trustee, the fees and taxes for recording this Lease Agreement and the Indenture or a summary hereof and thereof, financing statements, and any title curative documents that either the Trustee or Independent Counsel may reasonably deem desirable to file for record in order to perfect or protect the title of the Issuer to the Project or the lien or security interest created or granted by the Indenture, and the reasonable fees and expenses in connection with any actions or proceedings that either the Trustee or Independent Counsel may reasonably deem desirable to bring in order to perfect or protect the lien or security interest created or granted by the Indenture.

(b) The costs of legal fees and expenses, underwriter's spread, underwriting fees, financing costs, financial advisor's fees, accounting fees and expenses, consulting fees, the Trustee's fees, paying agent and certifying and authenticating agent fees, publication costs, title insurance premiums, and printing and engraving costs incurred in connection with the authorization, sale, issuance, and carrying of the Bonds, and the preparation of the Bond Documents and all other documents in connection therewith.

(c) Other costs in connection with the issuance of the Bonds permitted by the Act to be paid or reimbursed from Bond proceeds.

"Issuer" means the Resource Recovery Development Authority of Cherokee County, a public corporation created and existing under the laws of the State, and its successors and assigns.

"Issuer Documents" means, collectively, this Lease Agreement, the Indenture, and the Contract.

"Lease Agreement" means this Lease Agreement between the Issuer and the Lessee, as it may be supplemented and amended from time to time in accordance with the provisions hereof.

"Lease Term" means the duration of the leasehold estate created in this Lease Agreement as specified in Section 5.01 hereof.

"Lessee" means Ball Ground Recycling, LLC, a limited liability company duly formed and existing under the laws of the State of Georgia, and its successors and assigns.

"Lessee Documents" means this Lease Agreement.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute, or contract, and including, but not limited to, the security interest, security title, or lien arising from a security agreement, mortgage, deed of trust, deed to secure debt, encumbrance,

pledge, conditional sale, or trust receipt or a lease, consignment, or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property. For the purpose of this Lease Agreement, the Issuer shall be deemed to be the owner of any Property that it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Net Proceeds," when used with respect to any insurance or condemnation award or with respect to any other recovery on a contractual claim or claim for damage to or for taking of or failure of title to property, means the gross proceeds from the insurance or condemnation award or recovery with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and any Extraordinary Expenses of the Trustee) incurred in the collection of such gross proceeds.

"Optional Tender Date" means the date is 60 days after the date on which the Trustee gives notice to the owners of the Series 2007A Bonds of the occurrence of a Determination of Taxability as required in the Indenture.

"Ordinary Services of the Trustee" and **"Ordinary Expenses of the Trustee"** mean those reasonable services rendered and those reasonable expenses incurred by the Trustee in the performance of its duties under the Indenture of the type ordinarily performed by corporate trustees under like indentures, including reasonable counsel fees.

"Outstanding Bonds" or **"Bonds Outstanding"** or **"Outstanding"** means all Bonds that have been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore cancelled or required to be cancelled by the Trustee,

(b) Bonds that are deemed to have been paid in accordance with the defeasance provisions of Article X of the Indenture, and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered under Section 205 of the Indenture.

If the Indenture shall be discharged pursuant to the defeasance provisions of Article X thereof, no Bonds shall be deemed to be Outstanding within the meaning of this provision.

"Permitted Encumbrances" means, as of any particular time:

(a) any judgment lien or notice of pending action against the Lessee so long as such judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit, or provision of law, affecting the Project; (ii) any liens on the Project for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers,

suppliers, or vendors for work or services performed or materials furnished in connection with the Project, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested in accordance with this Lease Agreement; (iii) utility, access, and other easements and rights of way, servitudes, restrictions, and other minor defects, encumbrances, encroachments, and irregularities in the title to the Project that do not materially impair the use of the Project for its intended purpose or materially and adversely affect the value of the Project; (iv) rights reserved to or vested in any municipality or public authority to control, use, or regulate the Project in any manner, which rights do not materially impair the use of the Project for its intended purpose or materially and adversely affect the value of the Project; (v) to the extent that they affect title to the Project, the Bond Documents; (vi) landlord's liens; and (vii) the easements and leases permitted by this Lease Agreement;

(c) any Lien described in Exhibit A to this Lease Agreement that is existing on the date of execution of this Lease Agreement, provided that no such Lien (or the amount of indebtedness secured thereby) may be increased, extended, renewed, or modified to apply to any portion of the Project not subject to such Lien on such date, unless such Lien as so extended, renewed, or modified otherwise qualifies as a Permitted Encumbrance;

(d) any Lien in favor of the Trustee securing all Bonds on a parity basis; and

(e) any Lien on the Lessee's leasehold estate in the Project that does not encumber the Issuer's fee simple title to the Project.

"Permitted Investments" means obligations in which the Issuer is permitted to invest moneys of the Issuer pursuant to applicable law, which have (or are collateralized by obligations which have) a Rating by any Rating Agency that is equal to or greater than the third highest long-term Rating of such Rating Agency, or which bears (or are collateralized by obligations which bear) the second highest short-term Rating of such Rating Agency, or which consist of negotiable or non-negotiable certificates of deposit issued by or interest-bearing time or demand deposits in banks, provided that any such deposits are (a) fully insured by the Federal Deposit Insurance Corporation or (b) fully secured by Government Obligations. Obligations in which the Issuer is permitted to invest proceeds of Bonds are described, as of the date of execution of this Lease Agreement, in Section 36-82-7 and Section 50-17-2 of the Official Code of Georgia Annotated.

"Person" means natural persons, firms, joint ventures, associations, trusts, partnerships, corporations, and public bodies.

"Plans and Specifications" means the detailed plans and specifications for the construction of the Building prepared by the Consulting Architect or by architects and engineers acceptable to the Consulting Architect, as amended from time to time by the Lessee, a copy of which is or will be on file with the Issuer and the Trustee.

"Premises" means the real estate described in Exhibit A attached hereto, which, by this reference thereto, is incorporated herein.

"Project" means the solid waste disposal and recycling facility to be acquired, constructed, and installed and to be located at _____ in Cherokee

County, Georgia, and all related property, consisting of the Premises, the Building, and the Equipment.

"Project Fund" means the Project Fund created in Section 702 of the Indenture and referred to herein.

"Property" means any interest in any kind of property or asset, whether real, personal, or mixed, or tangible or intangible.

"Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

"Rating Agencies" or **"Rating Agency"** means Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successors thereto and any other nationally recognized credit rating agency. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

"Rebate Amount" means the rebatable arbitrage in connection with any Tax-Exempt Bonds, which is payable to the United States Treasury pursuant to Section 148(f) of the Code and any Regulations proposed or promulgated in connection therewith.

"Rebate Calculator" means any nationally recognized bond counsel, nationally recognized firm of certified public accountants, or other firm acceptable to the Trustee that is expert in making the calculations required by Section 148(f) of the Code, appointed by the Lessee pursuant to Section 4.14 hereof to make the calculations required by Section 148(f) of the Code and any Regulations proposed or promulgated in connection therewith.

"Regulations" means the Treasury Regulations promulgated under and pursuant to the Code.

"Series 2007 Bonds" means, collectively, the Series 2007A Bonds and the Series 2007B Bonds.

"Series 2007A Bonds" means the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A," to be dated the date of issuance and delivery thereof, in the aggregate principal amount of $_____, to be issued pursuant to the Indenture.

"Series 2007B Bonds" means the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B," to be dated the date of issuance and delivery thereof, in the aggregate principal amount of $_____, to be issued pursuant to the Indenture.

"State" means the State of Georgia.

"Tax-Exempt Bonds" means any Bonds the interest on which has been determined, in an unqualified opinion of Independent Counsel that is nationally recognized bond counsel, to be excludable from the gross income of the owners thereof for federal income tax purposes, unless a Determination of Taxability has occurred with respect to such Bonds.

"Tender Purchase Price" means 100% of the unpaid principal amount of Series 2007A Bonds tendered to the Lessee pursuant to this Lease Agreement upon the occurrence of a Determination of Taxability plus accrued interest to the Optional Tender Date.

"Trustee" means the trustee or the co-trustee at the time serving as such under the Indenture. The Bank of New York Trust Company, N.A., Atlanta, Georgia, is the initial Trustee.

"Trust Estate" means any and all property subject to the operation of the granting clauses of the Indenture.

"Unassigned Rights" means all of the rights of the Issuer pursuant to Sections 3.04, 3.05, 3.06, 4.01, 5.03(e), 8.05, 8.10, 9.01, and 10.04 hereof, and pursuant to Articles VI and VII hereof.

"Underwriter" means Citigroup Global Markets Inc., Atlanta, Georgia.

Section 1.02. Construction of Certain Terms. For all purposes of this Lease Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(1) The use of the masculine, feminine, or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine, or neuter gender, as appropriate.

(2) All references in this instrument to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this instrument. The words "herein," "hereof," and "hereunder" and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section, or other subdivision.

(3) The terms defined in this Article include the plural as well as the singular.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants, on and as of the date of this instrument.

Section 1.03. Table of Contents; Titles and Headings. The table of contents, the titles of the articles, and the headings of the sections of this Lease Agreement are solely for convenience of reference, are not a part of this Lease Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 1.04. **Contents of Certificates or Opinions.** Every certificate or opinion with respect to the compliance with a condition or covenant provided for in this Lease Agreement shall include: (i) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto, (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with, and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an officer of the Issuer or the Lessee may be based, insofar as it relates to legal or accounting matters, upon a certificate or an opinion of counsel or an accountant, which certificate or opinion has been given only after due inquiry of the relevant facts and circumstances, unless such officer knows that the certificate or opinion with respect to the matters upon which his certificate or opinion may be based is erroneous or in the exercise of reasonable care should have known that the same was erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based (insofar as it relates to factual matters with respect to information that is in the possession of an officer of the Issuer or the Lessee or any third party) upon the certificate or opinion of or representations by an officer of the Issuer or the Lessee or any third party on whom counsel or an accountant could reasonably rely unless such counsel or such accountant knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same were erroneous. The same officer of the Issuer or the Lessee, or the same counsel or accountant, as the case may be, need not certify to or render an opinion as to all of the matters required to be certified or covered by an opinion under any provision of this Lease Agreement, but different officers, counsel, or accountants may certify to or render an opinion as to different matters, respectively.

[End of Article I]

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

Section 2.01. Representations by the Issuer. The Issuer makes the following representations and findings as the basis for the undertakings on its part herein contained:

(a) Creation and Authority. The Issuer is a public corporation duly created and validly existing under the provisions of the Act. The Issuer has all requisite power and authority under the Act (1) to issue the Series 2007 Bonds to finance the costs of acquiring, constructing, and installing the Project and to finance related costs, (2) to acquire, construct, and install the Project and to lease the Project to the Lessee, and (3) to enter into, perform its obligations under, and exercise its rights under the Issuer Documents. The Act authorizes the Issuer to borrow money and issue its revenue bonds and to use the proceeds thereof for the purpose of paying all or part of the cost of any "project," which includes any property, real or personal, used as or in connection with a facility for the extraction, collection, storage, treatment, processing, utilization, or final disposal of resources contained in solid waste, including the conversion of solid waste or resources contained therein into steam, electricity, oil, charcoal, gas, or any other product or energy source and the collection, storage, treatment, utilization, processing, or final disposal of solid waste in connection with the foregoing, including the cost of extending, adding to, or improving such project, to otherwise carry out its purposes, and to pay all other costs of the Issuer incident to or necessary and appropriate to such purposes, including the providing of funds to be paid into any fund or funds to secure such bonds. The Act authorizes the Issuer to acquire, construct, improve, or modify, to place into operation, and to operate or cause to be placed into operation and operated, a project and to rent or lease the same to others or make contracts with respect to the use thereof or sell, lease, or otherwise dispose of or grant options for any such property in any manner which the Issuer deems to the best advantage of itself and its purposes. The Act also authorizes the Issuer (1) to make contracts and leases and to execute all instruments necessary or convenient, including contracts for construction of projects and leases of projects or contracts with respect to the use of projects which it causes to be acquired or constructed and without limiting the generality of the above, to enter into contracts or other undertakings relative to the furnishing of project activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years, and (2) as security for repayment of its obligations, to pledge, convey, assign, hypothecate, or otherwise encumber any property, real or personal, of the Issuer and to execute any trust agreement, indenture, or security agreement containing any provisions not in conflict with law. The Issuer has found that the Project constitutes a "project" within the meaning of that term as defined in the Act, has found that the Project will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry, and appears to be in the best interest of the Issuer, and has found that the Project is for the lawful and valid public purposes set forth in the Act.

(b) Pending Litigation. There are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the Issuer, after making due inquiry with respect thereto, threatened against or affecting the Issuer in any court or by or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the ability of the Issuer to perform its obligations under the Issuer Documents or the transactions contemplated by the Issuer Documents or which, in any way, would adversely affect the validity or enforceability of the Series 2007 Bonds, the Issuer Documents, or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Issuer aware of any facts or circumstances presently existing that would form the basis for any such actions, suits, or proceedings. The Issuer is not in default with respect to any judgment, order, writ, injunction, decree, demand, rule, or regulation of any court, governmental authority, or arbitration board or tribunal, which would have a material adverse effect on the transactions contemplated by the Issuer Documents.

(c) Issue, Sale, and Other Transactions Are Legal and Authorized. The issue and sale of the Series 2007 Bonds, the execution and delivery by the Issuer of the Issuer Documents, the consummation of the transactions herein and therein contemplated, and the fulfillment of or compliance by the Issuer with all of the provisions of each thereof and of the Series 2007 Bonds (i) are within the purposes, powers, and authority of the Issuer, (ii) have been done in full compliance with the provisions of the Act and have been approved by the Governing Body and are legal and will not conflict with or constitute on the part of the Issuer a violation of or a breach of or a default under, or result in the creation or imposition of any lien, charge, restriction, or encumbrance (other than Permitted Encumbrances) upon any property of the Issuer under the provisions of, any charter instrument, bylaw, indenture, mortgage, security deed, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the Issuer is a party or by which the Issuer or its properties are otherwise subject or bound, or any license, judgment, decree, law, statute, order, writ, injunction, demand, rule, or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties, and (iii) have been duly authorized by all necessary corporate action on the part of the Issuer. The Issuer Documents are the valid, legal, binding, and enforceable obligations of the Issuer.

(d) Governmental Consents. Neither the nature of the Issuer nor any of its activities or properties, nor any relationship between the Issuer and any other Person, nor any circumstance in connection with the execution, delivery, and performance by the Issuer of its obligations under the Issuer Documents or the offer, issue, sale, or delivery of the Series 2007 Bonds is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Issuer in connection with the execution, delivery, and performance of the Issuer Documents, the consummation of any transaction therein contemplated, or the offer, issue, sale, or delivery of the Series 2007 Bonds, except as shall have been obtained or made and as are in full force and effect. To the knowledge of the Issuer, after making due inquiry with respect thereto, the Issuer will be able to obtain all such additional consents, approvals, permissions, orders, licenses, or

authorizations of governmental authorities as may be required on or prior to the date the Issuer is legally required to obtain the same.

(e) No Defaults. To the knowledge of the Issuer, after making due inquiry with respect thereto, no event has occurred and no condition exists that would constitute an Event of Default or that, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the Issuer, after making due inquiry with respect thereto, the Issuer is not in default or violation in any material respect under the Act or under any charter instrument, bylaw, or other agreement or instrument to which it is a party or by which it may be bound.

(f) No Prior Pledge. Neither the Issuer Documents or the Project nor any of the payments or amounts to be received by the Issuer under the Issuer Documents or with respect to the Project have been or will be pledged or hypothecated in any manner or for any purpose or have been or will be the subject of a grant of a security interest by the Issuer other than as provided in the Indenture as security for the payment of the Bonds.

(g) Disclosure. The representations of the Issuer contained in the Issuer Documents and any certificate, document, written statement, or other instrument furnished to the Trustee or the Underwriter by or on behalf of the Issuer in connection with the transactions contemplated hereby do not contain any untrue statement of a material fact relating to the Issuer and do not omit to state a material fact relating to the Issuer necessary in order to make the statements contained herein and therein relating to the Issuer not misleading. Nothing has come to the attention of the Issuer that would materially and adversely affect or in the future may (so far as the Issuer can now reasonably foresee) materially and adversely affect the acquisition, construction, or ownership of the Project, the ability of the Issuer to perform its obligations under the Issuer Documents or any of the documents or transactions contemplated hereby or thereby, or any other transactions contemplated by the Bond Documents that have not been set forth in the Official Statement relating to the Series 2007 Bonds or in the other certificates, documents, and instruments furnished to the Underwriter by or on behalf of the Issuer prior to the date of delivery of such Official Statement in connection with the transactions contemplated hereby.

(h) Compliance with Conditions Precedent to the Issuance of the Series 2007 Bonds. All acts, conditions, and things required to exist, happen, and be performed precedent to and in the execution and delivery by the Issuer of the Series 2007 Bonds do exist, have happened, and have been performed in due time, form, and manner as required by law; the issuance of the Series 2007 Bonds, together with all other obligations of the Issuer, do not exceed or violate any constitutional or statutory limitation, and the revenues, funds, property, and amounts pledged to the payment of the principal of, premium, if any, and interest on the Series 2007 Bonds, as the same become due, have been calculated to be sufficient in amount for that purpose.

Section 2.02. Representations by the Lessee. The Lessee makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Formation and Power. The Lessee is a limited liability company duly formed, validly existing, and in good standing under and by virtue of the laws of the State of Georgia, without limit as to the duration of its existence, and is duly qualified to do business as a foreign limited liability company in good standing in all jurisdictions in which such qualification is required and has all requisite power and authority and all necessary licenses and permits to own and operate its properties and to carry on its operations as they are now being conducted and as they are presently proposed to be conducted.

(b) Pending Litigation and Taxes. There are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the Lessee, after making due inquiry with respect thereto, threatened against or affecting the Lessee in any court or by or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the properties, business, prospects, profits, operations, or condition (financial or otherwise) of the Lessee, or the ability of the Lessee to perform its obligations under the Lessee Documents, or the transactions contemplated by the Lessee Documents or which, in any way, would adversely affect the validity or enforceability of the Lessee Documents or any agreement or instrument to which the Lessee is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Lessee aware of any facts or circumstances presently existing that would form the basis for any such actions, suits, or proceedings. The Lessee is not in default with respect to any judgment, order, writ, injunction, decree, demand, rule, or regulation of any court, governmental authority, or arbitration board or tribunal, which would have a material adverse effect on the transactions contemplated by the Lessee Documents. All tax returns (federal, state, and local) required to be filed by or on behalf of the Lessee have been duly filed, and all taxes, assessments, and other governmental charges shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Lessee in good faith, have been paid or adequate reserves have been made for the payment thereof.

(c) Agreements Are Legal and Authorized. The execution and delivery by the Lessee of the Lessee Documents, the consummation of the transactions herein and therein contemplated, and the fulfillment of or the compliance with all of the provisions hereof and thereof (i) are within the power, legal right, and authority of the Lessee, (ii) are legal and will not conflict with or constitute on the part of the Lessee a violation of or a breach of or a default under, or result in the creation or imposition of any lien, charge, restriction, or encumbrance (other than Permitted Encumbrances) upon any property of the Lessee under the provisions of, its articles of organization or operating agreement or any indenture, mortgage, security deed, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the Lessee is a party or by which the Lessee or its properties are otherwise subject or bound, or any license, law, statute, rule, regulation, judgment, order, writ, injunction, decree, or demand of any court or governmental agency or body having jurisdiction over the Lessee or any of its activities or properties, and (iii) have been duly authorized by all necessary and appropriate company action on the part of the Lessee. The Lessee Documents are the valid, legal, binding, and enforceable obligations of the Lessee.

(d) Governmental Consents. Neither the Lessee nor any of its activities or properties, nor any relationship between the Lessee and any other Person, nor any circumstances in connection with the execution, delivery, and performance by the Lessee of its obligations under the Lessee Documents or the offer, issue, sale, or delivery by the Issuer of the Series 2007 Bonds, is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Lessee in connection with the execution, delivery, and performance of the Lessee Documents, the consummation of any transaction therein contemplated, or the offer, issue, sale, or delivery of the Series 2007 Bonds, except as shall have been obtained or made and as are in full force and effect. To the knowledge of the Lessee, after making due inquiry with respect thereto, the Lessee will be able to obtain all such additional consents, approvals, permissions, orders, licenses, or authorizations of governmental authorities as may be required on or prior to the date the Lessee is legally required to obtain the same.

(e) No Defaults. To the knowledge of the Lessee, after making due inquiry with respect thereto, no event has occurred and no condition exists that would constitute an Event of Default or that, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the Lessee, after making due inquiry with respect thereto, the Lessee is not in default or violation in any material respect under any operating agreement or other agreement or instrument to which it is a party or by which it may be bound.

(f) Compliance with Law. To the knowledge of the Lessee, after making due inquiry with respect thereto, the Lessee is not in violation of any laws, ordinances, or governmental rules or regulations (including, without limitation, all Environmental Laws) to which it or its properties are subject and has not failed to obtain any licenses, permits, franchises, or other governmental authorizations (which are presently obtainable) necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain might materially and adversely affect the properties, business, prospects, profits, and condition (financial or otherwise) of the Lessee, and there have been no citations, notices, or orders of noncompliance issued to the Lessee under any such law, ordinance, rule, or regulation.

(g) Restrictions on the Lessee. The Lessee is not a party to or bound by any contract, instrument, or agreement, or subject to any other restriction, that materially and adversely affects its business, properties, assets, operations, or condition (financial or otherwise). The Lessee is not a party to any contract or agreement that restricts the right or ability of the Lessee to incur indebtedness for borrowed money or to enter into long-term leases.

(h) Disclosure. The representations of the Lessee contained in the Lessee Documents and any certificate, document, written statement, or other instrument furnished by or on behalf of the Lessee to the Issuer or the Underwriter in connection with the transactions contemplated hereby, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein or therein not misleading. To the best of the Lessee's knowledge, there

is no fact that the Lessee has not disclosed to the Issuer and to the Underwriter in writing that materially and adversely affects or in the future may (so far as the Lessee can now reasonably foresee) materially and adversely affect the lease or operation of the Project or the properties, business, operations, prospects, profits, or condition (financial or otherwise) of the Lessee, or the ability of the Lessee to perform its obligations under the Lessee Documents or any of the documents or transactions contemplated hereby or thereby or any other transactions contemplated by the Bond Documents that has not been set forth in the Official Statement relating to the Series 2007 Bonds or in the other certificates, documents, and instruments furnished to the Underwriter by or on behalf of the Lessee prior to the date of delivery of such Official Statement in connection with the transactions contemplated hereby.`

(i) Undertakings Required by the Act. The issuance of the Series 2007 Bonds by the Issuer and the acquisition, construction, and installation of the Project for lease to the Lessee has induced the Lessee to lease the Project from the Issuer to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, all to the public benefit and good. The Lessee warrants that throughout the Lease Term the Project will be used as or in connection with a facility for the extraction, collection, storage, treatment, processing, utilization, or final disposal of resources contained in solid waste, including the conversion of solid waste or resources contained therein into steam, electricity, oil, charcoal, gas, or any other product or energy source and the collection, storage, treatment, utilization, processing, or final disposal of solid waste in connection with the foregoing.

(j) Statutory Liens. There are no mechanics' or materialmen's liens or other statutory liens on the Project, and no excavation or work of any character, kind, or description has been or will be commenced nor any material of any description for any construction in connection with the Project delivered on or near the Premises prior to the execution of this Lease Agreement, except as the Issuer shall be advised in writing, and in the event the Issuer is so advised in writing of any work or deliveries, the Lessee will provide the Issuer with waivers of all liens with respect to such work or deliveries in such form as may be satisfactory to the Issuer.

(k) Compliance. The Project complies or will comply with all presently applicable building and zoning, health, environmental, and safety ordinances and laws (including, without limitation, Environmental Laws) and all other applicable laws, rules, and regulations of any and all governmental and quasi-governmental authorities having jurisdiction over any portion of the Project.

(l) Utilities. All utility services and facilities necessary for the operation of the Project for its intended purposes are available at the Premises.

(m) Condemnation. No condemnation or eminent domain proceeding has been commenced and is currently pending or, to the knowledge of the Lessee, threatened against the Project.

(n) Lessee's Tax Certificate. The representations and warranties of the Lessee set forth in the Lessee's Tax Certificate, dated as of the date of issuance and delivery of the Series 2007 Bonds, are hereby incorporated herein and made a part hereof by this reference thereto, as if fully set forth herein, and are true and correct as of the date hereof.

[End of Article II]

ARTICLE III

DEMISING CLAUSE; SECURITY; TITLE

Section 3.01. Demise of the Project. The Issuer demises and leases to the Lessee, and the Lessee leases from the Issuer, the Project at the rental set forth in Section 5.03 hereof and for the Lease Term and in accordance with the provisions of this Lease Agreement, subject to Permitted Encumbrances.

Section 3.02. [Reserved].

Section 3.03. Security for Payments Under the Bonds; Perfection. Contemporaneously with the issuance of the Series 2007 Bonds, as security for the payment of the Bonds, the Issuer shall execute and deliver the Indenture and the Contract. Contemporaneously with the issuance of the Series 2007 Bonds, as security for the payment of the Bonds, the Issuer shall also cause the County to execute and deliver the Contract. The Lessee hereby assents to the assignment and grant of a first priority security interest made in the Indenture and hereby agrees that its obligations to make all payments under this Lease Agreement shall be absolute and shall not be subject to any defense, except payment, or to any right of setoff, counterclaim, or recoupment arising out of any breach by the Issuer of any obligation to the Lessee, whether hereunder or otherwise, or arising out of any indebtedness or liability at any time owing to the Lessee by the Issuer. The Lessee further agrees that all payments required to be made under this Lease Agreement, except for those arising out of Unassigned Rights, shall be paid directly to the Trustee for the account of the Issuer. The Trustee shall have all rights and remedies herein accorded to the Issuer (except for Unassigned Rights), and any reference herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee and the Bondholders are deemed to be and are third party beneficiaries of the representations, covenants, and agreements of the Lessee herein contained.

Upon reasonable and timely written notice from the Trustee or the Issuer as to the required form, substance, timing, and place for filing, refiling, recording, or re-recording, or for taking possession of any collateral, the Lessee shall file, refile, record, or re-record all financing statements, continuation statements, documents, and notices or deliver possession of any instrument or cash necessary to perfect and maintain any lien or security interest created by the Indenture for the benefit of the Trustee as a first and preferred pledge, lien, encumbrance, and security interest in and to the payments and amounts to be received and held under this Lease Agreement and the Contract. The Issuer agrees that it will cooperate fully and will take any action required to assist the Lessee in meeting the provisions of this Section 3.03.

Section 3.04. Warranty of Title. The Lessee warrants that (a) the Issuer has acquired good and marketable fee simple title to the Premises, (b) the Issuer is or will be the legal and equitable owner of the Building and has or will have good and merchantable title to the Equipment, and (c) the Project is and will be free of all adverse claims and Liens, other than Permitted Encumbrances.

Section 3.05. Title Insurance. The Lessee shall, prior to or simultaneously with the issuance of the Series 2007 Bonds, furnish title insurance in the form of an ALTA owner's title binder or policy issued by a title insurance company acceptable to the Issuer in the face amount of at least $_____ and shall furnish a copy of such binder or policy to the Issuer. The Lessee shall furnish within the time limit specified in any binder an original of an owner's title policy issued by such title insurance company. The owner's title policy shall insure that the Issuer has good and marketable fee simple title to the real property described in Exhibit "A" to this Lease Agreement subject only to Permitted Encumbrances. Such policy shall not contain the standard exceptions for discrepancies, encroachments, overlaps, conflicts in boundary lines, shortages in area, or other matters that would be disclosed by an accurate survey and inspection of the Premises, for mechanics' and materialmen's liens, or for rights or claims of parties in possession and easements or claims of easements not shown by the public records. Any Net Proceeds payable either to the Issuer or the Lessee under such policy shall be paid to the Trustee and held by the Trustee in the Net Proceeds Account of the Project Fund and applied as provided in Section 7.02 hereof. Any proceeds of title insurance remaining after all rent is paid under this Lease Agreement shall be paid to the Lessee.

Section 3.06. Lessee's Covenants Regarding Title. The Lessee agrees to protect, preserve, and defend the Issuer's interest in the Project and its title thereto, to appear and defend such interest and title in any action or proceeding affecting or purporting to affect the Project, and to pay on demand all costs and expenses incurred by the Issuer in or in connection with any such action or proceeding, including reasonable attorneys' fees, as described in Section 10.04 of this Lease Agreement, whether any such action or proceeding progresses to judgment and whether brought by or against the Issuer. The Issuer shall be reimbursed for any such costs and expenses in accordance with the provisions of Section 6.06 hereof. If the Lessee does not take the action contemplated herein, the Issuer may, but shall not be under any obligation to, appear or intervene in any such action or proceeding and retain counsel therein and defend the same or otherwise take such action therein as it may be advised and may settle or compromise the same and, in that behalf and for any of such purposes, may expend and advance such sums of money as it may deem necessary, and such sums shall be an advance payable in accordance with Section 6.06 of this Lease Agreement.

[End of Article III]

ARTICLE IV

ACQUISITION, CONSTRUCTION, AND INSTALLATION OF THE PROJECT; ISSUANCE OF THE SERIES 2007 BONDS; FUNDS

Section 4.01. **Agreement to Acquire, Construct, and Install the Project.** Simultaneously with the execution of this Lease Agreement, the Issuer will acquire the Premises. Promptly following the issuance and sale of the Series 2007 Bonds, the Issuer will acquire and construct the Building and acquire and install therein the Equipment. The Issuer hereby authorizes the Lessee to, on its behalf, acquire, construct, and install the Project. The Lessee agrees (i) that it will exercise the foregoing authorizations given to it by the Issuer, (ii) that it will cause the Equipment to be acquired in the name of the Issuer, and (iii) that the Project has been and will be acquired and constructed without material deviation from the Plans and Specifications. The Issuer will enter into, or accept the assignment of, such contracts as the Lessee may request in order to effectuate the purposes of this Section, but it will not execute any other contract or give any order for such construction or such purchase of material, supplies, furnishings, or equipment unless and until the Lessee shall have approved the same in writing. The Issuer shall not be required to enter into any contract providing for the payment of money unless its liability under such contract is limited to amounts on deposit in the Project Fund or payments received from the Lessee.

The Lessee further agrees that it will, at all times during the construction of the Building, maintain or cause the general contractor to maintain in full force and effect Builder's Risk - Completed Value Form insurance insuring the Building against fire, lightning, and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Building. Such policy or policies of insurance shall name the Lessee and the Issuer as insureds, as their respective interests may appear, and all Net Proceeds received under such policy or policies by the Lessee or the Issuer shall be paid over to the Trustee and deposited into the Net Proceeds Account of the Project Fund to be applied to the restoration or completion of the Project in accordance with the provisions of Section 7.01 hereof. In addition, the Lessee shall cause the general contractor at all times during the construction of the Building to maintain general liability insurance in an amount not less than that required to be maintained by the Lessee under Section 6.03 hereof, and the Lessee shall cause the general contractor to maintain worker's compensation insurance as required by law. Such insurance policy or policies shall contain a provision that such insurance may not be cancelled by the issuer thereof without at least thirty (30) days' advance written notice to the Issuer. All such policies or copies thereof or certificates that such insurance is in full force and effect shall be delivered to the Issuer at or prior to the commencement of construction.

The Lessee further agrees that the Construction Contracts shall require the general contractor thereunder, at or prior to the commencement of construction, to deliver to the Issuer separate performance and labor and material payment bonds in the full amount of the Construction Contracts, made by the contractor thereunder as the principal and a surety company or companies reasonably acceptable to the Issuer as surety, and such bonds shall be in such form as is reasonably acceptable to the Issuer. Such bonds shall name the Lessee and the Issuer as obligees, and all Net Proceeds received under such bonds shall be paid over to the Trustee and

deposited into the Net Proceeds Account of the Project Fund. Any amounts recovered by way of penalties or damages, whether liquidated or actual, for delays in completion by a contractor shall be deposited in the General Account of the Bond Fund.

The Lessee covenants to cause the Building to be constructed without material deviation from the Plans and Specifications and the Construction Contracts and warrants that the construction of the Building in accordance with the Plans and Specifications will, when supplemented by the Equipment, result in a facility suitable for use by the Lessee as a recycling facility and that all real and personal property provided for therein is necessary or appropriate in connection with the Project. The Lessee may make changes in or additions to the Plans and Specifications; provided, however, changes in or additions to the Plans and Specifications that are material shall be subject to the prior written approval of the Consulting Architect and the Issuer.

The Lessee shall not permit any mechanics' or materialmen's or other liens to be perfected or remain against the Project for labor or materials furnished in connection with the construction of the Project, provided that it shall not constitute an Event of Default hereunder if such a lien is filed if the Lessee notifies the Issuer of the existence of such lien and if the Lessee in good faith promptly contests such lien in accordance with the provisions of Section 6.08 of this Lease Agreement. The Lessee agrees, on behalf of the Issuer, to complete the acquisition, construction, and installation of the Project as promptly as practicable and with all reasonable dispatch after the date of issuance of the Series 2007 Bonds.

Section 4.02. Agreement to Issue the Series 2007 Bonds; Application of Proceeds. In order to provide funds for payment of the Costs of the Project and related costs, the Issuer agrees that it will sell and cause to be delivered to the Underwriter the Series 2007 Bonds in the aggregate principal amount of $_____ _____ and will thereupon (i) deposit in the General Account of the Bond Fund from the proceeds of the sale of the Series 2007 Bonds the amount specified in Section 701 of the Indenture, which shall constitute a credit on the payment of Basic Rent related to the Series 2007 Bonds as specified in Section 5.03 hereof, (ii) deposit in the Issuance Cost Fund from the proceeds of the sale of the Series 2007 Bonds the amount specified in Section 701 of the Indenture, (iii) deposit in the Debt Service Reserve Fund from the proceeds of the sale of the Series 2007 Bonds the amount specified in Section 701 of the Indenture, (iv) deposit in the Series 2007A Account of the Project Fund the remaining proceeds of the sale of the Series 2007A Bonds, and (v) deposit in the Series 2007B Account of the Project Fund the remaining proceeds of the sale of the Series 2007B Bonds.

Section 4.03. Application of Moneys in the Project Fund. The Issuer shall in the Indenture authorize and direct the Trustee to use the moneys in the Project Fund for the following purposes (but for no other purposes):

(a) payment of (i) the cost of the preparation of Plans and Specifications (including any preliminary study or planning of the Project or any aspect thereof), (ii) the cost of acquisition, construction, and installation of the Project and all construction, acquisition, and installation expenses required to provide utility services or other facilities and all real or personal properties deemed necessary in connection with the Projec: (including development, architectural,

engineering, and supervisory services with respect to any of the foregoing), and (iii) any other costs and expenses relating to the Project;

(b) payment of the purchase price of the Premises, the Building, and the Equipment, including all costs incident thereto, payment for labor, services, materials, and supplies used or furnished in site improvement and in the construction of the Project, including all costs incident thereto, payment for the cost of the construction, acquisition, and installation of utility services or other facilities, payment for all real and personal property deemed necessary in connection with the Project, payment of consulting and development fees payable to the Lessee or others, and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond;

(c) payment to the Issuer, as such payments become due, of the reasonable fees and expenses of inspecting the construction of the Project, or reimbursement thereof if paid by the Lessee;

(d) to such extent as they shall not be paid by a contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained until the Completion Date under this Lease Agreement, or reimbursement thereof if paid by the Lessee;

(e) payment of the taxes, assessments, and other charges, if any, referred to in Section 6.03 hereof that may become payable until the Completion Date, or reimbursement thereof if paid by the Lessee;

(f) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor or their surety in respect of any default under a contract relating to the Project;

(g) payment with respect to the Project, of the fees or out-of-pocket expenses of the Lessee, if any, including, but not limited to, architectural, engineering, and supervisory services with respect to the Project;

(h) payment of the fees, or out-of-pocket expenses, if any, of those providing services with respect to the Project, including, but not limited to, architectural, engineering, legal, accounting, and supervisory services;

(i) payment of interest on the Bonds that may become payable until the Completion Date;

(j) payment to the Lessee or the Issuer of such amounts, if any, as shall be necessary to reimburse the Lessee or the Issuer in full for all advances and payments made by either of them for any of the items set forth in clauses (a) through (i) above;

(k) payment of any other costs and expenses relating to the Project that would constitute a "cost of project" permitted to be paid by the Issuer under the Act; and

(l) all proceeds of the Bonds remaining in the Project Fund on the Completion Date (hereinafter referred to as "Surplus Money"), less amounts retained or set aside to meet costs not then due and payable or which are being contested, shall be used to redeem Bonds; if Bonds are not then redeemable or are redeemable only at a call premium or penalty or are redeemable only in an amount in excess of the Surplus Money, such Surplus Money shall be placed in the Redemption Account of the Bond Fund by the Trustee and used for the redemption of Bonds on the earliest possible redemption date on which there is no call premium or penalty and, until such redemption date and until such time as the Bonds are redeemable in an amount in excess of the Surplus Money, used to pay principal on serial Bonds, if any; the portion of the annual principal payment due on serial Bonds that may be paid from the Surplus Money is an amount which bears the same ratio to the annual principal amount due that the total Surplus Money bears to the face amount of the Bonds Outstanding; the amount so placed in the Redemption Account of the Bond Fund may be invested as permitted by Section 4.12 hereof to produce a yield that is not greater than the yield on the Bonds to which such moneys relate.

Section 4.04. <u>Disbursements from the Project Fund.</u>

(a) Subject to compliance by the Lessee with all of the terms, provisions, and conditions of this Lease Agreement, including, but not limited to, the applicable conditions for disbursements set forth in this Section 4.04, the Issuer shall pursuant to the Indenture cause the Trustee to disburse sums in the Project Fund to the Lessee or to the appropriate payee for "non-construction costs and fees," as hereinafter defined, in one or more disbursements in accordance with the following procedures:

(i) At the time of issuance of a series of Bonds, and with respect to requests subsequent to the initial request for a disbursement at the time of issuance of a series of Bonds, not less than five (5) banking days before the date on which the Lessee desires a disbursement, but not more frequently than monthly and in an amount not less than $10,000, the Lessee shall submit to the Trustee a disbursement request in the form attached hereto as Exhibit C, accompanied by an itemization of non-construction costs and fees in such detail as the Issuer shall require, and the accuracy of such cost and fee itemization shall be certified by the Lessee. The disbursement request must be signed by the Authorized Lessee Representative and the Authorized Issuer Representative.

(ii) For purposes of this Section 4.04, the term "non-construction costs and fees" shall include all costs and fees properly incurred and payable prior to and until the Completion Date in connection with the issuance and sale of a series of Bonds, the acquisition, construction, and installation of the Project, and the performance of all transactions contemplated by the Bond Documents other than the costs and fees that are properly payable to the appropriate contractors pursuant to the Construction Contracts.

(iii) A disbursement request for non-construction costs and fees submitted in accordance with the foregoing procedure need not comply with and shall not be subject to the requirements of paragraphs (b), (d), or (e) of this Section 4.04.

(b) Subject to compliance by the Lessee with all of the terms, provisions, and conditions of this Lease Agreement, including, but not limited to, the conditions for disbursements set forth in this Section 4.04, the Issuer will pursuant to the Indenture cause the Trustee to disburse sums in the Project Fund to the Lessee or to the appropriate contractor under the Construction Contracts for "construction costs and fees" as hereinafter defined in several disbursements in accordance with the following procedures:

(i) Not less than five (5) banking days before the date on which the Lessee desires a disbursement, but not more frequently than monthly and in an amount not less than $10,000, the Lessee shall submit to the Trustee an application for payment in the form of American Institute of Architects Document G702, Application and Certificate for Payment, and American Institute of Architects Form G703, Continuation Sheets, showing by trade the cost of work on the Project and the cost of materials incorporated into the Project or stored on the Premises, all to the date stated in the Application and Certificate for Payment. The Application and Certificate for Payment must be signed by the Authorized Lessee Representative, the Authorized Issuer Representative, and the appropriate contractor under the Construction Contracts and must be approved by the Consulting Architect. The cost break-down included in the Application and Certificate for Payment shall show the percentage of completion of each line item on the Lessee's detailed estimate of Project costs as submitted to the Trustee, and the accuracy of the cost breakdown shall be certified by the Lessee and the appropriate contractor under the Construction Contracts, or, as to any items not within the scope of a general contract, by the contractors directly responsible to the Lessee for such items.

(ii) The completed construction on the Project shall be reviewed (at the time each Application and Certificate for Payment is submitted) by the Consulting Architect, and the Consulting Architect shall certify to the Trustee as to (A) the cost of completed construction, (B) the percentage of completion, and (C) compliance with the Plans and Specifications.

(iii) The Consulting Architect shall determine the "maximum allowable disbursement" by adding to the cost of completed construction to date (as determined by the Consulting Architect on the basis of its review of the Application and Certificate of Payment and cost breakdown) any allowable non-construction disbursements related to the Project.

(iv) Subject to the requirements of paragraph (i) of this Section 4.04, the disbursement to be made by the Trustee shall not exceed the "maximum allowable disbursement" as determined under (iii) above less: (A) the percentage of the cost of completed construction specified in the Construction Contracts to be retained (hereinafter referred to as the "Retainage") and (B) the amounts previously disbursed by the Trustee. The Retainage (but in no event more than the balance in the Project Fund less amounts retained or set aside to meet costs not then due and payable or which are being contested) under the general Construction Contract or under any other Construction Contract shall be disbursed by the Trustee only after

(A) such contract shall have been performed to the satisfaction of the Lessee, as evidenced by the signature of the Authorized Lessee Representative on the final Application and Certificate for Payment, (B) the certificate and report or endorsement of the title insurance required by subsection (f)(iii) of this Section 4.04, (C) the Trustee shall have received from the contractor under such Construction Contract a lien waiver or an affidavit to the effect that such contractor and all of its subcontractors and suppliers of labor and materials have been paid in full (which lien waiver or affidavit must be in form and substance sufficient as a matter of law to dissolve all liens or claims of lien for labor or service performed or rendered and materials supplied or furnished, in connection with the construction and installation of the Project), (D) with respect to the general Construction Contract, the Lessee or the general contractor shall have exhibited to the Trustee the final certificates of approval from the various governmental authorities having jurisdiction over the construction and operation of the Project, including a final certificate of occupancy or a temporary certificate of occupancy for the Building, and other necessary operating permits, and the certificate of the board of fire underwriters acting in and for the locality in which the Project is situated along with a certificate of the Lessee that the same constitute all the certificates of approval necessary for operation of the Project, and (E) with respect to the general Construction Contract, the Lessee shall have delivered to the Trustee the certificate of completion described in Section 4.07 of this Lease Agreement.

(v) The Trustee shall have five (5) banking days from receipt of the fully executed Application and Certificate for Payment within which to fund each Application and Certificate for Payment.

(vi) For purposes of this Section 4.04, the term "construction costs and fees" shall include all costs and fees properly incurred and payable to the appropriate contractors pursuant to the Construction Contracts.

(vii) Nothing contained in subsection (a) herein shall be construed as preventing the Trustee from disbursing sums in the Project Fund to the appropriate payee for non-construction costs and fees if the request for a disbursement is submitted to the Trustee in accordance with the requirements of subsection (b) herein, provided, however, that the Trustee may not disburse sums in the Project Fund to the appropriate payee for construction costs and fees except pursuant to the submission of a request for a disbursement in accordance with the requirements of such subsection (b).

(viii) Notwithstanding any other term or provision set forth herein, the Trustee shall not be required to disburse more than once each month, and the Trustee shall limit the total amount disbursed from the Project Fund at any time to an amount which, when deducted from the total amount in the Project Fund, leaves a balance to be disbursed that is equal to the cost of completion of the Project (including all remaining non-construction expenses) plus the Retainage.

(c) Notwithstanding any other terms and provisions set forth herein, the Trustee may, in its discretion and with the prior written approval of the Lessee, make all disbursements or any disbursement directly to the Lessee, or to subcontractors, laborers, materialmen, or persons furnishing labor, services, or materials used or to be used on or in the construction of the Project (including authorized extras) or to any combination of them. Any such disbursement shall be deemed to have been made to the Lessee or for its account.

(d) The execution of each Application and Certificate for Payment submitted for disbursements relating to construction costs and fees by the Lessee shall constitute the certification, warranty, and agreement of the Lessee as follows:

(i) the Project is free and clear of all Liens except Permitted Encumbrances;

(ii) all evidence, statements, and other writings required to be furnished under the terms of this Lease Agreement are true and omit no material fact, the omission of which may make them misleading;

(iii) all moneys previously disbursed have been used solely to pay for Costs of the Project, and the Lessee has written evidence to support this item of warranty; and

(iv) all bills for labor, materials, and fixtures used, or on hand and to be used, in the construction of the Project have been paid, and no one is asserting a lien with respect thereto, except Permitted Encumbrances.

(e) The Lessee covenants and agrees that, upon the written request of the Issuer from time to time, but in no event more frequently than once a month, it will furnish to the Issuer, within 15 days of the request, evidence that is reasonably satisfactory to the Issuer (including, but not limited to, certificates and affidavits of the Lessee or the Consulting Architect or any contractor or such other person as the Issuer may reasonably require) showing (i) the value of construction existing at that time, (ii) that all outstanding claims for labor, materials, fixtures, furnishings, equipment, and other work have been paid or provided for in accordance with the requirements of this Lease Agreement, (iii) that there are no Liens outstanding or unpaid other than Permitted Encumbrances, (iv) that the Lessee has substantially complied with all of the Lessee's obligations hereunder, (v) that all construction has been done without material deviation from the Plans and Specifications, and (vi) that the performance and labor and material payment bonds required by this Lease Agreement are in full force and effect.

(f) Except for the initial disbursement at the time of issuance of any series of Bonds, the Trustee shall not make any disbursement from the Project Fund unless each and all of the conditions precedent set forth below shall have been met and complied with in full:

(i) if the disbursement is for "construction costs and fees," the Lessee shall have furnished to the Trustee evidence that the Builder's Risk - Completed Value Form insurance required by Section 4.01 hereof is in full force and effect;

(ii) at the time of each disbursement the Trustee shall not have notice of an Event of Default;

(iii) at the time of each disbursement the Lessee shall deliver to the Trustee a certificate and report of title or endorsement of the title insurer that the Project is free and clear of all Liens and exceptions of title except Permitted Encumbrances; and

(iv) at the time each disbursement is made pursuant to this Section 4.04 as a reimbursement to the Lessee, the Lessee shall deliver to the Trustee evidence satisfactory to the Trustee of contemporaneous or prior payment by the Lessee to the appropriate contractor or supplier under the Construction Contracts or other person of the amount then and theretofore approved for payment.

(g) Each disbursement request pursuant to this Section 4.04 shall constitute a representation by the Lessee that the moneys therein referred to have been or are to be used for one of the purposes set forth in Section 4.03 of this Lease Agreement and that none of the items for which payment is requested has formed the basis for any payment previously made from the Project Fund, to the best knowledge of the Lessee, and the Trustee shall be entitled to rely thereon and shall be held harmless by the Lessee for all liability in connection therewith.

(h) All disbursements (except the disbursement required to be made at the time of issuance of a series of Bonds in accordance with Section 4.04(a) of this Lease Agreement) shall be made within five (5) banking days after receipt by the Trustee of the completed Application and Certificate for Payment and shall be made at the office of the Trustee or at such other place as the Trustee may designate. If sufficient liquid funds are not available to the Trustee at the time of presentment of an Application and Certificate for Payment due to the particular form of investments of moneys held in the Project Fund or a lack of funds, payment of such Application and Certificate for Payment shall be delayed until liquid funds or additional funds sufficient to satisfy the requirements of this Section 4.04 are received by the Trustee.

(i) Except for Liens constituting Permitted Encumbrances, if any notice of lien shall be filed against the Project or any part thereof or if any interim title examination discloses any intervening Lien, the Issuer may suspend further disbursements from the Project Fund until such Lien shall have been discharged of record or proceedings to contest such Lien pursuant to Section 4.01 and Section 6.08 hereof shall have been instituted.

(j) The Trustee shall not make any disbursements from the Project Fund for Equipment unless the Trustee shall have first received copies of the bills of sale or other documentation evidencing that title to such Equipment has been taken in the name of the Issuer.

Section 4.05. Issuance Cost Fund. The Issuer shall in the Indenture authorize and direct the Trustee to use the moneys in the Issuance Cost Fund to pay Issuance Costs. The amounts held in the Issuance Cost Fund shall be disbursed by the Trustee to pay Issuance Costs upon receipt of a requisition, substantially in the form attached hereto as Exhibit D, executed by the Authorized Lessee Representative and the Authorized Issuer Representative setting forth the nature of the Issuance Costs to be paid and the name of the payee and certifying that the amounts

being paid are properly includable within the definition of Issuance Costs. Upon the date that is ninety (90) days after the date of issuance of a series of Bonds, all moneys remaining in the Issuance Cost Fund, if any, shall be deposited in the related series account of the Project Fund.

Section 4.06. Obligation of the Parties to Cooperate in Furnishing Documents; Trustee Reliance. Upon payment of any expenses of the Issuer incurred in connection therewith pursuant to Section 5.03 hereof, the Issuer agrees to cooperate with the Lessee in furnishing to the Trustee the documents referred to in this Article that are required to effect payments out of the Project Fund and the Issuance Cost Fund, and the Issuer agrees to cause such orders to be directed to the Trustee as may be necessary to effect payments out of the Project Fund and the Issuance Cost Fund in accordance with this Article. Such obligation of the Issuer is subject to any provisions of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Project Fund and the Issuance Cost Fund available for payment under the terms of the Indenture. In making any such payment from the Project Fund and the Issuance Cost Fund, the Trustee may rely on any such orders and certifications delivered to it pursuant to this Article.

Section 4.07. Establishment of Completion Date. The Completion Date shall be evidenced to the Trustee by a certificate of substantial completion listing the items to be completed or corrected, if any, and the amounts to be withheld therefor, signed by the Authorized Lessee Representative and approved by the Consulting Architect stating that, except for amounts retained by the Trustee for Costs of the Project not then due and payable, (i) construction of the Project has been completed without material deviation from the Plans and Specifications and all labor, services, materials, and supplies used in such construction have been paid or provided for, (ii) all other facilities necessary in connection with the construction of the Project have been constructed, acquired, and installed without material deviation from the Plans and Specifications and all costs and expenses incurred in connection therewith have been paid or provided for, (iii) according to the "as built" survey of the Premises or a certificate of the surveyor, the Building does not encroach on any other property or violate any setback or sideline requirements applicable to the Premises, and (iv) a certificate of occupancy for the Project has been issued by appropriate local governmental authorities. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or that may subsequently come into being. The Consulting Architect shall certify the matter covered by clauses (i) and (ii) above. It shall be the duty of the Lessee to cause the certificate contemplated by this Section to be furnished as soon as the construction of the Project shall have been substantially completed.

Section 4.08. Lessee Required to Pay Costs of the Project in Event Project Fund Insufficient. In the event the moneys in the Project Fund available for payment of the Costs of the Project shall not be sufficient to pay the costs thereof in full, the Lessee agrees to complete the acquisition, construction, and installation of the Project and to pay all that portion of the Costs of the Project as may be in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys which will be paid into the Project Fund and which, under the provisions of this Lease Agreement, will be available for payment of the Costs of the Project, will be sufficient to pay all the costs that will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Project Fund the Lessee shall pay any portion of the Costs of the Project pursuant to the

provisions of this Section, it shall not be entitled to any reimbursement therefor from the Issuer or from the Trustee or from the owners of any of the Bonds, nor shall it be entitled to any diminution of the rents payable under Section 5.03 hereof. The obligation of the Lessee to complete the construction of the Project shall survive any termination of this Lease Agreement.

Section 4.09. Authorized Lessee and Issuer Representatives and Successors. The Lessee and the Issuer, respectively, shall designate, in the manner prescribed in Section 1.01 hereof, the Authorized Lessee Representative and the Authorized Issuer Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Lease Agreement, a successor shall be appointed in the same manner.

Section 4.10. Enforcement of Remedies Against Contractors and Subcontractors and their Sureties and Against Manufacturers. The Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and subcontractors and material suppliers to complete their contracts diligently in accordance with the terms of such contracts, including, without limitation, the correction of any defective work, with all expenses incurred by the Lessee in connection with the performance of its obligations under this Section to be considered part of the Costs of the Project referred to in Section 4.03 hereof. The Issuer agrees that the Lessee may, from time to time, in its own name, or in the name of the Issuer, take such action as may be necessary or advisable, as determined by the Lessee, to ensure the construction of the Project in accordance with the terms of the Construction Contracts and the Plans and Specifications, to ensure the peaceable and quiet enjoyment of the Project for the Lease Term, and to ensure the performance by the Issuer of all covenants and obligations of the Issuer under this Lease Agreement, with all costs and expenses incurred by the Lessee in connection therewith to be considered as part of the Costs of the Project referred to in Section 4.03 hereof. All amounts recovered by way of penalties, damages, whether liquidated or actual, refunds, adjustments, or otherwise in connection with the foregoing prior to the Completion Date, less any unreimbursed legal expenses incurred to collect the same, shall be paid into the Project Fund to be applied to payment of the Costs of the Project and, after the Completion Date, shall be disbursed pursuant to the provisions of Section 4.03(k) of this Lease Agreement.

The Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require any manufacturers of the Equipment and any dealer to fulfill their warranties and contractual responsibilities diligently in accordance with the terms of any purchase and installation contracts, including, without limitation, the correction of any defective parts or workmanship, with all expenses incurred by the Lessee in connection with the performance of its obligations under this Section to be considered part of the Costs of the Project referred to in Section 4.03 hereof. The Issuer agrees that the Lessee may, from time to time, take such action as may be necessary or advisable, as may be determined by the Lessee, to ensure the conformity of the Equipment to the specifications therefor, with all costs and expenses incurred by the Lessee in connection therewith to be considered as part of the Costs of the Project referred to in Section 4.03 hereof.

Section 4.11. No Agency Relationships. The Issuer does not assume the duties of the contractor or architect of the Project and shall be under no obligation to construct or supervise

the construction of the Project or to make any inspections of the improvements related thereto, and it is further understood and agreed that any inspection by the Issuer or its agents of the Project, whether paid for by the Lessee, is for the sole purpose of protecting the title of the Issuer to the Project, and the Lessee shall not be entitled to claim any loss or damage against the Issuer or its agents or employees for the failure of the Issuer's agents or employees to properly discharge their responsibilities to the Issuer.

Section 4.12. Investment of Funds and Accounts. Subject to Article VIII of the Indenture and Section 4.13 hereof, any moneys held as a part of the Bond Fund, the Project Fund, the Issuance Cost Fund, the Debt Service Reserve Fund, or as reserves in connection with contested liens or any other special trust funds shall be invested or reinvested by the Trustee at the written direction of the Authorized Lessee Representative in such Permitted Investments as may be designated by the Lessee. The Trustee may make any and all such investments through its own bond or investment department or through its broker-dealer affiliate.

The investments so purchased shall be held by the Trustee and shall be deemed at all times a part of the Bond Fund and the accounts therein, the Project Fund and the accounts therein, the Issuance Cost Fund, the Debt Service Reserve Fund, or the trust account described in the preceding paragraph, as the case may be, and the interest accruing thereon and any profit realized therefrom shall be credited as provided in Section 802 of the Indenture, and any losses resulting from such investments shall be charged to such fund or account therein and paid by the Lessee.

Section 4.13. Special Investment Covenants. The Issuer and the Lessee each covenant that it will not directly or indirectly use or permit the use of any proceeds (as defined in the Regulations) of any Tax-Exempt Bonds or any other funds of the Issuer or the Lessee, or take or omit to take any action, or direct the Trustee to invest any funds held by it, in such manner as will, or allow any "related person" (as defined in Section 144(a)(3) of the Code) to enter into any arrangement, formal or informal, as will, cause any Tax-Exempt Bonds to be "federally guaranteed," as such term is used and defined in Section 149(b) of the Code, or to be "arbitrage bonds" within the meaning of Section 148 of the Code, and any Regulations proposed or promulgated in connection therewith. To that end, the Issuer and the Lessee shall comply with all requirements of Section 149(b) and Section 148 of the Code to the extent applicable to any Tax-Exempt Bonds. In the event that at any time the Issuer or the Lessee is of the opinion that for purposes of this Section 4.13 it is necessary to dispose of any investment or to restrict or limit the yield on any investment held under the Bond Documents or otherwise, the Issuer or the Lessee, as the case may be, shall so instruct the Trustee in writing.

Section 4.14. Calculation and Payment of Rebate Amount. The Lessee agrees to appoint and pay a Rebate Calculator to calculate and determine the Rebate Amount, if any, as required by Section 148(f) of the Code and any Regulations proposed or promulgated in connection therewith. All calculations and determinations made by a Rebate Calculator shall be accompanied by the opinion of a Rebate Calculator that such calculations and determinations have been made in accordance with the requirements of Section 148(f) of the Code. The Lessee agrees to pay to the United States Treasury for and on behalf of the Issuer the amount determined by the Rebate Calculator to be due to the United States Treasury before the due date specified by the Rebate Calculator. The Lessee agrees to hold the Issuer and the Trustee harmless against and

to indemnify the Issuer and the Trustee against all liability they may incur in connection with their obligations under Section 804 of the Indenture. The Lessee acknowledges having read Section 804 of the Indenture and agrees to perform all duties imposed upon it or the Issuer by such Sections. Insofar as such Section imposes duties and responsibilities upon the Lessee, they are specifically incorporated herein by reference. The obligations created by this Section 4.14 shall survive the termination of the Lease Term. The Issuer hereby delegates to the Lessee the authority and responsibility for compliance with Section 148(f) of the Code.

[End of Article IV]

ARTICLE V

EFFECTIVE DATE OF THIS LEASE AGREEMENT; DURATION OF LEASE TERM; RENTAL PROVISIONS; NATURE OF OBLIGATIONS OF LESSEE

Section 5.01. Effective Date of this Lease Agreement; Duration of Lease Term. This Lease Agreement shall become effective upon its delivery and shall be in full force and effect until midnight, July 1, ____, subject to the provisions of this Lease Agreement permitting earlier termination (including particularly Articles X and XI hereof), or if all the Bonds have not been paid or retired (or provision for such payment has not been made as provided in the Indenture), until ninety-one (91) days after the date that such payment or provision shall have been made; provided, however, that the covenants and obligations expressed herein to so survive shall survive the termination of this Lease Agreement.

Section 5.02. Delivery and Acceptance of Possession. The Issuer agrees to deliver to the Lessee sole and exclusive possession of the Premises upon execution and delivery of this Lease Agreement (subject to Permitted Encumbrances and the right of the Issuer to enter thereon for inspection purposes and subject to the other provisions of Section 8.02 hereof), and the Lessee hereby accepts possession of the Premises. The Issuer shall be permitted such continued possession of the Project as shall be necessary and convenient for it to construct or cause to be constructed the Building and install or cause to be installed the Equipment and to construct or install or cause to be constructed or installed any Additions or Alterations and to make or cause to be made any repairs or restorations required or permitted to be made by the Issuer pursuant to the provisions hereof. The Issuer covenants and agrees that it shall not take any action, other than pursuant to Article X of this Lease Agreement, to prevent the Lessee from having quiet and peaceable possession and enjoyment of the Project during the Lease Term and shall, at the request of the Lessee and at the cost of the Lessee, cooperate with the Lessee in order that the Lessee may have quiet and peaceable possession and enjoyment of the Project.

Section 5.03. Rents and Other Amounts Payable.

(a) Basic Rent related to Series 2007 Bonds: Until the principal of, premium, if any, and interest on the Series 2007 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee for the account of the Issuer as rent for the Project, the following amounts:

(i) on or before July 20, 2007, or the date of issuance and delivery of the Series 2007 Bonds, whichever is later, and on or before the twentieth (20th) day of each month thereafter, a sum equal to one-sixth (1/6th) of the amount payable on the next succeeding January 1 or July 1, whichever is closer, as interest on the Series 2007 Bonds, as provided in the Indenture, and

(ii) on or before July 20, 2007, or the date of issuance and delivery of the Series 2007 Bonds, whichever is later, and on or before the twentieth (20th) day of each month thereafter, to and including June 20, ____, a sum equal to (a) one-twelfth (1/12th) of the amount required to retire Series 2007 Bonds under the mandatory redemption requirements of Section 305 of the Indenture on the next

succeeding July 1, as principal of the Series 2007 Bonds, or (b) one-twelfth (1/12th) of the principal due on the next succeeding July 1, which is a maturity date of the Series 2007 Bonds, as provided in the Indenture, as the case may be.

Should there occur a Determination of Taxability, the Lessee shall be immediately required to pay to the Trustee for the account of the Issuer as rent for the Project a sum equal to all of the retroactive interest owed on the Series 2007A Bonds that were Outstanding on the Date of Taxability (irrespective of whether such Series 2007A Bonds are Outstanding on the date of the Determination of Taxability) as a result of the occurrence of a Determination of Taxability. This covenant and the Lessee's obligations arising from the occurrence of a Determination of Taxability shall survive the termination of this Lease Agreement.

(b) Basic Rent related to Additional Bonds: Until the principal of, premium, if any, and interest on Additional Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee for the account of the Issuer as rent for the Project the amounts set forth in amendments to this Lease Agreement as required by Section 8.07 hereof.

(c) Basic Rent General Provisions: Each payment of Basic Rent under this Section due on the 20th day of each month preceding an interest or principal payment date or redemption date until the Bonds are fully paid or payment is provided therefor in accordance with the Indenture shall in all events be sufficient, after giving credit for funds held in the Bond Fund available for such purpose, to pay the total amount of interest, principal, redemption requirement, and premium, if any, payable on the Bonds on the next succeeding principal or interest payment date or on the next succeeding redemption date for Bonds. Any payment of Basic Rent shall be reduced and need not be made to the extent that there are moneys on deposit in the Bond Fund in excess of the amount required for the payment of Bonds theretofore matured or called for redemption, the amount required for the payment of interest for which checks or drafts have been mailed by the Trustee, and past due interest in all cases where Bonds have not been presented for payment. Further, if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further payments of Basic Rent under the provisions of this Section. There shall also be a credit against remaining payments of Basic Rent for Bonds purchased, redeemed, or cancelled, as provided in Article III of the Indenture. Any payment of Basic Rent not received by the Trustee when due shall continue as an obligation of the Lessee until paid and shall bear interest at the rate of interest on the Bonds to which such Basic Rent relates.

(d) Reserve Rent: Upon the issuance of the Series 2007 Bonds, an amount equal to the Debt Service Reserve Requirement shall be deposited in the Debt Service Reserve Fund, for the purpose of paying principal of, premium, if any, and interest on the Bonds as the same become due in the event there should be insufficient funds for such purpose in the Bond Fund, unless provision for their payment in full has been duly made, and for payment of fees, charges, and expenses of the Trustee upon the occurrence of an Event of Default under the Indenture. Interest and profits earned upon the investment of amounts held in the Debt Service Reserve Fund shall be retained in the Debt Service Reserve Fund at all times the balance of the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement; thereafter and at all times the

balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Requirement, such interest and profits shall be deposited in the General Account of the Bond Fund. In the event any funds from the Debt Service Reserve Fund shall be withdrawn or if any losses result from the investment of amounts held in the Debt Service Reserve Fund or upon the failure of the Lessee to provide a substitute Debt Service Reserve Credit Facility as required in this subsection (d), the Lessee shall, beginning on the twentieth (20th) day of the month following notice of such withdrawal, diminution in value or losses, or failure to provide a substitute Debt Service Reserve Credit Facility, and on the twentieth (20th) day of each month thereafter, in addition to any other rental payments that may be due, pay to the Trustee for deposit in the Debt Service Reserve Fund, three (3) equal consecutive monthly rental payments as Reserve Rent, each equal to one-third (1/3rd) of the amount of such withdrawals, diminution in value or losses, or replenishment requirement, subject to a credit for earnings retained in or other deposits made to the Debt Service Reserve Fund during such period, until the balance of the Debt Service Reserve Fund reaches the Debt Service Reserve Requirement, at which point the obligation to make Reserve Rent payments shall be suspended.

The Lessee may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a Debt Service Reserve Credit Facility, subject to the following requirements: (A) the Debt Service Reserve Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the third highest long-term Rating of such Rating Agency; (B) the Lessee (and not the Issuer or the County) shall be responsible for repaying the Debt Service Reserve Credit Facility Provider for any draw-down on the Debt Service Reserve Credit Facility and any interest or fees due the Debt Service Reserve Credit Facility Provider under such Debt Service Reserve Credit Facility, and no obligation to the Debt Service Reserve Credit Facility Provider shall be secured by any lien on the Trust Estate; (C) each Debt Service Reserve Credit Facility shall have a term of at least one (1) year (or, if less, the remaining term of the Bonds) and shall entitle the Trustee to draw upon or demand payment and receive the amount so requested in immediately available funds on the date of such draw or demand; (D) the Debt Service Reserve Credit Facility shall permit a drawing by the Trustee for the full stated amount in the event (i) the Debt Service Reserve Credit Facility expires or terminates for any reason prior to the final maturity of the Bonds, and (ii) the Lessee fails to satisfy the Debt Service Reserve Requirement by the deposit to the Debt Service Reserve Fund of cash, obligations, a substitute Debt Service Reserve Credit Facility, or any combination thereof, on or before the date of such expiration or termination; (E) if the Rating issued by the Rating Agency to the Debt Service Reserve Credit Facility Provider is withdrawn or reduced below the third highest long-term Rating of such Rating Agency, the Lessee shall provide a substitute Debt Service Reserve Credit Facility within sixty (60) days after such rating change, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than three (3) equal consecutive monthly rental payments as Reserve Rent, commencing not later than the twentieth (20th) day of the month immediately succeeding the date representing the end of such sixty (60) day period; and (F) if the Debt Service Reserve Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the Lessee shall provide a substitute Debt Service Reserve Credit Facility within sixty (60) days thereafter, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than three (3) equal consecutive monthly rental payments as Reserve Rent, commencing not later than the twentieth (20th) day of the month immediately succeeding the date representing the end

of such sixty (60) day period. If the events described in either clauses (E) or (F) above occur, the Trustee shall not relinquish the Debt Service Reserve Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, obligations, or a substitute Debt Service Reserve Credit Facility or any combination thereof. Any amount received from the Debt Service Reserve Credit Facility shall be deposited directly into the Bond Fund, and such deposit shall constitute the application of amounts in the Debt Service Reserve Fund.

(e) Additional Rent: The Lessee agrees to pay to the Trustee until the principal of, premium, if any, and interest on the Bonds shall have been fully paid (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered and the Ordinary Expenses of the Trustee incurred under the Indenture, as and when the same become due, (ii) reasonable fees and charges of the Trustee, as bond registrar and paying agent, and of any other paying agents on the Bonds for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for the necessary Extraordinary Services of the Trustee rendered by it and Extraordinary Expenses of the Trustee incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services of the Trustee and Extraordinary Expenses of the Trustee and the reasonableness of any such fees, charges, or expenses.

In addition the Lessee agrees that during the Lease Term it shall pay directly to the Issuer an amount sufficient to reimburse the Issuer for all expenses reasonably incurred by the Issuer hereunder in connection with the Project, but only if such expenses are (1) approved in writing by the Lessee or (2) incurred after the occurrence of an Event of Default and after at least 10 days' written notice to the Lessee.

Such Additional Rent shall be billed to the Lessee by the Issuer or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by such party for one or more of the above items. Amounts so billed shall be paid by the Lessee within thirty (30) days after receipt of the bill by the Lessee.

In the event the Lessee shall fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid.

Section 5.04. Place of Rental Payments. The Basic Rent and Reserve Rent provided for in Section 5.03 hereof shall be paid in lawful money of the United States of America directly to the Trustee for the account of the Issuer and shall be deposited in the General Account of the Bond Fund or the Debt Service Reserve Fund, respectively. The payments of Additional Rent to be made to the Trustee under Section 5.03 hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be. The payment of the Additional Rent to be made to the Issuer pursuant to Section 5.03 hereof shall be paid directly to the Issuer for its own use.

Section 5.05. Nature of Obligations of Lessee Hereunder. (a) The obligations of the Lessee to make the payments required in Section 5.03 hereof and other sections hereof and to

perform and observe any and all of the other covenants and agreements on its part contained herein shall be a general obligation of the Lessee and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Issuer. The Lessee agrees that it shall not (i) suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in Section 5.03 hereof, (ii) fail to observe any of its other agreements contained in the Lessee Documents, or (iii) except as provided in Sections 11.01 and 11.02 hereof, terminate its obligations under the Lessee Documents for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, failure of the Lessee to complete the construction of the Project, failure of the Lessee to occupy or to use the Project as contemplated in this Lease Agreement or otherwise, any change or delay in the time of availability of the Project, any acts or circumstances that may impair or preclude the use or possession of the Project, any defect in the title, design, operation, merchantability, fitness, or condition of the Project or in the suitability of the Project for the Lessee's purposes or needs, failure of consideration, any declaration or finding that any of the Bonds are unenforceable or invalid, the invalidity of any provision of the Lessee Documents, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or the use of all or any part of the Project, failure of the Issuer's title to the Project or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of any governmental authority, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with the Lessee Documents.

(b) Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained. In the event the Issuer should fail to perform any such agreement on its part, the Lessee may institute such action against the Issuer as the Lessee may deem necessary to compel performance so long as such action does not abrogate the Lessee's obligations hereunder. The Issuer hereby agrees that it shall not take or omit to take any action that would cause this Lease Agreement to be terminated. The Lessee may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons that the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy, and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Issuer in any such action or proceeding if the Lessee shall so request.

Section 5.06. <u>Determination of Taxability Put Options</u>. The Lessee shall purchase from the owners thereof on the Optional Tender Date all or any portion of the Series 2007A Bonds that are tendered for purchase pursuant to Section 401 of the Indenture upon the occurrence of a Determination of Taxability at the Tender Purchase Price. On or before the date that is ten (10) days before the Optional Tender Date, the Lessee shall pay to the Trustee for deposit in the Purchase Fund held under the Indenture an amount of money sufficient to pay the Tender Purchase Price of any Series 2007A Bonds to be tendered for purchase on the Optional Tender Date pursuant to Section 401 of the Indenture. All such payments are to be made to the Trustee at its principal corporate trust office in lawful money of the United States of America. The Lessee hereby appoints the Trustee as the agent of the Lessee to pay the Tender Purchase

Price of the Series 2007A Bonds delivered to the Trustee, as tender agent, for purchase on the Optional Tender Date on the terms and conditions set forth in Section 401 of the Indenture. It is agreed that the Trustee shall be acting solely as agent for the Lessee to facilitate such sale, and no such delivery of Series 2007A Bonds to the Trustee shall constitute a redemption of Series 2007A Bonds or the extinguishment of the debt evidenced thereby.

[End of Article V]

ARTICLE VI

MAINTENANCE, TAXES, AND INSURANCE

Section 6.01. Maintenance and Modification of Project by the Lessee. The Lessee agrees that during the Lease Term it shall at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit, (ii) keep the Building and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary and proper repairs thereto and renewals and replacements thereof, including external and structural repairs, renewals, and replacements, and (iii) use the Equipment in the regular course of its business only, within the normal capacity of the Equipment, without abuse, and in a manner contemplated by the manufacturer thereof, and cause the Equipment to be maintained in accordance with the manufacturer's then currently published standard maintenance contract and recommendations. Subject to the provisions of Section 8.09 hereof, the Lessee may also, at its own expense or with proceeds of Additional Bonds, from time to time make any Additions or Alterations to the Project it may deem desirable for its business purposes that do not, in the opinion of the Consulting Architect filed with the Issuer, adversely affect the operation or value of the Project. Subject to the provisions of Section 9.03 hereof, Additions or Alterations to the Project so made by the Lessee shall be approved in writing by the Authorized Issuer Representative, shall become a part of the Project, and shall become subject to the demise of this Lease Agreement. Such Additions or Alterations to the Project that cost in excess of $100,000 shall be made only by contractors who furnish performance and labor and material payment bonds in the full amount of such contracts, made by the contractor thereunder as the principal and a surety company or companies reasonably acceptable to the Issuer as surety, and such bonds shall be in such form as is reasonably acceptable to the Issuer. Such bonds shall name the Lessee and the Issuer as obligees, and all Net Proceeds received under such bonds shall be paid over to the Trustee and deposited in the Net Proceeds Account of the Project Fund to be applied to the completion of the Additions or Alterations to the Project. The Lessee further agrees that at all times during the construction of Additions or Alterations that cost in excess of $100,000 it shall maintain or cause to be maintained in full force and effect Builder's Risk-Completed Value Form insurance to the full insurable value of such Additions or Alterations. The Lessee shall not permit any mechanics' or materialmen's or other statutory liens to be perfected or remain against the Project for labor or materials furnished in connection with any Additions or Alterations so made by it, provided that it shall not constitute an Event of Default hereunder upon such lien being filed, if the Lessee shall promptly notify the Issuer of any such liens, and the Lessee in good faith promptly contests such liens in accordance with the provisions of Section 6.07 hereof. The Lessee shall not do or permit others under its control to do any work in or about the Project or related to any repair, rebuilding, restoration, replacement, alteration of, or addition to the Project, or any part thereof, unless the Lessee shall have first procured and paid for all requisite municipal and other governmental permits and authorizations. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning, and other laws, ordinances, governmental regulations, and requirements and in accordance with the requirements, rules, and regulations of all insurers under the policies required to be carried under the provisions of this Article VI.

Section 6.02. Removal of Equipment. The Issuer shall not be under any obligation to renew, repair, or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary Equipment. If no Event of Default under this Lease Agreement shall have happened and be continuing, in any instance where the Lessee in its discretion determines that any items of Equipment or parts thereof have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the Lessee may remove such items of Equipment or parts thereof from the demise of this Lease Agreement and (on behalf of the Issuer) sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer therefor, provided that the Lessee shall:

(a) substitute (either by direct payment of the cost thereof or by advancing to the Issuer the funds necessary therefor) and install as part of the Project items of replacement equipment or related property having equal or greater value or utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, provided such removal and substitution shall not impair the nature of the Project, all of which replacement equipment or related property shall be free of all Liens (other than Permitted Encumbrances) and shall become the property of the Issuer, shall become a part of the Equipment subject to the demise of this Lease Agreement, and shall be held by the Lessee on the same terms and conditions as the items originally constituting Equipment, or

(b) not make any such substitution and installation, unless in the case of: (i) the sale of any such Equipment, (ii) the trade-in of such Equipment for other machinery, furnishings, equipment, or related property not to become part of the Equipment to be demised hereby, or (iii) any other disposition thereof, the Lessee shall pay to the Trustee the proceeds of such sale or disposition or an amount equal to the credit received upon such trade-in for deposit into the Redemption Account of the Bond Fund. In the case of the sale, trade-in, or other disposition of any such Equipment to the Lessee or an Affiliate, the Lessee shall pay to the Trustee an amount equal to the greater of the amounts and credits received therefor or the Fair Market Value thereof at the time of such sale, trade-in, or other disposition for deposit into the Redemption Account of the Bond Fund.

The removal from the Project of any portion of the Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.03 hereof.

In the event that prior to such removal and disposition of items of Equipment from the Project, the Lessee has acquired and installed machinery, furnishings, equipment, or related property with its own funds, which become part of the Equipment and which have equal or greater utility, but not necessarily the same function, as the Equipment to be removed, the Lessee may take credit to the extent of the amount so spent by it against the requirement that it either substitute and install other machinery and equipment having equal or greater value or that it make payment to the Trustee for deposit into the Redemption Account of the Bond Fund.

The Lessee shall promptly report to the Issuer each such removal, substitution, sale, or other disposition and shall pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Redemption Account of the Bond Fund promptly after the sale, trade-in, or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Redemption Account on account of all such sales, trade-ins, or other dispositions not previously reported in the aggregate has a value of at least $100,000. The Lessee shall not remove, or permit the removal of, any of the Equipment from the Project except in accordance with the provisions of this Section 6.02.

Upon compliance with this Section, the Issuer agrees to deliver any bills of sale or releases in form and substance acceptable to the Lessee and which are deemed necessary by the Lessee with respect to the removal of such Equipment from the demise of this Lease Agreement. The Lessee shall execute and deliver to the Issuer such documents as it may from time to time require to confirm the title of the Issuer (subject to this Lease Agreement) to any items of equipment and other personal property which under the provisions of this Section are to become a part of the Equipment and shall pay all costs (including attorneys' fees) incurred in connection therewith.

Section 6.03. Taxes, Other Governmental Charges, and Utility Charges. The Lessee shall duly pay and discharge, as the same become due and payable, (i) all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project, including, without limiting the generality of the foregoing, all ad valorem taxes or payments in lieu of such taxes lawfully assessed upon the Lessee's rights in and to the Project and all sales and use taxes lawfully assessed upon the Issuer or the Lessee in connection with the Project, (ii) all utility and other charges incurred in the ownership, operation, maintenance, use, occupancy, and upkeep of the Project, and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Issuer of its intention so to do, the Lessee may, at its own expense and in its own name and behalf or in the name and behalf of the Issuer and in good faith, contest any such taxes, assessments, and other charges in accordance with the provisions of Section 6.07 hereof and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom.

Section 6.04. Insurance Required. Throughout the Lease Term, the Lessee shall keep the Project or cause the same to be kept continuously insured against such casualties, contingencies, and risks as are customarily insured against with respect to facilities of like size and type, paying as the same become due all premiums in respect thereto, including but not limited to:

(a) insurance upon the repair or replacement basis in an amount of not less than 100% of the then actual cost of replacement (excluding costs of replacing excavations and foundations but without deduction for depreciation) of the Project (with deductible provisions not to exceed $25,000 in any one casualty) against loss or damage by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke and such other risks as are now or hereafter included in the extended coverage endorsement then in use in the State for similar structures (including vandalism and malicious mischief),

(b) comprehensive general liability insurance providing insurance (with deductible provisions not to exceed $25,000 per occurrence) to the extent of not less than $1,000,000 per occurrence against liability for personal and bodily injury including death resulting therefrom and $1,000,000 per occurrence for damage to property, including loss of use thereof, occurring on or in any way related to the Project or any part thereof or the operation thereof, with excess coverage or "umbrella" insurance for claims under such coverage in the aggregate of not less than $2,500,000 for any one occurrence,

(c) insurance under the Federal Flood Insurance Program shall be maintained at all times within the minimum requirements and amounts required for federally financed or assisted loans under the Flood Disaster Protection Act of 1973, as amended, if the Project is eligible under such program,

(d) workers' compensation coverage, or other provision therefor, as required by the laws of the State, and

(e) boiler explosion insurance on steam boilers, if any, pressure vessels, and pressure piping in an amount not less than 100% of the then actual cost of replacement (excluding costs of replacing excavations and foundations but without deduction for depreciation) of the Project (with deductible provisions not to exceed $25,000 in any one occurrence) provided, that such insurance need not be taken out until steam boilers, pressure vessels, or pressure piping are installed in the Project.

Section 6.05. **Application of Net Proceeds of Insurance.** The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.04(a), (c), and (e) hereof shall be paid and applied as provided in Section 7.01 hereof, and the Net Proceeds of insurance carried pursuant to the provisions of Sections 6.04(b) and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

Section 6.06. **Additional Provisions Respecting Insurance.** All insurance required by Section 6.04 hereof shall be taken out and maintained in generally recognized responsible insurance companies qualified to do business in the State, selected by the Lessee and subject to the approval of the Issuer, which approval shall not be unreasonably withheld. All policies evidencing such insurance shall be subject to the approval of the Issuer, which approval shall not

be unreasonably withheld. All policies evidencing such insurance shall provide for payment to the Issuer and the Lessee, as their respective interests may appear, the policies required by Section 6.04 shall name the Issuer as additional insured, and the policies required by Section 6.04(a), (c), and (e) hereof shall require that all Net Proceeds of insurance if in excess of $100,000 for loss or damage covered thereby be paid to the Trustee and applied pursuant to Section 7.01 hereof; provided, however, that all claims regardless of amount may be adjusted by the Lessee with the insurers, subject to prior written approval of the Issuer as to any settlement of any claim in excess of $100,000, which approval shall not be unreasonably withheld. A certificate or certificates of the insurers that such insurance is in force and effect shall be deposited with the Issuer and the Trustee, and prior to the expiration of any such policy the Lessee shall furnish the Issuer and the Trustee with evidence reasonably satisfactory to the Issuer that the policy has been renewed or replaced or is no longer required by this Lease Agreement. In lieu of separate policies, the Lessee may maintain one or more blanket policies of insurance having the coverage required by Section 6.04 hereof. All such policies shall provide that such insurance may not be modified adversely to the interests of the Issuer or cancelled by the issuer thereof before the termination of this Lease Agreement without at least thirty (30) days' notice to the Lessee and the Issuer.

Section 6.07. Advances by the Issuer or the Trustee. If the Lessee shall fail to maintain the insurance coverages required by this Lease Agreement or shall fail to pay the taxes and other charges required to be paid by this Lease Agreement or shall fail to keep the Project in as reasonably safe condition as its operation will permit or shall fail to keep the Project in good repair and good operating condition, the Issuer or the Trustee may (but shall be under no obligation to), after notifying the Lessee of its intention to do so, take out the required policies of insurance and pay the premiums on the same or pay the taxes or other charges or make the required repairs, renewals, and replacements. In addition, if the Lessee should fail to make any payment or to perform or comply with any of the agreements, covenants, or obligations of the Lessee under the Lessee Documents, then the Issuer or the Trustee, at the option of either one, may make such payment or perform such agreement, covenant, or obligation for the account and at the expense of the Lessee, but shall not be obligated to do so. Any and all payments and expenses incurred or paid in so doing shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon from the date of payment at the floating rate charged prime corporate borrowers from time to time plus two percent (2%) per annum on demand loans by the commercial lending department of the Trustee, the Lessee agrees to pay on demand. Any remedy herein vested in the Issuer or the Trustee for the collection of amounts due under Section 5.03 hereof shall also be available to the Issuer and the Trustee for the collection of all such amounts so advanced. The Trustee shall be under no obligation to make any such payment unless it is required to do so by the owners of at least twenty-five percent (25%) in the aggregate principal amount of all Bonds then Outstanding and is provided with adequate funds paid in cash to the Trustee (from a source or sources approved by the Trustee) for the purpose of such payment.

Section 6.08. Contest of Liens. In the event the Lessee in good faith contests Liens pursuant to Sections 6.01, 6.03, or 4.01 of this Lease Agreement, the Lessee may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, provided the Lessee shall furnish the Issuer with an opinion of Independent Counsel stating that by nonpayment of such items the title of the Issuer as to any

material part of the Project will not be materially and imminently endangered and neither the Project nor any material part thereof will be subject to imminent loss or forfeiture. If the Lessee is unable or otherwise fails to obtain such an opinion of Independent Counsel, the Lessee shall promptly cause to be satisfied and discharged all such unpaid items by payment thereof, by causing the lien to be transferred from the Project to other security as permitted by State law, or by payment of the amount so contested into a reserve held by the Trustee. Such reserve may be used by the Issuer to satisfy the items if action is taken to enforce the lien and such action is not stayed. Such reserve will be returned to the Lessee if the items are successfully contested. In the event the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the Issuer may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Issuer shall become an advance repayable in accordance with Section 6.06 of this Lease Agreement. The Issuer shall, at the expense of the Lessee, cooperate fully with the Lessee in any such contest.

[End of Article VI]

ARTICLE VII

DAMAGE, DESTRUCTION, CONDEMNATION, AND FAILURE OF TITLE

Section 7.01. Damage and Destruction. (a) If prior to the termination of this Lease Agreement, the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the Net Proceeds recovered under the insurance policies required to be carried pursuant to Section 6.04(a), (c), and (e) hereof resulting from such destruction or damage are not greater than $100,000, the Lessee (i) shall promptly repair, rebuild, restore, or re-equip the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as may be approved in writing by the Authorized Issuer Representative and as will not impair the value or the character of the Project and (ii) shall apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such recovery. All such Net Proceeds of insurance not in excess of $100,000 shall be paid to the Lessee, subject to the provisions of Section 7.01(e) hereof.

(b) If prior to the termination of this Lease Agreement, the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the Net Proceeds recovered under the insurance policies required to be carried pursuant to Section 6.04(a), (c), and (e) hereof resulting from such destruction or damage are in excess of $100,000, the Lessee shall promptly give written notice thereof to the Trustee. All such Net Proceeds of insurance shall be paid to and held by the Trustee in the Net Proceeds Account of the Project Fund, whereupon the Lessee shall proceed promptly to repair, rebuild, restore, or re-equip the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as may be approved in writing by the Authorized Issuer Representative and as will not impair the value or the character of the Project, whereupon the Trustee shall apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding, or restoration, either on completion thereof or as the work progresses in accordance with the procedures set forth in Section 4.04 of this Lease Agreement.

(c) In the event the Net Proceeds are not sufficient to pay in full the costs of any such repair, rebuilding, restoration, or re-equipping, the Lessee shall nonetheless complete such work and shall pay that portion of the costs thereof in excess of the amount of such Net Proceeds.

(d) The Lessee shall not, by reason of the payment of such excess costs, be entitled to any reimbursement from the Issuer, the Trustee, or the owners of the Bonds or any abatement or diminution of the rents payable under Section 5.03 hereof.

(e) Any balance of such Net Proceeds of insurance remaining after application pursuant to subsections (a) or (b) of this Section 7.01 shall be paid into the Redemption Account of the Bond Fund and used to redeem Bonds or to pay principal of and interest on the Bonds as the same becomes due. If the Bonds have been fully paid (or provision therefor has been made in accordance with the Indenture), any balance of such Net Proceeds remaining after application

pursuant to subsections (a) or (b) of this Section 7.01 shall be paid to the County, to the extent that the County has made payments under the Contract or, if the County has not made payments under the Contract, shall be paid to the Lessee.

(f) The proceeds of any insurance carried by the Lessee that is in addition to the insurance required to be carried pursuant to this Lease Agreement (including, but not limited to, the proceeds of any business interruption insurance) shall be paid to the Lessee.

Section 7.02. Condemnation and Failure of Title. In the event that title to any portion of the Project fails or title to or the temporary use of the Project or any part thereof is taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.03 hereof. Except for Net Proceeds received by the Lessee pursuant to Section 7.03 hereof, the Issuer and the Lessee shall cause the Net Proceeds received by them or any of them from any title insurance policy or any award made in such eminent domain proceedings to be paid to and held by the Trustee in the Net Proceeds Account of the Project Fund, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration of the Project to substantially the same condition thereof as existed prior to the failure of title or the exercise of such power of eminent domain, substantially in accordance with the procedures set forth in Section 4.04 of this Lease Agreement.

(b) To the acquisition of other suitable land and the acquisition, by construction or otherwise, in the name of the Issuer, to the extent permitted by applicable law, of improvements consisting of a building or buildings, facilities, furnishings, machinery, equipment, or other properties suitable for the Lessee's operations at the Project as conducted prior to such failure of title or taking (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such improvements were specifically described herein and demised by this Lease Agreement); provided, that such improvements and properties shall be acquired by the Lessee, in the name of the Issuer, subject to no Liens other than Permitted Encumbrances. Such improvements and properties must be approved in writing by the Authorized Issuer Representative, which approval shall not be unreasonably withheld. The Lessee and the Issuer shall enter into amendments to this Lease Agreement to identify such improvements and properties as part of the Project, and the Issuer shall enter into a supplemental indenture assigning and pledging, and granting a security interest in, the foregoing amendments to the Trustee.

(c) Any balance of the Net Proceeds of the title insurance policy or the award in such eminent domain proceedings remaining after application pursuant to subsections (a) and (b) of this Section 7.02 shall be paid into the Redemption Account of the Bond Fund to redeem Bonds or to pay principal of and interest on the Bonds as the same becomes due, or, if no Bonds then remain Outstanding, to

the County, to the extent that the County has made payments under the Contract or, if the County has not made payments under the Contract, to the Lessee.

Within sixty (60) days from the date of failure of title or the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the Issuer and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the title insurance proceeds or condemnation award applied.

The Issuer shall cooperate fully with the Lessee in handling and conducting any prospective or pending condemnation proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the Issuer. In no event shall the Issuer voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the prior written consent of the Lessee.

The Lessee shall be entitled to pursue any claims it may have as lessee of the Project under this Lease Agreement in any prospective or pending condemnation proceeding, independent and separate from any claims of the Issuer as owner of the Project.

Section 7.03. Condemnation of Lessee-Owned Property. The Lessee shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or for taking of its own property not included in the Project (except for damages for the value of its leasehold estate in the Project under this Lease Agreement, which shall be applied pursuant to Section 7.02 hereof).

[End of Article VII]

ARTICLE VIII

ADDITIONAL COVENANTS; ADDITIONAL BONDS

Section 8.01. **No Warranty of Condition or Suitability by the Issuer.** THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE HABITABILITY, MERCHANTABILITY, CONDITION, OR WORKMANSHIP OF ANY PART OF THE PROJECT OR THAT IT WILL BE SUITABLE FOR THE LESSEE'S PURPOSES OR NEEDS.

Section 8.02. **Access to Premises and Records.** The Lessee agrees that the Issuer and its duly authorized representatives and agents shall have the right, upon reasonable prior notice, to enter the Project at all reasonable times during the Lease Term for the purpose of (i) examining and inspecting the same, including the construction thereof, (ii) performing such work in and about the Project made necessary by reason of an Event of Default, and (iii) upon an Event of Default, exhibiting the Project to prospective purchasers, lessees, or mortgagees.

Section 8.03. **Lessee to Maintain its Existence; Conditions Under Which Exceptions Permitted.** (a) The Lessee agrees that while this Lease Agreement is in effect it shall maintain its legal existence as a Georgia limited liability company, shall not merge into another entity or permit one or more other entities to merge into it, and shall not dissolve or otherwise dispose of all or substantially all of its assets. The Lessee may, without violating the agreement contained in this Section, merge into another domestic entity (that is, an entity organized and existing under the laws of one or more states of the United States of America), or permit one or more such domestic entities to merge into it, or sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, if the surviving, resulting, or transferee Person:

(1) is authorized to do business in the State,

(2) is a domestic corporation, partnership, limited liability company, or other entity, or if a natural person, is a resident of the United States of America,

(3) assumes in writing all of the obligations of the Lessee under the Lessee Documents, and

(4) obtains the prior written consent of the Issuer to the merger, sale, or transfer

(b) Prior to taking any action allowed by Section 8.03(a) hereof, the Lessee shall furnish or cause to be furnished to the Trustee an opinion of nationally recognized bond counsel reasonably acceptable to the Trustee or a ruling of the Internal Revenue Service to the effect that such merger, sale, or transfer will not cause the interest on any Tax-Exempt Bonds to become includable in the gross income of the owners thereof for federal income tax purposes.

(c) If the requirements of this Section 8.03 regarding merger, sale, or transfer are met, the Lessee shall be relieved from its obligations, and such successor Person shall succeed to and

be substituted for the Lessee, under the Lessee Documents, with the same effect as if such successor Person had originally been a party to such instruments.

Section 8.04. Qualification in the State. The Lessee warrants that it is and while this Lease Agreement is in effect it (or the surviving, resulting, or transferee entity permitted by Section 8.03 hereof) will continue to be duly qualified to do business in the State.

Section 8.05. Indemnity. (a) The Lessee shall and agrees to indemnify and save the Issuer, the Trustee, the County, and their directors, officers, members, and employees harmless against and from all claims by or on behalf of any Person arising from the conduct or management of or from any work or thing done on the Project and against and from all claims arising from (i) any condition of or operation of the Project, (ii) any breach or default on the part of the Lessee in the performance of any of its obligations under the Lessee Documents, (iii) any act or negligence of the Lessee or of any of its agents, contractors, servants, employees, or licensees, or (iv) any act or negligence of any assignee or sublessee of the Lessee or of any agents, contractors, servants, employees, or licensees of any assignee or sublessee of the Lessee, provided, however, this indemnity shall not apply to any acts of negligence or willful or intentional misconduct of the Issuer, the Trustee, or the County or their directors, officers, members, or employees. The Lessee shall indemnify and save the Issuer, the County, and the Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid from clauses (i), (ii), (iii), or (iv), supra, or in connection with any action or proceeding brought thereon, including attorneys' fees as provided in Section 10.04 hereof, and upon notice from the Issuer, the County, or the Trustee, the Lessee shall defend them or any of them in any such action or proceeding.

(b) The Lessee agrees that it will indemnify and hold the Trustee harmless from any and all liability, cost, or expense incurred without negligence or bad faith in the course of its duties, including any act, omission, delay, or refusal of the Trustee in reliance upon any signature, certificate, order, demand, instruction, request, notice, or other instrument or document believed by it to be valid, genuine, and sufficient.

(c) If the Issuer, the Trustee, the County, or their directors, officers, members, and employees incur pecuniary liability by reason of the terms of the Bond Documents or the undertakings required of the Issuer under the Issuer Documents, the County under the Contract, or the Trustee under the Indenture, by reason of (i) the issuance of the Bonds, (ii) the execution of the Bond Documents, (iii) the performance of any act required by the Bond Documents, (iv) the performance of any act requested by the Lessee, or (v) any other costs, fees, or expenses incurred by the Issuer, the County, or the Trustee with respect to the Project or the financing thereof, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, the Lessee shall indemnify and hold harmless the Issuer, the County, and the Trustee against all claims by or on behalf of any Person arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, including attorneys' fees as provided in Section 10.04 hereof, and upon notice from the Issuer, the County, or the Trustee, the Lessee shall defend the Issuer, the County, and the Trustee in any such action or proceeding. The indemnity contained in this Section 8.05(c) shall not apply to any acts of negligence or willful or intentional misconduct of the Issuer, the County, or the Trustee.

(d) Nothing contained in this Section 8.05 shall require the Lessee to indemnify the Issuer, the County, or the Trustee or their officers, directors, members, or employees for any claim or liability that the Lessee was not given any opportunity to contest or for any settlement of any such action effected without the Lessee's consent. The indemnity of the Issuer, the County, and the Trustee and their officers, directors, members, and employees contained in this Section 8.05 shall survive the termination of this Lease Agreement.

Section 8.06. Tax-Exempt Bonds. The Lessee recognizes that the purchasers and owners of the Tax-Exempt Bonds will have accepted the Tax-Exempt Bonds on, and paid for the Tax-Exempt Bonds a price that reflects, the understanding that interest on the Tax-Exempt Bonds is excluded from the gross income of the owners for federal income tax purposes under laws in force at the time the Tax-Exempt Bonds shall have been delivered.

The Lessee covenants that it will not take or omit to take any action nor permit any action to be taken or omitted that would cause the interest on any Tax-Exempt Bonds to become includable in the gross income of any owner thereof, provided, that the Lessee shall not have violated this covenant if the interest on any of the Tax-Exempt Bonds becomes includable in the gross income of any owner who is a "substantial user" of the Project or a "related person" pursuant to the provisions of Section 147(a) of the Code.

The Lessee further covenants and agrees that it shall comply with the representations and certifications it made in its Lessee's Tax Certificate dated the date of issuance and delivery of the Series 2007 Bonds and that it shall take no action nor omit to take any action that would cause such representations and certifications to be untrue.

The Lessee agrees to furnish the Issuer or the Trustee any items (including, without limitation, certificates of the Lessee and opinions of nationally recognized bond counsel) reasonably requested by either of them to evidence compliance with the covenants contained in this Section 8.06.

Section 8.07. Additional Bonds. (a) Additional Bonds may be issued by the Issuer to provide funds to pay any one or more of the following: (i) the costs of completing the Project, (ii) the costs of making such Additions or Alterations in, on, or to the Project as the Lessee may deem necessary or desirable and as will not impair the nature of the Project as a modern solid waste disposal and recycling facility and as will be located on the Premises, (iii) to refund any Bonds, and (iv) the costs of the issuance and sale of the Additional Bonds, the cost of funding the Debt Service Reserve Requirement with respect to such Additional Bonds, and capitalized or funded interest for such period and such other costs reasonably related to the financing as shall be agreed upon by the Lessee and the Issuer.

(b) If the Lessee is not in default hereunder, the Issuer may, on request of the Lessee, from time to time in its sole discretion issue the amount of Additional Bonds specified by the Lessee; provided, that the terms of such Additional Bonds, the purchase price to be paid therefor, and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the Lessee, provided, that the sale of any Additional Bonds shall be the sole responsibility of the Lessee, and provided further that the Lessee and the Issuer shall have entered into an amendment to this Lease Agreement to provide for additional Basic Rent in an

amount at least sufficient to pay principal of and interest on the Additional Bonds when due and to provide for any additional terms or changes to this Lease Agreement required because of such Additional Bonds, and provided further that the Issuer shall have otherwise complied with the provisions of Section 211 of the Indenture with respect to the issuance of such Additional Bonds.

(c) Prior to the issuance of any Additional Bonds to finance the costs of completing the Project or the cost of Additions or Alterations to the Project, the Lessee shall cause to be prepared and filed with the Issuer a certificate of the Lessee approved by the Consulting Architect setting forth the estimated cost of the completion of the Project or the proposed Additions or Alterations to the Project, including an allowance for contingencies, the estimated date of completion of the Project or estimated date on which such Additions or Alterations will be placed in service or completed, and the amount, if any, provided or to be provided by the Lessee from other sources toward payment of the costs of completion of the Project or such Additions or Alterations to the Project and the manner in which such funds will be provided.

(d) The Lessee shall cause to be deposited in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement with respect to Additional Bonds.

(e) Any Additional Bonds shall be secured by the liens and security interests granted by the Indenture, and the liens and security interests created by the Indenture shall be equal, without preference or priority, to the liens and security interests provided for the Series 2007 Bonds.

Section 8.08. **Use of Party Walls.** If the Lessee purchases any unimproved part of or interest in the Premises, pursuant to the provisions of Section 11.08 of this Lease Agreement, or otherwise acquires or leases other real property adjacent to the Premises, the Lessee and the Issuer agree that all walls presently standing or hereafter erected by the Issuer or the Lessee as a part of the Project on or contiguous to the boundary line of the portion of or interest in the Premises or other real property so purchased, acquired, or leased shall be party walls, and each party grants to the other a 10-foot easement adjacent to any such party wall for the purpose of inspection, maintenance, repair, and replacement thereof and the tying-in of new construction. If the Lessee utilizes any party wall for the purpose of tying in new construction that will be utilized under common control with the Project, the Lessee may also tie into the utility facilities on the Premises for the purpose of serving the new construction and may remove any non-loadbearing wall panels in the party wall; provided, however, that if the property so owned, purchased, acquired, or leased by the Lessee ceases to be operated under common control with the Project, the Lessee covenants that it shall install non-loadbearing wall panels similar in quality to those that have been removed and shall provide separate utility services for the new construction.

Section 8.09. **Operation of Project and Safety Code.** The Lessee warrants that throughout the Lease Term it shall operate the Project as a solid waste disposal and recycling facility or cause the same to be operated as a solid waste disposal and recycling facility and shall continue to maintain the Project in compliance with all applicable life and safety codes and all applicable building and zoning, health, and safety ordinances and laws, all applicable Environmental Laws, and all other applicable laws, ordinances, rules, and regulations of the United States of America, the State, and any political subdivision or agency thereof having jurisdiction over the Project.

Section 8.10. **Hazardous Waste.** (a) In addition to and without limitation of all other representations, warranties, and covenants made by the Lessee under this Lease Agreement, the Lessee further represents, warrants, and covenants that the Lessee has not and, to the best of its knowledge, any contractors with respect to the Project have not, used Hazardous Materials (as hereinafter defined) on, from, or affecting the Project in any manner that violates any Environmental Laws, and that, to the best of the Lessee's knowledge, after due investigation, no prior owner of the Project or any tenant, subtenant, prior tenant, or prior subtenant have used Hazardous Materials on, from, or affecting the Project in any manner that violates Environmental Laws. The Lessee shall keep or cause the Project to be kept free of Hazardous Materials except as otherwise provided in this Section 8.10.

(b) Without limiting the generality of the foregoing, the Lessee shall not cause or permit the Project or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce, or process Hazardous Materials, except in compliance with all applicable Environmental Laws, nor shall the Lessee cause or permit, as a result of any intentional or unintentional act or omission on the part of the Lessee or any tenant or subtenant, a release of Hazardous Materials onto the Project or onto any other property. The Lessee shall comply with and ensure compliance by all tenants and subtenants with all applicable Environmental Laws, whenever and by whomever invoked, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations, or permits required thereunder. The Lessee shall (i) conduct and complete all investigations, studies, samplings, and testing and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from, or affecting the Project (A) in accordance with all applicable Environmental Laws, and (B) in accordance with the directives of all federal, state, and local governmental authorities, and (ii) defend, indemnify, and hold harmless the Issuer from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise arising out of or in any way related to (x) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise of the Project, or (y) any violation of Environmental Laws or any policies or requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorneys' fees, investigation and laboratory fees, court costs, and litigation expenses. In the event of the termination of this Lease Agreement, the Lessee shall deliver the Project free of any and all Hazardous Materials so that the condition of the Project shall conform with all applicable Environmental Laws affecting the Project.

(c) For purposes of this Section 8.10, "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials or wastes, hazardous or toxic substances, or related materials defined in any Environmental Law; provided, however, that Hazardous Materials shall not include, for purposes of this Section 8.10, nonfriable asbestos or cleaning products, medical supplies, or other substances used by the Lessee in the ordinary course of conduct of its operations at the Project. The provisions of this Section 8.10 shall be in addition to any and all other obligations and liabilities the Lessee may have to the Issuer at common law and shall survive the termination of this Lease Agreement.

Section 8.11. **Continuing Disclosure**. The Lessee hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Lease Agreement, failure of the Lessee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the beneficial owners of at least 25% in aggregate principal amount of Outstanding Bonds, shall) or any beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Lessee to comply with its obligations under this Section 8.11.

Section 8.12. **Reporting on Personal Property**. Annually, within sixty (60) days after the end of each calendar year, the Lessee shall file with the Issuer a certificate describing, as of the last day of the immediately preceding calendar year, each item of tangible personal property not described in a previous similar certificate, which has been added to the Project, whether as a substitution, replacement, or addition, and whether or not, when added, it became real property, if the aggregate cost of such items in the preceding calendar year exceeds $25,000.

Section 8.13. **Financial Statements and Notices.** The Lessee shall provide the Issuer and the Trustee (1) annually, within one hundred twenty (120) days after the end of each Fiscal Year, the basic financial statements of the Lessee, including the balance sheet, income statement, and statement of cash flows, for the year then ended, in comparative form with the preceding Fiscal Year, which basic financial statements shall be accompanied by an audit report resulting from an audit conducted by independent certified public accountants in conformity with generally accepted auditing standards, (2) promptly upon receipt thereof, a copy of each other report submitted to the Lessee by its accountants in connection with any annual, interim, or special audit made by them of the books of the Lessee (including, without limitation, any management report prepared in connection with such accountants' annual audit of the Lessee), (3) promptly upon obtaining knowledge of an Event of Default, a certificate specifying the nature and period of existence thereof and what action the Lessee proposes to take with respect thereto, (4) promptly after (i) the occurrence thereof, notice of the institution by any Person of any action, suit, or proceeding or any governmental investigation or any arbitration, before any court or arbitrator or any governmental or administrative body, agency, or official, against the Lessee or the Project, which could reasonably be expected to have a material adverse effect upon, or a material adverse change in, any of the business, results of operations, properties, prospects, or condition (financial or other) of the Lessee or the ability of the Lessee to perform its obligations under the Lessee Documents or (ii) the receipt of actual knowledge thereof, notice of the threat of any such action, suit, proceeding, investigation, or arbitration, each such notice under this subsection to specify, if known, the amount of damages being claimed or other relief being sought, the nature of the claim, the Person instituting the action, suit, proceeding, investigation, or arbitration, and any other significant features of the claim, and (5) with reasonable promptness, such other information relating to the operations, management, business, properties, or condition (financial or other) of the Lessee as the Issuer or the Trustee may reasonably request in writing from time to time. The audited financial statements to be furnished to the Issuer and the Trustee annually pursuant to this Section 8.13 shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis and shall be accompanied by a certificate of the Lessee to the effect that the Lessee is not in default under any provisions of the Lessee Documents and has fully complied with all of the provisions

thereof, or if the Lessee is in default or has failed to so comply, setting forth the nature of the default or failure to comply.

[End of Article VIII]

ARTICLE IX

ASSIGNMENT, SUBLEASING, ENCUMBERING, AND SELLING; INSTALLATION OF LESSEE'S OWN MACHINERY AND EQUIPMENT

Section 9.01. Assignment and Subleasing. The rights and obligations of the Lessee under this Lease Agreement may be assigned and delegated, and the Project may be subleased, as a whole or in part, by the Lessee with the prior written consent of the Issuer (which shall not be unreasonably withheld), subject, however, to each of the following conditions:

(a) The assignee or sublessee shall meet the requirements of Section 8.03(a)(1) and (2) hereof, and the Lessee shall furnish or cause to be furnished to the Trustee the item required by Section 8.03(b) hereof.

(b) No assignment of less than all of the rights of the Lessee under this Lease Agreement or sublease of less than all of the Project shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or sublease, the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.03 hereof and for the payment, performance, and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

(c) The assignee or sublessee shall assume in writing the obligations of the Lessee under the Lessee Documents to the extent of the interest assigned or subleased.

(d) The Lessee shall furnish or cause to be furnished to the Issuer assurances reasonably satisfactory to the Issuer that the Project will continue to be operated as a "project" within the meaning of the Act.

(e) No such assignment or sublease shall give rise to a novation.

(f) The Lessee shall, within thirty (30) days after the execution thereof, furnish or cause to be furnished to the Issuer a true and complete copy of each such assignment, sublease, or assumption of obligation, as the case may be. The Issuer shall have the right, at any time and from time to time, to notify any assignee or sublessee of the rights of the Issuer as provided by this Section.

(g) All subleases shall contain an attornment clause providing in effect that if at any time during the term of the sublease, a purchaser from the Issuer shall become the owner of the Project, such sublessee agrees, at the election and upon demand of any owner of the Project, to attorn, from time to time, to any such owner upon the terms and conditions set forth in the sublease. Such sublessee shall agree, at the request of the party to whom it has attorned, to execute, acknowledge, and deliver, without charge, from time to time, instruments acknowledging such attornment. The attornment clause shall provide that upon such attornment, the sublease shall continue in full force and effect as, or as if it

were, a direct lease between the successor and the sublessee, except that the successor landlord shall not (i) have any liability for any previous act or omission of a predecessor landlord under the sublease, (ii) be bound by any previous modification of the sublease or by any previous prepayment of more than one month's rent, unless such modification or prepayment shall have been expressly approved in writing by the Issuer, or (iii) have any liability for refusal or failure to perform or complete landlord's work or otherwise prepare the demised premises for occupancy in accordance with the provisions of the sublease.

(h) All subleases shall be terminable at the option of the Issuer upon the occurrence of an Event of Default hereunder. If the entire Project is subject to any such sublease, such sublease shall contain provisions for increases in rentals up to the fair rental value of the Project, determined in a manner reasonably acceptable to the Issuer, upon the occurrence of an Event of Default hereunder.

Section 9.02. Restrictions on Sale, Encumbrance, or Conveyance of the Project by the Issuer. The Issuer agrees that it shall not (1) directly, indirectly, or beneficially sell, convey, or otherwise dispose of any part of its interest in the Project during the Lease Term, (2) permit any part of the Project or the Premises to become subject to any mortgage, lien, claim of title, encumbrance, security interest, conditional sale contract, title retention arrangement, finance lease, servitude, easement, license, restriction, reservation, defect in or cloud on title, or other charge of any kind, except for Permitted Encumbrances or except as otherwise permitted under this Lease Agreement, and (3) assign, transfer, or hypothecate (other than to the Trustee pursuant to the Indenture) any rent (or analogous payment) then due or to accrue in the future under any lease of the Project or the Premises, except for Permitted Encumbrances or except as otherwise permitted in this Lease Agreement, except that if the laws of the State at the time shall permit, nothing contained in this Section shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of the Project as an entirety to, any political subdivision, public corporation, or agency of the State whose property and income are not subject to taxation and which has authority to carry on the business of owning and leasing the Project, provided, that upon any such consolidation, merger, or transfer, the due and punctual payment of the principal of, premium, if any, and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of the Issuer Documents to be kept and performed by the Issuer, shall be expressly assumed in writing by the political subdivision, public corporation, or agency resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety.

Section 9.03. Installation of Lessee's Own Machinery and Equipment. The Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment, furnishings, and other personal property in the Building or on the Premises, which may be attached or affixed to the Building or the Premises. All such machinery, equipment, furnishings, and other personal property shall remain the sole property of the Lessee, and the Lessee may remove the same from the Building or the Premises at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any security interest, encumbrance, lien, or charge in or on any such machinery, equipment, furnishings, and other personal property. Neither the Issuer nor the Trustee shall have any

interest in or landlord's lien on any such machinery, equipment, furnishings, or personal property so installed pursuant to this Section, and all such machinery, equipment, furnishings, and personal property shall be and remain identified as the property of the Lessee by appropriate tags or other markings.

[End of Article IX]

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.01. Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement, and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) The Lessee's failure to pay the rents required to be paid under Section 5.03 of this Lease Agreement at the times specified therein and continuing for a period of five (5) days after notice by telegram, or if telegraphic service is not available, then after notice by mail, in the manner provided in Section 12.01 of this Lease Agreement, given to the Lessee by either the Trustee or the Issuer, that the payment referred to in such notice has not been received, or, without regard to notice, the Lessee's failure to pay the rents required to be paid under Section 5.03 of this Lease Agreement at the times specified therein and continuing for a period of ten (10) days after any such amount becomes due under Section 5.03 of this Lease Agreement, whichever occurs first.

(b) The Lessee's breach in any material respect of any representation or warranty contained in the Lessee Documents or the Lessee's failure to observe, perform, or comply in any material respect with any covenant, condition, or agreement in the Lessee Documents on the part of the Lessee to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Lessee by the Issuer or the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration. In the case of any such breach or default that cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of time not materially detrimental to the rights of the Issuer, the Trustee, and the Bondholders, to be determined conclusively by the Trustee, it shall not constitute an Event of Default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the breach or default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee.

(c) The Lessee shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of it or of all or a substantial part of its property or of the Project, (ii) fail to promptly lift or bond (if legally permissible) any execution, garnishment, or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, (iii) enter into an agreement of composition with its creditors, (iv) admit in writing its inability to pay its debts generally as such debts become due, (v) make a general assignment for the benefit of its creditors, (vi) commence a voluntary case under the federal bankruptcy law or any similar law in effect in a foreign jurisdiction (as now or hereafter in effect), (vii) file a petition or answer seeking to take advantage of any other law relating to bankruptcy, insolvency,

reorganization, winding-up, or composition or adjustment of debts, (viii) fail to controvert in a timely or appropriate manner or acquiesce in writing to any petition filed against it in an involuntary case under such federal bankruptcy law or any similar law in effect in a foreign jurisdiction, or (ix) take any action for the purpose of effecting any of the foregoing.

(d) A proceeding or case shall be commenced, without the application of the Lessee, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Lessee, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of the Lessee or of all or any substantial part of the assets of it or of the Project, or (iii) similar relief in respect of the Lessee under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition and adjustment of debts, and such proceeding or case shall continue undismissed or an order, judgment, or decree approving or ordering any of the foregoing shall be entered and shall continue unvacated and unstayed and in effect for a period of sixty (60) days, whether consecutive or not.

(e) The failure of the Lessee to pay the Tender Purchase Price of any Series 2007 Bond tendered for purchase in accordance with the requirements of Section 5.06 hereof within five (5) days after the same is due and payable.

Section 10.02. **Remedies on Default.** (a) Whenever any Event of Default referred to in Section 10.01 hereof shall have happened and be subsisting, the Issuer, to the extent permitted by law, may take any one or more of the following remedial steps:

(1) The Issuer, upon ten (10) days' prior written notice to the Lessee, may terminate this Lease Agreement and exclude the Lessee from possession of the Project.

(2) The Issuer, upon ten (10) days' prior written notice to the Lessee, may, without terminating this Lease Agreement, exclude the Lessee from possession of the Project and use its best efforts to sublease the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of such sublease and for the excess, if any, of the rent and other amounts payable by the Lessee under this Lease Agreement over the rents and other amounts that are payable by such new sublessee under such new sublease.

(3) The Issuer may have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Lessee related to the Project.

(4) The Issuer may from time to time take whatever action at law or in equity or under the terms of the Bond Documents may appear necessary or desirable to collect the Basic Rent and other amounts payable by the Lessee hereunder then due or thereafter to become due, or to enforce performance and

observance of any obligation, agreement, or covenant of the Lessee under the Lessee Documents.

(b) The Issuer, upon ten (10) days' prior written notice to the Lessee, shall terminate this Lease Agreement and exclude the Lessee from possession of the Project upon the payment by the County to the Trustee, for the account of the Issuer, of any amounts payable pursuant to the Contract. Notwithstanding any other provision of this Lease Agreement, the Lessee shall not be entitled to receive a credit on or a reduction or abatement of its rental payment obligations under this Lease Agreement by virtue of any payments made by the County pursuant to the Contract. Any such rental payment obligations shall continue as an obligation of the Lessee until paid and shall bear interest at the rate of interest specified in Section 6.06 hereof, notwithstanding the use of payments made by the County pursuant to the Contract to pay principal of, premium, if any, and interest on the Bonds or to make deposits into the Bond Fund or the Debt Service Reserve Fund. **THE LESSEE ACKNOWLEDGES AND AGREES THAT THE OPERATION OF THE PROVISIONS OF THIS SECTION 10.02(b) ARE AUTOMATIC AND MANDATORY AND WILL RESULT IN A COMPLETE TERMINATION WITHOUT ANY COMPENSATION OF THE LESSEE'S RIGHTS UNDER THIS LEASE AGREEMENT AND OF THE LESSEE'S LEASEHOLD ESTATE IN THE PROJECT. THE LESSEE HAS AGREED TO THE PROVISIONS OF THIS SECTION 10.02(b) VOLUNTARILY, INTELLIGENTLY, AND KNOWINGLY, THROUGH ITS DULY AUTHORIZED REPRESENTATIVES AFTER THEY HAVE READ AND UNDERSTOOD THE PROVISIONS OF THIS SECTION 10.02(b) AND HAVE BEEN AFFORDED AN OPPORTUNITY TO BE INFORMED BY COUNSEL OF THE LESSEE'S POSSIBLE ALTERNATIVE RIGHTS, AND BY EXECUTING THIS LEASE AGREEMENT THE DULY AUTHORIZED REPRESENTATIVES OF THE LESSEE ACKNOWLEDGE AGREEING TO THE PROVISIONS OF THIS SECTION 10.02(b) ON BEHALF OF THE LESSEE.**

(c) Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) and the Lessee is then in good standing with respect to the payment of all rent hereunder and shall have paid the Issuer and the Trustee all other sums due and owing hereunder, then to the Lessee.

(d) No action taken pursuant to this Section (including repossession of the Project or termination of this Lease Agreement) shall relieve the Lessee from its obligations pursuant to Section 5.03 hereof, all of which shall survive any such action, and the Issuer may take whatever action at law or in equity as may appear necessary and desirable to collect the rent and other amounts then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement, or covenant of the Lessee hereunder.

Section 10.03. <u>No Remedy Exclusive</u>. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such

right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the owners of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 10.04. Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should default under any of the provisions of this Lease Agreement and the Issuer or the Trustee should employ attorneys, accountants, or other experts or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained or contained in the Lessee Documents, the Lessee agrees that it shall on demand therefor pay to the Issuer or the Trustee the reasonable fees of such attorneys, accountants, or other experts and such other expenses so incurred by the Issuer or the Trustee. Any attorneys' fees required to be paid by the Lessee under this Lease Agreement shall include attorneys' and paralegals' fees through all proceedings, including, but not limited to, negotiations, administrative hearings, trials, and appeals.

Section 10.05. Waiver of Events of Default. The Issuer, with the consent of the Trustee, may waive any Event of Default hereunder and its consequences. In case of any such waiver, or in case any proceeding taken by the Issuer or the Trustee on account of any such Event of Default shall be discontinued or abandoned or determined adversely to the Issuer or the Trustee, then and in every such case the Issuer and the Lessee shall be restored to their former position and rights hereunder, but no such waiver or rescission shall extend to or affect any subsequent or other Event of Default or impair or exhaust any right, power, or remedy consequent thereon.

[End of Article X]

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE; RENT PREPAYMENTS AND ABATEMENT

Section 11.01. **General Options to Terminate Lease Term.** The Lessee shall have, and is hereby granted, the following options to terminate the Lease Term:

(a) at any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by (i) paying to the Trustee an amount which, when added to the amount on deposit in the Bond Fund and the Debt Service Reserve Fund, will be sufficient to pay, retire, and redeem all of the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, redemption premium, interest to maturity or earliest applicable redemption date, as the case may be, premium, if any, expenses of redemption, and Trustee's and paying agents' fees and expenses), (ii) in the case of redemption, making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, (iii) paying to the Issuer any and all sums then due to the Issuer under this Lease Agreement, and (iv) otherwise complying with the provisions of Article X of the Indenture, and

(b) upon full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and of any and all sums then due to the Issuer and the Trustee under this Lease Agreement prior to the end of the Lease Term, the Lessee may terminate the Lease Term by giving the Issuer notice in writing of such termination, which shall become effective 91 days after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture).

Section 11.02. **Option to Purchase Project.** At any time within one hundred eighty (180) days after the expiration or sooner termination of the Lease Term pursuant to Section 11.01 hereof, the Lessee shall also have, and is hereby granted, the option to purchase the Project for a purchase price of One Hundred Dollars ($100.00), which shall be paid directly to the Issuer for its own account (and not into the Bond Fund) and any and all other sums then due to the Issuer under this Lease Agreement. To exercise such option, the Lessee shall give written notice of exercise to the Issuer. The purchase of the Project shall be closed within sixty (60) days from the date of such notice.

Section 11.03. **Redemption of Bonds.** The Issuer, at the written request of the Lessee at any time and if the Bonds are then callable or available for purchase, and if there are funds available therefor, shall forthwith take all steps that may be necessary under the applicable redemption or purchase provisions of the Indenture to effect redemption or purchase of all or part of the then outstanding Bonds, as may be specified by the Lessee, on the earliest date on which such redemption or purchase may be made under such applicable provisions.

Section 11.04. **Prepayment of Rents.** There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any

part of the Basic Rent and other amounts payable under Section 5.03 hereof, and the Issuer agrees that the Trustee may accept such prepayments of Basic Rent and other amounts when the same are tendered by the Lessee. All Basic Rent and other amounts so prepaid shall at the written direction of the Lessee be credited toward the Basic Rent and other amounts specified in Section 5.03 hereof, in the order of their due dates, or applied to the retirement of Bonds prior to maturity (either by redemption or purchase) in accordance with the Indenture. The Lessee shall also have the right to surrender Bonds acquired by it in any manner whatsoever to the Trustee for cancellation, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired and shall be allocated as credits to Basic Rent as provided in the Indenture.

Section 11.05. No Obligation to Prepay Rents or Purchase Project. The Lessee shall be under no obligation to prepay the rents payable hereunder or to purchase the Project except as herein expressly required or provided.

Section 11.06. Option to Prepay Basic Rent and Redeem Series 2007 Bonds at Prior Optional Redemption Dates. The Lessee shall also have the option to prepay Basic Rent related to the Series 2007 Bonds and other amounts payable under this Lease Agreement in such manner and amounts as will enable the Issuer to redeem the Series 2007 Bonds prior to maturity, as provided in Section 304 of the Indenture. Series 2007 Bonds redeemed pursuant to this Section shall be redeemed in accordance with the procedures set forth in Article III of the Indenture. The Basic Rent and other amounts payable by the Lessee in the event of its exercise of the option granted under this Section shall be (i), in the case of partial redemption, the amount necessary to pay principal, all interest to accrue to the redemption date, the applicable redemption premium, as provided in Section 304 of the Indenture, and any redemption expense, and (ii) in the case of a total redemption, the amounts set forth in Article X of the Indenture and the applicable redemption premium, as provided in Section 304 of the Indenture.

Section 11.07. Release of Certain Land. In addition to the rights granted by Section 11.08 hereof, the parties hereto reserve the right at any time and from time to time to amend this Lease Agreement for the purpose of effecting the release and removal from this Lease Agreement and the leasehold estate conveyed hereby of any part (or interest in such part) of the Premises with respect to which the Issuer, on the request of the Lessee, proposes to convey fee title to a railroad, public utility, or public body in order that railroad services, utility services, or public services may be provided to the Project; provided, that if at the time any such amendment is made any of the Bonds are Outstanding and unpaid, the Lessee shall deliver to the Trustee the following:

(a) a copy of the amendment as executed,

(b) a resolution of the Governing Body (i) giving an adequate legal description of that portion (together with the interest in such portion) of the Premises to be released, (ii) stating the purpose for which the Issuer desires the release, and (iii) approving such amendment to this Lease Agreement,

(c) a resolution of the governing body of the Lessee approving such amendment and a certificate of the Lessee to the effect that the Lessee is not in default under any of the provisions of this Lease Agreement and that neither the

Building nor any other improvements are located on a portion of the Premises with respect to which the release is to be granted, accompanied by a plat of survey of the Premises certified by a registered surveyor of the State depicting (i) the boundaries of the portion of the Premises with respect to which the release is to be granted, (ii) all improvements located on the property surveyed and the relation of the improvements by distances to the boundaries of the portion of such property with respect to which the release is to be granted, and (iii) all easements and rights of way with recording data and instruments establishing the same,

(d) a copy of the instrument conveying the title to a railroad, public utility, or public body, and

(e) a certificate of the Consulting Architect, dated not more than sixty (60) days prior to the date of the release and stating that, in the opinion of the person signing such certificate, (i) the portion of the Premises so proposed to be released is necessary or desirable in order to obtain railroad services, utility services, or public services to benefit the Project and (ii) the release so proposed to be made will not impair the usefulness of the Project as a modern solid waste disposal and recycling facility and will not materially impair the means of ingress thereto and egress therefrom.

If such release relates to a part of the Premises on which transportation or utility facilities are located, the Issuer shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as a modern solid waste disposal and recycling facility. Any money consideration received in connection with the release of any portion of the Premises pursuant to this Section 11.07 shall be deposited in the Redemption Account of the Bond Fund and used to redeem Bonds or to pay principal of the Bonds as the same becomes due.

No release or conveyance effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.03 hereof.

Section 11.08. <u>Option to Purchase Unimproved Land</u>. If no Event of Default under this Lease Agreement shall have happened and then be continuing, the Lessee shall have, and is hereby granted, the option to purchase any part of the Premises on which the Building is not situated (although transportation or utility facilities may be located thereon), at any time and from time to time, at and for a purchase price equal to the Fair Market Value thereof, provided that the Lessee furnishes the Issuer with the following:

(a) a notice in writing containing (i) an adequate legal description of that portion of the Premises with respect to which such option is to be exercised, and (ii) a statement that the Lessee intends to exercise its option to purchase such portion of the Premises on a date stated, which shall not be less than forty-five (45) days nor more than one hundred twenty (120) days from the date of such notice,

(b) a certificate of the Consulting Architect, dated not more than ninety (90) days prior to the date of the purchase, stating that in the opinion of the person signing such certificate (i) the portion of the Premises with respect to which the option is to be exercised is not needed for the operation of the Project for the purposes hereinabove stated and (ii) the purchase will not impair the usefulness of the Project as a modern solid waste disposal and recycling facility and will not materially impair the means of ingress thereto and egress therefrom,

(c) a certificate of an independent appraiser acceptable to the Issuer, dated not more than ninety days prior to the date of the purchase, stating that release from this Lease Agreement of that portion of the Premises with respect to which the option is to be exercised will not materially impair the Fair Market Value of the Project,

(d) a certificate of the Lessee to the effect that the Building is not located on the portion of the Premises with respect to which the option is to be exercised, accompanied by a plat of survey of the Premises certified by a registered surveyor of the State, depicting (i) the boundaries of the portion of the Premises with respect to which the option is to be exercised, (ii) all improvements located on the property surveyed and the relation of the improvements by distances to the boundaries of the portion of such property with respect to which the option is to be exercised, and (iii) all easements and rights of way with recording data and instruments establishing the same, and

(e) an amount of money equal to the purchase price computed as provided in this Section.

The Issuer agrees that upon receipt of the notice, certificates, and money required in this Section to be furnished to it by the Lessee, the Issuer shall promptly deliver such money to the Trustee for deposit in the Redemption Account of the Bond Fund to be used to redeem Bonds or purchase Bonds and shall execute a deed regarding such portion of the Premises with respect to which the Lessee shall have exercised the option granted to it in this Section. In the event the Lessee shall exercise the option granted to it under this Section, the Lessee shall not be entitled to an abatement or diminution of the rents payable under Section 5.03 hereof, and if such option relates to Premises on which transportation or utility facilities are located, the Issuer shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project.

Section 11.09. Granting of Easements. If no Event of Default under this Lease Agreement shall then be continuing, the Issuer, at the request of the Lessee, may at any time or times grant easements, licenses, rights of way (including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Project, or the Issuer, at the request of the Lessee, may release existing easements, licenses, rights of way, and other rights or privileges with or without consideration, and the Issuer agrees that it shall execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way, or other right or privilege upon receipt of (i) a copy of the instrument of grant or release, (ii) a written application signed by the Authorized

Lessee Representative requesting such instrument, and (iii) a certificate of the Consulting Architect, dated not more than sixty (60) days prior to the date of such grant or release, stating that such grant or release will not impair the effective use or interfere with the operation of the Project as a modern solid waste disposal and recycling facility, will not impair the Fair Market Value of the Project, and will not materially impair the means of ingress thereto and egress therefrom. Any money consideration received in connection with the granting or release of an easement pursuant to this Section 11.09 shall be deposited in the Redemption Account of the Bond Fund and used to redeem Bonds or to pay principal of the Bonds as the same becomes due. Any other consideration received shall be given to the Lessee. No grant or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.03 hereof.

Section 11.10. Reference to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with provisions of the Indenture) and all fees and charges of the Trustee, all references in this Lease Agreement to the Bonds and the Trustee shall be ineffective, and neither the Trustee nor the owners of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

Section 11.11. Relative Position of Options and the Indenture. The options respectively granted to the Lessee in this Article shall be and remain prior and superior to the Indenture.

Section 11.12. Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity. Upon full payment of the Bonds (or provision for payment of the Bonds in accordance with the Indenture), under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project, from such date to and including the end of the Lease Term, with no obligation to make payments of Basic Rent or Reserve Rent specified in Section 5.03 hereof during that interval (but otherwise on the terms and conditions hereof).

Section 11.13. Conveyance on Exercise of Option to Purchase. At the closing of any purchase pursuant to the exercise of any option to purchase granted herein, the Issuer shall upon receipt of the purchase price deliver to the Lessee documents conveying to the Lessee good and marketable title (of the same quality as received by the Issuer) to the property being purchased, as such property then exists, subject to the following: (i) those Liens (if any) to which title to such property was subject immediately following the delivery of the Series 2007 Bonds but excluding the Bond Documents, (ii) those Liens created by, through, or under the Lessee or to the creation or suffering of which the Lessee consented, (iii) those Liens resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in the Lessee Documents, and (iv) Permitted Encumbrances other than the Bond Documents.

Section 11.14. Public Purpose of Option to Purchase. The Issuer and the Lessee acknowledge that the options to purchase the Project granted in this Article are a material inducement to the Lessee to operate the Project on behalf of the Issuer and that in granting such options the Issuer is considering the entire transaction as a whole, including the development and promotion for the public good and general welfare trade, commerce, industry, and employment

opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources.

[End of Article XI]

ARTICLE XII

MISCELLANEOUS

Section 12.01. **Notices.** All notices, certificates, and other communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent to any party hereto at the following addresses or to such other address as any party hereto shall have specified in writing to the other party:

If to the Issuer:	Resource Recovery Development Authority of Cherokee County 90 North Street, Suite 310 Canton, Georgia 30114 Attention: Chairman
If to the Lessee:	Ball Ground Recycling, LLC _____ Canton, Georgia _____ Attention: President
If to the Trustee:	The Bank of New York Trust Company, N.A. 100 Ashford Center North, Suite 520 Atlanta, Georgia 30338 Telecopy: (770) 698-5195 Attention: Corporate Trust Department

A duplicate copy of each notice, certificate, or other communication given hereunder shall also be given to the Trustee and to the Underwriter. Any party named in this Section 12.01 may, by notice given to each of the others, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent.

Section 12.02. **Recording and Filing.** This Lease and the Indenture, or appropriate notices thereof, shall be recorded in all offices as may at the time be provided by law as the proper place for recordation thereof. The security interest of the Trustee created by the Indenture shall be perfected by the filing of financing statements or instruments effective as financing statements, which fully comply with the State Uniform Commercial Code or by the taking of possession of appropriate collateral. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the State Uniform Commercial Code and the appropriate parties shall maintain possession of appropriate collateral in order to continue the security interests identified in this Section 12.02, to the end that the rights of the owners of the Bonds and the Trustee in the Trust Estate shall be fully preserved as against third party creditors of, or purchasers for value in good faith from, the Issuer.

Section 12.03. Construction and Binding Effect. This Lease Agreement constitutes the entire agreement of the parties and supersedes any prior agreements. This Lease Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Lessee, and their respective successors and assigns subject, however, to the limitations contained in Sections 8.03 and 9.01 hereof.

Section 12.04. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.05. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Bond Fund, the Debt Service Reserve Fund, the Project Fund, or other funds provided for herein upon expiration or sooner termination of the Lease Term, as provided in this Lease Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the fees, charges, and expenses of the Trustee and paying agents in accordance with the Indenture, and all sums due and owing to the Issuer, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

Section 12.06. Fees and Expenses Paid by the Lessee. The Lessee shall pay all fees and expenses relating to this Lease Agreement, including but not limited to, the expense of examination of title, premiums of owner's title insurance in such amount and form as may be satisfactory to the Issuer, costs of all supplemental examinations and certifications of title, recording fee and tax, expenses of any present or future assignment or assignments of collateral security, if any, required by the Trustee, and attorneys' fees. In case the Trustee or the Issuer pays or advances any money for fees, surveys, recording, recording tax, examination of title, owner's title insurance policies, preparation of documents, any expenses incurred in the completion of this transaction, the payment of any insurance premiums, encumbrance, tax, assessment, or other charge or lien upon the Project, or any other amounts necessary for the payment of the cost of improvements, the same shall be advances payable in accordance with Section 6.06 of this Lease Agreement. Notwithstanding the foregoing provisions of this Section 12.06, the Lessee, during any period in which no Event of Default has occurred that is continuing, shall incur no obligation under this Section 12.06 unless it approves in writing the incurrence of the fees or expenses.

Section 12.07. Amendments, Changes, and Modifications. Except in the instance of an amendment pursuant to Section 8.07 or Article XI hereof, neither this Lease Agreement nor the Indenture may be amended, changed, modified, altered, or terminated, except as provided in the Indenture and in each instance only with the prior written consent of the Trustee.

Section 12.08. Execution of Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.09. Law Governing Construction of this Lease Agreement. This Lease Agreement is prepared and entered into with the intention that the law of the State of Georgia, exclusive of such state's rules governing choice of law, shall govern its construction.

Section 12.10. Subordination to Indenture. This Lease Agreement and the rights and privileges hereunder of the Lessee are specifically made subject and subordinate to the rights and privileges of the Trustee and the owners of the Bonds appertaining thereto set forth in the Indenture except as provided in Section 11.11 hereof.

Section 12.11. Quiet Enjoyment. The Issuer agrees that so long as the Lessee shall fully and punctually pay all of the rents and other amounts provided to be paid hereunder by the Lessee and shall fully and punctually perform all of its other covenants and agreements hereunder, the Lessee shall peaceably and quietly have, hold, and enjoy the Project during the Lease Term, and the Issuer warrants and covenants that it shall defend the Lessee in such peaceable and quiet possession of the Project from claims arising by, through, or under the Issuer.

Section 12.12. Time of Essence. Time is of the essence of this Lease Agreement. Anywhere a day certain is stated for payment or for performance of any obligation, the day certain so stated enters into and becomes a part of the consideration for this Lease Agreement.

Section 12.13. Estate for Years. This Lease Agreement shall be deemed and construed to create an estate for years and not a usufruct.

Section 12.14. No Merger. There shall be no merger of this Lease Agreement or the leasehold estate created hereby with the fee simple estate in the Project or any part thereof, by reason of the fact that the same person or entity may acquire, own, or hold, directly or indirectly, this Lease Agreement or the leasehold estate created hereby or any interest in this Lease Agreement or such leasehold estate, and the fee simple estate in the Project or any interest in such fee simple estate, and this Lease Agreement shall not be terminated except as expressly provided herein.

Section 12.15. Covenants Run with Premises. The covenants, agreements, and conditions herein contained shall run with the property and premises hereby leased and shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assigns.

Section 12.16. Triple Net Lease. This Lease Agreement shall be deemed and construed to be a "net, net, net lease," and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution, or set-off other than those herein expressly provided.

Section 12.17. Surrender of Project. Except as otherwise provided in this Lease Agreement, at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the Issuer in as good condition as at the commencement of the Lease Term, ordinary wear, tear, and obsolescence only excepted.

Section 12.18. Tenancy at Sufferance. If the Lessee remains in possession of the Project after expiration of the Lease Term, without any express written agreement by the Issuer, the Lessee shall be and become a tenant at sufferance, and there shall be no renewal or extension of this Lease Agreement by operation of law.

Section 12.19. **Third Party Beneficiary.** The County is hereby declared to be and is a third party beneficiary of this Lease Agreement and shall be entitled to enforce the performance and observance by the Issuer and the Lessee of their respective agreements and covenants herein contained as fully and completely as if the County was a party to this Lease Agreement.

[End of Article XII]

SIGNATURES AND SEALS

IN WITNESS WHEREOF, the Issuer has executed this Lease Agreement by causing its name to be hereunto subscribed by its Chairman and by causing the official seal of the Issuer to be impressed hereon and attested by its Secretary; and the Lessee has executed this Lease Agreement by causing its name to be hereunto subscribed by its Manager; all being done as of the day and year first above written but actually executed by the Issuer on July __, 2007 and by the Lessee on July __, 2007.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By:_____
Chairman

(SEAL)

Attest:

_____
Secretary

As to the Issuer, signed, sealed, and delivered this _____ day of July 2007, in the presence of:

_____
Unofficial Witness

_____
Notary Public

My commission expires:_____

(NOTARIAL SEAL)

[Signatures and Seals Continued on Following Page]

[Signatures and Seals Continued From Preceding Page]

BALL GROUND RECYCLING, LLC

By:_____
Manager

As to the Issuer, signed, sealed,
and delivered this _____ day of
July 2007, in the presence of:

_____
Unofficial Witness

_____
Notary Public

My commission expires:_____

(NOTARIAL SEAL)

EXHIBIT A

DESCRIPTION OF PREMISES

[Attached]

EXHIBIT B

DESCRIPTION OF EQUIPMENT

EXHIBIT C

PROJECT FUND REQUISITION

[Attached]

CERTIFICATE AND REQUISITION FOR PAYMENT

Date: _____

Draw Request #_____

Ball Ground Recycling, LLC (the "Lessee") and the Resource Recovery Development Authority of Cherokee County (the "Issuer") hereby jointly request, pursuant to the Lease Agreement (the "Lease Agreement"), dated as of July 1, 2007, by and between the Lessee and the Issuer, that the following amounts be disbursed to the following parties for the account of them from the Project Fund created under the Trust Indenture and Security Agreement, dated as of July 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A. (the "Trustee"):

Name of Payee	Nature of Disbursement	Amount

The Lessee does hereby certify to the Trustee that, as of the date hereof, (1) the representations and warranties of the Lessee in the Lease Agreement are hereby ratified and confirmed and (2) the above listed items are "non-construction costs and fees" (within the meaning of Section 4.04 of the Lease Agreement) and are properly included within the definition "Costs of the Project" included within the Lease Agreement.

BALL GROUND RECYCLING, LLC

By:_____
Authorized Lessee Representative

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By:_____
Authorized Issuer Representative

EXHIBIT D

ISSUANCE COST FUND REQUISITION

[Attached]

CERTIFICATE AND REQUISITION FOR PAYMENT

Date: _____

Draw Request #_____

Ball Ground Recycling, LLC (the "Lessee") and the Resource Recovery Development Authority of Cherokee County (the "Issuer") hereby jointly request, pursuant to the Lease Agreement (the "Lease Agreement"), dated as of July 1, 2007, by and between the Lessee and the Issuer, that the following amounts be disbursed to the following parties for the account of them from the Issuance Cost Fund created under the Trust Indenture and Security Agreement, dated as of July 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A. (the "Trustee"):

Name of Payee	Nature of Disbursement	Amount

The Lessee does hereby certify to the Trustee that, as of the date hereof, (1) the representations and warranties of the Lessee in the Lease Agreement are hereby ratified and confirmed and (2) the above-listed items are properly included within the definition "Issuance Costs" included within the Lease Agreement.

BALL GROUND RECYCLING, LLC

By:_____
Authorized Lessee Representative

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By:_____
Authorized Issuer Representative

EXHIBIT C

INTERGOVERNMENTAL SOLID WASTE CONTRACT

This **INTERGOVERNMENTAL SOLID WASTE CONTRACT** (this "Contract"), made and entered into as of July 1, 2007, by and between Cherokee County, Georgia (the "County"), a political subdivision of the State of Georgia, and the Resource Recovery Development Authority of Cherokee County (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia;

W I T N E S S E T H:

In consideration of the respective representations and agreements hereinafter contained and in furtherance of the mutual public purposes hereby sought to be achieved, the County and the Issuer do hereby agree, as follows:

ARTICLE I

DEFINITIONS

Certain words and terms used in this Contract shall have the meaning given them in Section 1.01 of the Lease Agreement, which by this reference is incorporated herein. In addition to the words and terms defined elsewhere herein, the following words and terms shall have the meanings set forth below. When used herein, such words and terms shall have the meanings given to them by the language employed in Section 1.01 of the Lease Agreement and in this Article I defining such words and terms, unless the context or use clearly indicates otherwise.

"Additional Contract" means a contract or supplemental agreement between the County and the Issuer or any other development authority that is now existing or that may hereafter be created or activated, pursuant to the terms of which a payment obligation is created or expanded from the County to any such authority.

"Contract" means this Contract between the County and the Issuer, as it may be supplemented and amended from time to time in accordance with the provisions hereof.

"Contracts" means this Contract, the Prior Contract, and all Additional Contracts.

"Lease Agreement" means the Lease Agreement, dated the date hereof, between the Issuer and Ball Ground Recycling, LLC, as the same may be supplemented and amended from time to time in accordance with the provisions thereof.

"Prior Contract" means the Intergovernmental Contract, dated as of September 1, 1997, as supplemented and amended by the First Amendment to Intergovernmental Contract, dated as of October 1, 2000, between the Development Authority of Cherokee County and the County, as the same may be supplemented and amended from time to time in accordance with the provisions thereof.

"Series 2007 Disclosure Certificate" means the Continuing Disclosure Certificate executed by the County and to be dated the date of issuance and delivery of the Series 2007 Bonds, as originally executed and as it may be amended from time to time in accordance with its terms.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations of the County. The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) There exists a need in the County to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, and the acquisition, construction, and installation of the Project as herein contemplated is a desirable method to meet such need.

(b) The Lessee has represented to the County and the Issuer that it desires to establish solid waste disposal and recycling operations, which are expected to employ approximately ___ full-time employees, in Cherokee County and has further represented to the County and the Issuer that it needs buildings and related facilities to house these solid waste disposal and recycling operations and that the acquisition, construction, and installation of the Project by the Issuer is of critical importance to the Lessee in making a determination as to the feasibility of establishing solid waste disposal and recycling operations in Cherokee County. The Issuer has represented to the County that the assistance by the County in financing the acquisition, construction, and installation of the Project by the Issuer is of critical importance to the Issuer in making the determination as to the feasibility of the Issuer acquiring, constructing, and installing the Project.

(c) The County has determined that the acquisition, construction, and installation of the Project by the Issuer for lease to the Lessee would be in the best interest of the County and the inhabitants thereof and that the same will achieve valid public purposes and will develop trade, commerce, industry, and employment opportunities for the benefit of the County and the inhabitants thereof.

(d) The County has, together with the Issuer, caused the Plans and Specifications to be developed.

(e) The County has determined that the best method of accomplishing and financing the cost of the acquisition, construction, and installation of the Project is for the same to be accomplished by the Issuer with the cooperation of the County in the manner provided for in this Contract.

(f) The County is authorized by Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983, to contract for any period not exceeding fifty years with the Issuer for joint services, for the provision of services, or for the joint or separate use of facilities or equipment but such contracts must deal with activities, services, or facilities which the contracting

parties are authorized by law to undertake or provide. Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Act"), known as the "Resource Recovery Development Authorities Law," authorizes the County to enter into contracts or agreements with the Issuer, upon such terms and for such purposes as they deem advisable, and without limiting the generality of the above, specifically grants authority to the County to enter into contracts or other undertakings relative to the furnishing of "project" (as defined in the Act) activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years. In addition, the County is authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated to levy and collect ad valorem property taxes upon all taxable property within its territorial limits for the public purpose of providing financial assistance to the Issuer for the purpose of developing trade, commerce, industry, and employment opportunities, provided that such tax does not exceed one mill per dollar upon the assessed value of such property.

(g) Article IX, Section VI, Paragraph III of the Constitution of the State of Georgia of 1983 provides that the development of trade, commerce, industry, and employment opportunities is a public purpose vital to the welfare of the people of the State of Georgia.

(h) The County has the power to enter into this Contract and perform all obligations contained herein, and has, by proper action, duly authorized the execution and delivery of this Contract.

(i) The County represents that there is not presently in force and effect any other contract or agreement that obligates the County to levy the one mill ad valorem tax authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, to provide revenues to fulfill the County's obligations under such contract or agreement, except for the Prior Contract. The Issuer and the County have obtained documentation evidencing that the condition of Section 5.2(d) of the Prior Contract has been satisfied, in order to permit the Issuer and the County to enter into this Contract, which documentation is attached to this Contract as Exhibit A.

Section 2.2. Representations of the Issuer. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a public corporation duly created and existing under the laws of the State of Georgia for the purpose of developing and promoting for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry. The Issuer is specifically empowered (1) to borrow money and issue its revenue bonds and to use the proceeds thereof for the purpose of paying all or part of the cost of any "project," which includes any property, real or personal, used as or in connection with a facility for the extraction, collection, storage, treatment, processing, utilization, or final disposal of resources contained in solid waste, including the conversion of solid waste or resources contained therein into steam, electricity, oil, charcoal, gas, or any other product or energy source and the collection, storage, treatment, utilization, processing, or final disposal of solid waste in connection with the foregoing, including the cost of extending, adding to, or improving such project, to otherwise carry out its purposes, and to pay all other costs of the Issuer incident to or necessary and appropriate to such purposes, including the providing of funds to be paid into any fund or funds to secure such bonds, (2) to acquire, construct, improve, or

modify, to place into operation, and to operate or cause to be placed into operation and operated, a project and to rent or lease the same to others or make contracts with respect to the use thereof or sell, lease, or otherwise dispose of or grant options for any such property in any manner which the Issuer deems to the best advantage of itself and its purposes, (3) to make contracts and leases and to execute all instruments necessary or convenient, including contracts for construction of projects and leases of projects or contracts with respect to the use of projects which it causes to be acquired or constructed and without limiting the generality of the above, to enter into contracts or other undertakings relative to the furnishing of project activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years, and (4) as security for repayment of its obligations, to pledge, convey, assign, hypothecate, or otherwise encumber any property, real or personal, of the Issuer and to execute any trust agreement, indenture, or security agreement containing any provisions not in conflict with law.

(b) The Issuer has determined that the issuance of the Series 2007 Bonds, the acquisition, construction, and installation of the Project as contemplated herein and in the Plans and Specifications, and the lease of the Project to the Lessee pursuant to the Lease Agreement is a lawful and valid public purpose in that it will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in the County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry.

(c) The Issuer has the power to enter into this Contract and perform all obligations contained herein, and has, by proper action, been duly authorized to execute and deliver this Contract.

(d) The Issuer hereby warrants that it is not subject to any bylaw or contractual or other limitation or provision of any nature whatsoever that in any way limits, restricts, or prevents it from entering into this Contract and performing its obligations hereunder.

(e) The Issuer has found and determined and does hereby declare that the most feasible way to finance the cost of acquiring, constructing, and installing the Project and to achieve the public purposes referred to in this Contract is to issue the Series 2007 Bonds and to pledge to the Trustee for the benefit of the owners of the Bonds the payments that the County has agreed to make to the Issuer pursuant to the provisions of Section 5.1 of this Contract.

ARTICLE III

TERM OF CONTRACT; CONTRACT AS SECURITY FOR BONDS

Section 3.1. **Term**. The term of this Contract shall commence with the execution and delivery hereof and shall extend until 91 days after the principal of, premium, if any, and interest on the Bonds have been paid in full or due provision is made therefor as provided in the Indenture, but in no event shall the term hereof exceed fifty years from the date hereof. The obligations of the County set forth in Section 5.1(c) hereof shall survive the termination of this Contract, but in no event shall extend beyond fifty years from the date hereof.

Section 3.2. **<u>This Contract as Security for the Bonds</u>**. The parties hereto agree and intend that:

(a) This Contract shall constitute security for the benefit of the owners of the Bonds and the obligations of the County hereunder shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Issuer. The County agrees that it shall not (i) withhold, suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in Section 5.1 hereof, (ii) fail to observe any of its other agreements contained in this Contract, or (iii) terminate its obligations under this Contract for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, failure of the Issuer to complete the acquisition, construction, and installation of the Project, failure of the Issuer to occupy or to use the Project as contemplated in the Lease Agreement or otherwise, any change or delay in the time of availability of the Project, any acts or circumstances that may impair or preclude the use or possession of the Project, any defect in the title, design, operation, merchantability, fitness, or condition of the Project or in the suitability of the Project for the Issuer's purposes or needs, failure of consideration, any declaration or finding that any of the Bonds are unenforceable or invalid, the invalidity of any provision of this Contract, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or the use of all or any part of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of any governmental authority, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Contract. Nothing contained in this Section 3.2(a) shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained. In the event the Issuer should fail to perform any such agreement on its part, the County may institute such action against the Issuer as the County may deem necessary to compel performance so long as such action does not abrogate the County's obligations hereunder. The Issuer hereby agrees that it shall not take or omit to take any action that would cause this Contract to be terminated.

(b) The payments to be made hereunder by the County to the Issuer will be assigned and pledged by the Issuer to the Trustee for the benefit of the owners of the Bonds pursuant to the Indenture.

(c) Following the issuance of the Series 2007 Bonds, the payments to be made to the Issuer by the County under the provisions of Section 5.1 of this Contract shall be made directly to the Trustee for the account of the Issuer.

(d) This Contract may not be amended, changed, modified, altered, or terminated except as provided in the Indenture and in each instance only with the prior written consent of the Trustee.

(e) The Issuer may assign, grant a security interest in, or otherwise transfer its rights in this Contract to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to the Issuer herein or otherwise. As provided in the Lease Agreement, it is understood and agreed that the Issuer, contemporaneously

with the execution and delivery of this Contract, will assign its rights under and grant a security interest in its right, title, and interest in this Contract to the Trustee pursuant to the Indenture, and the County hereby consents to the assignment and grant of the security interest and hereby agrees that any notice given to the Issuer herein required shall in addition be given to the Trustee at the address provided for herein and that any consent of the Issuer shall not be deemed to have been given unless such consent is obtained in writing from the Trustee. Upon execution and delivery of the Indenture to the Trustee, all appointments, designations, representations, warranties, covenants, assurances, remedies, title, interest, privileges, permits, licenses, and rights of every kind whatsoever herein conferred upon the Issuer shall be deemed to be conferred also upon the Trustee, and any reference herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee and the Bondholders are deemed to be and are third party beneficiaries of the representations, covenants, and agreements of the County herein contained.

ARTICLE IV

ISSUER'S OBLIGATIONS HEREUNDER

Section 4.1. Acquisition, Construction, and Installation of the Project. The Issuer agrees to acquire title to the Premises, to construct the Building, and to install the Equipment substantially in the manner set forth in the Plans and Specifications. The Issuer will not permit the construction of the Building to be accomplished in any manner that is not in accordance with the Plans and Specifications.

Section 4.2. Issuance of Series 2007 Bonds; Use of Bond Proceeds and Other Funds. The Issuer agrees that simultaneously with the execution and delivery hereof it will issue the Series 2007 Bonds containing the terms, including principal amounts, interest rates, and maturities, set forth in the Indenture, for the purpose of financing the costs of acquiring, constructing, and installing the Project. The Issuer hereby covenants and agrees that it will deposit the proceeds derived from the sale of the Series 2007 Bonds in the Bond Fund, the Debt Service Reserve Fund, the Issuance Cost Fund, and the Project Fund, as provided in Article VII of the Indenture and will use the moneys deposited in the Project Fund to pay the costs of acquiring, constructing, and installing the Project. The Issuer will use all other funds received from the County or from other sources for the acquisition, construction, and installation of the Project for the intended purpose.

Section 4.3. The Project. The Issuer agrees that throughout the term of this Contract title to the Project shall be vested in and shall be the sole property of the Issuer, subject to the Lease Agreement (including any releases and Permitted Encumbrances allowed under the Lease Agreement) and subject to any additional Liens or leases that the Issuer, with the written consent of the County, subject to the terms of the Lease Agreement and the Indenture, may create during the term of this Contract. The Issuer agrees that simultaneously with the execution of this Contract it shall enter into the Lease Agreement with the Lessee, in substantially the form presented to the County, under the terms of which (1) the Issuer will agree to acquire, construct, and install the Project and lease the Project to the Lessee and (2) the Lessee will agree to lease the Project from the Issuer and to pay to the Issuer such rentals at such times and in such amounts as

will be required to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due. The Issuer agrees that, upon the payment by the County of any amounts payable pursuant to this Contract, it shall terminate the Lease Agreement as required by Section 10.02(b) of the Lease Agreement. Upon the termination of the Lease Agreement, the Issuer shall, as directed by the County, subject to the provisions of the Indenture, negotiate sales and leases of the Project and work with prospective purchasers and prospective tenants of the Project upon such terms and conditions as are directed by the County. The Issuer shall investigate and make financial analyses and recommendations to the County with respect to all proposals submitted by such prospective purchasers or tenants desiring to purchase or lease the Project. Upon the termination of the Lease Agreement, subject to the provisions of the Indenture, the Issuer agrees that the proceeds of any sale, lease, or other disposition of any of the Project shall be deposited or disposed of as directed by the County (including, if directed by the County, transferred to the County). The County agrees that neither the sale, lease, or other disposition of all or any portion of the Project or any interest therein shall affect its obligations under this Contract.

ARTICLE V

COUNTY'S OBLIGATIONS HEREUNDER

Section 5.1. County's Payment Obligations. In order to provide financial assistance to the Issuer for the purpose of developing trade, commerce, industry, and employment opportunities, the County agrees that:

(a) It will pay to the Issuer, by making such payments directly to the Trustee for the account of the Issuer for deposit in the Debt Service Reserve Fund, as provided in Section 3.2 hereof, within 90 days of the date on which the balance held in the Debt Service Reserve Fund is less than 50% of the Debt Service Reserve Requirement, if an Event of Default under the Lease Agreement has occurred and is continuing, an amount sufficient, when added to funds held at the time of such payment in the Debt Service Reserve Fund, to cause the balance held therein to equal the Debt Service Reserve Requirement.

(b) The provisions of paragraph (a) above to the contrary notwithstanding, if, for any reason, on the third business day preceding any Interest Payment Date and any redemption date with respect to the Bonds, there is not on deposit in the Bond Fund monies sufficient to pay the total principal, interest, and premium coming due on the Bonds on such Interest Payment Date or redemption date (whether by mandatory redemption, maturity, or otherwise), the County shall on such date pay to the Issuer, by making such payments directly to the Trustee for the account of the Issuer for deposit into the Bond Fund, an amount equal to the amount by which the total principal, interest, and premium coming due on the Bonds (whether by mandatory redemption, maturity, or otherwise) on the next Interest Payment Date or redemption date exceeds the amount in the Bond Fund (and not being held for the payment of Bonds not yet presented for payment or interest checks not cashed).

(c) In the event the Trustee has notice that any payment of principal of, premium, if any, or interest on a Bond that has been made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from such Bondholder pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court of competent jurisdiction, the County shall pay to the Issuer, by making payments directly to the Trustee for the account of the Issuer for deposit in the Bond Fund, an amount equal to such recovery if sufficient funds are not otherwise available to reimburse such Bondholder.

(d) It will also pay to the Issuer an amount equal to (i) any costs incurred by the Issuer in connection with the issuance of any series of Bonds to the extent such costs are not paid from proceeds of such Bonds, and (ii) the fees and expenses of the Trustee under the Indenture if the Issuer is unable to pay such fees and expenses from the rental payments derived from the Project.

Section 5.2. Source of Funds for County's Payment Obligations; Limitations on Additional Contracts. (a) The obligation of the County to make payments under this Contract shall constitute a general obligation of the County, payable out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds). The County covenants and agrees that it shall, to the extent necessary, levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, as now existent and as the same may hereafter be extended, at such rate or rates within the one (1) mill limit authorized pursuant to Section 48-5-220(20) of the Official Code of Georgia Annotated or within such greater millage as may hereafter be prescribed by applicable law, as may be necessary to produce in each year revenues that will be sufficient to fulfill the County's obligations under this Contract, from which revenues the County agrees to appropriate sums sufficient to pay in full when due all of the County's obligations under this Contract. The County hereby creates and grants a lien in favor of the Issuer on any and all revenues realized by the County from such tax, to make the payments that are required under this Contract, which lien is superior to any that can hereafter be created, except that this lien shall be on a parity basis with the lien created by Section 5.2(a) of the Prior Contract and this lien may be extended to cover any Additional Contracts, as permitted by Section 5.2(d) hereof. Nothing herein contained, however, shall be construed as limiting the right of the County to make the payments called for by this Contract out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds).

(b) The County's obligation to levy an annual ad valorem tax within the one (1) mill limit authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, or such greater millage hereafter authorized by law, for the purpose of providing funds to meet the County's payment obligations under this Contract shall not be junior and subordinate, but shall be superior or equal to the County's obligation to levy an annual ad valorem tax at such rate or rates within such one (1) mill limit or such greater millage as hereinafter prescribed by law pursuant to the provisions of the Prior Contract and any Additional Contract. It is expressly provided, however, that the County shall not be required to levy a tax in any year at a rate or rates exceeding in the aggregate the maximum one (1) mill now authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated, or any greater millage hereafter prescribed by law, in order to meet its obligations under the Contracts.

(c) So long as any of the Bonds are Outstanding, the County shall not:

(1) enter into an Additional Contract that creates a lien on the revenues to be derived from the tax to be levied hereunder by the County to fulfill its obligations hereunder, which is superior to the lien created hereunder,

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

(3) enter into any Additional Contract that provides for payment to be made by the County from moneys derived from the levy of a tax within the maximum millage now or hereafter authorized by law if each annual payment of all amounts payable with respect to debt service or that are otherwise fixed in amount or currently budgeted in amount under all Contracts then in existence, together with each annual payment to be made under the proposed Additional Contract, in each future Bond Year, would exceed the amount then capable of being produced by a levy of a tax within the maximum millage now or hereafter authorized by law on the taxable value of property located within the territorial limits of the County subject to taxation for such purposes, as shown by the latest tax digest available immediately preceding the execution of any such Additional Contract.

(d) It is further expressly provided that so long as the Bonds are Outstanding, the County shall not hereafter enter into any Additional Contract for the purpose of debt service payments (including creation and maintenance of reserves therefor), unless the amount then capable of being produced by the levy of an ad valorem tax within the maximum millage then authorized under Section 48-5-220(20) of the Official Code of Georgia Annotated or any successor provision on all taxable property within the territorial limits of the County, as shown by the latest tax digest available immediately preceding the execution of such Additional Contract, is equal to at least one and twenty-five hundredths (1.25) times the maximum combined amount payable in any future Bond Year with respect to debt service under all existing Contracts and any such Additional Contract. Debt service for purposes of this paragraph (d) shall mean required payments of principal, including principal to be paid through mandatory redemption, interest, and amounts required to be paid for creation and maintenance of reasonable debt service reserves and to establish and maintain mandatory investment programs, less principal and interest received or to be received from investment of any of the foregoing amounts (except funds on hand or to be on hand in any debt service reserve) required to be applied to debt service in each Bond Year. The County shall furnish the Issuer, not less than five (5) nor more than sixty (60) days prior to the date of execution and delivery of any such Additional Contract, a report of an independent certified public accountant to the effect that, based upon an affidavit of the Tax Commissioner of Cherokee County as to the taxable value of property located within the territorial limits of the County, the requirements of this paragraph (d) have been met.

Section 5.3. Financial Statements. While any of the Bonds are Outstanding, the County shall provide the Trustee annually, upon their availability, its general purpose financial statements for each fiscal year, with comparative totals for the preceding fiscal year, which general purpose financial statements shall be accompanied by an audit report resulting from an

audit conducted by an independent certified public accountant or firm of independent certified public accountants.

Section 5.4. **Continuing Disclosure.** The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Series 2007 Disclosure Certificate. Notwithstanding any other provision of this Contract, failure of the County to comply with the Series 2007 Disclosure Certificate shall not be considered an event of default or default under this Contract; however, any beneficial owner of the Series 2007 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Country to comply with its obligations under this Section 5.4.

ARTICLE VI

MISCELLANEOUS

Section 6.1. **Governing Law.** This Contract and the rights and obligations of the parties hereto (including third party beneficiaries) shall be governed, construed, and interpreted according to the laws of the State of Georgia.

Section 6.2. **Entire Agreement.** This Contract expresses the entire understanding and all agreements between the parties hereto.

Section 6.3. **Severability.** If any provision of this Contract shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses, or sections contained in this Contract shall not affect the remaining portions of this Contract or any part thereof.

Section 6.4. **Survival of Warranties.** All agreements, representations, and warranties of the parties hereunder, or made in writing by or on behalf of them in connection with the transactions contemplated hereby, shall survive the execution and delivery hereof, regardless of any investigation or other action taken by any person relying thereon.

Section 6.5. **Counterparts.** This Contract may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

Section 6.6. **Amendments in Writing.** No waiver, amendment, release, or modification of this Contract shall be established by conduct, custom, or course of dealing, but solely by an instrument in writing only executed by the parties hereto in accordance with the Indenture.

Section 6.7. Notices. Except as otherwise specifically provided herein, any notices, demands, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed given when the writing is delivered in person or five days after being mailed, if mailed, by certified mail, return receipt requested, postage prepaid, to the County and the Issuer, respectively, at the addresses shown below or at such other addresses as may be furnished by the County or the Issuer in writing from time to time:

COUNTY:	Cherokee County, Georgia 90 North Street Suite 310 Canton, Georgia 30114 Attention: County Manager
ISSUER:	Resource Recovery Development Authority of Cherokee County 90 North Street Suite 310 Canton, Georgia 30114 Attention: Chairman
TRUSTEE:	The Bank of New York Trust Company, N.A. 100 Ashford Center North, Suite 520 Atlanta, Georgia 30338 Attention: Corporate Trust Department

Section 6.8. Limitation of Rights. Nothing in this Contract, express or implied, shall give to any person, other than the parties hereto and their successors and assigns hereunder, any benefit or any legal or equitable right, remedy, or claim under this Contract.

IN WITNESS WHEREOF, the County and the Issuer have caused this Contract to be executed in their respective corporate names and have caused their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the day and year first above written.

(SEAL)

CHEROKEE COUNTY, GEORGIA

Attest:

By:_____
Chairman, Board of Commissioners

_____
Clerk, Board of Commissioners

(SEAL)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

Attest:

By:_____
Chairman

_____
Secretary

EXHIBIT A

DOCUMENTATION SATISFYING CONDITION OF SECTION 5.2(d)
OF PRIOR CONTRACT

[Attached]

SECRETARY'S CERTIFICATE

I, **SHEILA R. CORBIN**, the duly appointed, qualified, and acting Secretary of the Resource Recovery Development Authority of Cherokee County (the "Issuer"), **DO HEREBY CERTIFY** that the foregoing pages of typewritten matter pertaining to the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" constitute a true and correct copy of the Series 2007 Bond Resolution adopted on July 3, 2007 by the Board of Directors of the Issuer in a meeting duly called and assembled, after due and reasonable notice was given in accordance with the procedures of the Issuer and with applicable provisions of law, which was open to the public and at which a quorum was present and acting throughout, and that the original of such Bond Resolution appears of public record in the Minute Book of the Issuer, which is in my custody and control.

I further certify that such Bond Resolution has not been rescinded, repealed, or modified.

Given under my signature and the seal of the Issuer, this 3rd day of July 2007.

Sheila R. Corbin

Secretary, Resource Recovery Development
Authority of Cherokee County

(SEAL)

I hereby acknowledge personal service of the foregoing Notice; copy received and any and all other notice and service are hereby waived, this 26th day of July 2007.

District Attorney
Blue Ridge Judicial Circuit

IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

STATE OF GEORGIA,	)	
Plaintiff,	)	
vs.	)	**CIVIL ACTION FILE NO.** 07-CV-2030
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	**BOND VALIDATION**
Defendants.	)	

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 JUL 31 PM 3:48
PATTY BAKER, CLERK

ORDER

The Petition and Complaint filed on behalf of the State of Georgia against the above-named defendants by the District Attorney of the Blue Ridge Judicial Circuit having been read and considered, **IT IS ORDERED** that such Petition and Complaint be filed and that the defendants be served in the manner provided by law.

IT IS FURTHER ORDERED that the defendants, by their respective proper officers, appear before Judge N. Jackson Harris on August 14th, 2007, at the Cherokee County Courthouse in the City of Canton, Georgia, at 9:00 A.M., and then and there make answer under oath touching on all matters contained in the Petition and Complaint and show cause, if any exists, why not to exceed $18,750,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue

Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds"), and the security for the payment thereof, described in the Petition and Complaint, should not be confirmed and validated as provided by law.

In the meantime the Clerk of this Court is hereby directed to publish in the newspaper that is the official organ of Cherokee County in which sheriff's advertisements appear, in each of the two successive weeks immediately preceding the week of such hearing, a notice to the public that on the date specified above in this order, the above-stated cause, the same being a Petition and Complaint for the purpose of confirming and validating the Bonds and the security therefor and to pass on all matters of law and fact pertaining to the right to issue the Bonds and to provide the security therefor (including the Lease, the Indenture, and the Contract described in the Petition and Complaint) will be heard and determined, and any citizen of the State of Georgia residing in Cherokee County, or any person wherever residing who has a right to object, may intervene and become a party to this proceeding.

Let a copy of the Petition and Complaint and this order be served on the defendants and let the defendants, by their proper officers, make sworn answer, as provided by law.

This the 31 day of July 2007.

JUDGE, Superior Court of
Cherokee County, Georgia

NOTICE TO THE PUBLIC

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
07 JUL 30 PM 1:14
PATTY BAKER, CLERK

YOU ARE HEREBY NOTIFIED that on August 14th, 2007, at 9:00 A.M. at the Cherokee County Courthouse in the City of Canton, Georgia, Judge N Jackson Harris of the Superior Court of Cherokee County will hear the case of **STATE OF GEORGIA vs. RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,** Civil Action File No. 07-CV-2030 in the Superior Court of Cherokee County, the same being a proceeding to confirm and validate the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds"), in the original aggregate principal amount not to exceed $18,750,000. The Bonds are to be issued by the Resource Recovery Development Authority of Cherokee County (the "Issuer") for the purpose of financing the costs, in whole or in part, of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located in Cherokee County, Georgia (the "Project"), and to finance related costs, in order to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry. The Issuer will lease the Project to Ball Ground Recycling, LLC, a Georgia limited liability company, in accordance with the provisions of a proposed Lease Agreement. In such proceeding the Court will also pass on the validity of the security for the payment of the Bonds,

which consists of the Lease Agreement, the Trust Indenture and Security Agreement between the Issuer and The Bank of New York Trust Company, N.A., as trustee, and the Intergovernmental Solid Waste Contract between the Issuer and Cherokee County, Georgia, all proposed to be executed in connection therewith. Under the terms of the Intergovernmental Solid Waste Contract, Cherokee County, Georgia (1) will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) will agree to levy an annual ad valorem tax on all taxable property located within the territorial limits of Cherokee County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill Cherokee County, Georgia's obligations under the Intergovernmental Solid Waste Contract. All questions of law and fact pertaining to the right to issue the Bonds and to provide the security therefor will be heard and determined. Any citizen of the State of Georgia residing in Cherokee County, or any person wherever residing who has a right to object, may intervene and become a party to this proceeding.

This the 30 day of July 2007.

Patty Baker

CLERK, Superior Court of
Cherokee County, Georgia

C Y

IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 AUG 13 PM 4:08
PATTY BAKER, CLERK

STATE OF GEORGIA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	**CIVIL ACTION**
	)	**FILE NO. 07-CV-2030**
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	**BOND VALIDATION**
	)	
Defendants.	)	
	)	

ANSWER OF RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

COMES now the defendant, the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY**, a public body corporate and politic duly created and existing under the laws of the State of Georgia, and having been duly served in the above-stated cause, makes this answer to the Petition and Complaint and the Order of this Court pursuant thereto served on it, and says:

1.

This defendant admits each and every paragraph and the allegations contained in the Petition and Complaint filed against this defendant in this case.

2.

Answering further, this defendant shows that due and legal service was made on it of an Order to show cause why not to exceed $18,750,000 in original aggregate principal amount of

revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project) Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds") and the security for the payment thereof, described in the Petition and Complaint, should not be confirmed and validated. Following the service on this defendant of the Petition and Complaint and the Order of this Court pursuant thereto, the Clerk of this Superior Court published in the newspaper that is the official organ of Cherokee County, in which sheriff's advertisements are published for Cherokee County, a notice to the public of the validation hearing to be held on the date specified by the Order of this Court, as required by law. An affidavit of the publisher of such newspaper is attached hereto as Exhibit A and made a part hereof.

3.

This defendant further shows that the authority for the issuance of the Bonds is pursuant to the Constitution and statutes of the State of Georgia, including specifically the Act of the General Assembly of the State of Georgia referred to in paragraph 2 of the Petition and Complaint, and under and by virtue of the authority of a Series 2007 Bond Resolution (the "Bond Resolution") of the Resource Recovery Development Authority of Cherokee County duly adopted on July 3, 2007, evidencing its intent to issue the Bonds, a certified copy of which formed a part of the Petition and Complaint. The Bond Resolution also authorized and approved the execution and delivery by this defendant of (a) a Trust Indenture and Security Agreement (the "Indenture"), to be dated as of July 1, 2007, to be entered into between this defendant and

The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), (b) a Lease Agreement (the "Lease"), to be dated as of July 1, 2007, to be entered into between this defendant and Ball Ground Recycling, LLC (the "Lessee"), a Georgia limited liability company, and (c) an Intergovernmental Solid Waste Contract (the "Contract"), to be dated as of July 1, 2007, to be entered into between this defendant and Cherokee County, Georgia (the "County"). Copies of forms of the Indenture, the Lease, and the Contract were attached to the Bond Resolution and formed a part of the Petition and Complaint. The Bond Resolution has not been altered, amended, or repealed and is in full force and effect.

4.

This defendant further shows that the proceeds from the sale of the Bonds will be used and applied only for the purposes set forth in the Bond Resolution and in the Petition and Complaint.

5.

This defendant further shows that the Lessee has agreed in the Lease to make rental payments to this defendant in amounts sufficient to enable this defendant to pay the principal of, premium, if any, and interest on the Bonds, including the mandatory redemption requirements, as the same become due and payable. This defendant further shows that the County has agreed in the Contract to make payments to this defendant in amounts sufficient to enable this defendant to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable

law, as may be necessary to produce in each year revenues that are sufficient to fulfill the County's obligations under the Contract.

6.

Pursuant to the Indenture, this defendant will assign and pledge to the Trustee, and grant a first priority security interest in, all of its right, title, and interest in the Lease (except for the Unassigned Rights, as defined in the Lease) and the Contract and all revenues, payments, receipts, and moneys to be received and held thereunder, as security for the payment of the principal of, premium, if any, and interest on the Bonds.

7.

This defendant further shows that the undertaking for which the Bonds are to be issued, the issuance of the Bonds, and the security for the payment thereof are sound, feasible, and reasonable.

8.

This defendant submits that it has in every way complied with the Constitution and statutes of the State of Georgia governing the issuance of the Bonds and the provision of the security for the payment thereof and that all steps taken pertaining thereto are legal in all respects, and this defendant prays an adjudication of all questions of law and fact pertaining to the validity of the Bonds and the security therefor.

9.

This defendant, pursuant to the laws of the State of Georgia, in particular Section 9-11-52 of the Official Code of Georgia Annotated, waives the requirement that separate findings of fact and conclusions of law be entered in this action.

WHEREFORE, having answered fully, this defendant prays for judgment in favor of the issuance of the Bonds, for a finding that all necessary requirements as a matter of fact and as a matter of law have been met, and for an order confirming and validating the Bonds and the security therefor (including the execution, delivery, and performance of the Indenture, the Lease, and the Contract), and authorizing the Clerk of this Superior Court to execute the validation certificate on the Bonds, all as provided by law.

JARRARD & DAVIS, LLP

By: Angela E. Davis by CGA w/ express permission
Angela E. Davis

Attorneys for the Resource Recovery
Development Authority of Cherokee County

Suite 200
105 Pilgrim Village Drive
Cumming, Georgia 30040
(678) 455-7150

CHEROKEE TRIBUNE

521 East Main Street · Canton, Georgia 30114

PUBLISHER'S AFFIDAVIT

STATE OF GEORGIA – County of Cherokee

Before me, the undersigned; a Notary Public, this day personally came R. Terry Smith, who, being duly sworn, according to law, says that he is the President of the CHEROKEE TRIBUNE, publishers of the CHEROKEE TRIBUNE, official newspaper published at Canton in said county and State, and that the publication, of which the annexed is a true copy, was published in said paper on the 3, 10 day(s) of Aug 2007, and on the _____ day(s) of _____ 20____, as provided by law.

Subscribed and sworn to before me this

10 day of Aug., 2007

Barbara J. McDougal
Notary Public

My commission expires MY COMMISSION EXPIRES AUG. 26, 2010

(SEAL)

BARBARA J. McDOUGAL NOTARY PUBLIC CHEROKEE COUNTY GEORGIA EXPIRES AUG 26 2010

C-713

NOTICE TO THE PUBLIC

YOU ARE HEREBY NOTIFIED that on August 14, 2007, at 9:00 A.M., at the Cherokee County Courthouse in the City of Canton, Georgia, Judge Jackson Harris of the Superior Court of Cherokee County will hear the case of **STATE OF GEORGIA vs. RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC, Civil Action File No. 07-CV-2030**, in the Superior Court of Cherokee County, the same being a proceeding to confirm and validate the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds"), in the original aggregate principal amount not to exceed $18,750,000. The Bonds are to be issued by the Resource Recovery Development Authority of Cherokee County (the "Issuer") for the purpose of financing the costs, in whole or in part, of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located in Cherokee County, Georgia (the "Project"), and to finance related costs, in order to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, thereby promoting the general welfare of the citizenry. The Issuer will lease the Project to Ball Ground Recycling, LLC, a Georgia limited liability company, in accordance with the provisions of a proposed Lease Agreement. In such proceeding the Court will also pass on the validity of the security for the payment of the Bonds, which consists of the Lease Agreement, the Trust Indenture and Security Agreement between the Issuer and The Bank of New York Trust Company, N.A., as trustee, and the Intergovernmental Solid Waste Contract between the Issuer and Cherokee County, Georgia, all proposed to be executed in connection therewith. Under the terms of the Intergovernmental Solid Waste Contract, Cherokee County, Georgia (1) will agree to make payments to the Issuer in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds when due, to the extent the rental payments derived from the Project are insufficient for such purposes, and (2) will agree to levy an annual ad valorem tax on all taxable property located within the territorial limits of Cherokee County, at such rates within the one mill limit or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill Cherokee County, Georgia's obligations under the Intergovernmental Solid Waste Contract. All questions of law and fact pertaining to the right to issue the Bonds and to provide the security therefor will be heard and determined. Any citizen of the State of Georgia residing in Cherokee County, or any person wherever residing who has a right to object, may intervene and become a party to this proceeding.

This the 30th day of July 2007.

/s/ Patty Baker
CLERK, Superior Court of Cherokee County, Georgia

8:3,10

EXHIBIT

A

STATE OF GEORGIA

COUNTY OF CHEROKEE

VERIFICATION

Personally appeared before the undersigned officer duly authorized to administer oaths in and for such State and County, the undersigned, who on oath deposes and says that he is the duly qualified and acting Vice Chairman of the Resource Recovery Development Authority of Cherokee County, that he is authorized to make this affidavit, that he has read the foregoing Answer of the Resource Recovery Development Authority of Cherokee County, and that the statements and allegations made therein are true and correct.

James E Hubbard

Vice Chairman, Resource Recovery
Development Authority of Cherokee County

Sworn to and subscribed before me this 13th
day of August 2007.

Sheila R. Corbin

Notary Public

My Commission Expires:
My Commission Expires
June 13 2010

(Date)

(NOTARIAL SEAL)

US2000 10180353.1

IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

STATE OF GEORGIA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	**CIVIL ACTION**
	)	**FILE NO. 07-CV-2030**
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	**BOND VALIDATION**
	)	
Defendants.	)	
	)	

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 AUG 13 PM 4:08
PATTY BAKER, CLERK

ACKNOWLEDGEMENT OF SERVICE BY THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

Due and legal service of the foregoing Petition and Complaint with exhibit, the Order of the Court pursuant thereto, and the Answers of Cherokee County, Georgia and Ball Ground Recycling, LLC with respect thereto is hereby acknowledged on behalf of the Resource Recovery Development Authority of Cherokee County, copies received. Any and all other notices, process, service of process, and all other and further service are hereby waived.

This the 13th day of August 2007.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E. Hubbard
Vice Chairman

US2000 10180353.1

COPY

IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

STATE OF GEORGIA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	CIVIL ACTION
	)	FILE NO. 07-CV-2030
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	BOND VALIDATION
	)	
Defendants.	)	

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 AUG 13 PM 4:08
PATTY BAKER, CLERK

ANSWER OF BALL GROUND RECYCLING, LLC

COMES now the defendant, **BALL GROUND RECYCLING, LLC**, a Georgia limited liability company, and having been duly served in the above-stated cause, makes this answer to the Petition and Complaint and the Order of this Court pursuant thereto served on this defendant, and says:

1.

This defendant is subject to the jurisdiction of this Court.

2.

This defendant admits each and every paragraph and the allegations contained in the Petition and Complaint filed against this defendant in this case.

3.

Answering further, this defendant shows that due and legal service was made on this defendant of an Order to show cause why not to exceed $18,750,000 in original aggregate

COPY

principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds") and the security for the payment thereof, described in the Petition and Complaint, should not be confirmed and validated.

4.

Answering further, this defendant shows that this defendant will be party to the Lease Agreement described in the Petition and Complaint, that this defendant will be duly authorized by appropriate action to execute, deliver, and perform its obligations under the Lease Agreement, and that this defendant is subject to no limitation, restriction, previous agreement, provision in its organic documents, rule, or regulation that would prevent this defendant from executing and entering into the Lease Agreement and fully performing the obligations and covenants contained therein.

5.

This defendant further shows that the Lease Agreement will be duly executed and delivered by this defendant and, upon the execution and delivery thereof concurrently with the delivery of the Bonds, will constitute a valid, binding, and legally enforceable obligation of this defendant in accordance with the terms and conditions thereof.

6.

This defendant further shows that the undertaking for which the Bonds are to be issued, the issuance of the Bonds, and the security for the payment thereof are sound, feasible, and reasonable.

7.

This defendant, pursuant to the laws of the State of Georgia, in particular Section 9-11-52 of the Official Code of Georgia Annotated, waives the requirement that separate findings of fact and conclusions of law be entered in this action.

WHEREFORE, having answered fully, this defendant prays for judgment in favor of the issuance of the Bonds, for a judgment declaring that this defendant is authorized to execute, deliver, and perform its obligations under the Lease Agreement, that the Lease Agreement and all of the terms and conditions contained therein will constitute valid, binding, and legally enforceable obligations of this defendant in accordance with their terms, and that the Clerk of this Superior Court is authorized to execute the validation certificates on the Bonds, and for an order confirming and validating the Bonds and the security therefor, all as provided by law.

FLINT & CONNOLLY, LLP

By: _____
Douglas H. Flint

Attorneys for Ball Ground Recycling, LLC

151 East Main Street
Canton, Georgia 30114
(770) 720-4411

STATE OF GEORGIA

COUNTY OF CHEROKEE

VERIFICATION

Personally appeared before the undersigned officer duly authorized to administer oaths in and for such State and County, the undersigned, who on oath deposes and says that he is an officer of Ball Ground Recycling, LLC, that he is authorized to make this affidavit, that he has read the foregoing Answer of Ball Ground Recycling, LLC, and that the statements and allegations made therein are true and correct.

Manager, Ball Ground Recycling, LLC

Sworn to and subscribed before me this 13th day of August 2007.

Notary Public

My Commission Expires:

Jan 28 2011
(Date)

(NOTARIAL SEAL)

IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

STATE OF GEORGIA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	**CIVIL ACTION**
	)	**FILE NO. 07-CV-2030**
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	**BOND VALIDATION**
	)	
Defendants.	)	
	)	

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 AUG 13 PM 4:09
PATTY BAKER, CLERK

ACKNOWLEDGMENT OF SERVICE BY
BALL GROUND RECYCLING, LLC

Due and legal service of the foregoing Petition and Complaint with exhibit, the Order of the Court pursuant thereto, and the Answers of the Resource Recovery Development Authority of Cherokee County and Cherokee County, Georgia with respect thereto is hereby acknowledged on behalf of Ball Ground Recycling, LLC, copies received. Any and all other notices, process, service of process, and all other and further service are hereby waived.

This the 13th day of August 2007.

BALL GROUND RECYCLING, LLC

By: _____
Manager

COPY

IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

STATE OF GEORGIA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	**CIVIL ACTION**
	)	**FILE NO. 07-CV-2030**
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	**BOND VALIDATION**
	)	
Defendants.	)	
	)	

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 AUG 13 PM 4:09
PATTY BAKER, CLERK

ANSWER OF CHEROKEE COUNTY, GEORGIA

COMES now the defendant, **CHEROKEE COUNTY, GEORGIA,** a political subdivision of the State of Georgia, and having been duly served in the above-stated cause, makes this answer to the Petition and Complaint and the Order of this Court pursuant thereto served on this defendant, and says:

1.

This defendant is subject to the jurisdiction of this Court.

2.

This defendant admits each and every paragraph and the allegations contained in the Petition and Complaint filed against this defendant in this case.

3.

Answering further, this defendant shows that due and legal service was made on this defendant of an Order to show cause why not to exceed $18,750,000 in original aggregate

COPY

principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds") and the security for the payment thereof, described in the Petition and Complaint, should not be confirmed and validated.

4.

Answering further, this defendant shows that this defendant will be party to the Intergovernmental Solid Waste Contract (the "Contract") described in the Petition and Complaint, that this defendant will be duly authorized by appropriate action to execute, deliver, and perform its obligations under the Contract, and that this defendant is subject to no limitation, restriction, previous agreement, provision in its organic documents, rule, or regulation that would prevent this defendant from executing and entering into the Contract and fully performing the obligations and covenants contained therein.

5.

This defendant further shows that under and by virtue of the authority of a resolution (the "Resolution") adopted by the Board of Commissioners of this defendant on June 19, 2007, a certified copy of which is attached hereto as Exhibit A, this defendant authorized the execution, delivery, and performance of its obligations under the Contract. The Resolution has not been altered, amended, or repealed and is in full force and effect.

6.

This defendant further shows that the Contract will be duly executed and delivered by this defendant and, upon the execution and delivery thereof concurrently with the delivery of the Bonds, will constitute a valid, binding, and legally enforceable obligation of this defendant in accordance with the terms and conditions thereof.

7.

This defendant further shows that the undertaking for which the Bonds are to be issued, the issuance of the Bonds, and the security for the payment thereof are sound, feasible, and reasonable.

8.

This defendant, pursuant to the laws of the State of Georgia, in particular Section 9-11-52 of the Official Code of Georgia Annotated, waives the requirement that separate findings of fact and conclusions of law be entered in this action.

WHEREFORE, having answered fully, this defendant prays for judgment in favor of the issuance of the Bonds, for a judgment declaring that this defendant is authorized to execute, deliver, and perform its obligations under the Contract, that the Contract and all of the terms and conditions contained therein will constitute valid, binding, and legally enforceable obligations of this defendant in accordance with their terms, and that the Clerk of this Superior Court is authorized to execute the validation certificates on the Bonds, and for an order confirming and validating the Bonds and the security therefor, all as provided by law.

JARRARD & DAVIS, LLP

By: Angela E. Davis by CSA w/ express permission
Angela E. Davis

Attorneys for Cherokee County, Georgia

Suite 200
105 Pilgrim Village Drive
Cumming, Georgia 30040
(678) 455-7150

EXHIBIT A

AUTHORIZING RESOLUTION

WHEREAS, in furtherance of the purposes for which it was created, the Resource Recovery Development Authority of Cherokee County (the "Issuer") proposes to issue not to exceed $18,230,000 in original aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Cherokee Recycling, LLC Project), Series 2007 (the "Bonds"), in order to finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") and related costs; and

WHEREAS, Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes any county of the State of Georgia to contract for any period not exceeding fifty years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake or provide; and

WHEREAS, Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Act"), known as the "Resource Recovery Development Authorities Law," authorizes Cherokee County, Georgia (the "County") to enter into contracts or agreements with the Issuer, upon such terms and for such purposes as they deem advisable, and without limiting the generality of the above, specifically grants authority to the County to enter into contracts or other undertakings relative to the furnishing of "project" (as defined in the Act) activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years; and

WHEREAS, Section 48-5-220(20) of the Official Code of Georgia Annotated provides that county taxes may be levied and collected for the public purpose of providing financial assistance to county development authorities for the purpose of developing trade, commerce, industry, and employment opportunities, as long as any tax for this purpose does not exceed one mill per dollar upon the assessed value of the taxable property in the county levying the tax; and

WHEREAS, in consideration of the issuance of the Bonds by the Issuer to finance the costs of acquiring, constructing, and installing the Project, the County proposes to enter into an Intergovernmental Solid Waste Contract (the "Contract"), to be dated as of July 1, 2007, with the Issuer, under the terms of which the County shall, under certain terms and conditions, levy a tax not to exceed one mill as permitted by Section 48-5-220(20) of the Official Code of Georgia Annotated; and

WHEREAS, the Issuer will lease the Project to Cherokee Recycling, LLC or an affiliate (the "Lessee"), a Georgia limited liability company, pursuant to a Lease Agreement, to be dated as of July 1, 2007; and

WHEREAS, pursuant to the terms of a Trust Indenture and Security Agreement (the "Indenture"), to be dated as of July 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), the Issuer will pledge all rents payable by the Lessee with respect to the Project to the Trustee as security for payment of the Bonds; and

WHEREAS, pursuant to the terms of the Indenture, the Issuer will also pledge the amounts received from the County under the Contract as security for payment of the Bonds; and

WHEREAS, after careful study and investigation, the County desires to enter into the Contract;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Cherokee County, Georgia as follows:

1. The form, terms, and conditions and the execution, delivery, and performance of the Contract, which has been filed with the County, are hereby approved and authorized. The Contract shall be in substantially the form submitted to the Board of Commissioners of the County with such changes, corrections, deletions, insertions, variations, additions, or omissions as may be approved by the Chairman or Vice Chairman of the Board of Commissioners of the County, whose approval thereof shall be conclusively evidenced by the execution of the Contract.

2. The Chairman or Vice Chairman of the Board of Commissioners of the County is hereby authorized and directed to execute on behalf of the County the Contract, and the Clerk of the Board of Commissioners of the County is hereby authorized and directed to affix thereto and attest the seal of the County, upon proper execution and delivery of the Issuer, provided, that in no event shall any such attestation or affixation of the seal of the County be required as a prerequisite to the effectiveness thereof, and the Chairman or Vice Chairman and Clerk of the Board of Commissioners of the County are authorized and directed to deliver the Contract on behalf of the County to the Issuer, and to execute and deliver all such other instruments, contracts, documents, affidavits, or certificates and to do and perform all such things and acts as each shall deem necessary or appropriate in furtherance of the issuance of the Bonds and the carrying out of the transactions authorized by this Resolution or contemplated by the instruments and documents referred to in this Resolution.

3. This Resolution and the Contract, as approved by this Resolution, which is hereby incorporated in this Resolution by this reference thereto, shall be placed on file at the office of the County and made available for public inspection by any interested party immediately following the passage and approval of this Resolution.

PASSED, ADOPTED, SIGNED, APPROVED, AND EFFECTIVE this 19th day of June 2007.

(COUNTY SEAL)

CHEROKEE COUNTY, GEORGIA

By: _____
Chairman, Board of Commissioners

Attest:

_____
Clerk, Board of Commissioners

CLERK'S CERTIFICATE

I, **SHEILA R. CORBIN**, the duly appointed, qualified, and acting Clerk of the Board of Commissioners of Cherokee County, Georgia (the "County"), **DO HEREBY CERTIFY** that the foregoing pages of typewritten matter constitute a true and correct copy of a resolution adopted on June 19, 2007 by the Board of Commissioners of the County in a meeting duly called and assembled in accordance with applicable laws and with the procedures of the County, by a vote of 4 Yea and 0 Nay, which meeting was open to the public and at which a quorum was present and acting throughout, and that the original of the foregoing resolution appears of public record in the Minute Book of the County, which is in my custody and control.

Given under my hand and the seal of the County, this 19th day of June 2007.

(COUNTY SEAL)

Sheila R. Corbin
Clerk, Board of Commissioners of
Cherokee County, Georgia

STATE OF GEORGIA

COUNTY OF CHEROKEE

VERIFICATION

Personally appeared before the undersigned officer duly authorized to administer oaths in and for such State and County, the undersigned, who on oath deposes and says that he is the Chairman of the Board of Commissioners of Cherokee County, that he is authorized to make this affidavit, that he has read the foregoing Answer of Cherokee County, Georgia, and that the statements and allegations made therein are true and correct.

Chairman, Board of Commissioners
of Cherokee County

Sworn to and subscribed before me this 13th
day of August 2007.

Sheila R. Corkin
Notary Public

My Commission Expires:

My Commission Expires
June 13 2010
(Date)

(NOTARIAL SEAL)

US2000 10180353.1

IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

STATE OF GEORGIA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	**CIVIL ACTION**
	)	**FILE NO. 07-CV-2030**
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	**BOND VALIDATION**
	)	
Defendants.	)	
	)	

ACKNOWLEDGMENT OF SERVICE BY
CHEROKEE COUNTY, GEORGIA

Due and legal service of the foregoing Petition and Complaint with exhibit, the Order of the Court pursuant thereto, and the Answers of the Resource Recovery Development Authority of Cherokee County, Georgia and Ball Ground Recycling, LLC with respect thereto is hereby acknowledged on behalf of Cherokee County, Georgia, copies received. Any and all other notices, process, service of process, and all other and further service are hereby waived.

This the 13th day of August 2007.

CHEROKEE COUNTY, GEORGIA

By: _____
Chairman, Board of Commissioners

IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

STATE OF GEORGIA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	**CIVIL ACTION**
	)	**FILE NO. 07-CV-2030**
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	**BOND VALIDATION**
	)	
Defendants.	)	
	)	

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 AUG 13 PM 4:08
PATTY BAKER, CLERK

ACKNOWLEDGEMENT OF SERVICE BY THE
DISTRICT ATTORNEY OF THE BLUE RIDGE JUDICIAL CIRCUIT

Due and legal service of the within and foregoing Answers of the defendants Resource Recovery Development Authority of Cherokee County, Cherokee County, Georgia, and Ball Ground Recycling, LLC, together with copies of all the exhibits attached thereto, is hereby acknowledged, copies received. Any and all other notices, process, service of process, and all other and further service are hereby waived.

This the 13 day of August 2007.

District Attorney
Blue Ridge Judicial Circuit

IN THE SUPERIOR COURT OF CHEROKEE COUNTY
STATE OF GEORGIA

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 AUG 14 AM 10: 07
PATTY BAKER, CLERK

STATE OF GEORGIA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	**CIVIL ACTION**
	)	**FILE NO. 07-CV-2030**
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,	)	**BOND VALIDATION**
	)	
Defendants.	)	
	)	

ORDER AND FINAL JUDGMENT

This cause came for a hearing before this Court pursuant to an order previously granted, and it appears from an examination and inspection of the proceedings concerning the not to exceed $18,750,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds"), described in the pleadings of this cause, that such proceedings are regular and in due form. After inspection of the record and hearing and examining the evidence on all matters bearing upon the Bonds, including all questions of law and fact in this cause, the right of defendant Resource Recovery Development Authority of Cherokee County (the "Issuer") to issue them, and the provision of the security for the payment thereof:

COPY

IT IS DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the defendants named are proper parties defendant, that this Court has jurisdiction over the subject matter of this proceeding, and that the parties to this proceeding are properly before this Court.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that an Act of the General Assembly of the State of Georgia entitled the "Resource Recovery Development Authorities Law," as amended, codified as Chapter 63 of Title 36 of the Official Code of Georgia Annotated, has been duly enacted and approved and is legal and valid in all respects, that all rights, powers, authority, and duties therein granted and imposed are legal in all respects, that pursuant thereto the defendant Issuer was legally created as a public body corporate and politic of the State of Georgia by a duly adopted activating resolution of the governing body of Cherokee County, Georgia, a copy of which was duly filed with the Secretary of State of the State of Georgia, that the defendant Issuer is duly authorized to issue the Bonds in the manner and for the purpose stated in the Petition and Complaint filed in this cause, and that the defendant Issuer was and is legally authorized to take and did take all proper and necessary steps for issuing the Bonds and providing the security for the payment of the Bonds.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the defendant Issuer and the defendant Ball Ground Recycling, LLC (the "Lessee") have properly authorized and are authorized to execute and deliver and to assume the obligations represented by the Lease Agreement (the "Lease"), to be dated as of July 1, 2007, between the Issuer and the Lessee, referred to in and made a part of the

pleadings of this cause, and the Lease and all of the terms and conditions contained therein will, upon execution and delivery of the same concurrently with the delivery of the Bonds, constitute valid, binding, and legally enforceable obligations of the defendant Issuer and the defendant Lessee in accordance with its terms.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the defendant Issuer and the defendant Cherokee County, Georgia (the "County") have properly authorized and are authorized to execute and deliver and to assume the obligations represented by the Intergovernmental Solid Waste Contract (the "Contract"), to be dated as of July 1, 2007, between the County and the Issuer, referred to in and made a part of the pleadings of this cause, and the Contract and all of the terms and conditions contained therein will, upon execution and delivery of the same concurrently with the delivery of the Bonds, constitute valid, binding, and legally enforceable obligations of the defendant Issuer and the defendant County in accordance with its terms.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the defendant Issuer has properly authorized and is authorized to execute and deliver and to assume the obligations represented by the Trust Indenture and Security Agreement (the "Indenture"), to be dated as of July 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), referred to in and made a part of the pleadings of this cause, and the Indenture and all of the terms and conditions contained therein will, upon execution and delivery of the same concurrently with the delivery of the Bonds, constitute valid, binding, and legally enforceable obligations of the defendant Issuer.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the defendant Issuer has the right, power, and authority by virtue of the Constitution and statutes of the State of Georgia and was and is lawfully authorized to take and did take all necessary and proper steps in the adoption of its Series 2007 Bond Resolution adopted on July 3, 2007 (the "Bond Resolution") authorizing the issuance of the Bonds and the execution, delivery, acceptance, and performance of the Lease, the Indenture, and the Contract (collectively the "Financing Documents"), a certified copy of which Bond Resolution forms a part of the Petition and Complaint of the District Attorney in this cause.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the defendant Issuer has the right, power, and authority to enter into and accept the obligations, covenants, conditions, and agreements contained in the Bond Resolution and the Financing Documents, that the defendant Lessee has the right, power, and authority to enter into and accept the obligations, covenants, conditions, and agreements contained in the Lease, and that the defendant County has the right, power, and authority to enter into and accept the obligations, covenants, conditions, and agreements contained in the Contract.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the Bond Resolution, the Bonds, and the Financing Documents, substantially in the forms filed with the Petition and Complaint of the District Attorney in this cause, and all of the terms, covenants, provisions, and conditions contained therein, are hereby in each and every respect confirmed and validated.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the Trust Estate (as defined in the Indenture) will be sufficient to pay the principal of, premium, if any, interest on the Bonds as the same become due, and will be irrevocably assigned and pledged for that purpose under the Indenture.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the Bonds shall never constitute an indebtedness or general obligation of the State of Georgia, Cherokee County, or any other political subdivision of the State of Georgia, within the meaning of any constitutional provision or statutory limitation whatsoever, nor a pledge of the faith and credit or taxing power of any of the foregoing, nor shall any of the foregoing be subject to any pecuniary liability thereon, that the Bonds shall not be payable from nor a charge upon any funds other than the revenues pledged to the payment thereof and shall be limited or special obligations of the Issuer payable solely from the funds provided therefor in the Indenture, including the proceeds of the ad valorem tax that the County is obligated to levy pursuant to the Contract, that no owner of the Bonds shall ever have the right to compel the exercise of the taxing power of the State of Georgia, Cherokee County, or any other political subdivision of the State of Georgia, except to levy the ad valorem tax required by the Contract, to pay the principal of the Bonds or the interest or any premium thereon, or to enforce payment thereof against any property of the foregoing, other than the proceeds of the ad valorem tax required by the Contract, nor shall the Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the foregoing, other than the proceeds of the ad valorem tax required by the Contract.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the undertaking for which the Bonds are to be issued, the proposed issuance of the Bonds, and the security therefor are sound, feasible, and reasonable.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the defendant Issuer has taken all proper and necessary steps and has met all necessary requirements to issue the Bonds, to use the proceeds for the purposes stated, and to provide the security for the payment of the Bonds and that all of the acts of the defendant Issuer set forth in the pleadings in this proceeding are hereby confirmed and validated.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the Bonds and the security therefor be, and the same are hereby in each and every respect, confirmed and validated, that the defendant Issuer is authorized and empowered to issue the Bonds, and that when the Bonds are so issued the same shall be valid, binding, and legally enforceable obligations of the Issuer in accordance with their terms.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the parties to these proceedings have duly and lawfully waived the requirement that separate findings of fact and conclusions of law be entered pursuant to Section 9-11-52 of the Official Code of Georgia Annotated.

IT IS FURTHER DETERMINED, DECLARED, ORDERED, AND ADJUDGED, as a matter of fact and as a matter of law, that the Clerk of this Superior Court is authorized to execute the validation certificates on the Bonds, as provided by law.

Let the defendants pay the costs for these proceedings.

Dated: August 14, 2007.

/s/ Jackson Harris
JUDGE, Superior Court of Cherokee County, Georgia

GEORGIA, CHEROKEE COUNTY

I, **PATTY BAKER,** Clerk of the Superior Court of Cherokee County, Georgia, **DO HEREBY CERTIFY** that the within and foregoing is a true, correct, and complete copy of the original record of the Validation Proceedings for the issuance of not to exceed $18,750,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B," in the case of **STATE OF GEORGIA vs. RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY, CHEROKEE COUNTY, GEORGIA, and BALL GROUND RECYCLING, LLC,** Civil Action File No. 07-CV-2030, in the Superior Court of Cherokee County, Georgia, that this court is a court of record, that there were no proceedings had or papers filed other than the Petition and Complaint, Order, Answers, Verifications, Acknowledgments of Service, and Order and Final Judgment, that no other person intervened or in any way became a party to such proceedings, that the Order and Final Judgment was entered on August 14, 2007, and that no exception, intervention, or objection to such judgment or appeal therefrom or filing of extension of appeal has been taken.

WITNESS my hand and official seal, this 14th day of August 2007.

Patty Baker Jeanie Potter Deputy Clerk

Clerk, Superior Court of Cherokee County, Georgia

(COURT SEAL)

FILED IN OFFICE
CLERK OF SUPERIOR COURT
CHEROKEE COUNTY, GA
2007 AUG 14 AM 10:06
PATTY BAKER, CLERK

US2000 10180353.1

$13,205,000
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT),
SERIES 2007A

$4,940,000
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL TAXABLE REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT),
SERIES 2007B

CLOSING MEMORANDUM

Containing an
Index of Closing Documents

Closing: October 5, 2007

Bond Counsel:

Kilpatrick Stockton LLP
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 30309

DATE OF CLOSING: Friday, October 5, 2007, at 10:00 a.m.

PLACE OF CLOSING: Kilpatrick Stockton LLP
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 30309

PARTICIPANTS:

Issuer - Resource Recovery Development Authority of Cherokee County

County - Cherokee County, Georgia

Lessee - Ball Ground Recycling, LLC

Bond Insurer - Ambac Assurance Corporation

Trustee - The Bank of New York Trust Company, N.A.

Underwriter - Citigroup Global Markets Inc.

County's Auditors – Mauldin & Jenkins, LLC

Counsel to Issuer and County - Jarrard & Davis, LLP

Counsel to Lessee - Flint & Connolly, LLP

Counsel to Underwriter - Smith Gambrell & Russell, LLP

Counsel to Trustee - Murray Barnes Finister LLP

Bond Counsel and Disclosure Counsel - Kilpatrick Stockton LLP

DISTRIBUTION OF TRANSCRIPTS:

Each of the items listed in the Index of Closing Documents are to be delivered at the closing to each of the following participants:

Participant	Number of Transcripts
Issuer	1
County	1
Lessee	1
Bond Insurer	2
Trustee	1
Underwriter	1
Counsel to Issuer and County	1
Counsel to Lessee	1
Counsel to Underwriter	1
Counsel to Trustee	1
Bond Counsel and Disclosure Counsel	2
TOTAL	13

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The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer and Co-Issuer(s), if applicable]

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

[Name of Issuer and Co-issuer(s), if applicable]

July 30, 2007

[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 25th Floor]
[For Corporate Issues:
General Counsel's Office; 22nd Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

(Issuer)

By: James E Hubbard

(Authorized Officer's Signature)

JAMES E. HUBBARD, Vice Chairman

(Print Name)

90 North Street, Suite 310

(Street Address)

Canton, Georgia USA 30114

(City) (State) (Country) (Zip Code)

(678) 493-6010

(Phone Number)

(E-mail Address)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By:

DTCC.

The Depository Trust & Clearing Corporation

[3/05]

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue,and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

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

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

RULE 15c2-12 CERTIFICATE

The undersigned, as of the date hereof, hereby jointly "deem final" (within the meaning of Securities Exchange Act Rule 15c2-12 ("Rule 15c2-12")) the Preliminary Official Statement, dated September 12, 2007 (the "Preliminary Official Statement"), relating to the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds"), except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12. The information contained in the Preliminary Official Statement relating to the undersigned is complete, accurate, true, and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary in order to make the statements therein made, in light of the circumstances under which they were made, not misleading. The undersigned hereby authorizes the use and distribution of the Preliminary Official Statement by Citigroup Global Markets Inc. (the "Underwriter") in connection with the offering of the Bonds. The undersigned will deliver, or cause to be delivered, to the Underwriter copies of the Preliminary Official Statement in sufficient quantity to comply with paragraph (b)(2) of Rule 15c2-12.

Dated as of September 12, 2007.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

CHEROKEE COUNTY, GEORGIA

By: _____
Chairman, Board of Commissioners

Acknowledged as of September 12, 2007.

CITIGROUP GLOBAL MARKETS INC.

By: _____
Authorized Officer

10317178.V1

APPROVAL BY THE CHAIRMAN OF THE BOARD OF COMMISSIONERS OF CHEROKEE COUNTY OF RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007

WHEREAS, under Section 147(f) of the Internal Revenue Code of 1986, as amended, and under Treasury Regulation Section 5f.103-2(e), Cherokee County, Georgia (the "County") must approve the revenue bonds to be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007" (the "Bonds") because it is the governmental unit on behalf of which the Bonds are to be issued by the Resource Recovery Development Authority of Cherokee County (the "Issuer") and because it is the governmental unit having jurisdiction over the area in which the facility is to be located with respect to which financing is to be provided from the proceeds of the Bonds; and

WHEREAS, under Treasury Regulation Section 5f.103-2(d), the County will approve the Bonds only if its applicable elected representative approves the Bonds following a public hearing held in a location which, under the facts and circumstances, is convenient for residents of the County and for which there was reasonable public notice; and

WHEREAS, the Chairman of the Board of Commissioners of Cherokee County is the applicable elected representative of the County, within the meaning of Treasury Regulation Section 5f.103-2(e), because he is the County's chief elected executive officer popularly elected at-large by the voters of the County; and

WHEREAS, on October 4, 2007, at 2:00 p.m., at the Cherokee County Justice Center, Suite 310, at 90 North Street in Canton, Georgia, the Issuer, through its designated public hearing officer, conducted a public hearing on the Bonds and the location and nature of the facility to be financed with the proceeds of the Bonds, notice of which was published in the Cherokee Tribune on September 20, 2007;

NOW, THEREFORE, THE CHAIRMAN OF THE BOARD OF COMMISSIONERS OF CHEROKEE COUNTY ACTS AS FOLLOWS:

1. The Chairman of the Board of Commissioners of Cherokee County hereby approves the Bonds:

(a) the proceeds of which will finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located on an approximately 33 acre site and including paved roads (for delivery equipment), truck-dumping facilities and hoppers for the off-loading of solid waste, an open-air conveyor system, specially-designed transportation vehicles, and related equipment, and will finance related costs,

(b) the maximum aggregate face amount of which will be $18,750,000,

(c) the initial owner of the facility to be financed from the proceeds of which will be the Issuer, and the initial lessee and operator of which will be Ball Ground Recycling, LLC, a Georgia limited liability company, and

(d) the location of the facility to be financed from the proceeds of which will be near the intersection of State Highway 5 (Ball Ground Highway) and U.S. Interstate Highway 575 in Cherokee County, Georgia.

2. This approval is solely for the purpose of complying with, and is to be construed in accordance with, the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended, and shall not result in or impose any pecuniary liability upon or constitute a lien upon the property of or a claim against the County, the State of Georgia, or any political subdivision thereof.

Approved this 4th day of October 2007.

CHAIRMAN, BOARD OF COMMISSIONERS
OF CHEROKEE COUNTY

CHEROKEE TRIBUNE

521 East Main Street · Canton, Georgia 30114

PUBLISHER'S AFFIDAVIT

STATE OF GEORGIA – County of Cherokee

Before me, the undersigned; a Notary Public, this day personally came R. Terry Smith, who, being duly sworn, according to law, says that he is the President of the CHEROKEE TRIBUNE, publishers of the CHEROKEE TRIBUNE, official newspaper published at Canton in said county and State, and that the publication, of which the annexed is a true copy, was published in said paper on the 20 day(s) of Sept. 2007, and on the _____ day(s) of _____ 20____, as provided by law.

Subscribed and sworn to before me this

1 day of Oct., 2007

Barbara J. McDougal
Notary Public

My commission expires MY COMMISSION EXPIRES AUG. 26, 2010 20____

(SEAL)

BARBARA J. McDOUGAL NOTARY PUBLIC CHEROKEE COUNTY GEORGIA EXPIRES AUG. 26, 2010

NOTICE OF PUBLIC HEARING ON PROPOSED ISSUE OF RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT) SERIES 2007

TO WHOM IT MAY CONCERN:

YOU ARE HEREBY NOTIFIED that on the 4th day of October 2007, at 2:00 p.m., at the Cherokee County Justice Center, Suite 310 at 90 North Street in Canton, Georgia, the Resource Recovery Development Authority of Cherokee County, through its appointed hearing officer, will conduct a public hearing on the proposed issuance of revenue bonds to be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007" and on the location and nature of the proposed facility to be financed. The bonds are to be issued in a maximum aggregate face amount of $18,750,000 to finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located on an approximately 33 acre site and including paved roads (for delivery equipment), truck-dumping facilities and hoppers for the off-loading of solid waste, an open-air conveyor system, specially-designed transportation vehicles, and related equipment, and to finance related costs. The facility that is being financed will be located near the intersection of State Highway 5 (Ball Ground Highway) and U.S Interstate Highway 575 in Cherokee County, Georgia, will be owned by the Resource Recovery Development Authority of Cherokee County, and will be leased to and operated by Ball Ground Recycling, LLC, a Georgia limited liability company. The Resource Recovery Development Authority of Cherokee County will issue the bonds on behalf of Cherokee County, Georgia, and the facility that is being financed will be located in Cherokee County. The Public Hearing is being held for the purpose of providing a reasonable opportunity for interested individuals to express their views, both orally and in writing, on the proposed issue of the bonds and the location and nature of the proposed facility to be financed.

APPLICATION FOR BOND ALLOCATION

Georgia Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231

1. Issuer:
Resource Recovery Development Authority of Cherokee County
Authority Name
90 North Street, Suite 310
Address
Canton | Cherokee | Georgia | 30114
City | County | State | Zip Code
Sheila R. Corbin | (678) 493-6010
Contact Person | Telephone

2. Borrower/User:
Ball Ground Recycling, LLC
Name
391 Marietta Road
Address
Canton | Cherokee | Georgia | 30114
City | County | State | Zip Code
Jimmy Bobo | (770) 720-1050
Contact Person | Telephone

3. Legal Counsel:
Jarrard & Davis, LLP | (678) 455-7150
Name | Telephone
105 Pilgrim Village Drive
Address
Cumming | Forsyth | Georgia | 30040
City | County | State | Zip Code

4. Bond Counsel:
Kilpatrick Stockton LLP | (404) 815-6500
Name | Telephone
Suite 2800, 1100 Peachtree Street
Address
Atlanta | Fulton | Georgia | 30309
City | County | State | Zip Code

5. General Project Description:
Acquisition, construction, and installation of a solid waste disposal and recycling facility.

6. Allocation/Type Bond:
Allocation Requested: $ 13,205,000
a. Small Issue IDB ☐
b. Exempt Facility ☒
c. Student Loan ☐
d. Multi-Family Housing ☐
e. Single-Family Housing ☐
f. Other _____ ☐

7. Employment Impact:
(If Applicable)
a. Jobs Created _____
b. Jobs Retained _____

8. Expected Closing Date:
October 5, 2007

9. Total Project Cost:
a. Bond Financing $13,205,000
b. Other (specify) * 4,940,000
c. Total $ 18,145,000
*Taxable Series 2007B Bonds

DCA Use:

10. Application Attachments (Check):

	DCA Use
☒ a. Evidence of Inducement Resolution	☐
☒ b. Publisher's Affidavit (TEFRA)	☐
☒ c. Public Official's Approval (TEFRA)	☐
☒ d. Opinion of Legal Counsel - State Law	☐
☒ e. Financial Commitment Letter	☐
☐ f. Job Retention Statement*	☐
☒ g. Opinion of Legal Counsel - Federal Law*	☐
☐ h. Statement of Need and Impact*	☐
☐ i. Zoning Compliance Statement	☐
☐ j. Other	☐
☒ k. $250 Application Fee	☐

*If Appropriate

11. Distribution Instructions
a. Please indicate to whom you wish a copy of the Notice of Allocation sent:
☐ Borrower ☐ Legal Counsel ☒ Bond Counsel
b. Method of Delivery:
☐ Mail ☒ Pick-up (Notify Below)
Earle R. Taylor, III | (404) 815-6274
Name | Telephone
Overnight Mail Acct # _____
_____
Complete Address

12. Borrower/Issuer Certification: The information contained in this Application for Bond Allocation and related attachments is understood to be true and accurate.

BALLGROUND RECYCLING, LLC
By: J. BOBO, LLC, as sole Manager
Signature (Borrower)
Title Manager
Date October 1, 2007

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
Signature (Issuer)
Title Vice Chairman
Date October 1, 2007

For DCA Use Only:
Receipt _____ Qualified _____ Approved _____
_____ Amount $ _____ Exp Date _____ Category _____

ORIGINAL

RESOLUTION OF THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY APPROVING IN PRINCIPLE THE ISSUANCE OF ITS REVENUE BONDS IN AN AMOUNT NOT TO EXCEED $15,000,000 TO FINANCE THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF A RECYCLING FACILITY PLUS AN AMOUNT OF REVENUE BONDS NECESSARY TO FINANCE RELATED ISSUANCE COSTS AND THE COSTS OF FUNDING A DEBT SERVICE RESERVE FUND AND AUTHORIZING THE EXECUTION OF A LETTER OF INTENT AND INDUCEMENT AGREEMENT WITH CHEROKEE RECYCLING, LLC AND FOR RELATED PURPOSES.

WHEREAS, the **RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY** (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia, has been informed by **CHEROKEE RECYCLING, LLC** (the "Company"), a limited liability company duly formed and existing under and by virtue of the laws of the State of Georgia, that the Company is planning to acquire, construct, and install a recycling facility in Cherokee County (the "Proposed Project"); and

WHEREAS, the Company has estimated that the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project may require expenditures currently estimated not to exceed $15,000,000; and

WHEREAS, after careful study and investigation of the nature of the Proposed Project, the Issuer has determined that the Proposed Project will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, and that the Issuer, in assisting with the financing of the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project, will be acting in furtherance of the public purposes for which it was created; and

WHEREAS, the most feasible method of financing the Proposed Project is for the Issuer to issue its revenue bonds for that purpose and for it (i) to plan, develop, acquire, construct, install, and carry out the Proposed Project and to lease or sell the Proposed Project to the Company or to its successors and assigns acceptable to the Issuer for specified periodic rental or purchase price payments sufficient to pay the principal of, the redemption premium (if any), and the interest on such revenue bonds as the same become due and payable or (ii) to lend the proceeds from the sale of such revenue bonds to the Company to enable the Company to plan, develop, acquire, construct, install, and carry out the Proposed Project and to repay the loan in installments which will be sufficient and timely to pay the principal of, the redemption premium (if any), and the interest on such revenue bonds; and

WHEREAS, the Issuer considers the Proposed Project to be in the best interests of the inhabitants of Cherokee County, Georgia and has determined that the Proposed Project and the issuance of its revenue bonds to finance in whole or in part the cost thereof will be in the public interest and in furtherance of the public purposes for which the Issuer was created and is existing; and

WHEREAS, the Company has requested the Issuer to indicate its willingness to issue its revenue bonds to finance the Proposed Project, and the Issuer has determined that it is in the best interest of the inhabitants of Cherokee County, Georgia that the Proposed Project be carried out and that the acquisition, construction, and installation thereof move forward without delay;

NOW, THEREFORE, BE IT RESOLVED by the Resource Recovery Development Authority of Cherokee County as follows:

1. In order to induce the Company to proceed with the Proposed Project and to indicate the Issuer's willingness to issue its revenue bonds to finance, in whole or in part, the Proposed Project, the execution and delivery to the Company of a Letter of Intent and Inducement Agreement is hereby authorized, such letter to be in substantially the form attached hereto as Exhibit "A", subject to such changes, corrections, insertions, and omissions as may be approved by the Chairman or Vice Chairman of the Issuer, and the execution of such letter by the Chairman or Vice Chairman of the Issuer as herewith authorized shall be conclusive evidence of such approval.

2. The Issuer does hereby declare that it will authorize the issuance of and will issue one or more series of its revenue bonds under and in accordance with the applicable laws of the State of Georgia in an aggregate principal amount necessary to finance the cost of the acquisition, construction, and installation of the Proposed Project, now estimated at an amount not to exceed $15,000,000, plus an aggregate principal amount necessary to finance related issuance costs and the costs of funding a debt service reserve fund, upon such terms and conditions as may be agreed upon by the Issuer, the Company, and the underwriter of such revenue bonds.

3. The Issuer finds, intends, and declares that this Resolution shall constitute its official binding commitment, subject to the terms hereof, to issue such revenue bonds pursuant to the laws of the State of Georgia. The Issuer finds, considers, and declares that the issuance and sale of such revenue bonds for the purpose set forth in this Resolution will be appropriate and consistent with the objectives of the laws of the State of Georgia.

4. At the Company's request, Citigroup Global Markets, Atlanta, Georgia, is hereby confirmed and authorized to act as underwriter on a "best efforts basis" in connection with the sale of the revenue bonds referred to above.

5. Kilpatrick Stockton LLP, Atlanta, Georgia, is hereby confirmed and authorized to act as Bond Counsel for the Issuer in connection with the sale of the revenue bonds referred to above.

6. In order to facilitate the commencement of the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project, the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Issuer are hereby authorized to execute, or accept the assignment of, contracts for the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project, subject to the receipt of appropriate guarantees of payment by the Company.

7. The Company may, from time to time as it may deem necessary prior to the issuance of such revenue bonds, advance to the Issuer funds necessary to enable it to begin the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project. Any

such funds so advanced shall be kept by the Issuer in a separate bank account or accounts to be opened by it, and the same shall be repaid to the Company from the proceeds of such revenue bonds when the same are issued and delivered.

8. The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Issuer are hereby authorized to execute and deliver to the Company the Letter of Intent and Inducement Agreement substantially in the form attached hereto as Exhibit "A" and are further hereby authorized to take any and all further action and to execute and deliver any and all other documents as may be necessary or appropriate to authorize, issue, and deliver such revenue bonds and to effect the undertaking for which such revenue bonds are proposed to be issued.

9. The Issuer declares its intent to use proceeds of such revenue bonds to reimburse the Company for moneys used to pay expenditures related to the Proposed Project. This Resolution is and constitutes the Issuer's "official intent" (within the meaning of Treasury Regulation Section 1.150-2) to reimburse original expenditures related to the Proposed Project with proceeds of such revenue bonds.

10. Nothing herein shall be construed to create a general or moral obligation of Cherokee County, Georgia (the "County") nor a debt, an indebtedness, or an obligation of, or a pledge of the faith and credit or taxing power of the County.

11. This Resolution shall take effect immediately upon its adoption.

DULY ADOPTED this the 28th day of November 2006.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: _____
Chairman

(SEAL)

Attest: _____
Secretary

EXHIBIT "A"

LETTER OF INTENT AND INDUCEMENT AGREEMENT

Cherokee Recycling, LLC
Canton, Georgia

Re: Proposed Financing of a Recycling Facility

Gentlemen:

We are informed that **CHEROKEE RECYCLING, LLC** (which, together with any successors or assigns approved by the Issuer, are collectively hereinafter referred to as the "Company"), a limited liability company duly formed and existing under and by virtue of the laws of the State of Georgia, proposes to acquire, construct, and install a recycling facility in Cherokee County (the "Proposed Project"), that the Proposed Project will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, and that the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project will require expenditures currently estimated not to exceed $15,000,000, plus an aggregate principal amount necessary to finance related issuance costs and the costs of funding a debt service reserve fund. It is our understanding that the willingness of the Resource Recovery Development Authority of Cherokee County (the "Issuer") to issue its revenue bonds in one or more series for the purpose of facilitating the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project is a factor under consideration by the Company in connection with the feasibility of the Proposed Project.

As a result of our discussions with your officers and agents, we have determined that, in issuing revenue bonds of the Issuer to assist the Company in financing the Proposed Project, we will develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities in Cherokee County by recovering and utilizing resources contained in sewage sludge, solid waste, and water resources, and will be acting in furtherance of the public purposes for which we were created.

Accordingly, in order to induce the Company to locate and to operate, or cause to be operated, and continue to operate, or cause to be operated, the Proposed Project and in order to carry out the public purposes for which the Issuer was created, we hereby make the following proposals which, if accepted in writing as hereinafter provided, shall constitute an agreement:

1. We will issue our revenue bonds in one or more series (the "Bonds") in an aggregate principal amount currently estimated not to exceed $15,000,000 for the purpose of providing funds to pay the costs, in whole or in part, as the Company may determine, of the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project, plus an amount of revenue bonds necessary to finance related issuance costs and the costs of funding a debt service reserve fund. The Proposed Project will be on sites acquired or leased by the

Company, or acquired or leased by the Issuer with the approval of the Company, subject only to such encumbrances as will not, in the judgment of the Company, interfere with the use of the sites for the purposes presently contemplated. Any advances made by the Company to the Issuer for the acquisition of the sites of the Proposed Project or for the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project shall be held by the Issuer for such purpose and shall be disbursed accordingly and shall be repaid to the Company from the proceeds of the Bonds when the same are issued and delivered.

2. The terms of the Bonds (principal, maturities, interest rates, denominations, redemption provisions, and other terms) shall be determined by an underwriting or bond purchase agreement to be entered into among the Issuer, the Company, and Citigroup Global Markets (the "Underwriter"), Atlanta, Georgia, the underwriter of the Bonds. The Bonds shall be issued and sold by the Issuer at such price and upon such terms as will be provided in such underwriting or bond purchase agreement.

3. Simultaneously with the delivery of the Bonds, the Proposed Project may be leased or sold by the Issuer to the Company pursuant to a lease agreement or agreement of sale (as the case may be), or the Issuer may loan the proceeds from the sale of the Bonds to the Company pursuant to a loan agreement to enable the Company to plan, develop, acquire, construct, install, and carry out the Proposed Project, and the terms and provisions of such lease agreement, agreement of sale, or loan agreement (as the case may be) shall be substantially in the form generally utilized in connection with such financial undertakings, as agreed upon by the Issuer and the Company. Such lease agreement, agreement of sale, or loan agreement (as the case may be) (hereinafter referred to as the "Basic Security Document") shall contain, in substance, the following provisions:

(a) The Basic Security Document shall be dated contemporaneously with the dated date of the Bonds, and the term of the Basic Security Document shall coincide with the term of the Bonds. In the event the Basic Security Document shall be in the form of a lease agreement, such lease agreement shall be a triple net lease from the Issuer to the Company.

(b) The amounts payable under the Basic Security Document shall be paid directly to a corporate trustee, to be named by the Issuer, subject to the approval of the Company (the "Trustee"), for the benefit of the owners of the Bonds at such times and in such amounts as shall be timely and sufficient to pay the principal of, redemption premium (if any), and interest on the Bonds as the same become due and payable (after giving credit to other amounts available for such purposes). The obligation of the Company to make all payments required under the Basic Security Document shall be absolute and unconditional after the delivery of the Bonds.

(c) The proceeds from the sale of the Bonds remaining after issuance costs to be financed therefrom are funded and after a reserve for the Bonds is funded shall be deposited in a project fund to be held by the Trustee and shall be disbursed pursuant to the requirements of the Basic Security Document and a Trust Indenture to be entered into between the Issuer and the Trustee

(the "Indenture"). Prior to the acquisition, construction, and installation of the Proposed Project, moneys in such trust fund may be invested in obligations which represent legal investments for revenue bond proceeds of the Issuer.

(d) The obligations of the Company under the Basic Security Document shall be secured in a manner as shall be agreed upon by the Issuer, the Company, and the Underwriter. In the event the Basic Security Document shall be in the form of a loan agreement or an agreement of sale, the obligations of the Company under the Basic Security Document shall be evidenced by a promissory note executed by the Company in favor of the Issuer, which the Issuer shall endorse, without recourse or warranty, to the order of the Trustee.

(e) The Company shall be permitted to replace or substitute obsolete or worn out machinery, equipment, and related personal property constituting part of the Proposed Project.

(f) The Company shall pay any taxes, assessments, or utility charges which may be lawfully levied, assessed, or charged upon the Company, the Issuer, the Proposed Project, or the payments under the Basic Security Document, if such would result in a lien or a charge upon the Proposed Project or the revenues of the Issuer therefrom.

(g) The Company shall keep the Proposed Project insured against loss or damage or perils generally insured against by industries or businesses similar to the Company and shall carry public liability insurance covering personal injury, death, or property damage with respect to the Proposed Project, but it may be self-insured to the extent permitted in the Basic Security Document.

4. In the event the Basic Security Document shall be in the form of a lease agreement, simultaneously with the delivery of the Bonds, the Company shall enter into a guaranty agreement with the Trustee pursuant to which it shall absolutely and unconditionally guarantee the Issuer's obligations under the Bonds.

5. The Issuer shall enter into the Indenture with the Trustee, and the terms and provisions of the Indenture shall be substantially in the form generally utilized in connection with such financial undertakings, as agreed upon by the Issuer and the Trustee and approved by the Company. Pursuant to the Indenture, the Issuer shall pledge, assign, and grant a first priority security interest to the Trustee in its right, title, interest, and remedies in and to the Basic Security Document, as security for its obligations under the Bonds. The Issuer shall further secure its obligations under the Bonds in a manner as shall be agreed upon by the Issuer, the Company, and the Underwriter. The Indenture shall provide that in the performance of the covenants contained therein on the part of the Issuer, any obligations it may incur for the payment of money shall not be a general obligation on its part, but shall be a special or limited obligation payable solely from the specific payments received under the Basic Security Document or from bond proceeds, foreclosure proceeds, insurance proceeds, condemnation awards, or other proceeds collected under

the Basic Security Document or from security for the Company's obligations under the Basic Security Document or from security otherwise pledged under the Indenture.

6. The Company, in accepting this proposal, shall thereby agree to indemnify, defend, and hold the Issuer and the individual members, officers, and agents thereof harmless against any claim of loss or damage to property or any injury or death of any person or persons occurring in connection with the planning, development, acquisition, construction, installation, and carrying out of the Proposed Project. The Company also agrees to reimburse the Issuer or otherwise pay on behalf of the Issuer any and all expenses, not hereinbefore mentioned, incurred by the Issuer in connection with the Proposed Project. This indemnity may be superseded by a similar indemnity in the Basic Security Document; otherwise, it shall remain in full force and effect, and if the Bonds are not issued and delivered, this indemnity shall survive the termination of the inducement agreement resulting from the Company's acceptance of this proposal.

7. The Issuer hereby agrees that the Bonds to be issued to finance the Proposed Project as herein provided shall be issued under a bond resolution of the Issuer, and the basic terms of the obligations of the Issuer with respect to the Bonds shall be set forth in such bond resolution or in other appropriate documents to which the Issuer is a party.

8. The Issuer hereby makes, constitutes, and appoints the Company as its true, lawful, and exclusive agent for the purpose of planning, developing, acquiring, constructing, installing, and carrying out the Proposed Project, and the Company, in accepting this proposal, hereby accepts such agency to act and do all things on behalf of the Issuer and to perform all acts and agreements of the Issuer in connection with planning, developing, acquiring, constructing, installing, and carrying out the Proposed Project. This appointment of the Company to act as agent and all authority hereby conferred are granted and conferred irrevocably until superseded by a similar appointment in the Basic Security Document or until the termination of this agreement as hereinafter provided.

9. The Issuer shall, upon the request of the Company, permit the planning, developing, acquiring, constructing, installing, and carrying out of the Proposed Project to begin and to continue prior to the issuance and delivery of the Bonds. Contracts or other documents for the acquisition, construction, and installation of the Proposed Project, and for the purchase of machinery, equipment, and all related real and personal property deemed necessary or desirable by the Company, may be let by the Company and thereafter assigned to the Issuer, or if requested by the Company, the Issuer shall let all such contracts or other documents in its name. Any such contracts let in the name of the Issuer shall contain language which serves to apprise the other party to the contract that the Company is the only source of payment thereof.

10. The Company is hereby informed that numerous procedural and substantive actions must be undertaken and completed in order to conclude this transaction in accordance with applicable state and federal laws, rules, and regulations. While the Issuer represents that it will act

in good faith and use its best efforts to issue the Bonds and to provide the funds to finance the Proposed Project, the Issuer cannot guarantee that such financing will occur. Further, if the Company elects to exercise its rights granted in Section 8 hereinabove, it is understood and agreed that expenditures of funds or the incurrence of debt in connection with the Proposed Project shall be at the entire risk of the Company, and in the event costs are incurred by the Company, reimbursement for such costs or expenses can only be made from the proceeds of the Bonds after their issuance.

11. Acceptance of this letter by the Company shall be deemed to mean that the Company agrees to guarantee the payment of all obligations incurred by the Issuer at the request of the Company in connection with this agreement. The Company may advance any interim funds required in connection with planning, developing, acquiring, constructing, installing, and carrying out the Proposed Project and may be reimbursed from the proceeds of the Bonds when the same are issued and delivered. The Issuer shall assist in the prompt preparation of the Basic Security Document, the Indenture, and any related documents needed to carry out the financing.

12. Upon the issuance and delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Company shall have no further effect, and in the event of any inconsistency between the terms of this proposal and the terms of the Basic Security Document, the Indenture, and any related financing documents, the provisions of the Basic Security Document, the Indenture, and any related financing documents shall control.

13. If for any reason the Bonds are not delivered before the 22nd day of November 2010, the provisions of this proposal and the agreement resulting from its acceptance by the Company shall, at the option of any party to be evidenced in writing, be cancelled, and no party shall have any rights against the other, and no third parties shall have any rights against any party, except:

(a) the Issuer shall convey to the Company the sites of the Proposed Project and all improvements thereon and personal property thereon or therein to the extent its ownership therein, if any, was acquired with funds of the Company;

(b) the Company shall pay the Issuer for all expenses which shall have been authorized by the Company and incurred by the Issuer in connection with planning, developing, acquiring, constructing, installing, and carrying out the Proposed Project;

(c) the Company shall assume and be responsible for all contracts entered into by the Issuer at the request or direction of the Company in connection with the Proposed Project; and

(d) the Company shall pay the out-of-pocket expenses of the members, officers, and agents of the Issuer, the accountants for the Issuer, and counsel for the Issuer incurred at the direction of the Company in connection with the Proposed Project and the proposed issuance of the Bonds and shall pay counsel for the Issuer reasonable fees for legal services and the

accountants for the Issuer reasonable fees for accounting services related to the proposed issuance of the Bonds.

14. The Company shall apply for, and use its best efforts to obtain, all permits, licenses, authorizations, and approvals required by all governmental authorities in connection with the acquisition, construction, installation, operation, and use of the Proposed Project.

15. In the event title to the Proposed Project is vested in the Issuer, the Company shall make contributions to the appropriate taxing entities in lieu of taxes in amounts equal to the taxes the Company would have owed had title to the Proposed Project been vested in the Company. This covenant may be superseded by a similar provision in the Basic Security Document; otherwise it shall remain in full force and effect. The Company, in accepting this proposal, thereby will agree to pay all ad valorem taxes with respect to the Proposed Project or the site thereof, as though it were the fee simple owner thereof regardless of the fact of any ownership interest of the Issuer in the Proposed Project or the site thereof. The foregoing shall not preclude the Company from asserting a claim for ad valorem tax exemption to which it would otherwise be entitled under the laws of the State of Georgia, as a fee simple owner (or as if the Company were a fee simple owner) of the Proposed Project or the site thereof.

16. Reserved.

17. All rights and benefits of the Company under this agreement and the Issuer's resolution authorizing this agreement may be transferred and assigned in whole or in part to any one or more individuals, corporations, partnerships (general or limited), joint ventures, limited liability companies, or other entities which propose to acquire the Proposed Project and which are approved in writing by the Issuer, with the same effect as if such individuals, corporations, partnerships, joint ventures, limited liability companies, or other entities were named as the Company in this agreement and the Issuer's resolution authorizing this agreement.

18. Nothing herein shall prevent the Issuer or the Company from entering into any other mode of financing with respect to any portion of the Proposed Project allowed under applicable law as it exists on the date of delivery of the Bonds.

19. Kilpatrick Stockton LLP, Atlanta, Georgia, is hereby confirmed and authorized to act as Bond Counsel for the Issuer in connection with the sale of the revenue bonds referred to above.

20. The Bonds shall either (1) be assigned to an "investment grade" rating category by a nationally recognized credit rating agency or (2) be sold to "institutional investors" under such terms and conditions as are satisfactory to the Issuer (including, without limitation, the execution and delivery by any such institutional investor to the Issuer of an investment letter in form and substance satisfactory to the Issuer).

21. Nothing herein shall be construed to create a general or moral obligation of Cherokee County, Georgia (the "County") nor a debt, an indebtedness, or an obligation of, or a pledge of the faith and credit or taxing power of the County.

If the foregoing proposal is satisfactory to you, you may so indicate by having the following acceptance executed by a duly authorized officer of the Company and by returning a copy to the Issuer. This proposal and your acceptance will then constitute an agreement in principle with respect to the matters herein contained as of this 28th day of November 2006.

Yours very truly,

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: _____
Chairman

(SEAL)

Attest: _____
Secretary

ACCEPTANCE OF PROPOSAL OF THE
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

The terms and conditions contained in the foregoing proposal of the Resource Recovery Development Authority of Cherokee County are hereby accepted this 28 day of November 2006.

CHEROKEE RECYCLING, LLC

By: _____
Authorized Officer

SECRETARY'S CERTIFICATE

I, Sheila R. Corbin the duly appointed, qualified, and acting Secretary of the Resource Recovery Development Authority of Cherokee County (the "Issuer"), DO HEREBY CERTIFY that the foregoing pages of typewritten matter constitute a true and correct copy of the resolution adopted on November 28, 2006 by the Board of Directors of the Issuer in a meeting duly called and assembled, after due and reasonable public notice was given in accordance with the procedures of the Issuer and with the applicable provisions of law, which was open to the public and at which a quorum was present and acting throughout, and that the original of the such resolution appears of public record in the minute book of the Issuer which is in my custody and control.

GIVEN under my hand and the seal of the Issuer this 28th day of November 2006.

Sheila R. Corbin
Secretary, Resource Recovery Development
Authority of Cherokee County

(SEAL)

CHEROKEE TRIBUNE

521 East Main Street · Canton, Georgia 30114

PUBLISHER'S AFFIDAVIT

STATE OF GEORGIA – County of Cherokee

Before me, the undersigned; a Notary Public, this day personally came R. Terry Smith, who, being duly sworn, according to law, says that he is the President of the CHEROKEE TRIBUNE, publishers of the CHEROKEE TRIBUNE, official newspaper published at Canton in said county and State, and that the publication, of which the annexed is a true copy, was published in said paper on the 20 day(s) of Sept 2007, and on the _____ day(s) of _____ 20____, as provided by law.

Subscribed and sworn to before me this

1 day of Oct, 2007

Barbara J. McDougal
Notary Public

My commission expires MY COMMISSION EXPIRES AUG. 26, 2010 20____

(SEAL)

BARBARA J. McDOUGAL NOTARY PUBLIC CHEROKEE COUNTY GEORGIA EXPIRES AUG. 26, 2010

NOTICE OF PUBLIC HEARING ON PROPOSED ISSUE OF RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT) SERIES 2007

TO WHOM IT MAY CONCERN:

YOU ARE HEREBY NOTIFIED that on the 4th day of October 2007, at 2:00 p.m., at the Cherokee County Justice Center, Suite 310 at 90 North Street, in Canton, Georgia, the Resource Recovery Development Authority of Cherokee County, through its appointed hearing officer, will conduct a public hearing on the proposed issuance of revenue bonds to be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007" and on the location and nature of the proposed facility to be financed. The bonds are to be issued in a maximum aggregate face amount of $18,750,000 to finance the costs of acquiring, constructing, and installing a solid waste disposal and processing facility to be located on an approximately 33-acre site and including paved roads (for delivery equipment), truck dumping facilities and hoppers for the off-loading of solid waste, an open-air conveyor system, specially designed transportation vehicles, and related equipment, and to finance related costs. The facility that is being financed will be located near the intersection of State Highway 5 (Ball Ground Highway) and U.S. Interstate Highway 575 in Cherokee County, Georgia, will be owned by the Resource Recovery Development Authority of Cherokee County, and will be leased to and operated by Ball Ground Recycling, LLC, a Georgia limited liability company. The Resource Recovery Development Authority of Cherokee County will issue the bonds on behalf of Cherokee County, Georgia, and the facility that is being financed will be located in Cherokee County. The Public Hearing is being held for the purpose of providing a reasonable opportunity for interested individuals to express their views, both orally and in writing, on the proposed issue of the bonds and the location and nature of the proposed facility to be financed.

APPROVAL BY THE CHAIRMAN OF THE BOARD OF COMMISSIONERS OF CHEROKEE COUNTY OF RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY SOLID WASTE DISPOSAL REVENUE BONDS (BALL GROUND RECYCLING, LLC PROJECT), SERIES 2007

WHEREAS, under Section 147(f) of the Internal Revenue Code of 1986, as amended, and under Treasury Regulation Section 5f.103-2(e), Cherokee County, Georgia (the "County") must approve the revenue bonds to be designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007" (the "Bonds") because it is the governmental unit on behalf of which the Bonds are to be issued by the Resource Recovery Development Authority of Cherokee County (the "Issuer") and because it is the governmental unit having jurisdiction over the area in which the facility is to be located with respect to which financing is to be provided from the proceeds of the Bonds; and

WHEREAS, under Treasury Regulation Section 5f.103-2(d), the County will approve the Bonds only if its applicable elected representative approves the Bonds following a public hearing held in a location which, under the facts and circumstances, is convenient for residents of the County and for which there was reasonable public notice; and

WHEREAS, the Chairman of the Board of Commissioners of Cherokee County is the applicable elected representative of the County, within the meaning of Treasury Regulation Section 5f.103-2(e), because he is the County's chief elected executive officer popularly elected at-large by the voters of the County; and

WHEREAS, on October 4, 2007, at 2:00 p.m., at the Cherokee County Justice Center, Suite 310, at 90 North Street in Canton, Georgia, the Issuer, through its designated public hearing officer, conducted a public hearing on the Bonds and the location and nature of the facility to be financed with the proceeds of the Bonds, notice of which was published in the Cherokee Tribune on September 20, 2007;

NOW, THEREFORE, THE CHAIRMAN OF THE BOARD OF COMMISSIONERS OF CHEROKEE COUNTY ACTS AS FOLLOWS:

1. The Chairman of the Board of Commissioners of Cherokee County hereby approves the Bonds:

(a) the proceeds of which will finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility to be located on an approximately 33 acre site and including paved roads (for delivery equipment), truck-dumping facilities and hoppers for the off-loading of solid waste, an open-air conveyor system, specially-designed transportation vehicles, and related equipment, and will finance related costs,

(b) the maximum aggregate face amount of which will be $18,750,000,

(c) the initial owner of the facility to be financed from the proceeds of which will be the Issuer, and the initial lessee and operator of which will be Ball Ground Recycling, LLC, a Georgia limited liability company, and

(d) the location of the facility to be financed from the proceeds of which will be near the intersection of State Highway 5 (Ball Ground Highway) and U.S. Interstate Highway 575 in Cherokee County, Georgia.

2. This approval is solely for the purpose of complying with, and is to be construed in accordance with, the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended, and shall not result in or impose any pecuniary liability upon or constitute a lien upon the property of or a claim against the County, the State of Georgia, or any political subdivision thereof.

Approved this 4th day of October 2007.

CHAIRMAN, BOARD OF COMMISSIONERS
OF CHEROKEE COUNTY

KILPATRICK
STOCKTON LLP
Attorneys at Law

Suite 2800 1100 Peachtree St.
Atlanta GA 30309-4530
t 404 815 6500 f 404 815 6555
www.KilpatrickStockton.com

October 1, 2007

Georgia Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329
Attention: Bond Allocation Manager

Dear Sir or Madam:

We are delivering this opinion in compliance with the requirements of the Georgia Allocation System established under Article 8 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated (the "System"). Terms used in this opinion shall have the meanings provided in the System.

This opinion is to accompany the Application for Bond Allocation (the "Application") for the Issuer and the Bonds described as follows:

Issuer: Resource Recovery Development Authority of Cherokee County

Aggregate principal amount of Bonds: $13,205,000

Borrower: Ball Ground Recycling, LLC

Project: Acquisition, construction, and installation of a solid waste disposal and recycling facility located on Ball Ground Highway in Cherokee County, Georgia

In rendering this opinion, with your permission, we have relied conclusively on representations of representatives of the Issuer or the Borrower, or both, as to the correctness of the information set forth above.

Based on the foregoing, we are of the opinion that the Issuer is authorized under the laws of the State of Georgia to issue the Bonds for projects of the type and nature described hereinabove pursuant to Chapter 62 of Title 36 of the Official Code of Georgia Annotated.

This opinion relates solely to the Application, Issuer, Bonds, and Borrower identified above and is rendered solely to the party to whom it is addressed. This opinion is not to be used for any other purpose, quoted in whole or in part, or relied upon by or delivered to any other person.

Very truly yours,

KILPATRICK STOCKTON LLP

By: _____
Earle R. Taylor, III, Partner

Citigroup Corporate and Investment Banking
Public Finance Department
3455 Peachtree Road, N.E. Suite 300
Atlanta, Georgia 30326

October 1, 2007

Georgia Department of Community Affairs
60 Executive Park Drive South, N.E.
Atlanta, Georgia 30329
Attention: Bond Allocation Manager

Dear Sir or Madam:

We are delivering this commitment to purchase in compliance with the requirements of the Georgia Allocation System established under Article 8 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated (the "System"). Terms used in this commitment shall have the meanings provided in the System.

This commitment is to accompany the Application for Bond Allocation for the Issuer and the Bonds described as follows:

Issuer: Resource Recovery Development Authority of Cherokee County

Aggregate Principal Amount of Bonds: $13,205,000

Borrower: Ball Ground Recycling, LLC

In connection with your consideration of the Bonds described above, we hereby advise you that we have made a commitment to purchase the obligations upon delivery by the Issuer for our account, for the account of others, or for resale. Such commitment is subject to satisfaction of certain customary conditions, such as, for example, determination of interest rate at or about the time of closing; final forms of documents, instruments, certificates, and things satisfactory to the purchaser of the Bonds and its counsel; receipt of satisfactory legal opinions; satisfaction of state and federal requirements with respect to the obligations; and no adverse factual or legal changes prior to closing.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By: _____
Bryce W. Holcomb, Jr., Director

KILPATRICK
STOCKTON LLP
Attorneys at Law

Suite 2800 1100 Peachtree St.
Atlanta GA 30309-4530
t 404 815 6500 f 404 815 6555
www.KilpatrickStockton.com

October 1, 2007

Georgia Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329
Attention: Bond Allocation Manager

Dear Sir or Madam:

We are delivering this opinion in compliance with the requirements of the Georgia Allocation System established under Article 8 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated (the "System"). Terms used in this opinion shall have the meanings provided in the System.

This opinion is to accompany the Application for Bond Allocation (the "Application") for the Issuer and the Bonds described as follows:

Issuer: Resource Recovery Development Authority of Cherokee County

Aggregate principal amount of Bonds: $13,205,000

Borrower: Ball Ground Recycling, LLC

Project: Acquisition, construction, and installation of a solid waste disposal and recycling facility located on Ball Ground Highway in Cherokee County, Georgia

In rendering this opinion, with your permission, we have relied conclusively on representations of representatives of the Issuer or the Borrower, or both, as to the correctness of the information set forth above.

We have also obtained from the Borrower or the Issuer, or both, such further information with respect to the Project as we deem necessary in order to render this opinion, and we have, with your permission, relied conclusively on such information.

Based on the foregoing, we are of the opinion that the Bonds which are the subject of the Application described above will, when and if issued, constitute an issue of obligations described in Section 142 of the Internal Revenue Code of 1986, as amended.

This opinion relates solely to the Application, Issuer, Bonds, and Borrower identified above and is rendered solely to the party to whom it is addressed. This opinion is not to be used for any other purpose, quoted in whole or in part, or relied upon by or delivered to any other person.

Very truly yours,

KILPATRICK STOCKTON LLP

By: _____
Earle R. Taylor, III, Partner

MAIL TO
Georgia Department of
COMMUNITY AFFAIRS
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231
Attention: Bond Allocation Manager

NOTICE OF ALLOCATION

GEORGIA ALLOCATION SYSTEM

ALLOCATION NUMBER 4221

1. ALLOCATION INFORMATION

Issuer: RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

Primary Borrower/User: Ball Ground Recycling, LLC

Date of Notice: October 4, 2007	Amount of Allocation: $13,205,000
Expiration Date: December 19, 2007	Allocation Category: Flexible

2. Conditions

An allocation under the State of Georgia's Allocation System is hereby awarded to the above referenced Issuer for the project and the amount shown above.

This allocation shall become effective on the date shown above and shall remain in effect until the date of expiration shown above, provided that a Confirmation of Issuance is filed with the Department of Community Affairs immediately upon issuance of the bonds. This Confirmation of issuance must be filed with the Department on or before the close of business of the expiration date shown on this Notice of Allocation.

A check in the amount of $ 13,205 made payable to the **Georgia Department of Community Affairs** for the allocation issuance cost must be forwarded with the Confirmation of Issuance.

3. Commissioner's Certification

I do hereby certify and affirm that this allocation is made in accordance with O.C.G.A. § 36-82-180 *et seq.* establishing the "Georgia Allocation System" and is subject to all the rules and regulations and conditions as prescribed by the Georgia Allocation System and the Internal Revenue Code of 1986. I do hereby further certify and affirm, under penalty of perjury, that the allocation evidenced in this Notice of Allocation was not made in consideration of any bribe, gift, gratuity or any direct or indirect contribution to any political campaign.

Department of Community Affairs

Commissioner

10/4/07
Date

4. Issuer's Acceptance

I, JAMES E. HUBBARD acting under my authority to apply for a Notice of Allocation on behalf of the Issuer, hereby signify acceptance of this Notice of Allocation on the terms and conditions stated above or incorporated by reference therein.

Signature

Issuer

James E. Hubbard, Vice Chairman
Name/Title

October 5, 2007
Date

MAIL TO:
Georgia Department of
COMMUNITY AFFAIRS
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231
Attention: Bond Allocation Manager

CONFIRMATION OF ISSUANCE

GEORGIA ALLOCATION SYSTEM

1. Issuer: Resource Recovery Development
a. Authority of Cherokee County
Name of Authority
b. 90 North Street, Suite 310
Address
c. Canton Cherokee Georgia 30114
City County State Zip Code

2. Borrower/User
a. Ball Ground Recycling, LLC
Name
b. 391 Marietta Road
Address
c. Canton Cherokee Georgia 30114
City County State Zip Code

3. Bond Information:
a. Date of Issue: October 5, 2007
(Date Bond Closed)
b. Face Amount of Issue: $13,205,000
c. Allocation Number: 4221

4. Allocation Issuance Cost: $13,205

Please attach a **check** made payable to the **Georgia Department of Community Affairs** in the amount specified in the "Notice of Allocation".

5. Description of Project:
Acquisition, construction, and installation of a solid waste disposal and recycling facility.

Note: Please complete and return all copies of this form to the Department of Community Affairs. Fully executed copies will be returned to the Issuer for Internal Revenue Service reporting requirements.

Issuer

James E. Hubbard
Signature

James E. Hubbard, Vice Chairman
Name/Title

October 5, 2007
Date

For Department of Community Affairs Use Only

Internal Revenue Service Reporting Requirement:
As the State Official designated by state law (Georgia Laws 1986, p.344), I do hereby certify that the bonds subject to this Confirmation of Issuance meet the requirements of Section 146 of the Internal Revenue Code of 1986 relating to the cap on private activity bonds.

Department of COMMUNITY AFFAIRS

Commissioner

Date

KILPATRICK
STOCKTON LLP
Attorneys at Law

Suite 2800 1100 Peachtree St.
Atlanta GA 30309-4530
t 404 815 6500 f 404 815 6555
www.KilpatrickStockton.com

RECEIVED
MAR 13 2008
BY:

March 10, 2008

direct dial 404 815 6089
ESmith@KilpatrickStockton.com

Brian A. DiNapoli
Research Assistant
Georgia Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231

Re: Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007

Dear Brian:

Enclosed for the Department's files is a Debt Issuance Report, for the above-referenced transaction.

Please acknowledge receipt of the Report either by return of this letter or otherwise. Thank you very much for your assistance.

Sincerely,

Eunice S. Smith
Paralegal

Enclosure

US2000 10677404.1

DCA Use Only

DEBT ISSUANCE REPORT

Georgia Department of Community Affairs
P.O. Box 95068
Atlanta, Georgia 30347-0068

Chapter 82 of the Official Code of Georgia requires any municipality, county, local government authority, board or other commission empowered to enter into debt, which issues general obligation bonds, revenue bonds, or any other bond notes, certificates of participation, or other such obligations in an amount exceeding $1 million, to file a report with the Department of Community Affairs. Short-term debt that will be retired within 12 months of issuance should not reported on this form.

Name of Agency Issuing Debt (Please Print)

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

Date of Pricing	Date of Issue	Maturity Date	Amount of Debt Isssued
10 / 12 / 07	10 / 05 / 07	/ VM	$ 18,145,000

Identify the type of issue

- [x] New issue
- [ ] Refunding
- [ ] Revenue Bonds
- [ ] G.O. Bonds
- [ ] Certificates of Participation
- [ ] Other _____

Amount of Issuance Costs	Interest Rate	Total Interest Costs
$496,688	VR %	5.43 %

Purpose for which debt was issued (Check all that apply)

- [ ] Airport
- [ ] Education
- [ ] Electric utility system
- [ ] Enterprise zone facility
- [ ] Exempt facility bonds
- [ ] Fire protection
- [ ] Gas utility system
- [ ] Health care
- [ ] Highways, streets and drainage
- [ ] Industrial revenue bonds
- [ ] Jails
- [ ] Law enforcement and corrections
- [ ] Multi-family housing
- [ ] Parks and recreation facilities
- [ ] Public buildings
- [ ] Public transit system
- [ ] Single family housing
- [x] Solid waste system
- [ ] Telecommunications
- [ ] Water/sewer system
- [ ] Other

Provide a detailed description of the purpose or purposes of the debt

TO FINANCE THE COSTS OF ACQUIRING, CONSTRUCTING, AND INSTALLING A SOLID WASTE DISPOSAL AND RECYCLING FACILITY TO BE LEASED BY RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY (THE "ISSUER") TO BALL GROUND RECYCLING, LLC (THE "LESSEE") PURSUANT TO A LEASE AGREEMENT, DATED AS OF SEPTEMBER 1, 2007, BETWEEN THE ISSUER AND THE LESSEE.

Name of Lead Bond Underwriter

CITIGROUP GLOBAL MARKETS INC.

Name of Lead Bond Counsel

KILPATRICK STOCKTON LLP

Name of Contact Person Completing Report

EUNICE S. SMITH

Name of Official Signing Report

JAMES E. HUBBARD, VICE CHAIRMAN

Date Report Signed	Contact Telephone	Official's Telephone
10 / 05 / 07	(404) 815 - 6089	(678) 479 - 6010

James E Hubbard

Signature of Official

(5/25/06)

Georgia Department of Community Affairs
P.O. Box 95068
Atlanta, Georgia 30347-0068
404-679-4940

Schedule of Serial and Term Bonds

Maturity Date	Type of Issue	Principal Amount	Interest Rate
07/01/22	TAXABLE ~~☐ AMT ☐ Non-AMT~~	$ 4,940,000	5.80%
07/01/26	☐ AMT ☑ Non-AMT	$ 3,065,000	4.65%
07/01/31	☐ AMT ☑ Non-AMT	$ 3,960,000	4.75%
07/01/37	☐ AMT ☑ Non-AMT	$ 6,180,000	5.00%
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
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/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %
/ /	☐ AMT ☐ Non-AMT	$, ,	. %

Name of person completing report

EUNICE S SMITH

Telephone number

(4074) 815-6089

Date report completed

10/05/07

DCA Use Only

5516145377

CLOSING CERTIFICATE OF THE COUNTY

The undersigned officials of **CHEROKEE COUNTY, GEORGIA** (the "County") hereby certify and warrant as follows:

1. They are the duly elected, qualified, and acting incumbents of their respective offices of the County as set forth after their signatures hereto and as such are familiar with the books and records of the County and are duly authorized to execute and deliver this Certificate on behalf of the County.

2. The County is a political subdivision duly created and validly existing under and by virtue of the laws of the State of Georgia, with all requisite power and authority to carry on its business as it is now being conducted.

3. Attached hereto as Exhibit "A" is a true, correct, and complete copy of an Authorizing Resolution that was duly adopted by at least a majority of the entire membership of the Board of Commissioners of the County at a lawful meeting duly called and held, which was open to the public and at which a requisite number of members of the Board of Commissioners of the County was present and acting throughout on June 19, 2007, in accordance with law. Such resolution adopted on June 19, 2007 has not been repealed, revoked, rescinded, or amended and is in full force and effect on the date hereof, and the original of such resolution appears of record in the official books and records of the County, which are in the custody and control of the undersigned Clerk of the Board of Commissioners of the County.

4. The County has duly authorized, executed, and delivered or approved by all necessary action the following documents (hereinafter collectively referred to as the "Financing Documents") pursuant to, and in full compliance with, authority granted by the Board of Commissioners of the County in the resolution included as Exhibit "A" to this Certificate:

Document	Date	Other Party or Parties
Intergovernmental Solid Waste Contract	September 1, 2007	Resource Recovery Development Authority of Cherokee County (the "Issuer")

The County hereby acknowledges receipt of an executed counterpart or photocopy (as executed) of each of the Financing Documents.

5. The County has the power and authority to execute the Financing Documents and to perform the obligations required to be performed by the County under the terms of the Financing Documents.

6. The persons named below were on the date or dates of the execution of the Financing Documents, and are on the date hereof, the duly elected, qualified, and acting incumbents of their respective offices of the County set forth opposite their respective names, and the signatures appearing at the right of their respective names are their genuine signatures.

Name	Title	Signature
Leavitt B. Ahrens, Jr.	Chairman, Board of Commissioners	
Sheila R. Corbin	Clerk, Board of Commissioners	

7. Each of the representations and warranties of the County contained in the Financing Documents is accurate and complete in all respects on the date of this Certificate.

8. All agreements to be complied with and conditions to be fulfilled by the County pursuant to the Financing Documents on or prior to the date of this Certificate have been complied with and fulfilled.

9. As of the date hereof, each of the Financing Documents is in full force and effect and each constitutes the valid, binding, and legally enforceable obligation of the County, and the Issuer is entitled to the benefits of the same. The County has duly authorized, by all necessary corporate action, the execution, delivery, receipt, and due performance of any and all other agreements and documents that may be required to be executed, delivered, received, or performed by the County in order to carry out, give effect to, and consummate the transactions contemplated by the Financing Documents.

10. The County is neither in default under nor in violation of (a) any organic document, indenture, mortgage, security deed, lien, security agreement, agreement, contract, deed, lease, loan agreement, promissory note, assignment, or other instrument or restriction of any kind or character to which the County is a party or by which the County may be bound or to which the County or any of the assets of the County may be subject, or (b) any license, judgment, decree, law, statute, order, rule, or regulation of any court or governmental authority having jurisdiction over the County or any of the activities or properties of the County, which default or violation could have a materially adverse effect on the transactions contemplated by the Financing Documents. Neither the execution and delivery of the Financing Documents or any other agreements executed in connection with the issuance or sale of the Issuer's Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and the Issuer's Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (collectively the "Bonds"), nor compliance with the terms, conditions, and provisions of any of them will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

11. The County is not in default in the payment of the principal of, or interest on, any of the County's indebtedness for borrowed money and is not in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been incurred, which defaults could have a materially adverse effect on the transactions contemplated by the Financing Documents. No event has occurred and is continuing under the provisions of any such

instrument or agreement that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, which event could have a materially adverse effect on the transactions contemplated by the Financing Documents.

12. No event has occurred and no condition exists that, upon the issuance by the Issuer of the Bonds, would constitute an Event of Default, as defined in any of the Financing Documents, or that, with the lapse of time or the giving of notice, or both, would become such an Event of Default.

13. There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, arbitration board or tribunal, or public board or body pending or, to the best of our knowledge, threatened:

(a) To restrain or enjoin the issuance, sale, execution, or delivery of the Bonds or the payment, collection, or application of payments under any of the Financing Documents;

(b) In any way questioning or affecting the validity or enforceability of the Bonds, any provisions of the Financing Documents, any proceedings taken with respect to the foregoing, or the authority of the County to enter into and perform its obligations under the Financing Documents;

(c) Questioning the County's creation, organization, or existence or the titles to office of any of its officials or looking toward the dissolution or liquidation of the County; or

(d) Wherein an unfavorable decision, ruling, or finding would have an adverse effect on the transactions contemplated by the Financing Documents or the validity or enforceability of the Financing Documents or which would adversely affect its ability to comply with the terms of the Financing Documents or which, in any way, would affect the validity or enforceability of the Bonds or any agreement or instrument to which the County is a party or by which it is bound and which is used or contemplated for use in connection with the transactions contemplated in connection with the issuance and sale of the Bonds.

14. All necessary consents, approvals, or authorizations of, or declarations, notices, registrations, or filings with, governmental authorities and regulatory bodies required for the execution, delivery, and performance of the Financing Documents by the County and the carrying out of the conduct and activities contemplated by the Financing Documents have been obtained or made.

15. Any certificate signed by any official of the County (including this Certificate) delivered in connection with the issuance or sale of the Bonds shall be deemed a representation and warranty by the County to the parties to whom such certificate was delivered.

16. The seal that has been impressed upon this Certificate and the Financing Documents is the legally adopted, proper, and only official seal of the County.

GIVEN this 5th day of October 2007.

(SEAL)

Chairman, Board of Commissioners of
Cherokee County

Clerk, Board of Commissioners
of Cherokee County

The undersigned counsel to the County, who is not an official of the County listed in paragraph 6 of the within and foregoing Closing Certificate, hereby certifies that (s)he personally knows such officials and that the signatures of the officials of the County contained in the aforesaid paragraph 6 are genuine, this 5th day of October 2007.

Counsel to Cherokee County, Georgia

EXHIBIT A

AUTHORIZING RESOLUTION

WHEREAS, in furtherance of the purposes for which it was created, the Resource Recovery Development Authority of Cherokee County (the "Issuer") proposes to issue not to exceed $18,230,000 in original aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Cherokee Recycling, LLC Project), Series 2007 (the "Bonds"), in order to finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") and related costs; and

WHEREAS, Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes any county of the State of Georgia to contract for any period not exceeding fifty years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake or provide; and

WHEREAS, Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Act"), known as the "Resource Recovery Development Authorities Law," authorizes Cherokee County, Georgia (the "County") to enter into contracts or agreements with the Issuer, upon such terms and for such purposes as they deem advisable, and without limiting the generality of the above, specifically grants authority to the County to enter into contracts or other undertakings relative to the furnishing of "project" (as defined in the Act) activities and facilities or either of them by the Issuer to the County and by the County to the Issuer for a term not exceeding 50 years; and

WHEREAS, Section 48-5-220(20) of the Official Code of Georgia Annotated provides that county taxes may be levied and collected for the public purpose of providing financial assistance to county development authorities for the purpose of developing trade, commerce, industry, and employment opportunities, as long as any tax for this purpose does not exceed one mill per dollar upon the assessed value of the taxable property in the county levying the tax; and

WHEREAS, in consideration of the issuance of the Bonds by the Issuer to finance the costs of acquiring, constructing, and installing the Project, the County proposes to enter into an Intergovernmental Solid Waste Contract (the "Contract"), to be dated as of July 1, 2007, with the Issuer, under the terms of which the County shall, under certain terms and conditions, levy a tax not to exceed one mill as permitted by Section 48-5-220(20) of the Official Code of Georgia Annotated; and

WHEREAS, the Issuer will lease the Project to Cherokee Recycling, LLC or an affiliate (the "Lessee"), a Georgia limited liability company, pursuant to a Lease Agreement, to be dated as of July 1, 2007; and

WHEREAS, pursuant to the terms of a Trust Indenture and Security Agreement (the "Indenture"), to be dated as of July 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), the Issuer will pledge all rents payable by the Lessee with respect to the Project to the Trustee as security for payment of the Bonds; and

WHEREAS, pursuant to the terms of the Indenture, the Issuer will also pledge the amounts received from the County under the Contract as security for payment of the Bonds; and

WHEREAS, after careful study and investigation, the County desires to enter into the Contract;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Cherokee County, Georgia as follows:

1. The form, terms, and conditions and the execution, delivery, and performance of the Contract, which has been filed with the County, are hereby approved and authorized. The Contract shall be in substantially the form submitted to the Board of Commissioners of the County with such changes, corrections, deletions, insertions, variations, additions, or omissions as may be approved by the Chairman or Vice Chairman of the Board of Commissioners of the County, whose approval thereof shall be conclusively evidenced by the execution of the Contract.

2. The Chairman or Vice Chairman of the Board of Commissioners of the County is hereby authorized and directed to execute on behalf of the County the Contract, and the Clerk of the Board of Commissioners of the County is hereby authorized and directed to affix thereto and attest the seal of the County, upon proper execution and delivery of the Issuer, provided, that in no event shall any such attestation or affixation of the seal of the County be required as a prerequisite to the effectiveness thereof, and the Chairman or Vice Chairman and Clerk of the Board of Commissioners of the County are authorized and directed to deliver the Contract on behalf of the County to the Issuer, and to execute and deliver all such other instruments, contracts, documents, affidavits, or certificates and to do and perform all such things and acts as each shall deem necessary or appropriate in furtherance of the issuance of the Bonds and the carrying out of the transactions authorized by this Resolution or contemplated by the instruments and documents referred to in this Resolution.

3. This Resolution and the Contract, as approved by this Resolution, which is hereby incorporated in this Resolution by this reference thereto, shall be placed on file at the office of the County and made available for public inspection by any interested party immediately following the passage and approval of this Resolution.

PASSED, ADOPTED, SIGNED, APPROVED, AND EFFECTIVE this 19th day of June 2007.

(COUNTY SEAL)

CHEROKEE COUNTY, GEORGIA

By: _____
Chairman, Board of Commissioners

Attest:

Sheila R. Corbin
Clerk, Board of Commissioners

CLERK'S CERTIFICATE

I, **SHEILA R. CORBIN**, the duly appointed, qualified, and acting Clerk of the Board of Commissioners of Cherokee County, Georgia (the "County"), **DO HEREBY CERTIFY** that the foregoing pages of typewritten matter constitute a true and correct copy of a resolution adopted on June 19, 2007 by the Board of Commissioners of the County in a meeting duly called and assembled in accordance with applicable laws and with the procedures of the County, by a vote of 4 Yea and 0 Nay, which meeting was open to the public and at which a quorum was present and acting throughout, and that the original of the foregoing resolution appears of public record in the Minute Book of the County, which is in my custody and control.

Given under my hand and the seal of the County, this 19th day of June 2007.

(COUNTY SEAL)

Sheila R. Corbin
Clerk, Board of Commissioners of
Cherokee County, Georgia

October 5, 2007

Resource Recovery Development
Authority of Cherokee County
Canton, Georgia

Citigroup Global Markets Inc.
Atlanta, Georgia

Re: **Letter of Representation**

Ladies and Gentlemen:

Cherokee County, Georgia (the "County") is providing the Resource Recovery Development Authority of Cherokee County (the "Issuer") and Citigroup Global Markets Inc. (the "Underwriter") this Letter of Representation in order to induce the Issuer and the Underwriter to perform their respective obligations under a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 2007, among the Issuer, Ball Ground Recycling, LLC, and the Underwriter, relating to the sale by the Issuer to the Underwriter of $18,145,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), consisting of $13,205,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and $4,940,000 in aggregate principal amount of its Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (collectively the "Bonds"). Unless otherwise expressly provided herein or unless the context clearly requires otherwise, capitalized terms used in this Letter shall have the meanings assigned to them in the Bond Purchase Agreement.

The County hereby represents and warrants to, and covenants and agrees with, the Issuer and the Underwriter that:

(a) The County is a political subdivision of the State of Georgia duly created and validly existing under the laws of the State of Georgia. It is authorized by virtue of the laws of the State of Georgia to enter into and execute, deliver, and perform the Contract. The County has complied with all provisions of the Constitution and laws of the State of Georgia with respect to the consummation of, and has full power and authority to consummate, all transactions contemplated by the Contract.

(b) The County has duly authorized by all necessary action the approval of the Official Statement and its use by the Underwriter in the public offering and sale of the Bonds and the execution of the Official Statement by the Chairman of the Board of Commissioners or other authorized official of the County and the execution, delivery, and performance of the Contract, and no approval, authorization, consent, or other action by any governmental body (other than consents and approvals already obtained) is required in connection with the execution or performance by the County of the same, and neither the execution nor the performance of the

Contract or the consent to the use of the Official Statement will conflict with, breach, or violate any Legal Requirements or Contractual Requirements to which the County is a party or by which it or its property may be subject or bound. The Contract, when executed by the Issuer at or before the Closing Time, will have been duly and validly executed and delivered by the County, will be in full force and effect as to the County, and will constitute the legal, valid, binding, and enforceable obligation of the County, enforceable in accordance with its terms.

(c) The County is not in violation of any material provision of or in default under any Legal Requirement or Contractual Requirement to which it is a party or by which it or its property is subject or bound, which violation will have any material adverse effect on the financing contemplated by the Official Statement, nor will any such violation result in any material adverse effect upon the operations, properties, assets, liabilities, or condition (financial or other) of the County.

(d) There is no pending or, to the best of the County's knowledge, after making due inquiry with respect thereto, threatened, action, suit, proceeding, inquiry, or investigation, before or by any court, public board, or body against the County, nor, to the best knowledge of the County, after making due inquiry with respect thereto, is there any basis therefor, which would materially and adversely affect the transactions contemplated by the Official Statement or which would materially and adversely affect the Bonds or the Contract or which might result in any material adverse change in the operations, properties, assets, liabilities, or condition (financial or other) of the County, or which affects the information contained in the Official Statement.

(e) To the best knowledge of the County, no legislation, ordinance, rule, or regulation has been enacted by any governmental body, department, or agency of the State of Georgia nor has any decision been rendered by any court of competent jurisdiction in the State of Georgia, which would materially and adversely affect the transactions contemplated by the Official Statement.

(f) The contents of the Preliminary Official Statement and the Official Statement relating to the County and of any amendment or supplement that may be authorized by the County for use with respect to the Bonds, including the information contained in Appendix A, are, and as of the Closing Time and the End of the Underwriting Period will be, complete, accurate, true, and correct and do not and will not contain an untrue statement of a material fact and do not and will not omit to state a material fact required to be stated therein or necessary to make the statements therein made, in light of the circumstances under which they were made, not misleading. The County has reviewed the Official Statement and consents to the use of the Official Statement by the Underwriter to offer and sell the Bonds. The County shall deliver at least ten (10) manually executed counterparts of the Official Statement to the Underwriter at the Closing Time.

(g) The County will notify the Underwriter for the period from the date hereof until the expiration of 90 days after the End of the Underwriting Period of any material adverse change in the business, properties, or financial condition of the County, and of any event which occurs and comes to the County's attention, which event materially and adversely affects the County or the transactions contemplated by the Official Statement and which would cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact which should be included therein for the purposes for which the Official Statement was to be used or which is necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and, if in the opinion of the Underwriter, a change in the information contained in the Official Statement is required in order to make the statements therein made true and not misleading or to make the Official Statement comply with any applicable state securities law in connection with the offering of the Bonds, such change shall be made, and the corrected information shall be supplied to the Underwriter in sufficient quantity for distribution to the purchasers of the Bonds. If such change occurs subsequent to the Closing Time, the County shall furnish to the Underwriter such legal opinions, certificates, instruments, and documents as the Underwriter may reasonably request to evidence the truth and accuracy of such corrected information. Thereafter, this Letter shall refer to such corrected information.

(h) The County will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter shall designate; provided, however, the County shall not be required to register as a dealer or broker in any such jurisdiction, nor execute a general consent to service of process or qualify to do business in connection with any such qualification of the Bonds in any such jurisdiction.

(i) Subsequent to the respective dates as of which information is given in the Official Statement, and prior to the Closing Date, except as set forth in or contemplated by the Official Statement, (1) the County has not incurred and shall not have incurred any material liabilities or obligations, direct or contingent, except in the ordinary course of business and has not entered and will not have entered into any material transaction not in the ordinary course of business, (2) there has not been and will not have been any increase in the long-term debt or decrease in the fund balances of the County, (3) there has not been and will not have been any material adverse change in the business or the financial position or results of operations of the County, (4) no loss or damage (whether or not insured) to the property of the County has been or will have been sustained which materially and adversely affects the operations of the County, and (5) no legal or governmental proceeding affecting the County or the transactions contemplated by the Official Statement has been or will have been instituted or threatened which is material.

(j) Any certificate signed by any of its authorized officials and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter under this Letter as to the statements made therein.

(k) The County will furnish to the Underwriter, upon request, for so long as the Bonds remain outstanding, annual audited financial statements of the County as soon as such financial statements become available.

(l) Prior to the execution of this Letter, the County delivered to the Underwriter copies of the Preliminary Official Statement which the County "deemed final" as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12. Except as disclosed in the Official Statement, there have been no instances in the previous five years in which the County failed to comply, in any material respects, with any previous undertakings in a written contract or agreement specified in Rule 15c2-12(b)(5)(i).

(m) The County acknowledges and agrees that these representations and warranties are made to induce the Underwriter to purchase the Bonds, and that such representations and warranties and any other representations and warranties made by the County to the Underwriter are made for the benefit of the ultimate purchasers of the Bonds and may be relied upon by such purchasers.

(n) The County hereby agrees to indemnify and hold harmless the Issuer and the Underwriter, together with each officer and member of the Board of Directors of the Issuer and the Underwriter and each person who controls the Issuer and the Underwriter within the meaning of either the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, from and against any and all losses, claims, damages, liabilities, costs, and expenses (including, without limitation, fees and disbursements of counsel and other expenses incurred by them or either of them in connection with investigating or defending any loss, claim, damage, or liability or any suit, action, or proceeding, whether or not resulting in liability), joint or several, to which they or any of them may become subject under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any other applicable statute or regulation, whether federal or state, or at common law or otherwise, insofar as such losses, claims, damages, liabilities, costs, and expenses (or any suit, action, or proceeding in respect thereof) arise out of or are based upon any untrue or misleading statement or alleged untrue or misleading statement of a material fact relating to the County contained in the Preliminary Official Statement or the Official Statement, including the information contained in Appendix B thereto, or in any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a fact relating to the County required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were

made, not misleading, provided, however, the County will not be liable in any such case to the extent that any such loss, claim, damage, liability, cost, or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished by the Underwriter specifically for use in connection with the preparation thereof. This indemnity agreement will be in addition to any liability which the County may otherwise have.

(o) Promptly after receipt by any party entitled to indemnification under this paragraph of notice of the commencement of any suit, action, or proceeding, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this paragraph, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under this paragraph or from any liability under this paragraph unless the failure to provide notice prejudices the defense of such suit, action, or proceeding. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall be entitled, but not obligated, to participate therein, and to the extent that it may elect by written notice delivered to the indemnified party, promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party, and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party shall not be liable to such indemnified party under this paragraph for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel representing the indemnified parties under this paragraph who are parties to such action), (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii).

(p) The County shall not be liable for any settlement of any such action effected without its consent, but if settled with its consent, the County agrees to indemnify and hold the Issuer, the Underwriter, such officer or director, or such controlling person harmless from and against any loss or liability, including reasonable legal and other expenses incurred in connection with the defense of the action, by reason of such settlement to the extent of the indemnification provided for in paragraph (n).

(q) In the event and to the extent that any indemnified party is entitled to indemnification from the County under the terms of paragraph (n) above in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to therein, but such indemnification is unavailable to such indemnified party in respect of any such losses, claims, damages, liabilities, costs, or expenses due to such indemnification being impermissible under applicable law or otherwise, then the County shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, costs, or expenses in such proportion as is appropriate to reflect the relative benefits received by the County and such indemnified party, respectively, from the offering of the Bonds, the relative fault of the County and such indemnified party, respectively, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, costs, or expenses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact related to information supplied by the County or the indemnified party and the relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission of the County or the indemnified party. The County, the Underwriter, and the Issuer, respectively, agree that it would not be just and equitable if contribution pursuant to this paragraph (q) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above in this paragraph (q). The amount paid or payable by any indemnified party as a result of the losses, claims, damages, liabilities, costs, or expenses referred to above in this paragraph (q) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with defending any such action or claim. This paragraph (q) shall not apply in the event of losses, claims, damages, liabilities, costs, or expenses caused by or attributable to the willful misconduct or gross negligence of an indemnified party. Notwithstanding anything to the contrary contained in this paragraph (q), it is understood and agreed that this paragraph (q) is not intended, and shall not be construed, to expand, broaden, or increase in any way, whether in terms of scope, amount, or otherwise, the liability of the County in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to in paragraph (n) or otherwise, as that liability is set forth in paragraph (n) above.

Given this 5th day of October 2007.

(SEAL)

CHEROKEE COUNTY, GEORGIA

By:_____
Chairman, Board of Commissioners

Attest:

_____
Clerk, Board of Commissioners

OPEN MEETINGS CERTIFICATE

I, **SHEILA R. CORBIN,** DO HEREBY CERTIFY that:

1. I am the Clerk of the Board of Commissioners of Cherokee County, Georgia (the "County") and as such I am authorized to execute this Certificate on behalf of the County.

2. All matters to date pertaining to the authorization, execution, and delivery by the County of an Intergovernmental Solid Waste Contract, to be dated as of September 1, 2007, with the Resource Recovery Development Authority of Cherokee County, were presented to, deliberated upon, and determined by the Board of Commissioners of the County at the following meeting (the "Meeting"), and none other, of the Board of Commissioners of the County:

(a) a public, regular meeting held on June 19, 2007 at 6:00 p.m., local time, at the Cherokee County Justice Center at 90 North Street in Canton, Georgia.

3. The County prescribed the time, place, and date of the Meeting, which information was available to the general public, and the County posted a notice containing such information and maintained such notice in a conspicuous place available to the public at the regular meeting place of the County.

4. The Meeting was continuously open to the public at all times, except for any portions of the Meeting closed to the public pursuant to Chapter 14 of Title 50 of the Official Code of Georgia Annotated (the "Open Meetings Act"), and the public at all times was afforded access to the portion of the Meeting open to the public.

5. Prior to the Meeting, the County made available an agenda of all matters expected to come before the County at the Meeting. The agenda was available upon request and was posted at the Meeting site at some time during the two-week period immediately prior to the Meeting.

6. A summary of the subjects acted on and those members present at the Meeting was written and made available to the public for inspection within two business days of the adjournment of the Meeting. The minutes of the Meeting were promptly and fully recorded in writing and include a record of the names of the members present at the Meeting, a description of each motion or other proposal made, a record of all votes, and, in the case of a roll-call vote, the name of each person voting for or against a proposal.

7. The minutes of the Meeting have been since they were approved as official by the County (in no case later than immediately following the next regular meeting of the County), are, and shall continue to be open to public inspection at the offices of the County.

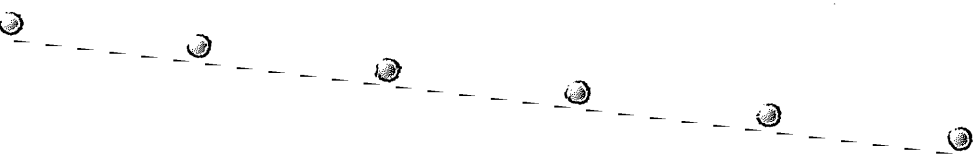
8. All votes taken at the Meeting were by public voice vote or roll-call vote. No secret votes, proxy votes, secret ballots, secret roll call votes, or any other means to circumvent the intent of the Open Meetings Act were taken at the Meeting.

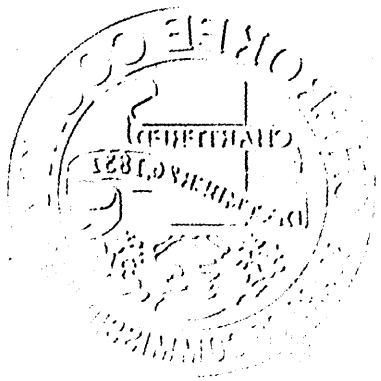
GIVEN under my signature and the seal of the County, this 5th day of October 2007.

(SEAL)

Sheila R. Corbin

Clerk, Board of Commissioners of
Cherokee County





CLOSING CERTIFICATE OF THE LESSEE

The undersigned Manager of **J. BOBO, LLC**, a Georgia limited liability company (the "Manager"), the sole manager of **BALL GROUND RECYCLING, LLC** (the "Lessee"), a Georgia limited liability company, hereby certifies and warrants as follows:

1. He is the duly elected, qualified, and acting incumbent of his office of the Manager as set forth after his signature hereto and as such is familiar with the books and records of the Lessee and is duly authorized to execute and deliver this Certificate on behalf of the Lessee.

2. The Lessee is a limited liability company duly formed, validly existing, and in good standing under and by virtue of the laws of the State of Georgia, with all requisite power and authority to own, operate, and lease its properties and to carry on its business, and is duly qualified to do business in every jurisdiction in which the property owned, leased, or operated by it or the nature of the business conducted by it makes such qualification necessary.

3. Attached hereto as Exhibits "A," "B," and "C" are true, correct, and complete copies of the Articles of Organization, as amended, of the Lessee, the Operating Agreement, as amended, of the Lessee, and a Certificate of Existence in Georgia, respectively, as in effect on the date hereof. The Articles of Organization, as amended, and Operating Agreement, as amended, of the Lessee are in full force and effect and have not been amended or repealed as of the date of this Certificate.

4. The Lessee has duly authorized, executed, and delivered or approved by all necessary action the following documents (hereinafter collectively referred to as the "Lessee Contracts") pursuant to, and in full compliance with, authority granted by the Manager:

Document	Date	Other Party or Parties
Lease Agreement	September 1, 2007	Resource Recovery Development Authority of Cherokee County (the "Issuer")
Continuing Disclosure Agreement	Date Hereof	The Bank of New York Trust Company, N.A.
Bond Purchase Agreement	September 18, 2007	The Issuer and Citigroup Global Markets Inc.

The Lessee hereby acknowledges receipt of an executed counterpart or photocopy (as executed) of each of the Lessee Contracts.

5. The Lessee has the requisite power and authority to execute the Lessee Contracts and to perform the obligations required to be performed by the Lessee under the terms of the Lessee Contracts.

6. Each of the representations and warranties of the Lessee contained in the Lessee Contracts is accurate and complete in all respects on the date of this Certificate.

7. All agreements to be complied with and conditions to be fulfilled by the Lessee pursuant to the Lessee Contracts on or prior to the date of this Certificate have been complied with and fulfilled.

8. As of the date hereof, each of the Lessee Contracts is in full force and effect and each constitutes the valid, binding, and legally enforceable obligation of the Lessee, and the other parties thereto are entitled to the benefits of the same. The Lessee has duly authorized, by all necessary action, the execution, delivery, receipt, and due performance of any and all other agreements and documents that may be required to be executed, delivered, received, or performed by the Lessee in order to carry out, give effect to, and consummate the transactions contemplated by the Lessee Contracts. The Lessee has approved the terms of the Trust Indenture and Security Agreement, dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A.

9. The Lessee is neither in default under nor in violation of (a) its Articles of Organization or Operating Agreement or any indenture, mortgage, security deed, lien, security agreement, agreement, contract, deed, lease, loan agreement, promissory note, assignment, or other instrument or restriction of any kind or character to which the Lessee is a party or by which the Lessee may be bound or to which the Lessee or any of the assets of the Lessee may be subject, or (b) any license, judgment, decree, law, statute, order, rule, or regulation of any court or governmental authority having jurisdiction over the Lessee or any of the activities or properties of the Lessee, which default or violation could have a materially adverse effect on the transactions contemplated by the Lessee Contracts. Neither the execution and delivery of the Lessee Contracts or any other agreements executed in connection with the issuance or sale of the Issuer's Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and the Issuer's Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (collectively the "Bonds"), nor compliance with the terms, conditions, and provisions of any of them will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

10. The Lessee is not in default in the payment of the principal of, or interest on, any of the Lessee's indebtedness for borrowed money and is not in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been incurred, which defaults could have a materially adverse effect on the transactions contemplated by the Lessee Contracts. No event has occurred and is continuing under the provisions of any such instrument or agreement that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, which event could have a materially adverse effect on the transactions contemplated by the Lessee Contracts.

11. No event has occurred and no condition exists that, upon the issuance by the Issuer of the Bonds, would constitute an Event of Default, as defined in any of the Lessee Contracts, or that, with the lapse of time or the giving of notice, or both, would become such an Event of Default.

12. There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, arbitration board or tribunal, or public board or body pending or, to the best of our knowledge, threatened:

(a) To restrain or enjoin the issuance, sale, execution, or delivery of the Bonds or the payment, collection, or application of payments under any of the Lessee Contracts or the acquisition, construction, and installation of the Project described in the Lessee Contracts;

(b) In any way questioning or affecting the validity or enforceability of the Bonds, any provisions of the Lessee Contracts, any proceedings taken with respect to the foregoing, or the authority of the Lessee to enter into and perform its obligations under the Lessee Contracts;

(c) Questioning the Lessee's formation, organization, or existence or the titles to office of any of its managers or looking toward the dissolution or liquidation of the Lessee; or

(d) Wherein an unfavorable decision, ruling, or finding would have an adverse effect on the transactions contemplated by the Lessee Contracts or the validity or enforceability of the Lessee Contracts or which would adversely affect its ability to comply with the terms of the Lessee Contracts or which, in any way, would affect the validity or enforceability of the Bonds or any agreement or instrument to which the Lessee is a party or by which it is bound and which is used or contemplated for use in connection with the transactions contemplated in connection with the issuance and sale of the Bonds.

13. All necessary consents, approvals, or authorizations of, or declarations, notices, registrations, or filings with, governmental authorities and regulatory bodies required for the execution, delivery, and performance of the Lessee Contracts by the Lessee and the carrying out of the conduct and activities contemplated by the Lessee Contracts have been obtained or made.

14. Any certificate signed by any manager of the Lessee (including this Certificate) delivered in connection with the issuance or sale of the Bonds shall be deemed a representation and warranty by the Lessee to the parties to whom such certificate was delivered.

GIVEN this 5th day of October 2007.

Manager, J. Bobo, LLC

EXHIBIT "A"
TO
CLOSING CERTIFICATE OF THE LESSEE

Articles of Organization, as amended, of the Lessee

[Attached]

Control No. **07075416**

STATE OF GEORGIA

Secretary of State

Corporations Division
315 West Tower
#2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

Certified Copy

I, Karen C Handel, Secretary of the State of Georgia, do hereby certify under the seal of my office that the attached documents are true and correct copies of documents filed under the name of

BALL GROUND RECYCLING, LLC

Domestic Limited Liability Company

Said entity was formed in the jurisdiction set forth above and has filed in the Office of Secretary of State on the 5th day of September, 2007 its certificate of limited partnership, articles of incorporation, articles of association, articles of organization or application for certificate of authority to transact business in Georgia. This Certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence of the existence or nonexistence of the facts stated herein.

WITNESS my hand and official seal of the City of Atlanta and the State of Georgia on 4th day of October, 2007

Karen C Handel
Secretary of State

Certification Number: 1670401-1 Reference: 313857
Verify this certificate online at http://corp.sos.state.ga.us/corp/soskb/verify.asp

Control No. **07075416**

STATE OF GEORGIA

Secretary of State

Corporations Division
315 West Tower
#2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

CERTIFICATE OF ORGANIZATION

I, **Karen C Handel**, the Secretary of State and the Corporations Commissioner of the State of Georgia, hereby certify under the seal of my office that

BALL GROUND RECYCLING, LLC

a Domestic Limited Liability Company

has been duly organized under the laws of the State of Georgia on **09/05/2007** by the filing of articles of organization in the Office of the Secretary of State and by the paying of fees as provided by Title 14 of the Official Code of Georgia Annotated.

WITNESS my hand and official seal in the City of Atlanta
and the State of Georgia on September 5, 2007

Karen C Handel
Secretary of State

Control No: 07075416
Date Filed: 09/05/2007 04:30 PM
Karen C Handel
Secretary of State

September 05, 2007

ARTICLES OF ORGANIZATION
FOR GEORGIA LIMITED LIABILITY COMPANY

The name of the Limited Liability Company is:
Ball Ground Recycling, LLC

The principal mailing address of the Limited Liability Company is:
391 Marietta Road
Canton, GA 30114

The Registered Agent is:
WILLIAM T. MCKENZIE/BURR & FORMAN
171 17TH ST. - STE. 1100
ATLANTA, GA 30363
County: Fulton

The name and address of each organizer(s) are:

391 Marietta Road
Canton, GA 30114

The optional provisions are:
No optional provisions.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Organization on the date set forth below.

Signature(s):
Member/Manager, Jimmy L Bobo

Date:
September 05, 2007

EXHIBIT "B"
TO
CLOSING CERTIFICATE OF THE LESSEE

Operating Agreement, as amended, of the Lessee

[Attached]

OPERATING AGREEMENT
OF
BALL GROUND RECYCLING, LLC

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT is made and entered into effective as of this 17th day of September, 2007, by and among the undersigned parties (who are the initial Members).

WITNESSETH:

In consideration of the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
FORMATION OF COMPANY AND INVESTMENT REPRESENTATIONS

1.01 Formation. On September 5, 2007, the Company was formed as a Georgia Limited Liability Company by executing and delivering the Articles of Organization to the Secretary of State of Georgia in accordance with the provisions of the Georgia Act.

1.02 Name. The name of the Company is BALL GROUND RECYCLING, LLC.

1.03 Principal Place of Business. The principal place of business of the Company within the State of Georgia is 391 Marietta Road, Canton, Georgia 30114. The Company may locate its place(s) of business and registered office at any other place or places as the Manager may from time to time deem advisable.

1.04 Registered Office and Registered Agent. The Company's initial registered office shall be at the office of its registered agent at 171 17th Street NW, Suite 1100, Atlanta, Georgia 30363, and the name of its initial registered agent at such address is William T. McKenzie. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State of Georgia pursuant to the Georgia Act.

1.05 Term. The term of the Company shall commence on the date the Articles of Organization were filed with the Secretary of State of Georgia and shall continue thereafter until December 31, 2057 or unless earlier dissolved in accordance with the provisions of this Operating Agreement or the Georgia Act.

1.06 Investment Purpose. Each Member acknowledges that the interests in the Company, including each Member's Membership Interest, have not been registered under the Georgia Securities Act of 1973, as amended ("Georgia Securities Act"), or any other state securities or blue sky laws or the Securities Act of 1933, as amended ("Federal Act"). To the

extent the interests are deemed to constitute a "security", such interests have been issued in reliance on Paragraph (13) of Section 10-5-9 of the Georgia Securities Act and the statutory exemption under the Federal Act relating to transactions not involving a public offering (Section 4(2)), and each Member acknowledges that reliance on such exemptions is based in part on the representations made by such Member in this Section 1.06. The interests in the Company may not be sold or transferred except in a transaction which is exempt under the Georgia Securities Act and the Federal Act, or pursuant to an effective registration under the Georgia Securities Act, the Federal Act and any other applicable state securities laws. Each Member hereby represents and warrants that its interest in the Company is being acquired for investment purposes only and without the intent of participating directly or indirectly in a distribution thereof.

1.07 Definitions. Capitalized words and phrases used in this Operating Agreement have the meanings set forth in Exhibit "A" attached hereto and incorporated by reference herein.

ARTICLE II
BUSINESS OF COMPANY

The business of the Company shall be to engage in all activities necessary, customary, convenient or incident to, and to exercise all powers necessary to or reasonably connected with, the investment and financing business, to the extent the same may be legally exercised by limited liability companies under the Georgia Act. The Company shall not engage in any additional business endeavors unless the Members unanimously agree.

ARTICLE III
NAMES AND ADDRESSES OF MEMBERS

The names and addresses of the Members are as follows:

Name	Address
J. Bobo, LLC	c/o Bobo Grinding 391 Marietta Road Canton, Georgia 30114
D. Bobo, LLC	c/o Bobo Grinding 391 Marietta Road canton, Georgia 30114

ARTICLE IV
RIGHTS AND DUTIES OF MANAGER

4.01 Management. The business and affairs of the Company shall be managed by its Manager. Subject to the provisions of this Agreement, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. Except as

otherwise provided herein, at any time when there is more than one Manager, all decisions and actions of the Managers shall be approved by a majority of the Managers voting per capita.

4.02 Number, Tenure and Qualifications. The Company shall initially have one Manager and J. Bobo, LLC, a Georgia limited liability company, shall be the Manager. The number of Managers of the Company shall be fixed from time to time by Members representing a Majority Interest, but in no instance shall there be less than one Manager. Each Manager shall hold office until his or its successor shall have been elected and qualified or until his earlier death, resignation or removal or its dissolution, resignation or removal, as the case may be. Managers shall be elected by the affirmative vote of Members representing a Majority Interest. Managers need not be residents of the State of Georgia or Members of the Company.

4.03 Certain Powers of Manager. Without limiting the generality of Section 4.01 hereof, the Manager shall have the power and authority, on behalf of the Company, to exercise the following specific rights and powers without the consent of the Members being required:

(a) Operate the business and any real or personal property necessary, convenient, or incidental to the conduct of the business of the Company;

(b) Execute any and all agreements, contracts, documents, certifications and instruments necessary or convenient in connection with the management, maintenance, and operation of the property of the Company, or in connection with managing the affairs of the Company, including executing amendments to this Agreement and the Articles of Organization in accordance with the terms of this Agreement;

(c) Care for and distribute funds to the Members by way of cash, income, return of capital, or otherwise, all in accordance with the provisions of this Operating Agreement, and perform all matters in furtherance of the objectives of the Company or this Operating Agreement;

(d) Contract on behalf of the Company for the employment and services of employees and/or independent contractors, such as lawyers and accountants, and delegate to such Persons the duty to manage or supervise any of the assets or operations of the Company;

(e) Engage in any kind of activity and perform and carry out contracts of any kind (including contracts of insurance covering risks to the property of the Company and Manager liability) necessary or incidental to, or in connection with, the conduct of the business of the Company, as may be lawfully carried on or performed by a limited liability company under the laws of each state in which the Company is then formed or qualified;

(f) Make any and all elections for federal, state, and local tax purposes including, without limitation, any election, if permitted by applicable law: (1) to adjust the basis of property of the Company pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state or local law, in connection with Company distributions and transfers of interests in the Company; (2) to extend the statute of limitations for assessment of tax deficiencies against the Members with respect to adjustments to the Company's federal, state, or local tax returns; and (3) to the extent provided in Code Sections 6221 through 6231, to represent the Company and the Members before taxing authorities or courts of competent jurisdiction in

tax matters affecting the Company and the Members in their capacities as Members, and to file any tax returns and execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company and the Members;

(g) Take, or refrain from taking, all actions, not expressly proscribed or limited by this Operating Agreement, as may be necessary or appropriate to conduct the business of the Company;

(h) Buy, sell, lease, mortgage or grant easements, restrictions and covenants with respect to any or all of the Company's assets and property, including real property.

(i) Institute, prosecute, defend, settle, compromise, and dismiss lawsuits or other judicial or administrative proceedings brought on or in behalf of, or against, the Company or the Members in connection with activities arising out of, connected with, or incidental to this Operating Agreement, and to engage counsel or others in connection therewith.

Unless authorized to do so by the Manager of the Company, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniarily for any purpose. No Member shall have any power or authority to bind the Company unless the Member has been authorized by the Manager to act as an agent of the Company in accordance with the previous sentence.

4.04 Liability for Certain Acts. No Manager has guaranteed or shall have any obligation with respect to the return of a Member's Capital Contributions or profits from the operation of the Company. Notwithstanding Section 14-11-305(1) of the Georgia Act, no Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law, gross negligence or a transaction for which such Manager received a personal benefit in violation or breach of the provisions of this Operating Agreement. Each Manager shall be entitled to rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data prepared or presented by: (i) any one or more Members, Managers, Officers or employees of the Company whom the Manager reasonably believes to be reliable and competent in the matter presented, (ii) legal counsel, public accountants, or other persons as to matters the Manager reasonably believes are within the person's professional or expert competence, or (iii) a committee of Managers of which he or she is not a member if the Manager reasonably believes the committee merits confidence.

4.05 Managers Have No Exclusive Duty to Company. A Manager shall not be required to manage the Company as the Manager's sole and exclusive function and any Manager may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of the Manager or to the income or proceeds derived therefrom. The Manager shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or ventures.

4.06 Bank Accounts. The Manager may from time to time open bank accounts in the name of the Company, and the Manager or any other Person(s) designated by the Manager shall be the sole signatories thereon.

4.07 Indemnity of the Manager, Members, Officers, Employees and Other Agents of the Company. To the fullest extent permitted under Section 14-11-306 of the Georgia Act, the Company shall indemnify the Manager and each Member and make advances for expenses to the Manager and each Member arising from any loss, cost, expense, damage, claim or demand in connection with the Company, the Manager's or Member's status as a Manager or Member of the Company, the Manager's or Member's participation in the management, business and affairs of the Company or the Manager's or Member's activities on behalf of the Company. To the fullest extent permitted by Section 14-11-306 of the Georgia Act, the Company shall also indemnify its Officers (if any), employees and other agents who are not Managers or Members arising from any loss, cost, expense, damage, claim or demand in connection with the Company, any such Person's participation in the business and affairs of the Company or such Person's activities on behalf of the Company.

4.08 Resignation. The Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of the Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of any Manager who also is a Member from its position as Manager shall not affect such Manager's rights as a Member and shall not constitute a withdrawal of such Manager as a Member or an Event of Dissociation as to such Manager.

4.09 Removal. At a meeting called expressly for that purpose, the Manager (or in such case, all or any lesser number of Managers) may be removed at any time, with or without cause, by the affirmative vote of Members representing a Majority Interest. The removal of any Manager (or Managers) who is also a Member from its position as a Manager shall not affect such Manager's rights as a Member and shall not constitute a withdrawal by such Manager as a Member or an Event of Dissociation as to such Manager.

4.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the affirmative vote of a majority of the remaining Managers then in office, provided that if there are no remaining Managers, the vacancy(ies) shall be filled by the affirmative vote of Members representing a Majority Interest. Any Manager's position to be filled by reason of an increase in the number of Managers shall be filled by the affirmative vote of a majority of the Managers then in office or by the affirmative vote of a Members representing a Majority Interest at a meeting of Members called for that purpose. A Manager elected to fill a vacancy or fill a position resulting from an increase in the number of Managers shall hold office until his or its successor shall be elected and shall qualify, or until the earlier death, resignation or removal of such Manager.

4.11 Right to Rely on the Manager.

(a) Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by the Manager as to:

(i) The identity of the Manager or any Member;

(ii) The existence or nonexistence of any fact or facts which constitute a condition precedent to acts by the Manager or which are in any other manner germane to the affairs of the Company;

(iii) The Persons who are authorized to execute and deliver any instrument or document of the Company; or

(iv) Any act or failure to act by the Company or any other matter whatsoever involving the Company or any Member.

(b) The signature of a duly authorized officer of the Manager shall be necessary and sufficient to convey title to any real property owned by the Company or to execute any promissory notes, trust deeds, mortgages, or other instruments of hypothecation, and all of the Members agree that a copy of this Operating Agreement may be shown to the appropriate parties in order to confirm the same, and further agree that the duly authorized signature of an officer of the Manager shall be sufficient to execute any "statement of limited liability company" or other documents necessary to effectuate this or any other provision of this Operating Agreement.

4.12 Compensation and Loans.

(a) Expenses. The Manager may charge the Company for any direct expenses reasonably incurred in connection with the business of the Company.

(b) Loans or Leases. Any Person may, with the consent of the Manager, lend or advance money to the Company. If any Member shall make any loan or loans to the Company or advance money on its behalf, the amount of any such loan or advance shall not be treated as a Capital Contribution but shall be a debt due from the Company. The amount of any such loan or advance by a lending Member shall be repayable out of the Company's cash and shall bear interest at such rate as the Manager and the lending Member shall agree but not in excess of the maximum rate permitted by law. If the Manager, or an Affiliate of the Manager, is the lending Member or lessor of equipment, the rate of interest shall be determined by the Manager taking into consideration, without limitation, prevailing interest rates and the interest rates the lender is required to pay in the event such lender has itself borrowed funds to loan or advance to the Company. None of the Members shall be obligated to make any loan or advance to the Company.

4.13 Temporary Investments. All property in the form of cash not otherwise invested shall be deposited for the benefit of the Company in one or more accounts of the Company, maintained in such financial institutions as the Manager shall determine or shall be invested in short-term liquid securities or other cash-equivalent assets or shall be left in escrow, and withdrawals shall be made only in the regular course of Company business on such signature or signatures as the Manager may determine from time to time.

ARTICLE V
RIGHTS AND OBLIGATIONS OF MEMBERS

5.01 Limitation on Liability. Each Member's liability shall be limited as set forth in this Operating Agreement, the Georgia Act and other applicable law.

5.02 No Liability for Company Obligations. No Member will have any personal liability for any debts or losses of the Company beyond his or its respective Capital Contributions.

5.03 List of Members. Upon the written request of any Member, the Company shall provide a list showing the names, addresses, Membership Interest and Economic Interest of all Members and any other information required to be provided to Members by the Georgia Act.

5.04 Priority and Return of Capital. Except as may be expressly provided in Article VIII, no Member or Economic Interest Holder shall have priority over any other Member or Economic Interest Holder, either as to the return of Capital Contributions or as to Profits, Losses or distributions. This Section shall not apply to loans (as distinguished from Capital Contributions) which a Member makes to the Company.

5.05 Approvals of Members. Notwithstanding anything to the contrary contained in this Operating Agreement, the Manager shall not have any authority to take (or enter into an agreement to take) any of the following actions without first obtaining the approval of all of the Members to such action or actions:

(a) Any sale, exchange or other disposition of all, or substantially all, of the property or other assets of the Company which is to occur as part of a single transaction or plan within the meaning of Section 14-11-308(b)(3) of the Georgia Act;

(b) The merger of the Company within the meaning of Section 14-11-308(b)(2) of the Georgia Act;

(c) Any activity that is not consistent with the purposes of the Company as set forth in Article II of this Agreement;

(d) Any act in contravention of this Agreement;

(e) Any transaction between the Company and the Manager or any Member, or an Affiliate of the Manager or any Member, which is not on an arm's length basis; and

(f) Any transaction to liquidate or dissolve the Company.

ARTICLE VI
MEETINGS OF MEMBERS

6.01 Meetings. Meetings of the Members, for any purpose or purposes, unless otherwise prescribed by the Georgia Act, may be called by any Member or Members holding at least ten percent (10%) of the Ownership Percentages.

6.02 Place of Meetings. The Members may designate any place, either within or outside the State of Georgia, as the place of meeting for any meeting of the Members. If no designation is made, the place of meeting shall be the principal executive office of the Company in the State of Georgia.

6.03 Notice of Meetings. Written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail (addressed to the Member at his or its address as it appears on the books of the Company), by or at the direction of the Member(s) calling the meeting, to each Member entitled to vote at such meeting.

6.04 Meeting of all Members. If all of the Members shall meet at any time and place and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting any lawful action may be taken.

6.05 Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any distribution, or in order to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed or the date on which the resolution declaring such distribution is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

6.06 Quorum. Members holding at least a Majority Interest, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of the Membership Interests so represented may adjourn the meeting from time to time for a period not to exceed sixty (60) days without further notice. However, if at the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of Members representing Membership Interests whose absence would cause less than a quorum to be present.

6.07 Manner of Acting. If a quorum is present, the affirmative vote of Members representing a Majority Interest shall be the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Georgia Act, by the Articles of Organization, or by this Operating Agreement. Unless otherwise expressly provided herein or required under applicable law, Members who have an interest (economic or otherwise) in the outcome of any particular matter upon which the Members vote or consent may vote or consent upon any such matter and their Membership Interests, vote or consent, as the case may be, shall be counted in the determination of whether the requisite matter was approved by the Members.

6.08 Proxies. At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Company before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

6.09 Action by Members Without a Meeting. Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by the necessary Members entitled to vote and required to approve such action and delivered to the Company for inclusion in the minutes or for filing with the Company records. Action taken under this Section is effective when the Members required to approve such action have signed the consent, unless the consent specifies a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the first Member signs a written consent.

6.10 Waiver of Notice. When any notice is required to be given to any Member, a waiver thereof in writing signed by the person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

6.11 Meeting by Telephone. Members may also meet by conference telephone call if all Members can hear one another on such call and the requisite notice is given or waived.

ARTICLE VII
CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

7.01 Members' Capital Contributions. Each Member shall contribute the property or the amount set forth in Exhibit "B" hereto as his or its share of the Initial Capital Contribution.

7.02 Additional Capital Contributions. To the extent approved by the Manager (or in such case, by all of the Managers), from time to time, one or more Members may be permitted to make additional Capital Contributions if and to the extent such Members so desire, and if the Manager(s) determines that such additional Capital Contributions are necessary or appropriate in connection with the conduct of the Company's business (including, without limitation, expansion or diversification). In such event, the Members shall have the opportunity (but not the obligation) to participate in such additional Capital Contributions on a pro rata basis in accordance with their Ownership Percentages.

7.03 Rules Governing Capital. Except as otherwise expressly provided in this Operating Agreement or required by law:

(a) no Owner may withdraw any Capital Contribution from the Company;

(b) an Owner shall not receive out of the Company's property any part of such Owner's Capital Contribution until all liabilities of the Company, except liabilities to Owners on account of their Capital Contributions, have been paid or there remains property of the Company sufficient to pay them;

(c) no Owner shall be required to make loans to the Company;

(d) neither a loan by an Owner to the Company nor its repayment by the Company shall have any effect on any Owner's Capital Account or Economic Interest;

(e) an Owner, irrespective of the nature of such Owner's Capital Contribution, has only the right to demand and receive cash in return for such Capital Contribution; and

(f) an Owner who receives a return of all or part of his or its Capital Contribution in accordance with the terms of this Operating Agreement shall nevertheless be liable to the Company for the re-contribution of capital as necessary to discharge liabilities of the Company which arose before the return of such Capital Contribution.

ARTICLE VIII
DISTRIBUTIONS TO OWNERS

8.01 Distributions. All Distributable Cash, if any, shall be distributed, at such times as the Manager may determine, among the Owners on a pro rata basis in accordance with their Ownership Percentages at the time of the distribution; provided however, that following the dissolution of the Company as provided in Section 13.01 hereof, distributions shall be made in accordance with Section 13.03.

8.02 Limitation Upon Distributions. No distribution shall be made to the Owners if prohibited by O.C.G.A. §14-11-407.

8.03 Interest On and Return of Capital Contributions. No Owner shall be entitled to interest on his or its Capital Contribution or to the return of his or its Capital Contribution, except as otherwise specifically provided for herein.

8.04 Interim Distributions. The Company may make interim distributions to the Members in accordance with Section 8.01 hereof.

ARTICLE IX
ALLOCATIONS OF PROFITS AND LOSSES

The provisions of this Operating Agreement regarding the allocation of Profits, Losses, items of Company income, gain, loss, or deduction, and any other Company tax items, are set out in Exhibit "C" attached hereto and by reference made a part hereof.

ARTICLE X
BOOKS AND RECORDS

10.01 Accounting Period. The Company's accounting period shall be the calendar year.

10.02 Records, Audits and Reports. At the expense of the Company, the Manager shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at its principal place of business the following records:

(a) A current list of the full name and last known address of each Member, Economic Interest Holder and Manager;

(b) Copies of records to enable a Member to determine the relative voting rights, if any, of the Members;

(c) A copy of the Articles of Organization of the Company and all amendments thereto;

(d) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;

(e) Copies of this Operating Agreement, together with any amendments thereto; and

(f) Copies of any financial statements of the Company for the three most recent years.

10.03 Tax Returns. The Manager shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to each Member within a reasonable time after the end of the Company's Fiscal Year.

ARTICLE XI
TRANSFERS OF INTERESTS

11.01 Restriction on Transfers. Except as otherwise permitted by this Operating Agreement, no Member or Economic Interest Holder may Transfer all or any part of his or its Membership Interest or Economic Interest.

11.02 Permitted Transfers. Subject to the conditions and restrictions set forth in Section 11.03 hereof, a Member or Economic Interest Holder may at any time Transfer all or any portion of his or its Membership Interest or Economic Interest to (a) any Person if the Manager and all of the Members have given their consent to such Transfer, (b) the transferor's executor, administrator, trustee, or personal representative to whom such Membership Interest or Economic Interest is transferred at death, or (c) any person in accordance with Sections 11.04 and 11.05 hereof (any such Transfer being referred to in this Operating Agreement as a "Permitted Transfer").

11.03 Conditions to Permitted Transfers. A Transfer shall not be treated as a Permitted Transfer under Section 11.02 hereof unless and until the following conditions are satisfied:

(a) the transferor, or his or its legal representative or authorized agent, as the case may be, must have executed a written instrument of transfer of such interest in the Company in form and substance satisfactory to the Manager;

(b) the transferee must have executed a written agreement, in form and substance satisfactory to the Manager, to assume all of the duties and obligations of the transferor under this Operating Agreement with respect to such transferred interest and to be bound by and subject to all of the terms and conditions of this Operating Agreement;

(c) the transferor, or his or its legal representative or authorized agent, as the case may be, and the transferee must have executed a written agreement, in form and substance satisfactory to the Manager, to indemnify and hold the Company, the Manager and the other Members harmless from and against any loss or liability arising out of the transfer;

(d) the transferee must have executed such other documents and instruments as the Manager may deem necessary to effect the admission of the transferee as a Member;

(e) unless waived by the Manager, the transferee or the transferor must have paid the expenses incurred by the Company in connection with the admission of the transferee to the Company;

(f) The transferor and transferee shall furnish the Company with the transferee's taxpayer identification number, sufficient information to determine the transferee's initial tax basis in the interest in the Company transferred, and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Operating Agreement with respect to any transferred interest in the Company until it has received such information;

(g) Except in the case of a Transfer of an interest in the Company involuntarily by operation of law, either (a) such interest shall be registered under the Securities Act of 1933, as amended, and any applicable state securities laws, or (b) the transferor shall provide an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Manager and the other Members, to the effect that such Transfer is exempt from all applicable registration requirements and that such Transfer will not violate any applicable laws regulating the Transfer of securities; and

(h) Except in the case of a Transfer of an interest in the Company involuntarily by operation of law, if the transferor is the Manager, the transferor and transferee shall provide the Company with an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the other Members, to the effect that such Transfer will not cause the Company to become taxable as a corporation for federal income tax purposes.

A permitted transferee of an Economic Interest who does not become a Member shall be an Economic Interest Holder only and shall be entitled only to the transferor's Economic Interest to the extent assigned. Such transferee shall not be entitled to vote on any question regarding the Company, and the Ownership Percentage associated with the transferred Economic Interest shall not be considered to be outstanding for voting purposes.

11.04 Involuntary Lifetime Transfer. If any Member shall be or become required to Transfer all or any portion of his, her or its Membership Interest pursuant to an Involuntary Lifetime Transfer, such Member (or transferee) must offer to sell the Membership Interest otherwise to be Transferred to the parties hereinafter described in the manner hereinafter set forth. For purposes of this Agreement, "Involuntary Lifetime Transfer" means any Transfer made or to be made on account of a court order or otherwise by operation of law (other than by a

will or in probate), including any Transfer incident to any divorce or marital property settlement or any Transfer pursuant to applicable community property, quasi-community property or similar state law.

(a) Any Member (or transferee) whose Membership Interest become the subject to an Involuntary Lifetime Transfer shall provide written notice to the Company and the other Members, which notice shall set forth the proposed type of Involuntary Lifetime Transfer, the Membership Interest (or other economic interest in the Membership Interest) proposed to be transferred and the name and address of any transferee.

(b) The Company shall have thirty (30) days from such notice in which to elect to buy all or any of the Membership Interest proposed to be Transferred, for the purchase price and upon the payment terms set forth in (d) below. If the Company shall not elect to buy all of such Membership Interest within such 30-day period, the Members (in that proportion which the Membership Interest owned by each other Member electing to purchase such Membership Interest bears to the Membership Interests owned by all other Members electing to purchase such Membership Interest, or in such other proportion as such other Members shall agree upon) shall have thirty (30) days from the expiration of the Company's 30-day option period in which to elect to buy all, but not less than all, of the Membership Interest the Company did not elect to buy, for the purchase price and upon the payment terms set forth in (d) below.

(c) If the Company and the other Members do not agree to buy in the aggregate all of the Membership Interest proposed to be Transferred, within the two (2) option periods set forth above, then such Involuntary Lifetime Transfer may be consummated. If the Involuntary Lifetime Transfer is not consummated within ninety (90) days after expiration of the time provided for the exercise of the options of the Company and the other Members, the provisions of this Addendum will again apply to such Membership Interest as if no such Involuntary Lifetime Transfer had been contemplated and no notice had been given.

(d) For purposes of this Section 11.04, the purchase price for the purchase price per fraction of the total Membership Interests of the Company for purposes of this Operating Agreement shall be equal to the "appraised value" of the aggregate Membership Interests to be determined by appraisal by an independent appraiser as shall be selected unanimously by, where appropriate, the Members or the deceased Member's legal representative. If the parties cannot agree on the selection of an independent appraiser, then each interested party shall select an independent appraiser, and the appraisers so selected shall select one additional independent appraiser. The decision of a majority of the appraisers, delivered to all parties hereto in writing, shall be binding upon all parties. The cost of such appraisal shall be borne by the party whose actions are triggering the appraisal. Each appraiser shall be an accredited member of the American Society of Appraisers or other comparable accreditation society or board, and the valuation shall be performed in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP") or comparable appraisal standards as the same are in effect at the time of the valuation. The purchase price shall be subject to a minority discount should the Membership Interest to be transferred be less than fifty percent (50%) of the total Membership Interests of the Company. Any purchase price may be paid by ten percent (10%) down payment in cash, with the balance payable over five (5) years in a note bearing an interest rate of seven percent (7%), and payable quarterly.

11.05 Right of First Refusal. In addition to the other limitations and restrictions set forth in this Article XI, except as permitted by Section 11.02 hereof, no Member shall Transfer all or any portion of his or its Membership Interest (the "Offered Interest") unless such Member (the "Seller") first offers to sell the Offered Interest pursuant to the terms of this Section 11.05.

(a) Limitation on Transfers. No Transfer may be made under this Section 11.05 unless the Seller has received a bona fide written offer (the "Purchase Offer") from a Person (the "Purchaser") to purchase the Offered Interest for a purchase price (the "Offer Price") denominated and payable in United States dollars at closing or according to specified terms, with or without interest, which offer shall be in writing signed by the Purchaser and shall be irrevocable for a period ending no sooner than the business day following the end of the Offer Period, as hereinafter defined.

(b) Offer Notice. Prior to making any Transfer that is subject to the terms of this Section 11.05, the Seller shall give to the Company and each other Member written notice (the "Offer Notice") which shall include a copy of the Purchase Offer and an offer (the "Firm Offer") to sell the Offered Interest to the other Members (the "Offerees") for the Offer Price, payable according to the same terms as (or more favorable terms than) those contained in the Purchase Offer, provided that the Firm Offer shall be made without regard to the requirement of any earnest money or similar deposit required of the Purchaser prior to closing, and without regard to any security (other than the Offered Interest) to be provided by the Purchaser for any deferred portion of the Offer Price.

(c) Offer Period. The Firm Offer shall be irrevocable for a period (the "Offer Period") ending at 11:59 P.M., local time at the Company's principal place of business, on the ninetieth (90th) day following the day of the Offer Notice.

(d) Acceptance of Firm Offer. At any time during the Offer Period, any Offeree may accept the Firm Offer as to all or any portion of the Offered Interest, by giving written notice of such acceptance to the Seller and each other offeree, which notice shall indicate the maximum Offered Interest that such Offeree is willing to purchase. In the event that Offerees ("Accepting Offerees"), in the aggregate, accept the Firm Offer with respect to all of the Offered Interest, the Firm Offer shall be deemed to be accepted and each Accepting Offeree shall be deemed to have accepted the Firm Offer as to that portion of the Offered Interest that corresponds to the ratio of the Offered Interest that such Accepting Offeree indicated a willingness to purchase to the aggregate Offered Interests all Accepting Offerees indicated a willingness to purchase. If the Offerees do not accept the Firm Offer as to all of the Offered Interest during the Offer Period, the Firm Offer shall be deemed to be rejected in its entirety.

(e) Closing of Purchase Pursuant to Firm Offer. In the event that the Firm Offer is accepted, the closing of the sale of the Offered Interest shall take place within thirty (30) days after the Firm Offer is accepted or, if later, the date of closing set forth in the Purchase Offer. The Seller and all Accepting Offerees shall execute such documents and instruments as may be necessary or appropriate to effect the sale of the Offered Interest pursuant to the terms of the Firm Offer and this Article XI.

(f) Sale Pursuant to Purchase Offer If Firm Offer Rejected. If the Firm Offer is not accepted in the manner hereinabove provided, the Seller may sell the Offered Interest to the Purchaser at any time within sixty (60) days after the last day of the Offer Period, provided that such sale shall be made on terms no more favorable to the Purchaser than the terms contained in the Purchase Offer and provided further that such sale complies with other terms, conditions, and restrictions of this Operating Agreement that are not expressly made inapplicable to sales occurring under this Section 11.05. In the event that the Offered Interest is not sold in accordance with the terms of the preceding sentence, the Offered Interest shall again become subject to all of the conditions and restrictions of this Section 11.05.

11.06 Prohibited Transfers. Any purported Transfer of a Membership Interest or Economic Interest that is not a Permitted Transfer shall be null and void and of no force or effect whatever; provided that, if the Company is required to recognize a Transfer that is not a Permitted Transfer (or if the Company, in its sole discretion, elects to recognize a Transfer that is not a Permitted Transfer), the interest in the Company so transferred shall be strictly limited to the transferor's rights to allocations and distributions as provided by this Operating Agreement with respect to such transferred interest, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such transferred interest may have to the Company.

In the case of a Transfer or attempted Transfer of a Membership Interest or Economic Interest that is not a Permitted Transfer, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Company and the other Members from all cost, liability, and damage that any of such indemnified Members may incur (including, without limitation, incremental tax liabilities, lawyers' fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

11.07 Rights of Unadmitted Assignees.

(a) In General. A Person who acquires an interest in the Company but who is not admitted as a substituted Member pursuant to Section 11.08 hereof shall be entitled only to allocations and distributions with respect to such interest in the Company in accordance with this Agreement, and shall have no right to any information or accounting of the affairs of the Company, shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Manager or a Member under the Georgia Act or this Operating Agreement.

(b) Manager. A transferee who acquires an interest in the Company from the Manager hereunder by means of a Transfer that is permitted under this Article XI, but who is not admitted as a Manager, shall have no authority to act for or bind the Company, to inspect the Company's books, or otherwise to be treated as a Manager.

11.08 Admission of Substituted Members. Subject to the other provisions of this Article XI, a transferee of an interest in the Company may be admitted to the Company as a substituted Member only upon satisfaction of the conditions set forth in this Section 11.08:

(a) If such transferee acquired its interest in the Company from a Member, the Manager and all of the Members consent to such admission, which consent may be given or withheld in the sole and absolute discretion of the Manager and the Members;

(b) If such transferee acquired its interest in the Company from the Manager, all of the Members consent to such admission;

(c) The interest in the Company with respect to which the transferee is being admitted was acquired by means of a Permitted Transfer;

(d) The transferee becomes a party to this Agreement as a Member and executes such documents and instruments as the Manager may reasonably request (including, without limitation, amendments to the Articles of Organization) as may be necessary or appropriate to confirm such transferee as a Member in the Company and such transferee's agreement to be bound by the terms and conditions hereof;

(e) The transferee pays or reimburses the Company for all reasonable legal, filing, and publication costs that the Company incurs in connection with the admission of the transferee as a Member with respect to such transferred interest; and

(f) In the event that the transferee of an interest in the Company from the Manager is admitted as a Manager hereunder, such transferee shall be deemed admitted to the Company as a Manager immediately prior to the Transfer, and such transferee shall continue the business of the Company without dissolution.

11.09 Successors as to Economic Rights. References in this Operating Agreement to Members shall also be deemed to constitute a reference to Economic Interest Holders where and to the extent the provision relates to economic rights and obligations. By way of illustration and not limitation, such provisions would include those regarding Capital Accounts, distributions, allocations, and contributions. A transferee shall succeed to the transferor's Capital Contributions and Capital Account to the extent related to the Economic Interest transferred, regardless of whether such transferee becomes a Member.

ARTICLE XII
ADDITIONAL MEMBERS

From the date of the formation of the Company, any Person or Entity approved by the Manager and all the Members by their unanimous vote thereof may become a Member of this Company either by the Company's issuance of Membership Interests for such consideration as the Manager and the Members by their unanimous votes shall determine, or as a transferee of a Member's Membership Interest or any portion thereof, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Manager may, at its option, at the time a new Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of 706(d) of the Code and the Treasury Regulations promulgated thereunder.

ARTICLE XIII
DISSOLUTION AND TERMINATION

13.01 Dissolution.

(a) The Company shall be dissolved upon the occurrence of any of the following events:

(i) when the period fixed for the duration of the Company shall expire pursuant to Section 1.05 hereof;

(ii) by the unanimous written agreement of the Members; or

(iii) the ninetieth (90th) day following the withdrawal, removal, bankruptcy, insolvency, death or incompetency of a Member who is a Manager, the sale or redemption of the entire Membership Interest of a Member who is a Manager, or the occurrence of any other event which terminates the continued membership in the Company of a Member who is a Manager pursuant to O.C.G.A. §14-11-601 or any other provision of the Georgia Act (an "Event of Dissociation") or the ninetieth (90th) day after there is no Member who is a Manager, unless within such 90-day period the business of the Company is continued by the consent of all the remaining Members and there are at least two (2) remaining Members. Such consents shall be mailed or hand delivered to the principal place of business of the Company set forth in Section 1.03 hereof (or to such other address designated by the Members) no later than 90 days after each Event of Dissociation. The occurrence of an Event of Dissociation as to a Member who is not a Manager will not cause the Company to be dissolved.

(b) If the Company is continued after the occurrence of an Event of Dissociation pursuant to this Section 13.01, any successor in interest of the Manager as to whom the Event of Dissociation occurred shall become an Economic Interest Holder but shall not be admitted as a Member except in accordance with Article XI hereof.

(c) Except as expressly permitted in this Operating Agreement, a Member shall not voluntarily withdraw or take any other voluntary action which directly causes an Event of Dissociation.

(d) Unless otherwise approved by Members representing a majority of the aggregate Ownership Percentages exclusive of the Ownership Percentage of the Withdrawing Member (as hereinafter defined), a Member who suffers or incurs an Event of Dissociation or whose status as a Member is otherwise terminated (a "Withdrawing Member"), regardless of whether such termination was the result of a voluntary act by such Withdrawing Member, shall not be entitled to receive the fair value of his or its Membership Interest, and such Withdrawing Member shall become an Economic Interest Holder.

(e) Damages for breach of Section 13.01(c) hereof shall be monetary damages only (and no specific performance), and such damages may be offset against distributions by the Company to which the Withdrawing Member would otherwise be entitled.

(f) If a Member who is an individual dies or a court of competent jurisdiction adjudges him to be incompetent to manage his person or his property, the Member's executor, administrator, guardian, conservator, or other legal representative may exercise all of the Member's rights for the purpose of settling his estate or administering his property.

13.02 Effect of Dissolution. Upon dissolution, the Company shall cease to carry on its business, except as permitted by O.C.G.A. §14-11-605. Upon dissolution, the Manager shall file a statement of commencement of winding up pursuant to O.C.G.A. §14-11-606 and publish the notice permitted by O.C.G.A. §14-11-608.

13.03 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager, or if none, the Person or Persons selected by a majority of Members (the "Liquidators") shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Liquidators shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Liquidators may determine to distribute any assets to the Members in kind);

(ii) Allocate any profit or loss resulting from such sales to the Members and Economic Interest Holders in accordance with Article IX hereof;

(iii) Discharge all liabilities of the Company, including liabilities to Members and Economic Interest Holders who are creditors, to the extent otherwise permitted by law, other than liabilities to Members and Economic Interest Holders for distributions, and establish such reserves as may be reasonably necessary to provide for contingent liabilities of the Company; and

(iv) Distribute the remaining assets in the following order:

(A) If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members and Economic Interest Holders shall be adjusted pursuant to the provisions of this Operating Agreement to reflect such deemed sale.

(B) The positive balance (if any) of each Owner's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Owners, either in cash or in kind, as determined by the Liquidators, with any balance in excess thereof being distributed in proportion to the Owners' respective Ownership

Percentages. Any such distributions to the Owners in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Section 1.704-1(b)(2)(ii)(b)(2) of the Treasury Regulations.

(c) Notwithstanding anything to the contrary in this Operating Agreement, upon a liquidation within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations, if any Owner has a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Owner shall have no obligation to make any Capital Contribution, and the negative balance of such Owner's Capital Account shall not be considered a debt owed by such Owner to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Manager and the Members shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

13.04 Certificate of Termination. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefore and all of the remaining property and assets have been distributed to the Owners, a Certificate of Termination may be executed and filed with the Secretary of State of Georgia in accordance with O.C.G.A. §14-11-610.

13.05 Return of Contribution Nonrecourse to Other Owners. Except as provided by law or as expressly provided in this Operating Agreement, upon dissolution, each Owner shall look solely to the assets of the Company for the return of his or its Capital Account. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the Capital Account of one or more Owners, including, without limitation, all or any part of that Capital Account attributable to Capital Contributions, then such Owner or Owners shall have no recourse against any other Owner.

ARTICLE XIV
POWER OF ATTORNEY

14.01 Manager as Attorney-In-Fact. Each Member hereby makes, constitutes, and appoints the Manager and each successor Manager, with full power of substitution and resubstitution, his or its true and lawful attorney-in-fact for him or it and in his or its name, place, and stead and for his or its use and benefit, to sign, execute, certify, acknowledge, swear to, file, and record (a) all articles or certificates of organization, amended name or similar certificates, and other certificates and instruments (including counterparts of this Operating Agreement) which the Manager may deem necessary or appropriate to be filed by the Company under the laws of the State of Georgia or any other state or jurisdiction in which the Company is doing or intends to do business; (b) any and all amendments or changes to this Operating Agreement and the instruments described in (a), as now or hereafter amended, which the Manager may deem

necessary or appropriate to effect a change or modification of the Company in accordance with the terms of this Operating Agreement, including, without limitation, amendments or changes to reflect (i) the exercise by the Manager of any power granted to it under this Operating Agreement; (ii) any amendments adopted by the Members in accordance with the terms of this Operating Agreement; (iii) the admission of any new Member; and (iv) the disposition by any Member of his or its Membership Interest; (c) all certificates of cancellation and other instruments which the Manager may deem necessary or appropriate to effect the dissolution and termination of the Company pursuant to the terms of this Operating Agreement; and (d) any other instrument which is now or may hereafter be required by law to be filed on behalf of the Company or is deemed necessary or appropriate by the Manager to carry out fully the provisions of this Operating Agreement in accordance with its terms. Each Member authorizes each such attorney-in-fact to take any further action which such attorney-in-fact shall consider necessary or advisable in connection with any of the foregoing, hereby giving each such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite or advisable to be done in connection with the foregoing as fully as such Member might or could do personally, and hereby ratifying and confirming all that any such attorney-in-fact shall lawfully do or cause to be done by virtue thereof or hereof.

14.02 Nature of Special Power. The power of attorney granted pursuant to this Article XIV:

(a) Is a special power of attorney coupled with an interest and is irrevocable;

(b) May be exercised by any such attorney-in-fact by listing the Members executing any agreement, certificate, instrument, or other document with the single signature of any such attorney-in-fact acting as attorney-in-fact for such Members; and

(c) Shall survive the death, disability, legal incapacity, bankruptcy, insolvency, dissolution, or cessation of existence of a Member and shall survive the delivery of an assignment by a Member of the whole or a portion of his or its Membership Interest, except that where the assignment is of such Member's entire Membership Interest and the assignee, with the requisite consent of the Manager and the other Members, is admitted as a substituted Member, the power of attorney shall survive the delivery of such assignment for the sole purpose of enabling any such attorney-in-fact to effect such substitution.

ARTICLE XV
MISCELLANEOUS PROVISIONS

15.01 Application of Georgia Law. This Operating Agreement, and the application of interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Georgia, and specifically the Georgia Act.

15.02 No Partnership Intended for Non-Tax Purposes. The Members have formed the Company under the Georgia Act and expressly disavow any intention to form a partnership under Georgia's Uniform Partnership Act, Georgia's Uniform Limited Partnership Act or the partnership act or laws of any other state. The Members do not intend to be partners one to another or partners as to any third party.

15.03 No Action for Partition. No Member or Economic Interest Holder has any right to maintain any action for partition with respect to the property of the Company.

15.04 Further Assurances. The Members each agree to cooperate, and to execute and deliver in a timely fashion any and all additional documents, designations, powers of attorney and other instruments necessary to effectuate the purposes of the Company and this Operating Agreement or to comply with any applicable laws, rules or regulations.

15.05 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

15.06 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

15.07 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.08 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

15.09 Severability. If any provision of this Operating Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

15.10 Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

15.11 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

15.12 Counterparts. This Operating Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

15.13 Federal Income Tax Elections. All elections required or permitted to be made by the Company under the Code shall be made by the Manager. For all purposes permitted or required by the Code, the Members constitute and appoint J. Bobo, LLC as Tax Matters Member, or if J. Bobo, LLC is no longer a Member, then such other Member as shall be elected by the vote of Members representing a Majority Interest. The provisions on limitations of

liability of the Manager and Members and indemnification set forth in Article IV hereof shall be fully applicable to the Tax Matters Member in her capacity as such. The Tax Matters Member may resign at any time by giving written notice to the Company and each of the other Members. Upon the resignation of the Tax Matters Member, a new Tax Matters Member may be elected by the vote of Members representing a Majority Interest.

15.14 Certification of Non-Foreign Status. In order to comply with §1445 of the Code and the applicable Treasury Regulations thereunder, in the event of the disposition by the Company of a United States real property interest as defined in the Code and Treasury Regulations, each Member shall provide to the Company, an affidavit stating, under penalties of perjury, (i) the Member's address, (ii) the Member's United States taxpayer identification number, and (iii) that the Member is not a foreign person as that term is defined in the Code and Treasury Regulations. Failure by any Member to provide such affidavit by the date of such disposition shall authorize the Members to withhold ten percent (10%) of each such Member's distributive share of the amount realized by the Company on the disposition.

15.15 Notices. Any and all notices, offers, demands or elections required or permitted to be made under this Agreement ("Notices") shall be in writing, signed by the party giving such Notice, and shall be deemed given and effective (i) when hand-delivered (either in person by the party giving such notice, or by its designated agent, or by commercial courier, or (ii) on the third (3rd) business day (which term means a day when the United States Postal Service, or its legal successor ("Postal Service") is making regular deliveries of mail on all of its regularly appointed week-day rounds in Atlanta, Georgia) following the day (as evidenced by proof of mailing) upon which such notice is deposited, postage pre-paid, certified mail, return receipt requested, with the Postal Service, and addressed to the other party at such party's respective address as set forth herein, or at such other address as the other party may hereafter designate by Notice.

15.16 Amendments. Any amendment to this Operating Agreement shall be made in writing and signed by all of the Members in accordance with O.C.G.A. §14-11-308(b)(5).

15.17 Banking. All funds of the Company shall be deposited in its name in an account or accounts as shall be designated from time to time by the Manager. All funds of the Company shall be used solely for the business of the Company. All withdrawals from the Company bank accounts shall be made only upon checks signed by the Manager or by such other person or persons as the Manager may designate from time to time.

15.18 Arbitration. Any dispute, controversy or claim arising out of or in connection with, or relating to, this Operating Agreement or any breach or alleged breach hereof shall, upon the request of any party involved, be submitted to, and settled by, arbitration in the City of Atlanta, State of Georgia, pursuant to the commercial arbitration rules then in effect of the American Arbitration Association (or at any time or at any other place or under any other form of arbitration mutually acceptable to the parties so involved). Any award rendered shall be final and conclusive upon the parties and a judgment thereon may be entered in the highest court of the forum, state or federal, having jurisdiction. The expenses of the arbitration shall be borne equally by the parties to the arbitration, provided that each party shall pay for and bear the cost of its own experts, evidence and counsel's fees, except that in the discretion of the arbitrator, any award may include the cost of a party's counsel if the arbitrator expressly determines that the

party against whom such award is entered has caused the dispute, controversy or claim to be submitted to arbitration as a dilatory tactic.

15.19 Determination of Matters Not Provided For In This Agreement. The Manager shall decide any questions arising with respect to the Company and this Operating Agreement which are not specifically or expressly provided for in this Operating Agreement.

15.20 Time. TIME IS OF THE ESSENCE OF THIS OPERATING AGREEMENT, AND TO ANY PAYMENTS, ALLOCATIONS AND DISTRIBUTIONS SPECIFIED UNDER THIS OPERATING AGREEMENT.

IN WITNESS WHEREOF, the parties have entered into this Operating Agreement as of the day first above set forth.

MEMBERS:

J. BOBO, LLC

By: _____
Jimmy L. Bobo,
Member

D. BOBO, LLC

By: _____
David Bobo,
Member

MANAGER:

J. BOBO, LLC

By: _____
Jimmy L. Bobo,
Member

EXHIBIT "A"

Glossary of Terms

"Adjusted Capital Account Deficit." With respect to any Owner, the deficit balance, if any, in such Owner's Capital Account as of the end of the relevant Allocation Year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which such Owner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"Affiliate." With respect to any Person, (i) in the case of an individual, any relative of such Person, (ii) any officer, director, trustee, partner, member, manager, employee or holder of ten percent (10%) or more of any class of the voting securities of or equity interest in such Person, (iii) any corporation, partnership, limited liability company, limited liability partnership, trust or other Entity controlling, controlled by or under common control with such Person; or (iv) any officer, director, trustee, partner, member, manager, employee or holder of ten percent (10%) or more of the outstanding voting securities of any corporation, partnership, limited liability company, limited liability partnership, trust or other Entity controlling, controlled by or under common control with such Person.

"Allocation Year" means (i) any subsequent twelve (12) month period commencing on January 1 and ending on December 31 or (ii) any portion of the period described in clauses (i) or (ii) for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Article IX hereof.

"Articles of Organization." The Articles of Organization of BALL GROUND RECYCLING, LLC, as filed with the Secretary of State of Georgia, as the same may be amended from time to time.

"Capital Account." A capital account maintained in accordance with the rules contained in Treasury Regulation §1.704-1(b)(2)(iv) as amended from time to time. Subject to the foregoing, an Owner's Capital Account generally shall be:

(i) increased by (A) the amount of money contributed by such Owner to the Company, including Company liabilities assumed by such Owner; (B) the Gross Asset Value of property contributed by such Owner to the Company (net of liabilities secured

by such property that the Company is considered to assume or take subject to under Section 752 of the Code); and (C) allocations to such Owner of Profits (and items thereof) and items of income and gain that are specially allocated to such Owner pursuant to Section 9.03 hereof as set forth in Exhibit "C" attached hereto; and

(ii) decreased by (A) the amount of money distributed to such Owner by the Company, including such Owner's individual liabilities assumed by the Company; (B) the Gross Asset Value of all property distributed to such Owner by the Company (net of liabilities secured by such property that such Owner is considered to assume or take subject to under Section 752 of the Code); and (C) allocations to such Owner of Losses (and items thereof) and items of loss and deduction that are specially allocated to such Owner pursuant to Section 9.03 hereof as set forth in Exhibit "C" attached hereto;

Upon the transfer of an interest in the Company, the transferee shall succeed to the Capital Account of the transferor with respect to the transferred Company interest unless such transfer results in a termination of the Company pursuant to Section 708 of the Code.

"Capital Contribution." Any contribution by an Owner to the capital of the Company, in cash or property, whenever made.

"Code." The Internal Revenue Code of 1986, as amended from time to time.

"Company." BALL GROUND RECYCLING, LLC, a Georgia limited liability company.

"Distributable Cash." All cash and funds received by the Company from Company operations, plus any cash that becomes available from reserves, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders or creditors; (ii) all cash expenditures incurred incident to the normal operation of the Company's business; and (iii) all reserves.

"Economic Interest." A Member's or Economic Interest Holder's share of one or more of the Company's Profits, Losses and rights to distributions of the Company's net assets pursuant to this Operating Agreement and the Georgia Act, but not any right to vote on, consent to or otherwise participate in any decision of the Members.

"Economic Interest Holder." The owner of an Economic Interest who is not a Member.

"Entity." Any general partnership, limited liability partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

"Event of Dissociation." An event defined in Section 13.01(a)(iii).

"Fiscal Year." The Company's fiscal year, which shall be the calendar year.

"Georgia Act." The Georgia Limited Liability Company Act at O.C.G.A. §14-11-100, et seq., and the applicable rules and regulations promulgated thereunder.

"Gross Asset Value." With respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Manager, provided that, if the contributing Member is a Manager, the determination of the fair market value of a contributed asset shall require the consent of all of the Members;

(ii) The Gross Asset Value of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (a) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Company to a Member or Economic Interest Holder of more than a de minimis amount of property as consideration for an interest in the Company; and (c) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members and Economic Interest Holders in the Company;

(iii) The Gross Asset Value of any Company asset distributed to any Member or Economic Interest Holder shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the distributee and the Manager, provided that, if the distributee is a Manager, the determination of the fair market value of the distributed asset shall require the consent of all of the Members; and

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b)(2)(iv)(m) and Section 9.03(d) hereof as set forth in Exhibit "C" attached hereto; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent the Manager determines that an adjustment pursuant to subparagraph (ii) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (ii) or subparagraph (iv) hereof, such Gross Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Initial Capital Contribution." The initial contribution to the capital of the Company made by a Member pursuant to Section 7.01 of this Operating Agreement.

"Majority Interest." Ownership Percentages of Members which, taken together, exceed fifty percent (50%) of the aggregate of all Ownership Percentages of all Members.

"Manager." One or more managers designated pursuant to this Operating Agreement. A Manager need not be a resident of the State of Georgia or a Member of the Company.

"Member." Each Person who executes a counterpart of this Operating Agreement as a Member and each of the parties who may hereafter become Members. If a Person is a Member immediately prior to the purchase or other acquisition by such Person of a Membership Interest and/or Economic Interest, such Person shall have all the rights of a Member with respect to such purchased or otherwise acquired Membership Interest and/or Economic Interest, as the case may be.

"Member Nonrecourse Debt." The same meaning as the term "partner nonrecourse debt" in Section 1.704-2(b)(4) of the Regulations.

"Member Nonrecourse Debt Minimum Gain." An amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Regulations.

"Member Nonrecourse Deductions." The same meaning as the term "partner nonrecourse deductions" in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Regulations.

"Membership Interest." A Member's entire interest in the Company including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Georgia Act. For purposes of the provisions hereof relating to actions taken or to be taken or approval by Members, only Membership Interests shall be taken into account.

"Nonrecourse Deductions." The meaning set forth in Section 1.704-2(b)(1) of the Regulations.

"Nonrecourse Liability." The meaning set forth in Section 1.704-2 of the Regulations.

"Officer." One or more individuals appointed by the Manager. Officers shall have such specified responsibilities or duties as are assigned and delegated to them by the Manager from time to time. The Manager may remove any Officer from office, at any time, with or without cause.

"Operating Agreement." This Operating Agreement as originally executed and as amended from time to time.

"Owner." Either a Member or an Economic Interest Holder. "Owners" means, collectively, all Members and Economic Interest Holders.

"Ownership Percentage." The percentage set forth for each Owner on the attached Exhibit "B". In the event all or any portion of an Economic Interest is transferred by an Owner in accordance with the provisions of this Operating Agreement, the transferee shall succeed to the Ownership Percentage of the transferor to the extent it relates and corresponds to the

transferred Economic Interest. For purposes of the provisions hereof relating to actions taken or approved by Members, including voting, written consents or other approval, only Ownership Percentages held by Members shall be taken into account.

"Person." Any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

"Profits" and "Losses." For each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses in accordance herewith shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as 705(a)(2)(B) expenditures pursuant to Section 1.704-1(b)(2)(iv)(i) of the Regulations, and not otherwise taken into account in computing Profits and Losses in accordance herewith shall be subtracted from such taxable income or loss;

(iii) In the event the book value of any Company asset is adjusted in compliance with Section 1.704-1(b) of the Regulations, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits and Losses;

(iv) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the book value of the property disposed of notwithstanding that the adjusted tax basis of such property differs from its book value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, whenever the book value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of a Fiscal Year, depreciation, amortization or other cost recovery deductions allowable with respect to an asset shall be an amount which bears the same ratio to such beginning book value as the federal income tax depreciation, amortization or other cost recovery deduction for such year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income taxes of an asset at the beginning of a year is zero, depreciation, amortization or other cost recovery deductions shall be determined by reference to the beginning book value of such asset using any reasonable method selected by the Manager; and

(vi) Notwithstanding any other provision of this Operating Agreement, any items which are specially allocated pursuant to Section 9.03 hereof as set forth in Exhibit "C" attached hereto shall not be taken into account in computing Profits and Losses.

"Transfer." As a noun, any voluntary or involuntary transfer, sale, or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, or otherwise dispose of.

"Treasury Regulations" or "Regulations." The Federal Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

EXHIBIT "B"

Initial Capital Contributions and Ownership Percentages of Members

Member	Initial Capital Contributions	Ownership Percentages
J. Bobo, LLC	$100	50%
D. Bobo, LLC	$100	50%

EXHIBIT "C"

Allocations of Profits and Losses

9.01 Profits. After giving effect to the special allocations set forth in Sections 9.03 and 9.04, Profits for any Allocation Year shall be allocated to the Owners in proportion to their Ownership Percentages.

9.02 Losses. After giving effect to the special allocations set forth in Sections 9.03 and 9.04 and subject to Section 9.05, Losses for any Allocation Year shall be allocated to the Owners in proportion to their Ownership Percentages.

9.03 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this Article IX, if there is a net decrease in Company Minimum Gain during any Allocation Year, each Owner shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Owner's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Owner pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 9.03(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i) (4) of the Regulations, notwithstanding any other provision of this Article IX, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Allocation Year, each Owner who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Owner's share of the net decrease in Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Owner pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 9.03(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Owner unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to such Owner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Owner as quickly as possible, provided that an allocation pursuant to this Section 9.03(c) shall be made only if and to the extent that the Owner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 9 have been tentatively made as if this Section 9.03(c) were not in the Operating Agreement.

(d) Gross Income Allocation. In the event any Owner has a deficit Capital Account at the end of any Allocation Year which is in excess of the sum of (i) the amount such Owner is obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Owner shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 9.03(d) shall be made only if and to the extent that such Owner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 9 have been made as if Section 9.03(c) and this Section 9.03(d) were not in the Operating Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Members in proportion to their respective Ownership Percentages.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Owner who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to an Owner in complete liquidation of such Owner's interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Owners in accordance with their interests in the Company in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Owner to whom such distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(h) Allocations Relating to Taxable Issuance of Company Units. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of Membership Interests to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together

with all other allocations under this Operating Agreement to each Member shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

9.04 Curative Allocations. The allocations set forth in Sections 9.03(a), 9.03(b), 9.03(c), 9.03(d), 9.03(e), 9.03(f), 9.03(g) and 9.05 (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 9.04. Therefore, notwithstanding any other provision of this Section 9 (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Owner's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Owner would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 9.01, 9.02, and 9.03(h).

9.05 Loss Limitation. Losses allocated pursuant to Section 9.02 hereof shall not exceed the maximum amount of Losses that can be allocated without causing any Owner to have an Adjusted Capital Account Deficit at the end of any Allocation Year. In the event some but not all of the Owners would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 9.02 hereof, the limitation set forth in this Section 9.05 shall be applied on an Owner by Owner basis and Losses not allocable to any Owner as a result of such limitation shall be allocated to the other Owners in accordance with the positive balances in such Owner's Capital Accounts so as to allocate the maximum permissible Losses to each Owner under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

9.06 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using any permissible method under Code Section 706 and the Regulations thereunder.

(b) The Members are aware of the income tax consequences of the allocations made by this Section 9 and hereby agree to be bound by the provisions of this Section 9 in reporting their shares of Company income and loss for income tax purposes.

(c) Solely for purposes of determining an Owner's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Owners' interests in Company profits are in proportion to their Ownership Percentages.

To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions of Distributable Cash as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Owner.

9.07 Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Owners so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value) using an allocation method selected by the Manager consistent with the Regulations under Section 704(c).

In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Operating Agreement. Allocations pursuant to this Section 9.07 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Owner's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Operating Agreement.

EXHIBIT "C"
TO
CLOSING CERTIFICATE OF THE LESSEE

Certificate of Existence in Georgia

[Attached]

Control No. **07075416**

STATE OF GEORGIA

Secretary of State

Corporations Division
315 West Tower
#2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

CERTIFICATE OF EXISTENCE

I, Karen C Handel, Secretary of State and the Corporations Commissioner of the state of Georgia, hereby certify under the seal of my office that

BALL GROUND RECYCLING, LLC

Domestic Limited Liability Company

was formed or was authorized to transact business on 09/05/2007 in Georgia. Said entity is in compliance with the applicable filing and annual registration provisions of Title 14 of the Official Code of Georgia Annotated and has not filed articles of dissolution, certificate of cancellation or any other similar document with the office of the Secretary of State.

This certificate relates only to the legal existence of the above-named entity as of the date issued. It does not certify whether or not a notice of intent to dissolve, an application for withdrawal, a statement of commencement of winding up or any other similar document has been filed or is pending with the Secretary of State.

This certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence that said entity is in existence or is authorized to transact business in this state.

WITNESS my hand and official seal of the City of Atlanta and the State of Georgia on 4th day of October, 2007

Karen C Handel
Secretary of State

Certification Number: 1670400-1 Reference: 313857
Verify this certificate online at http://corp.sos.state.ga.us/corp/soskb/verify.asp

CLOSING CERTIFICATE OF THE MANAGER

The undersigned Manager of **J. BOBO, LLC** (the "Manager"), a Georgia limited liability company, hereby certifies and warrants as follows:

1. He is the duly elected, qualified, and acting incumbent of his office of the Manager as set forth after his signature hereto and as such is familiar with the books and records of the Manager and is duly authorized to execute and deliver this Certificate on behalf of the Manager.

2. The Manager is a limited liability company duly formed, validly existing, and in good standing under and by virtue of the laws of the State of Georgia, with all requisite power and authority to own, operate, and lease its properties and to carry on its business, and is duly qualified to do business in every jurisdiction in which the property owned, leased, or operated by it or the nature of the business conducted by it makes such qualification necessary.

3. Attached hereto as Exhibits "A," "B," "C," and "D" are true, correct, and complete copies of the Articles of Organization, as amended, of the Manager, the Operating Agreement, as amended, of the Manager, a Certificate of Existence in Georgia, and Consent of the Member and the Manager of the Manager, respectively, as in effect on the date hereof. The Articles of Organization, as amended, Operating Agreement, as amended, and Consent of the Member and the Manager of the Manager are in full force and effect and have not been amended or repealed as of the date of this Certificate.

4. The Manager, in its capacity as the sole manager of Ball Ground Recycling, LLC (the "Lessee"), has duly authorized, executed, and delivered or approved by all necessary action the following documents on behalf of the Lessee (hereinafter collectively referred to as the "Lessee Contracts") pursuant to, and in full compliance with, authority granted by the Manager of the Manager:

Document	Date	Other Party or Parties
Lease Agreement	September 1, 2007	Resource Recovery Development Authority of Cherokee County (the "Issuer")
Continuing Disclosure Agreement	Date Hereof	Bank of New York Trust Company, N.A.
Bond Purchase Agreement	September 18, 2007	The Issuer and Citigroup Global Markets Inc.

5. The Manager has the power and authority to execute the Lessee Contracts on behalf of the Lessee and to perform the obligations required to be performed by the Lessee on behalf of the Lessee under the terms of the Lessee Contracts.

6. The person named below was on the date or dates of the execution of the Lessee Contracts, and is on the date hereof, the duly elected, qualified, and acting Manager of the Manager, and the signature appearing at the right of his name is his genuine signature.

Name	Title	Signature
Jimmy L. Bobo	Manager	

7. As of the date hereof, each of the Lessee Contracts is in full force and effect and each constitutes the valid, binding, and legally enforceable obligation of the Lessee, and the other parties thereto are entitled to the benefits of the same. The Manager has duly authorized, by all necessary action, the execution, delivery, receipt, and due performance of any and all other agreements and documents on behalf of the Lessee that may be required to be executed, delivered, received, or performed by the Lessee in order to carry out, give effect to, and consummate the transactions contemplated by the Lessee Contracts.

8. The Manager is neither in default under nor in violation of (a) its Articles of Organization or Operating Agreement or any indenture, mortgage, security deed, lien, security agreement, agreement, contract, deed, lease, loan agreement, promissory note, assignment, or other instrument or restriction of any kind or character to which the Manager is a party or by which the Manager may be bound or to which the Manager or any of the assets of the Manager may be subject, or (b) any license, judgment, decree, law, statute, order, rule, or regulation of any court or governmental authority having jurisdiction over the Manager or any of the activities or properties of the Manager, which default or violation could have a materially adverse effect on the transactions contemplated by the Lessee Contracts. Neither the execution and delivery of the Lessee Contracts or any other agreements executed in connection with the issuance or sale of the Issuer's Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and the Issuer's Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (collectively the "Bonds"), nor compliance with the terms, conditions, and provisions of any of them will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

9. The Manager is not in default in the payment of the principal of, or interest on, any of the Manager's indebtedness for borrowed money and is not in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been incurred, which defaults could have a materially adverse effect on the transactions contemplated by the Lessee Contracts. No event has occurred and is continuing under the provisions of any such instrument or agreement that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, which event could have a materially adverse effect on the transactions contemplated by the Lessee Contracts.

10. No event has occurred and no condition exists that, upon the issuance of the Bonds, would constitute an Event of Default, as defined in any of the Lessee Contracts, or that, with the lapse of time or the giving of notice, or both, would become such an Event of Default.

11. There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, arbitration board or tribunal, or public board or body pending or, to the best of my knowledge, threatened:

(a) To restrain or enjoin the issuance, sale, execution, or delivery of the Bonds or the payment, collection, or application of payments under any of the Lessee Contracts;

(b) In any way questioning or affecting the validity or enforceability of the Bonds, any provisions of the Lessee Contracts, any proceedings taken with respect to the foregoing, or the authority of the Manager, on behalf of the Lessee, to enter into and perform the Lessee's obligations under the Lessee Contracts;

(c) Questioning the Manager's formation, organization, or existence or the titles to office of any of its officers or looking toward the dissolution or liquidation of the Manager; or

(d) Wherein an unfavorable decision, ruling, or finding would have an adverse effect on the transactions contemplated by the Lessee Contracts or the validity or enforceability of the Lessee Contracts or which would adversely affect the Lessee's ability to comply with the terms of the Lessee Contracts or which, in any way, would affect the validity or enforceability of the Bonds or any agreement or instrument to which the Lessee is a party or by which it is bound and which is used or contemplated for use in connection with the transactions contemplated in connection with the issuance and sale of the Bonds.

12. All necessary consents, approvals, or authorizations of, or declarations, notices, registrations, or filings with, governmental authorities and regulatory bodies required for the execution, delivery, and performance of the Lessee Contracts by the Manager on behalf of the Lessee and the carrying out of the conduct and activities contemplated by the Lessee Contracts have been obtained or made.

13. Any certificate signed by any manager of the Manager (including this Certificate) delivered in connection with the issuance or sale of the Bonds shall be deemed a representation and warranty by the Manager to the parties to whom such certificate was delivered.

GIVEN this 5th day of October 2007.

Manager, J. Bobo, LLC

The undersigned counsel to the Manager, who is not the Manager of the Manager listed in paragraph 6 of the within and foregoing Closing Certificate, hereby certifies that (s)he personally knows such Manager and that the signature of the Manager of the Manager contained in the aforesaid paragraph 6 is genuine, this 5th day of October 2007.

Counsel to J. Bobo, LLC

EXHIBIT "A"
TO
CLOSING CERTIFICATE OF THE MANAGER

Articles of Organization, as amended, of the Manager

[Attached]

Secretary of State
Corporations Division
315 West Tower
#2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

CONTROL NUMBER: 0320591
EFFECTIVE DATE: 04/07/2003
JURISDICTION : GEORGIA
REFERENCE : 0070
PRINT DATE : 04/21/2003
FORM NUMBER : 356

BURR & FORMAN LLP
TULLY HAZELL
600 W. PEACHTREE ST. STE. 1200
ATLANTA, GA 30308

CERTIFICATE OF ORGANIZATION

I, Cathy Cox, the Secretary of State of the State of Georgia, do hereby certify under the seal of my office that

J. BOBO, LLC
A GEORGIA LIMITED LIABILITY COMPANY

has been duly organized under the laws of the State of Georgia on the effective date stated above by the filing of articles of organization in the Office of the Secretary of State and by the paying of fees as provided by Title 14 of the Official Code of Georgia Annotated.

WITNESS my hand and official seal in the City of Atlanta and the State of Georgia on the date set forth above.

Cathy Cox
Secretary of State

CATHY COX
Secretary of State

OFFICE OF SECRETARY OF STATE
CORPORATIONS DIVISION
315 West Tower, #2 Martin Luther King, Jr. Drive
Atlanta, Georgia 30334-1530
(404) 656-2817
Registered agent, officer, entity status information via the Internet
http://www.sos.state.ga.us/corporations

WARREN RARY
Director

QUINTILIS B. ROBINSON
Deputy Director

TRANSMITTAL INFORMATION
GEORGIA LIMITED LIABILITY COMPANY

DO NOT WRITE IN SHADED AREA - SOS USE ONLY

DOCKET # _____ PENDING # P509343 CONTROL # _____

DOCKET CODE _____ DATE FILED _____ AMOUNT RECEIVED _____ CHECK/ RECEIPT # _____

TYPE CODE _____ EXAMINER _____ JURISDICTION (COUNTY) CODE 28

NOTICE TO APPLICANT: PRINT PLAINLY OR TYPE REMAINDER OF THIS FORM

1. 030850118
LLC Name Reservation Number
J. Bobo, LLC
LLC Name

2. Tully Hazell, Esq. 404-815-3000
Applicant/Attorney Telephone Number
Burr & Forman LLP, 600 West Peachtree Street, Suite 1200
Address
Atlanta GA 30308
City State Zip Code

3. 391 Marietta Road
Principal Office Mailing Address
Canton GA 30114
City State Zip Code

4. Jimmy Bobo
Name of Registered Agent in Georgia
391 Marietta Road
Registered Office Street Address in Georgia
Canton Cherokee GA 30114
City County State Zip Code

5. Name and Address of each organizer (Attach additional sheets if necessary)

Organizer	Address	City	State	Zip Code
Jimmy Bobo	391 Marietta Road	Canton	GA	30114

6. Mail or deliver to the Secretary of State, at the above address, the following:
1) This transmittal form
2) Original and one copy of the Articles of Organization
3) Filing fee of $75.00 payable to Secretary of State. Filing fees are NON-refundable.

Tully Hazell
Authorized Signature

4-7-03
Date

Member, Manager, Organizer or Attorney-in-fact (Circle one)

ARTICLES OF ORGANIZATION

OF

J. BOBO, LLC

I. The name of the limited liability company is J. Bobo, LLC.

II. Management of the limited liability company is vested in its Member(s).

IN WITNESS WHEREOF, the undersigned has executed these Articles of Organization, this 7th day of April, 2003.

Tully Hazell

Tully Hazell, Esq., as organizer

Address of Organizer:
One Georgia Center, Suite 1200
600 West Peachtree Street, N.W.
Atlanta, Georgia 30308

SECRETARY OF STATE
2003 APR -7 A 10:17
CORPORATIONS DIVISION

147179

EXHIBIT "B"
TO
CLOSING CERTIFICATE OF THE MANAGER

Operating Agreement, as amended, of the Manager

[Attached]

OPERATING AGREEMENT

OF

J. BOBO, LLC

THIS OPERATING AGREEMENT (the "Agreement") of **J. BOBO, LLC**, a Georgia limited liability company (the "Company"), is made as of the 1st day of July, 2003, by JIMMY L. BOBO, a resident of the state of Georgia (the "Member"), pursuant to the provisions of the Georgia Limited Liability Company Act on the following terms and conditions:

I. The name of the Company is J. BOBO, LLC.

II. The Member is the only member of the Company.

III. The member's interests in the Company and the profits and losses thereof are as follows:

JIMMY L. BOBO 100%

IV. The management of the company shall be vested in JIMMY L. BOBO (the "Manager"). The Manager is authorized to undertake and perform all acts on behalf of the Company. Without limiting the generality of the foregoing, the Manager shall have the power and authority to borrow money, to sell, exchange, lease, transfer and encumber all or any part of the assets, whether real or personal, of the Company, as security for any obligation of the Company or others, to guarantee the obligations of others, to secure any such guarantee and to perform each and every other act and deed of any kind whatsoever, all in the sole and absolute discretion of the Manager. JIMMY L. BOBO shall also have the power to appoint from time to time such other officers of the Company as it shall deem necessary or appropriate and to delegate to and vest in such officers such rights, powers and responsibilities as it shall deem necessary, appropriate or desirable from time to time, including the right to exercise such management powers as are otherwise reserved to the Manager pursuant to the provisions of this paragraph.

V. The initial registered agent and registered office of the company is Bill McKenzie at 600 West Peachtree Street, Suite 1200, Atlanta, Georgia 30308. The Company's principal office and place of business is 391 Marietta Road, Canton, Georgia 30144.

VI. This Agreement shall be effective immediately.

IN WITNESS WHEREOF the sole member of the company has entered into and executed this Agreement under seal on the date first above written.

MANAGER & MEMBER

JIMMY L. BOBO

EXHIBIT "C"
TO
CLOSING CERTIFICATE OF THE MANAGER

Certificate of Existence in Georgia

[Attached]

Control No. **0320591**

STATE OF GEORGIA

Secretary of State

Corporations Division
315 West Tower
#2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

CERTIFICATE OF EXISTENCE

I, Karen C Handel, Secretary of State and the Corporations Commissioner of the state of Georgia, hereby certify under the seal of my office that

J. BOBO, LLC

Domestic Limited Liability Company

was formed or was authorized to transact business on 04/07/2003 in Georgia. Said entity is in compliance with the applicable filing and annual registration provisions of Title 14 of the Official Code of Georgia Annotated and has not filed articles of dissolution, certificate of cancellation or any other similar document with the office of the Secretary of State.

This certificate relates only to the legal existence of the above-named entity as of the date issued. It does not certify whether or not a notice of intent to dissolve, an application for withdrawal, a statement of commencement of winding up or any other similar document has been filed or is pending with the Secretary of State.

This certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence that said entity is in existence or is authorized to transact business in this state.

WITNESS my hand and official seal of the City of Atlanta and the State of Georgia on 4th day of October, 2007

Karen C Handel
Secretary of State

Certification Number: 1670402-1 Reference: 313857
Verify this certificate online at http://corp.sos.state.ga.us/corp/soskb/verify.asp

Control No. **0320591**

STATE OF GEORGIA

Secretary of State

Corporations Division
315 West Tower
#2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

Certified Copy

I, Karen C Handel, Secretary of the State of Georgia, do hereby certify under the seal of my office that the attached documents are true and correct copies of documents filed under the name of

J. BOBO, LLC

Domestic Limited Liability Company

Said entity was formed in the jurisdiction set forth above and has filed in the Office of Secretary of State on the 7th day of April, 2003 its certificate of limited partnership, articles of incorporation, articles of association, articles of organization or application for certificate of authority to transact business in Georgia. This Certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence of the existence or nonexistence of the facts stated herein.

WITNESS my hand and official seal of the City of Atlanta and the State of Georgia on 4th day of October, 2007

Karen C Handel
Secretary of State

Certification Number: 1670403-1 Reference: 313857
Verify this certificate online at http://corp.sos.state.ga.us/corp/soskb/verify.asp

EXHIBIT "D"
TO
CLOSING CERTIFICATE OF THE MANAGER

Consent of the Member and the Manager

[Attached]

CONSENT OF SOLE MEMBER AND MANAGER OF J. BOBO, LLC

The sole member and manager of J. Bobo, LLC (the "Manager"), as the sole manager of Ball Ground Recycling, LLC (the "Lessee"), does hereby:

DECLARE: That he has received and reviewed substantially final forms of the contracts, documents, and instruments described below.

CONSENT: That the Manager is authorized to perform any and all obligations of the Lessee on behalf of the Lessee in connection with leasing a solid waste disposal and recycling facility from the Resource Recovery Development Authority of Cherokee County, and is authorized to execute, deliver, and perform its obligations under the Lease Agreement, to be dated as of September 1, 2007, with the Resource Recovery Development Authority of Cherokee County (the "Issuer"), the Continuing Disclosure Agreement, to be dated the date hereof, with the Issuer, and the Bond Purchase Agreement, dated September 18, 2007, with the Issuer and Citigroup Global Markets Inc. (the "Underwriter").

CONSENT: That the Manager does hereby approve on behalf of the Lessee the terms of the Trust Indenture and Security Agreement, to be dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., and the Preliminary Official Statement and the Official Statement relating to $13,205,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and $4,940,000 in original aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds") and does hereby authorize the Underwriter to use the Preliminary Official Statement and the Official Statement in marketing the Bonds.

CONSENT: That the sole Manager of the Manager, including without limitation Jimmy L. Bobo, be and hereby is authorized and empowered to exercise all powers and authority on behalf of the Manager, acting alone, in order to perform all of the obligations and liabilities of the Lessee incurred in connection with the transactions contemplated by the documents hereinbefore authorized. The Manager is hereby authorized to make, execute, and deliver for and on behalf of the Lessee such contracts, options, loan applications, loan commitments, loan agreements, development agreements, leases, deeds, notes, assignments, mortgages, security deeds, security agreements, obligations, guarantees, bonds,

partnership agreements, certificates, affidavits, and all other documents and such amendments thereto as the Manager in its sole discretion may deem appropriate or advisable for the Lessee.

CONSENT: That the execution and delivery of any document, writing, agreement, or other instrument or the taking of any other action in connection with any of the foregoing by the Manager of the Manager be and the same is hereby ratified as the act and deed of the Lessee.

GIVEN this 5th day of October 2007.

JIMMY L. BOBO, the sole member and manager of J. BOBO, LLC

CERTIFICATE RESPONSIVE TO BOND PURCHASE AGREEMENT

I, **JIMMY L. BOBO,** Manager of J. Bobo, LLC, the sole manager of Ball Ground Recycling, LLC (the "Lessee"), acting for the Lessee, **DO HEREBY CERTIFY** that:

1. Capitalized terms used herein have the meanings assigned to them in the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 2007, among the Resource Recovery Development Authority of Cherokee County, the Lessee, and Citigroup Global Markets Inc.

2. Since the date of the Bond Purchase Agreement there has not been any material adverse change in the business, properties, financial position, or results of operations of the Lessee, whether or not arising from transactions in the ordinary course of business, other than as previously disclosed in writing to the Underwriter and as disclosed in the Official Statement.

3. There is no action, suit, proceeding, or, to the best of my knowledge after making due inquiry with respect thereto, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to my knowledge after making due inquiry with respect thereto, threatened against or affecting the Lessee or its property or, to my knowledge after making due inquiry with respect thereto, any basis therefor, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated by the Bond Purchase Agreement or by the Official Statement or the validity or enforceability of the Bonds or the Lessee Contracts, which have not been previously disclosed in writing to the Underwriter and which is not disclosed in the Official Statement.

4. To the best of my knowledge, after making due inquiry with respect thereto, all information furnished to the Underwriter for use in connection with the marketing of the Bonds and the information contained in the Preliminary Official Statement and the Official Statement pertaining to the Lessee and the Project were, as of the respective dates thereof and are as of the Closing Date, true in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5. The Lessee has duly authorized, by all necessary action, the execution, delivery, receipt, and due performance of the Lessee Contracts and any and all such other agreements as may be required to be executed, delivered, received, and performed by the Lessee to carry out, give effect to, and consummate the transactions contemplated by the Bond Purchase Agreement and the Official Statement.

6. The Lessee has duly performed or complied with all of its obligations and conditions to be performed and satisfied under the Bond Purchase Agreement at or prior to the Closing Date.

7. The representations contained in the Bond Purchase Agreement have not been amended, modified, or rescinded and are in full force and effect, and the information and representations and warranties contained in the Bond Purchase Agreement are true and correct, as of the Closing Date.

8. The execution, delivery, receipt, and due performance of the Lessee Contracts and the other agreements contemplated by the Bond Purchase Agreement and by the Official Statement under the circumstances contemplated thereby and the Lessee's compliance with the provisions thereof will not conflict with or violate or constitute on the Lessee's part a breach of or a default under any Legal Requirement or Contractual Requirement to which the Lessee is a party or by which it or its property may be subject or bound.

Witness my signature, this the 5th day of October 2007.

BALL GROUND RECYCLING, LLC

BY: J. BOBO, LLC, its sole manager

By:_____
Manager

RULE 15c2-12 CERTIFICATE

The undersigned, as of the date hereof, hereby jointly "deem final" (within the meaning of Securities Exchange Act Rule 15c2-12 ("Rule 15c2-12")) the Preliminary Official Statement, dated September 12, 2007 (the "Preliminary Official Statement"), relating to the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Bonds"), except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12. The information contained in the Preliminary Official Statement relating to the undersigned is complete, accurate, true, and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary in order to make the statements therein made, in light of the circumstances under which they were made, not misleading. The undersigned hereby authorize the use and distribution of the Preliminary Official Statement by Citigroup Global Markets Inc. (the "Underwriter") in connection with the offering of the Bonds. The undersigned will deliver, or cause to be delivered, to the Underwriter copies of the Preliminary Official Statement in sufficient quantity to comply with paragraph (b)(2) of Rule 15c2-12.

Dated as of September 12, 2007.

BALL GROUND RECYCLING, LLC

BY: J. BOBO, LLC, as sole Manager

By:_____
Manager

Acknowledged as of September 12, 2007.

CITIGROUP GLOBAL MARKETS INC.

By:_____
Authorized Officer

$13,205,000
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY
SOLID WASTE DISPOSAL REVENUE BONDS
(BALL GROUND RECYCLING, LLC PROJECT),
SERIES 2007A

TAX CERTIFICATE

Certain terms that are used herein are defined or used in the Internal Revenue Code of 1986, as amended (the "Code"), or in the Treasury Regulations issued thereunder. These terms have been marked with an asterisk.

I, Jimmy L. Bobo, hereby certify that I am the duly elected, qualified, and acting Manager of J. Bobo, LLC, the sole manager of Ball Ground Recycling, LLC (the "Lessee"), a Georgia limited liability company, and that I have the authority necessary to execute this Certificate on behalf of the Lessee, and I hereby certify for and on behalf of the Lessee that:

1. In General

1.1. I have read the Certificate as to Arbitrage Matters of even date herewith executed on behalf of the Resource Recovery Development Authority of Cherokee County (the "Issuer"), by the Vice Chairman of the Issuer, and the facts recited in such Certificate (except those facts that are solely within the knowledge of the Issuer or its officers, as to which I make no certifications) are true and correct as of the date of this Certificate.

1.2. I am familiar with the revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A," in the authorized face amount of $13,205,000 (the "Bonds"), being issued and sold by the Issuer pursuant to and in accordance with a Series 2007 Bond Resolution adopted on July 3, 2007 by the Board of Directors of the Issuer, as supplemented by a Supplemental Series 2007 Bond Resolution adopted on September 18, 2007 by the Board of Directors of the Issuer, to finance a portion of the costs of the acquisition, construction, and installation (the "Acquisition Costs") of a solid waste disposal and recycling facility located in Cherokee County, Georgia (the "Project").

1.3. I, either alone or with others, am responsible for the Lessee's participation in the issuance and sale of the Bonds and in the acquisition, construction, and installation of the Project.

1.4. The Bonds are being issued pursuant to and in accordance with the terms of a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), and the proceeds of the Bonds are to be made available to pay the costs, in whole or in part, of the Project pursuant to and in accordance with the terms and provisions of the Lease Agreement (the "Lease"), dated as of September 1, 2007, between the Issuer and the Lessee. The Issuer will lease the Project to the Lessee pursuant to the Lease.

2. Acquisition Costs and Sources of Funds

2.1. The Acquisition Costs are estimated to be $18,461,801.69 and are comprised of the items listed on Schedule A (Part I) attached hereto and made a part hereof.

2.2. The sources of funds for the payment of the Acquisition Costs and the amount to be received from each source are set forth on Schedule A (Part II) attached hereto and made a part hereof.

3. Overissuance Test

3.1. "Net Proceeds," for purposes of this Section 3 only, means the sum of: (a) the authorized face amount of the Bonds, plus (b) estimated investment earnings, minus (c) the original issue discount on the Bonds.

3.2. Net Proceeds are:

1.	face amount of Bonds	$13,205,000.00
	plus	
2.	estimated investment earnings	+365,191.86
	minus	
3.	original issue discount	(278,331.70)
	Total Net Proceeds	$13,291,860.16

3.3. Net Proceeds will not exceed by more than $100,000 the amount necessary for the purposes of the Bonds as described in paragraph 2.1 hereof, i.e., the Acquisition Costs.

4. Disbursement of Funds and Schedule of Expenditures

4.1. The authorized face amount of the Bonds ($13,205,000) minus original issue discount ($278,331.70) plus estimated investment earnings ($365,191.86) (Total Bond Proceeds being $13,291,860.16) is expected to be needed and fully expended for the Acquisition Costs of the Project and is expected to be fully expended as follows:

1. no more than $258,533.37 will be expended for the payment of "issuance costs" anticipated to be incurred in connection with the issuance of the Bonds, e.g., attorneys' fees, financing fees, underwriter's fees, and printing costs;

2. $444,000.39 will be deposited in the reserve fund described in paragraph 6.4 below;

3. $1,218,836.21 will be deposited in the Project Fund and used to pay funded interest on the Bonds;

4. $58,124.73 w ill be applied to pay bond insurance premium for the Bonds; and

5. the remaining $11,312,365.46 will also be deposited in the Project Fund and expended for the payment of the other Acquisition Costs.

4.2. The proceeds of the Bonds described in clause (4) above will be deposited into a Project Fund created under the Indenture (the "Project Fund"), to be held by the Trustee and disbursed to the Lessee as needed to pay for the Acquisition Costs. The amounts on deposit from time to time in the Project Fund will be invested, and a total of $365,191.86 of investment earnings is estimated to be derived from investments in the Project Fund, which estimate is based, in part, on the estimated Schedule of Expenditures for the Project, as set forth on Schedule B attached hereto and made a part hereof. The Schedule of Expenditures is subject to continuing review and adjustment.

5. Temporary Acquisition Period

5.1. The Lessee has entered into, or will enter into within six months after the date of issue of the Bonds, a contract or contracts or binding obligations with or to a third party (which are not subject to contingencies within the Lessee's or a related party's control) to expend an amount equal to, at a minimum, five percent of the "net sale proceeds"* of the Bonds on the Project.

5.2. The acquisition, construction, and installation of the Project and the allocation of the "net sales proceeds"* of the Bonds to expenditures will commence and will proceed with due diligence to completion.

5.3. It is estimated that the acquisition, construction, and installation of the Project will be completed and that the Project will be ready for occupancy and use by October 1, 2010. At least 85 percent of the "net sale proceeds"* of the Bonds are expected to be allocated to expenditures for the Project by October 1, 2010.

5.4. It is estimated that $12,166,009.81 originally deposited in the Project Fund under the Indenture, together with investment earnings on invested Bond proceeds during the acquisition, construction, and installation period of $365,191.86, will be fully expended for the costs of the acquisition, construction, and installation of the Project and interest on the Bonds. Any money remaining in the Project Fund after payment in full of such costs shall be applied to the purchase or redemption of the Bonds at the earliest practicable date. No money in the Project Fund after three years from the date of issue of the Bonds will be invested at a "yield"* that is higher than the "yield"* on the Bonds.

6. Funds and Accounts

6.1. Other than the Bond Fund and the Debt Service Reserve Fund created under the Indenture, no "sinking fund"* (within the meaning of Treasury Regulation § 1.148-1(c)(2)), debt service fund, redemption fund, reserve fund, replacement fund, or any similar fund or account has been or will be created or established from which the principal of or interest on the Bonds will be paid. All payments of principal of and interest on the Bonds will be paid in advance to the Trustee and deposited in the Bond Fund.

6.2. The Lease provides that any insurance proceeds or condemnation proceeds paid with respect to the Project will be used promptly to replace or restore the Project.

6.3. The Bond Fund is intended to be used primarily to achieve a proper matching of revenues and debt service within each bond year and is a "bona fide debt service fund"* within the meaning of Treasury Regulation § 1.148-1(b). Any money deposited in the Bond Fund will be spent within a twelve-month period beginning on the date of deposit (and any amount received from investment of money held in the Bond Fund will be spent within a one-year period beginning on the date of receipt), except for a reasonable carryover amount (not to exceed the greater of the earnings on the Bond Fund for the immediately preceding bond year or one-twelfth of the debt service on the Bonds for the immediately preceding bond year).

6.4. A reserve fund (the "Debt Service Reserve Fund") will be established under the Indenture and will be funded in an amount of $444,000.39 from the proceeds of the sale of the Bonds, which amount is not in excess of 10 percent of the stated principal amount of the Bonds. The balance of the Debt Service Reserve Fund is required under the Indenture to be maintained at an amount equal to 50% of the maximum annual debt service on the Bonds for any bond year. Citigroup Global Markets Inc. (the "Underwriter") has represented that the funding of the Debt Service Reserve Fund in an amount not less than 50% of the maximum annual principal of and interest on the Bonds payable in any bond year is within the range of amounts generally customary in the industry for similar financings and is a vital factor in order to allow the Underwriter to successfully market the Bonds at an interest rate comparable to that of other bond issues of a similar type. Amounts in the Debt Service Reserve Fund are not anticipated to exceed the least of (i) 10 percent of the stated principal amount of the Bonds, (ii) the maximum annual principal and interest requirements on the Bonds, or (iii) 125 percent of the average annual principal and interest requirements on the Bonds.

7. Pledged and Replacement Funds

7.1. No "investment property,"* as defined in Section 148(b)(2) of the Code, will be pledged as security for the payment of the principal of, premium, if any, or the interest on the Bonds, except for investment securities on deposit in the Bond Fund, the Debt Service Reserve Fund, and the Project Fund.

7.2. None of the proceeds of the Bonds is expected to be used directly or indirectly to replace funds that were or are to be used directly or indirectly to acquire "investment property"* (other than a tax-exempt bond) which is expected to produce a "yield"* that is "materially higher"* than the "yield"* produced by the Bonds.

8. Rebate to the United States

8.1. The Lessee has covenanted in the Lease to comply in all respects with Section 148 of the Code, particularly Section 148(f) thereof, including making the necessary calculations and payments, if any, to the United States with respect to the rebate requirement.

9. Composite Issues

9.1. There are no other obligations heretofore issued or to be issued by or on behalf of any state, territory, or possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia that constitute "private activity bonds"* within the meaning of Section 141(a) of the Code and that:

1. are to be sold at substantially the same time (within 15 days) as the Bonds;

2. are to be sold pursuant to the same plan of financing together with the Bonds; and

3. are reasonably expected to be paid from substantially the same source of funds, determined without regard to guarantees from unrelated parties, as the Bonds.

10. "95%" and Cost of Issuance Tests

10.1. At least 95% of the "net proceeds"* of the Bonds will be used to provide "solid waste disposal facilities."* No portion of the Project will be owned by any person or entity other than the Lessee.

10.2 Not more than a de minimis amount of the functions to be performed at any office financed by the Bonds will not be directly related to the day-to-day operations at the Project.

10.3. The "issuance costs"* of the Bonds financed with proceeds of the Bonds will not exceed 2% of the proceeds of the Bonds.

11. Solid Waste Disposal Facilities

11.1 The Project constitutes one part of a larger undertaking (the "Undertaking") the other part of which (the "Taxable Project") is being financed by the proceeds of the $4,990,000 Solid Waste Disposable Taxable Revenue Bonds, Series 2007B.

11.2 At least 95 percent ($12,150,250) of the net proceeds* of the Bonds (*i.e.,* for this purpose, net proceeds reduced by the amount thereof allocated to pay the insurance premium for the Bonds) will be used to provide the Project.

11.3 The Project consists in its entirety of land (including interests therein), buildings or other improvements thereon, equipment (including vehicles), and related instrumentation, the cost of which is capitalized by Lessee for federal income tax purposes (or would be so capitalized with or but for a proper election).

11.4 The Project will consist exclusively of a) solid waste disposal facilities, which are facilities used exclusively for the collection, storage, treatment, utilization, processing or final disposal of land debris ("Land Debris") which constitutes a solid waste, and b) facilities functionally related and subordinate thereto.

11.5 The Land Debris constitute rock and soil aggregates and waste wood, building construction by-products, all of which have been discarded in the real estate development process, which are discarded solid materials derived from industrial, commercial and agricultural activities and from community activities.

11.6 The Land Debris will be collected by Lessee at the various sites where it may be found or will accept the delivery of Land Debris at the Project site in exchange for payment to Lessee of a disposal or tipping fee. Lessee will not pay any amount for such materials or pay others (except Lessee's employees) any amount in respect of the cost of transporting Land Debris to the Project site. The Land Debris and any other solid waste that is recycled at the Project constitute property which is useless, unused, unwanted or discarded sold material which, as of the date hereof, has no market or other value at place where it is located.

11.7 The Project disposes of the Land Debris by reconstituting, converting or otherwise recycling (the "Recycling Process") the Land Debris into colored mulch and reconstituted soil (the "Finished Products"), which Finished Products are expected to be sold to third parties.

11.8 Neither the Land Debris nor any processed materials derived therefrom except for the Finished Products, have any fair market value or are otherwise saleable in their current form at the place where they are located or in the surrounding vicinity.

11.9 Except as hereinafter noted, no materials other than Land Debris will be processed at, or otherwise introduced into the Recycling Process. The only exceptions are dye (to color the mulch) and various chemicals to adjust the acidity alkalinity of the processed materials, and the aggregate weight or volume of such materials in relation to that of the Land Debris will be deminimis. Therefore, at least sixty-five percent, by weight or volume, of the total materials introduced into the recycling process will constitute Land Debris or other solid wastes and will not include materials that have been purchased or that otherwise have a fair market value.

11.10 The Project does not encompass the equipment, buildings, land or other facilities for the handling, packaging, storage, or shipping of any Finished Products.

11.11 The Project is not expected to be completed and placed in service prior to October 1, 2009, and the amount of interest expense which has been capitalized with respect to the Bonds (and is to be paid from amounts deposited in the Project Fund, including earnings thereon) does not exceed the amount of interest accruing on the Bonds prior to October 1, 2009.

11.12 Any land, land improvements, buildings, equipment, or other property that does not, in itself, perform one or more of the functions described in 11.4(a) above but instead is functionally related and subordinate to property that does perform one or more of such functions is of a size commensurate with the character and size of the sold waste disposal facilities described in 11.4(a), above.

12. Land

12.1. As set forth in Schedule A (Part I) attached hereto, an amount equal to no more than 25% of the "net proceeds"* of the Bonds will be used (directly or indirectly) for the acquisition of land (or an interest therein).

13. Administrative and Other Fees

13.1. On the date of this Certificate, the Lessee will pay to the Issuer an amount equal to $-0- as a financing fee. It is not expected that the "yield"* on the "acquired purpose obligation"* (i.e., the Lease), computed without regard to the fee charged by the Issuer, will exceed the "yield"* on the Bonds by any amount. The Issuer will not receive any other fee (except as stated above) in connection with the "acquired purpose obligation."* The amount of the Issuer's fee is not expected to cause the differential between the "yield"* on the Bonds and the "yield"* on the "acquired purpose obligation"* to exceed one-eighth of one percent.

14. Acquisition of Existing Property

14.1. No portion of the "net proceeds"* of the Bonds is to be used for the acquisition of any property (or any interest therein) unless the first use of such property is pursuant to such acquisition.

15. Prohibited Uses

15.1. No portion of the proceeds of the Bonds will be used to provide any of the following: any airplane, skybox (or other private luxury box), health club facility, facility primarily used for gambling, or store whose principal business is the sale of alcoholic beverages for consumption off premises.

15.2. The facilities and property described in paragraph 15.1 above shall have the meanings ascribed thereto by Section 147(e) of the Code.

16. Limitation on Maturity

16.1. The term of the Bonds is 29.75 years. The final stated maturity of the Bonds is July 1, 2037.

16.2. The average maturity of the Bonds (determined by taking into account the "issue price"* of the Bonds) is 23.211 years, as shown on Exhibit I hereto. The average maturity of the Bonds is a weighted average computation determined as follows:

1. each principal installment is multiplied by the number of payment periods (e.g., quarterly) that such principal installment is outstanding;

2. the products obtained as a result of each multiplication described in paragraph (a) above are added together;

3. the sum obtained in paragraph (b) above is divided by the "issue price"* and this number is then divided by the number of payment periods per year.

16.3. The average "reasonably expected economic life"* of the Project financed with the "net proceeds"* of the Bonds is at least 26.15 years, as computed on Exhibit II hereto. A list of the assets comprising the Project financed with the "net proceeds"* of the Bonds and their "reasonably expected economic lives"* is shown on Exhibit II.

16.4. The average maturity of the Bonds will not exceed 120 percent of the average "reasonably expected economic life"* of the portion of the Project (including any facilities substituted at any time for facilities acquired initially with the "net proceeds"* of the Bonds) financed with the "net proceeds"* of the Bonds, as determined by taking into account the respective costs of such portion of the Project, as such terms are described in Section 147(b) of the Code.

17. Public Approval and Official Action

17.1. The Bonds are being issued within one year from October 4, 2007, the effective date of the Public Approval by the Chairman of the Board of Commissioners of Cherokee County.

17.2. There will be a valid reimbursement allocation under Treasury Regulation Section 1.150-2 with respect to expenditures that are incurred before the "issue date"* of the Bonds to provide the Project and that are to be paid with the proceeds of the Bonds.

17.3. An "official intent"* for the Project was adopted on November 28, 2006, which date was within 60 days after the date on which the acquisition or construction of the Project commenced.

18. Section 149 Matters

18.1. The Bonds are not and will not be "federally guaranteed."*

18.2. The Lessee reasonably expects that at least 85 percent of the spendable proceeds of the Bonds will be used to carry out the governmental purposes of the Bonds within the 3-year period beginning on the date of this Certificate. Not more than 50 percent of the proceeds of the Bonds will be invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more.

19. Reimbursement Matters

19.1. None of the proceeds of the Bonds will be allocated to reimburse the Lessee for any expenditures that were originally paid before the issue date of the Bonds from another source, except for (1) $0, which the Lessee hereby allocates to reimburse itself for expenditures (the "Preliminary Expenditures") paid to purchase the items described in Part 1 of Exhibit III, and (2) $6,248,581, which the Lessee hereby allocates to reimburse itself for expenditures (the "Reimbursement Expenditures") paid to purchase the items described in Part 2 of Exhibit III. The Preliminary Expenditures do not exceed 20 percent of the "issue price"* of the Bonds and

consist of architectural, engineering, surveying, soil testing, issuance, and similar costs that were incurred prior to commencement of the acquisition and construction of the Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction. The Reimbursement Expenditures were paid not earlier than 60 days before the adoption by the Issuer of its Inducement Resolution on November 28, 2006. This reimbursement allocation is made not later than 18 months after the later of (a) the date the Reimbursement Expenditures were paid or (b) the date the Project is placed in service or abandoned, but in no event more than three years after the Reimbursement Expenditures were paid.

20. Miscellaneous

20.1. The Project is not expected to be sold or otherwise disposed of, in whole or in part, prior to the last maturity of the Bonds. The Lessee does not expect to sell or trade in any property as a result of the acquisition of the Project.

20.2. The funded interest to be financed by the Bonds does not extend beyond the period commencing on the issue date of the Bonds and ending on the date that is the later of three years from the issue date or one year after the date on which the Project is placed in service. The "working capital expenditures"* to be financed by the Bonds do not exceed 5 percent of the sale proceeds of the Bonds and are directly related to "capital expenditures"* financed by the Bonds.

20.3. The general contractor for the construction of the Project will be a "related person"* to the Lessee. All amounts to be paid to the general contractor from the proceeds of the Bonds will be for work actually undertaken or services actually performed with respect to the acquisition, construction, or installation of the Project. Such amounts will not exceed charges that are reasonable and customary in similar contracts negotiated between unrelated parties on an arms-length basis. No proceeds of the Bonds will be used to pay the general contractor or any "related person"* a profit.

20.4. The Bonds are not being issued sooner nor will remain outstanding longer than is reasonably necessary for the acquisition of the Project.

20.5. It is not anticipated that the Bonds will be held for any period by the Lessee or by any "related person"* to the Lessee, or by any other "substantial user"* or "related person."* For purposes of this paragraph, a partnership and each of its partners (and their spouses and minor children) and an S corporation and each of its shareholders (and their spouses and minor children) shall be treated as related persons.

20.6. The Bonds have received an allocation of the Georgia private activity bond ceiling as required by Section 146 of the Code, which allocation is still in effect as of the date hereof.

20.7. I have read the Internal Revenue Service Form 8038 to be filed by the Issuer with the Internal Revenue Service, and the information provided in such form (except such information that is solely within the knowledge of the Issuer or its officers, as to which I make no certifications) is true and correct as of the date of this Certificate.

20.7. I have read the Internal Revenue Service Form 8038 to be filed by the Issuer with the Internal Revenue Service, and the information provided in such form (except such information that is solely within the knowledge of the Issuer or its officers, as to which I make no certifications) is true and correct as of the date of this Certificate.

20.8. On the basis of the foregoing and to the best of my knowledge, it is hereby certified that the proceeds of the Bonds will be used in a manner that would cause interest on the Bonds to qualify for tax exemption under Section 142(a)(6) of the Code.

20.9. To the best of my knowledge, information, and belief, there are no other facts, estimates, or circumstances that would materially change any of the foregoing certifications. The representations contained in this Certificate are made for the benefit of the Issuer, the Trustee (and any purchaser of the Bonds), Bond Counsel, and others and may be relied upon by the Issuer, the Trustee (and any purchaser of the Bonds), Bond Counsel, and others in determining whether or not the Bonds constitute "arbitrage bonds"* within the meaning of Section 148 of the Code and whether or not the interest on the Bonds is subject to income taxation by the United States or the State of Georgia under existing statutes, regulations, and decisions.

WITNESS my manual signature as the Manager of the sole manager of the Lessee, this 5th day of October 2007, being the date of issuance and delivery of the Bonds in exchange for the proceeds thereof.

BALL GROUND RECYCLING, LLC

BY: J. BOBO, LLC, its sole manager

By:_____
Manager

Attachments:

Schedule A	-	Acquisition Costs and Sources of Funds
Schedule B	-	Schedule of Expenditures
Exhibit I	-	Average Maturity of the Bonds
Exhibit II	-	Evidence of Economic Life
Exhibit III	-	Schedule of Preliminary Expenditures and Reimbursement Expenditures

SCHEDULE A

SUMMARY OF ACQUISITION COSTS AND SOURCES OF FUNDS

Part I

Acquisition Costs

		Cost	Amount to be Financed[1]
A.	Acquisition of Site	3,803,932.00	2,830,000.00
B.	Site Development	3,266,826.00	2,826,174.00
C.	Site Development - Special	85,000.00	45,000.00
D.	Buildings	1,700,000.00	1,000,000.00
E.	Architect, Engineering, Project Management, and other Project Fees	1,669,099.00	1,075,337.00
F.	Immovable Equipment	3,482,410.70	2,424,260.34
G.	Movable Equipment	1,596,786.93	1,111,594.12
H.	Funded Interest	1,764,815.98	1,218,836.21
I.	Debt Service Reserve Fund	610,101.25	444,000.39
J.	Costs of Issuance	496,687.50	258,533.37
K.	Bond Insurance Premium	71,682.33	58,124.73
	Total	18,461,801.69	13,291,860.16

Part II

Sources of Funds

		Amount
A.	Bonds	$12,926,668.30
B.	Investment Earnings	365,191.86
C.	Taxable Bonds and Investment Earnings Thereon	5,169,941.53
	Total	$18,461,801.69

[1] Includes Bond Proceeds and Investment Proceeds earned from the investment of Bond Proceeds.

SCHEDULE B

SCHEDULE OF PROJECT FUND EXPENDITURES*

DATE	ITEM	AMOUNT*
10/5/07	Land acquisition cost; equipment and land improvement cost	$6,248,581
1/1/08	Building and equipment acquisition and land improvement costs	233,590
2/1/08	Building and equipment acquisition and land improvement costs	233,590
3/1/08	Building and equipment acquisition and land improvement costs	233,590
4/1/08	Building and equipment acquisition and land improvement costs	233,590
5/1/08	Building and equipment acquisition and land improvement costs	233,590
6/1/08	Building and equipment acquisition and land improvement costs	233,590
7/1/08	Building and equipment acquisition and land improvement costs	233,590
8/1/08	Building and equipment acquisition and land improvement costs	233,590
9/1/08	Building and equipment acquisition and land improvement costs	233,590
10/1/08	Building and equipment acquisition and land improvement costs	233,590
11/1/08	Building and equipment acquisition and land improvement costs	233,590
12/1/08	Building and equipment acquisition and land improvement costs	233,590
1/1/09	Building and equipment acquisition and land improvement costs	233,590
2/1/09	Building and equipment acquisition and land improvement costs	233,590
3/1/09	Building and equipment acquisition and land improvement costs	233,590
4/1/09	Building and equipment acquisition and land improvement costs	233,590
5/1/09	Building and equipment acquisition and land improvement costs	233,590
6/1/09	Building and equipment acquisition and land improvement costs	233,590
7/1/09	Building and equipment acquisition and land improvement costs	233,590
8/1/09	Building and equipment acquisition and land improvement costs	233,590
9/1/09	Building and equipment acquisition and land improvement costs	233,590
10/1/09	Building and equipment acquisition and land improvement costs	233,590
11/1/09	Building and equipment acquisition and land improvement costs	233,634
		$11,621,195

*Excludes draws for funded interest.

EXHIBIT I

AVERAGE MATURITY OF THE BONDS

[Attached]

BOND SUMMARY STATISTICS

Cherokee County Resource Recovery Development Authority (GA)
Revenue Bonds, Series 2007 A (AMT)
(Cherokee Recycling LCC Project)
FINAL NUMBERS
September 18, 2007

Dated Date	10/05/2007
Delivery Date	10/05/2007
Last Maturity	07/01/2037
Arbitrage Yield	5.050004%
True Interest Cost (TIC)	5.107202%
Net Interest Cost (NIC)	4.994552%
All-In TIC	5.200651%
Average Coupon	4.871431%
Average Life (years)	23.211
Duration of Issue (years)	13.767
Par Amount	13,205,000.00
Bond Proceeds	12,926,668.30
Total Interest	14,931,034.96
Net Interest	15,308,404.16
Total Debt Service	28,136,034.96
Maximum Annual Debt Service	1,219,875.00
Average Annual Debt Service	946,102.43
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	7.500000
Total Underwriter's Discount	7.500000
Bid Price	97.142225

Bond Component	Par Value	Price	Average Coupon	Average Life
Term Bond 2026	3,065,000.00	96.950	4.650%	16.587
Term Bond 2031	3,960,000.00	96.540	4.750%	21.831
Term Bond 2037	6,180,000.00	99.226	5.000%	27.380
	13,205,000.00			23.211

	TIC	All-In TIC	Arbitrage Yield
Par Value	13,205,000.00	13,205,000.00	13,205,000.00
+ Accrued Interest			
+ Premium (Discount)	-278,331.70	-278,331.70	-278,331.70
- Underwriter's Discount	-99,037.50	-99,037.50	
- Cost of Issuance Expense		-159,495.87	
- Other Amounts	-58,124.73	-58,124.73	-58,124.73
Target Value	12,769,506.07	12,610,010.20	12,868,543.57
Target Date	10/05/2007	10/05/2007	10/05/2007
Yield	5.107202%	5.200651%	5.050004%

EXHIBIT II

EVIDENCE OF ECONOMIC LIFE

ASSET	COST	LIFE	ADJUSTED LIFE[1]	WEIGHTED LIFE[2]
Building	$1,000,000	30[3]	38	38,000,000
Land	2,830,000[4]	25	--	--
Land Improvements	2,871,174	20	26	74,650,524
Immovable Equipment	2,424,260	20	26	63,030,760
Movable Equipment	1,111,594	10	14	15,562,316
Issuance Costs	258,533	29.75	35.70	9,229,628
Total				

$$\frac{\text{Total Weighted Life - \$200,473,228}}{\text{Total Asset Cost[5] - \$7,665,561}} = \text{26.15 Years, Average Economic Life}$$

[1] The sum of a) the products of the applicable economic lives and the constant, 1.2, and b) the time period between the issue date of the Bonds and the estimated placed-in-service date (i.e., October 5, 2009) of the assets.

[2] The product of the asset's cost and its adjusted life.

[3] Lessee has certified that due to nature of building and its uses, it will be used and useful for at least the entire 30-year lease period.

[4] Cost and economic life of land is disregarded in calculation of average economic life of Project.

[5] Excludes cost of land, and excludes construction, management overheads and funded interest expense costs, which are attributable on a prorata basis, to the costs of the underlying assets and also excludes cost of Bond insurance and amounts set aside in the Debt Service Reserve Fund.

EXHIBIT III

SCHEDULE OF PRELIMINARY EXPENDITURES AND REIMBURSEMENT EXPENDITURES

Part I - Preliminary Expenditures

$0

Part II - Reimbursement Expenditures

$6,248,581

CERTIFICATE APPOINTING
AUTHORIZED LESSEE REPRESENTATIVE

Ball Ground Recycling, LLC (the "Lessee"), party to a Lease Agreement (the "Lease"), dated as of September 1, 2007, by and between it and the Resource Recovery Development Authority of Cherokee County, hereby designates Jimmy L. Bobo, whose specimen signature appears below, as Authorized Lessee Representative, as defined in Article I of the Lease, and authorizes him to take all actions and to do all things as Authorized Lessee Representative required or permitted under the terms of the Lease, and hereby designates David G. Bobo, whose specimen signature appears below, as Alternate Authorized Lessee Representative and authorizes him to take all actions and to do all things as Authorized Lessee Representative if the Authorized Lessee Representative is unavailable to act.

SPECIMEN SIGNATURE _____
Authorized Lessee Representative

SPECIMEN SIGNATURE _____
Alternate Authorized Lessee Representative

BALL GROUND RECYCLING, LLC

BY: J. BOBO, LLC, its sole manager

By: _____
Manager

Dated: October 5, 2007

BOBOGRI-01 HEJE

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 9/28/2007

PRODUCER (404) 266-7160
First Horizon Insurance Agency
200 Galleria, Suite 600
200 Galleria Parkway SE
Atlanta, GA 30339

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Ball Ground Recycling LLC
391 Marietta Road
Canton, GA 30114-3724

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Cincinnati Insurance Company	10677
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	X	GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC	CAP5860245	4/7/2007	4/7/2008	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
		AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY [X] OCCUR [ ] CLAIMS MADE DEDUCTIBLE RETENTION $	CAP5860245	4/7/2007	4/7/2008	EACH OCCURRENCE AGGREGATE	$ 3,000,000 $ 3,000,000
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				[ ] WC STATUTORY LIMITS [ ] OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $
A		OTHER Property	TBD	9/28/2007	9/28/2008	Builders Risk	3,400,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Resource Recovery Development Authority of Cherokee County (a public corporation created and existing under the laws of the State of Georgia) as Lessor is an Additional Insured/Lessor/Owner with respect to:
Location: 5861 Ballground Highway, Ballground GA

CERTIFICATE HOLDER

Bobo Grinding Inc.
391 Marietta Road
Canton, GA 30114-

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

© ACORD CORPORATION 1988

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

Ambac

CERTIFICATE OF BOND INSURER

In connection with the issuance of the obligations of Resource Recovery Development Authority of Cherokee County, Georgia (the "Obligor"), consisting of $13,205,000 in aggregate principal amount of Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and $4,940,000 in aggregate principal amount of Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B, each series dated their date of issuance (the "Obligations"), Ambac Assurance Corporation ("Ambac") is issuing a Financial Guaranty Insurance Policy (the "Insurance Policy") guaranteeing the payment of principal and interest when due on the Obligations, all as more fully set out in the Insurance Policy.

On behalf of Ambac, the undersigned hereby certifies that:

(i) the Insurance Policy is an unconditional and recourse obligation of Ambac (enforceable by or on behalf of the holders of the Obligations) to pay the scheduled payments of interest and principal on the Obligations in the event of a Nonpayment as defined in the Insurance Policy;

(ii) the insurance premium of $71,682.33 was determined in arm's length negotiations in accordance with our standard procedures, is required to be paid as a condition to the issuance of the Insurance Policy and represents a reasonable charge for the transfer of credit risk;

(iii) no portion of such premium represents a payment for any direct or indirect services other than the transfer of credit risk, including costs of underwriting or remarketing the Obligations or the cost of insurance for casualty of Obligation financed property;

(iv) we are not co-obligors on the Obligations and do not reasonably expect that we will be called upon to make any payment under the Insurance Policy;

(v) the Obligor is not entitled to a refund of any portion of the premium for the Insurance Policy in the event that the Obligations are retired prior to their stated maturity; and

(vi) we would not have issued the Insurance Policy in the absence of a debt service reserve fund of the size and type established by the documents pursuant to which the Obligations are being issued, and it is normal and customary to require a debt service reserve fund of such a size and type in similar transactions.

IN WITNESS WHEREOF, Ambac Assurance Corporation has caused this certificate to be executed in its name on this 5th day of October, 2007, by one of its officers duly authorized as of such date.

AMBAC ASSURANCE CORPORATION

By: _____
Dwight Kwa
Vice President and
Assistant General Counsel

CLOSING CERTIFICATE OF THE TRUSTEE

Resource Recovery Development
Authority of Cherokee County
Canton, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds")

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B (the "Series 2007B Bonds")

Ladies and Gentlemen:

The undersigned The Bank of New York Trust Company, N.A. (the "Trustee") hereby accepts the appointment of the Resource Recovery Development Authority of Cherokee County (the "Issuer") to act as Trustee, Paying Agent, and Bond Registrar for the captioned bonds (collectively the "Bonds"), pursuant to the terms of a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and the Trustee.

As Trustee, Paying Agent, and Bond Registrar designated pursuant to the Indenture, the Trustee hereby certifies as follows:

1. The Trustee has received each of the documents specified in Section 212 of the Indenture.

2. Under the laws of the United States of America, the Trustee is authorized and qualified to accept trusts of the kind and nature contemplated by the Indenture and is duly qualified to act in a fiduciary capacity in the State of Georgia and is lawfully empowered, pursuant to such laws and qualification, to execute and to accept the trusts imposed by the Indenture and to act as trustee thereunder.

3. The Trustee, as Bond Registrar, has received three (3) Series 2007A Bonds and one (1) Series 2007B Bond, numbered and in the denominations set forth below, each fully registered in the name of Cede & Co., as nominee of The Depository Trust Company, and executed on behalf of the Issuer, but blank as to date of authentication and registration and authenticating signature:

Series 2007A Bonds		Series 2007B Bonds	
Number	Denomination	Number	Denomination
RA- 1	$3,065,000	RB-1	$4,940,000
RA- 2	3,960,000		
RA- 3	6,180,000		

The Trustee duly registered each such Bond in the name of Cede & Co. and duly made a record thereof in the Bond Registration Book kept by the Trustee for such purpose. Pursuant to the written order of the Issuer, each such Bond was duly authenticated by an authorized officer of the Trustee by the manual execution of the Certificate of Authentication thereon.

4. The Bonds initially issued were authenticated on behalf of the Trustee, as Bond Registrar, by:

_____(Signature)
Title: ASST. VICE PRESIDENT

_____(Signature)
Title: ASST TREASURER

At the time of affixing such signatures, the persons listed above were and still are the respective officers of the Trustee as indicated by the titles under their respective signatures, and were and are duly authorized to authenticate the Bonds on behalf of the Trustee, and the persons' signatures set forth above are the genuine signatures of such persons.

5. The Indenture has been executed and delivered by the Issuer to the Trustee and has been accepted by the Trustee. The Indenture was executed on behalf of the Trustee by:

_____(Signature)
Title: ASST. VICE PRESIDENT

_____(Signature)
Title: ASST TREASURER

At the time of affixing such signatures, the persons listed above were and still are the respective officers of the Trustee as indicated by the titles under their respective signatures, and were and are duly authorized to execute and deliver the Indenture and accept the trusts contained therein on behalf of the Trustee, and the persons' signatures set forth above are the genuine signatures of such persons.

6. The Trustee has taken all necessary corporate action to authorize the execution of the Indenture and to authorize the registration and authentication of the Bonds.

7. Attached hereto as Exhibit A is an extract from the Bylaws of the Trustee or a Resolution duly adopted by the Board of Directors of the Trustee setting forth the officers of the Trustee who are authorized to execute the Indenture and to authenticate the Bonds. The copy attached hereto as Exhibit A is a true and correct copy of a portion of the Bylaws or Resolution of the Trustee, the original of which is on file at the principal corporate trust office of the Trustee, and the same has not been amended or repealed and is in full force and effect.

8. Attached hereto as Exhibit B is a copy of the Certificate of the Comptroller of the Currency setting forth the trust powers of the Trustee. The copy attached hereto as Exhibit B is a true and correct copy of the Certificate of the Comptroller of the Currency, the original of which is on file at the principal corporate trust office of the Trustee.

THIS 5th day of October 2007.

THE BANK OF NEW YORK TRUST COMPANY, N.A., as trustee

By: _____
Title: ASSISTANT TREASURER

EXHIBIT A

THE BANK OF NEW YORK TRUST COMPANY, N.A.

I, the undersigned, Heather A. Sisler, Assistant Secretary of The Bank of New York Trust Company, N.A., a national banking association organized under the laws of the United States (the "Association") and located in the State of California, with a trust office located at 100 N. Ashford Center, Atlanta, Georgia, DO HEREBY CERTIFY that the following individuals are duly appointed and qualified Officers of the Association:

Officer	Title	Signing Authority
Julz Burgess	Vice President	A, C2, J
Thomas E. Clower	Vice President	A, C2, J
Karen Z. Kelly	Vice President	A, C2, J
Cassandra Shedd	Vice President	A, C2, J
Malcolm R. Smith, Jr.	Vice President	A, C2, J
Stefan Victory	Vice President	A, C2, J
Philip L. Watson	Vice President	A, C2, J
David M. Johnson	Assistant Vice President	A, C2, J
Laura Martincich	Assistant Vice President	A, C2, J
Jason W. Merchant	Assistant Treasurer	A, C2, J
Lee Ann Willis	Assistant Treasurer	A, C3, J

I further certify that as of this date they have been authorized to sign on behalf of the Association in discharging or performing their duties in accordance with the senior and limited signing powers provided under Article V, Sections 5.2 and 5.3 of the By-laws of the Association and the paragraphs indicated above of the signing authority resolution of the Board of Directors of the Association.

Attached hereto are true and correct copies of excerpts of the By-laws of the Association and the signing authority resolution, which have not been amended or revised since January 20, 2005 and are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Trust Company, N.A. this 27th day of June, 2007.

Heather A. Sisler, Assistant Secretary

Extracts from By-Laws

Of

The Bank of New York Trust Company, N.A.

As Amended Through January 20, 2005

ARTICLE V
SIGNING AUTHORITIES

Section 5.1 Real Property. Real property owned by the Association in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Association in its own right with such maximum values as the Board may fix in its authorizing resolution.

Section 5.2. Senior Signing Powers. Subject to the exception provided in Section 5.1, the President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Association in all transactions arising out of, or in connection with, the normal course of the Association's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Association thereto. In such instances as in the judgment of the President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Association authorized in or pursuant to Section 5.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 5.2, is authorized to attest to the seal of the Association on any documents requiring such seal.

Section 5.3. Limited Signing Powers. Subject to the exception provided in Section 5.1, in such instances as in the judgment of the President or any Executive Vice President, may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Association to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

Section 5.4. Powers of Attorney. All powers of attorney on behalf of the Association shall be executed by any officer of the Association jointly with the President, any Executive Vice President, or any Managing Director, provided that the execution by such Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of said officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors.

Section 5.5. Auditor. The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Association, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

SIGNING AUTHORITY RESOLUTION

Pursuant to Article V, Section 5.3 of the By-Laws

RESOLVED that, pursuant to Section 5.3 of the By-Laws of the Association, authority be, and hereby is, granted to the President or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Association; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Association's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $100,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $100,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $100,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check

certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $10,000,000.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $1,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $250,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $50,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000.

*Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to $1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to $250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to $50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to $5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document,

instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Association as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Association in trust or in connection with any transaction with respect to which the Association is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Association or to affix the seal of the Association to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Association in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Association products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

RESOLVED, that any signing authority granted pursuant to this resolution may be rescinded by the President or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Association.

EXHIBIT B

Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, John C. Dugan, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., as amended, has possession, custody and control of all records pertaining to the chartering of all National Banking Associations.

2. "The Bank of New York Trust Company, National Association," Los Angeles, California, (Charter No. 24526) is a National Banking Association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this Certificate.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the Treasury Department in the City of Washington and District of Columbia, this October 11, 2006.

Comptroller of the Currency

Moody's Investors Service

7 World Trade Center at 250 Greenwich Street
New York, NY 10007

October 03, 2007

Mr. Jerry Cooper
County Manager
Cherokee County, GA
90 North St., Suite 310
Canton, GA 30114

Dear Mr. Cooper:

We wish to inform you that on August 28, 2007, Moody's Rating Committee reviewed and assigned a rating of Aa2 to Cherokee County's (GA) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007 A issued through the Cherokee County Resource Recovery Development Authority.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, including annual financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's ratings desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Baye Larsen, at 212-553-0818.

Sincerely,

M. Geordie Thompson
Vice President/Senior Analyst

cc: Mr. Bryce Holcomb
Citigroup
Citigroup Public Finance Department
3455 Peachtree Road, NE Suite 300
Atlanta, GA 30326

Moody's Investors Service

7 World Trade Center
at
250 Greenwich Street,
New York, NY 10007

October 2, 2007

Ambac
One State Street Plaza
New York, NY 10004

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aaa** (Ambac Insured - Policy No. **27092BE**) to the **$18,145,000.00, Resource Recovery Development Authority of Cherokee County (Georgia) - Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and Series 2007B (Taxable)**, dated October 5, 2007 which sold through negotiation on September 18, 2007. The rating is based upon an insurance policy provided by Ambac.

Should you have any questions regarding the above, please do not hesitate to contact Karen Malkowski at (201) 395-6370.

Sincerely yours,

Joann Hempel

Joann Hempel
Vice President / Senior Credit Officer

JH / TM

STANDARD
&POOR'S

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2066
reference no.: 854388

August 27, 2007

Cherokee County
90 North Street
Suite 310
Canton, GA 30114
Attention: Mr. Amy J. Davis, C.P.A., Finance Director

Re: ***US$18,240,000 Resource Recovery Development Authority of Cherokee County (Georgia), Solid Waste Disposal Revenue Bonds (Ball Ground Recycling LLC Project), Consisting of: $13,390,000 Series 2007A (due: July 1, 2037) and $4,850,000 Taxable Series 2007B (due: July 1, 2037), Date of Delivery***

Dear Mr. Davis:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.

Standard + Poor's

amh
enclosures
cc: Mr. Bryce W. Holcomb, Jr., Director
Citigroup Global Markets Inc.

STANDARD
&POOR'S

Standard & Poor's Ratings Services
Terms and Conditions
Applicable To
U.S. Public Finance Ratings

Request for a rating. Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

Fees and expenses. In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Scope of Rating. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

Publication. Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

Information to be Provided by the Issuer/obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of

information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Standard & Poor's Not an Advisor, Fiduciary, or Expert" and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

STANDARD
&POOR'S

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2074
reference no.: 40196049

October 1, 2007

Ambac Assurance Corporation
One State Street Plaza 15th FL
New York, NY 10004
Attention: Ms. Yolanda Ortiz, Insurance Coordinator

Re: ***$18,145,000 Resource Recovery Development Authority of Cherokee County (Georgia), Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), dated: Date of Issuance, consisting of: $13,205,000 Series 2007A with $3,065,000 Term Bonds due: July 1, 2026; $3,960,000 Term Bonds due: July 1, 2031; $6,180,000 Term Bonds due: July 1, 2037, and $4,940,000 Taxable Series 2007B Term Bonds due: July 1, 2022, (POLICY #27092BE)***

Dear Ms. Ortiz:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "AA". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Standard & Poor's is pleased to be of service to you. For more information please visit our website at www.standardandpoors.com. If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.

Standard and Poor's /MSD

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UNDERWRITER'S CERTIFICATE AS TO CERTAIN ARBITRAGE MATTERS

The undersigned hereby certifies as follows:

The undersigned is an authorized officer of Citigroup Global Markets Inc. (the "Underwriter"), original purchaser of $13,205,000 in aggregate principal amount of bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" (the "Bonds"). All of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to a Bond Purchase Agreement, dated September 18, 2007, among the Underwriter, the Resource Recovery Development Authority of Cherokee County (the "Issuer"), and Ball Ground Recycling, LLC (the "Lessee"), at prices no higher than those shown on the cover of the Official Statement relating to the Bonds, dated September 18, 2007, including accrued interest.

To the best of our knowledge, based on the Underwriter's records and other information available to the Underwriter, which the Underwriter believes to be correct, at least ten percent (10%) of each maturity of the Bonds has been sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices no higher than those set forth on the cover page of the Official Statement, including accrued interest. At the time the Underwriter agreed to purchase the Bonds, based upon the Underwriter's assessment of then prevailing market conditions, the Underwriter had no reason to believe any of the Bonds would be initially sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices shown on the cover page of the Official Statement, including accrued interest. Based upon the foregoing, the Bonds are being sold for the issue price of $12,926,668.30.

The present value of the premium paid to obtain bond insurance for the Bonds is less than the present value of the expected interest savings as a result of the insurance. In determining such present value savings, the yield on the Bonds was used as the discount rate.

The Underwriter has participated in conferences with officers and employees of the Issuer and the Lessee, concerning the amount of financing required and the various uses for which Bond proceeds may be expended. Based upon such conferences and the experience of the undersigned in connection with similar issues of revenue bonds, the undersigned has determined that a debt service reserve fund in an amount not less than 50% of the maximum annual principal of and interest on the Bonds payable in any bond year is within the range of amounts generally customary in the industry for similar financings and is a vital factor in order to allow the undersigned to successfully market the Bonds at an interest rate comparable to that of other bond issues of a similar type. In addition, Ambac Assurance Corporation, as the insurer of the Bonds, has indicated the maintenance of the debt service reserve fund in such amount was material to its insurance commitment.

This certificate may be relied upon by the Issuer in executing and delivering its Certificate as to Arbitrage Matters and by Kilpatrick Stockton LLP, Bond Counsel.

October 5, 2007

CITIGROUP GLOBAL MARKETS INC.

By: _____
Authorized Officer

RESOURCE RECOVERY AND DEVELOPMENT AUTHORITY

$18,145,000
Solid Waste Disposal Revenue Bonds
(Ball Ground Recycling, LLC Project)
Series 2007A, Series 2007B

PRELIMINARY BLUE SKY MEMORANDUM

October 5, 2007

CitiGroup Global Markets, Inc.
Atlanta, Georgia

Ladies and Gentlemen:

This Memorandum relates to the requirements of the "Blue Sky" laws of the jurisdictions listed with respect to the proposed issuance of the Bonds described above (the "Bonds"). This Memorandum is based upon an examination of the securities laws of the several jurisdictions and the rules and regulations, where published, of the authorities administering such laws, all as set forth in the CCH Blue Sky Law Reporter or upon informal interpretive advice or "no-action" letters obtained from certain securities commissions or their representatives relating to the Bonds or similar securities. It is noted, however, that the securities laws of certain jurisdictions provide that the burden of claiming an exemption is upon the person claiming the exemption and that informal interpretive advice and "no-action" letters are not necessarily binding upon a court of law.

We call attention to the fact that the authorities responsible for administering the securities laws of the various jurisdictions have broad discretionary powers with respect to the offer and sale of securities, including the power to withdraw exemptions granted by the applicable statutes and the power to impose additional requirements with respect to securities offerings and the information which must be furnished by the proposed issuers and underwriters. This Memorandum is, of course, subject to any changes made in the securities laws of the jurisdictions by reason of such discretionary powers. Furthermore, we have not obtained any opinions from members of the bar of any jurisdiction or formal rulings from regulatory commissions or other administrative bodies or officials.

This Memorandum does not purport to cover the requirements under any of the laws of the jurisdictions enumerated herein with respect to the registration or licensing of dealers, brokers, salesmen, the form or substance of advertising or the legality of investments in the Bonds by any institutional investor which is subject to statutory or other restrictions as to its investments.

PART I.

SALES TO THE PUBLIC

A. Jurisdictions Where Filings Not Required

Offers and sales of the Bonds may be made in any amount to anyone in the following jurisdictions without registration of the Bonds or any filing being made. Such offers and sales may be made only by dealers or brokers registered or licensed in the respective jurisdictions.

Alabama	Hawaii	Minnesota	Puerto Rico
Alaska	Idaho	Mississippi	Rhode Island
Arizona	Illinois	Missouri	South Carolina
Arkansas	Indiana	Nebraska	South Dakota
California	Iowa	Nevada	Tennessee
Colorado	Kansas	New Jersey	Texas
Connecticut	Kentucky	New York	Utah
Delaware	Louisiana	North Carolina	Vermont
District of Columbia	Maine	Ohio	Virginia
Florida	Maryland	Oklahoma	West Virginia
Guam	Massachusetts	Oregon	Washington
Georgia	Michigan	Pennsylvania	Wyoming

B. Jurisdictions In Which Sales To The Public May Not Be Made

In the following jurisdictions, it is believed that appropriate action is required by registration, the filing of notice or the payment of fees before the Bonds may be offered or sold to anyone therein other than in exempt transactions. Pursuant to your request, no such action is being taken in these jurisdictions and, therefore, no offers or sales of the Bonds may be made to anyone in these jurisdictions other than in exempt transactions:

Montana
New Hampshire
New Mexico
North Dakota
Wisconsin

PART II

OFFERS AND SALES TO INSTITUTIONS

The Bonds may be offered in the following jurisdictions without registration or other filing provided that the Bonds are sold or offered for sale to the class of purchasers as indicated:

Montana	To any bank, savings institution, trust company, insurance company, investment company as defined in the 1940 Act, pension or profit-sharing trust, or other financial institution or institutional buyer, including "qualified institutional buyers," as that term is defined in Commission Rule 144A, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity. The person making the offer or sale need not be a registered dealer in Montana provided such person effects transactions in Montana exclusively with persons or entities identified in the preceding paragraph.
New Hampshire	To any bank, savings institution, trust company, insurance company, investment company as defined in the 1940 Act, pension or profit-sharing trust, a venture capital company which operates a small business investment company under the Small Business Investment Act of 1958, as amended, other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
New Mexico	To any broker-dealer; depository institution (a person organized, chartered or holding a federal or state authorization to receive deposits, or a trust company or other institution authorized by federal or state law to exercise fiduciary powers, in either case supervised and examined by a state or federal official or agency); insurance company; separate account of an insurance company; investment company or business development company as defined in the 1940 Act; employee pension, profit-sharing or benefit plan if (1) the plan has total assets in excess of $5 million or (2) investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Exchange Act, an investment adviser registered or exempt from registration under the Advisers Act, or a depository institution or an insurance company; a business development company as defined by the Investment Company Act of 1940; a small business investment company licensed by the Small Business Administration under the Small Business Investment Act of 1958; any entity, other than a natural person, which is directly engaged in the business of, and derives at least 80% of its annual gross income from, investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue, and that has gross assets in excess of $5

million at the end of its latest fiscal year; any entity organized and operated not for private profit as described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5 million; or any state, political subdivision of a state, agency or corporate or other instrumentality of a state or a political subdivision of a state; whether the purchaser is acting for itself or for others in a fiduciary capacity other than as agent.

The person making the offer or sale need not be a registered broker-dealer in New Mexico provided such person is registered under the Securities and Exchange Act of 1934 and such person has no place of business in New Mexico and such person effects transactions in New Mexico exclusively with persons or entities identified in the preceding paragraph.

North Dakota

To any bank, savings institution, trust company, insurance company, investment company as defined in the 1940 Act, pension or profit sharing trust, or similar benefit plan, or other financial institution, or qualified institutional buyer, or to any dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

The person making the offer or sale need not be a registered dealer in North Dakota provided such person effects transactions in North Dakota exclusively with or through persons or entities identified in the preceding paragraph.

Wisconsin

To any bank, savings institution, savings bank, credit union, trust company, insurer, broker-dealer, investment adviser, federal covered adviser or savings and loan association, if the purchaser or prospective purchaser is acting for itself or as trustee with investment control; or to any investment company as defined in the 1940 Act, any pension or profit-sharing trust (except that an offer or sale of a security to a pension or profit-sharing trust or to an individual retirement plan, including a self-employed individual retirement plan, is not exempt unless the trust or plan is administered by a bank, savings institution, credit union, trust company, insurer, broker-dealer, investment adviser, federal covered advisor, or savings and loan association that has investment control), the State of Wisconsin or any agency or political subdivision thereof, the federal government or any agency or instrumentality thereof, or to any other financial institution or institutional investor, or an "individual accredited investor" if the issuer reasonably believes immediately before the sale that the individual accredited investor, either alone or with the individual accredited investor's representative, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment. As used in the preceding sentence, the term "financial institution or institutional investor" includes: (1) any endowment or trust fund of a charitable organization specified in Section

170(b)(1)(A) of the Internal Revenue Code; (2) an issuer which has any class of securities registered under Section 12 of the Exchange Act and any wholly owned subsidiary thereof; or (3) a venture capital company as a result of meeting any of the following requirements: (a) operating a small business investment company licensed under the Small Business Investment Act of 1958, (b) a corporation, partnership or association whose net assets exceed $1,000,000 and either (i) whose principal purpose, as stated in its articles, by-laws, or other organizational instruments is investing in securities or (ii) whose primary business is investing in developmental stage companies or eligible small business companies as defined in the regulations of the Small Business Administration; or (4) any" qualified institutional buyer" listed in Rule 144A under the Securities Act, whether acting for its own account or the account of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the qualified institutional buyer; or (5) any "accredited investor" as defined in Regulation D, Rule 501(a)(1),(2),(3) or (7) under the Securities Act; or (6) any entity all of the equity owners of which are designated in this section, acting for its own account or the accounts of such other persons. For purposes set forth above any "individual accredited investor" means any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer or general partner of a general partner of that issuer, any natural person whose individual net worth or joint net worth with that person's spouse at the time of his or her purchase exceeds $1,000,000 or any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

The person making the offer or sale need not be a licensed broker-dealer in Wisconsin provided such person effects transactions in Wisconsin exclusively with persons or entities identified in the preceding paragraph.

RESOURCE RECOVERY AND DEVELOPMENT AUTHORITY

$18,145,000
Solid Waste Disposal Revenue Bonds
(Ball Ground Recycling, LLC Project)
Series 2007A, Series 2007B

FINAL BLUE SKY MEMORANDUM

October 5, 2007

CitiGroup Global Markets, Inc.
Atlanta, Georgia

Ladies and Gentlemen:

This Memorandum relates to the requirements of the "Blue Sky" laws of the jurisdictions listed with respect to the proposed issuance of the Bonds described above (the "Bonds"). This Memorandum is based upon an examination of the securities laws of the several jurisdictions and the rules and regulations, where published, of the authorities administering such laws, all as set forth in the CCH Blue Sky Law Reporter or upon informal interpretive advice or "no-action" letters obtained from certain securities commissions or their representatives relating to the Bonds or similar securities. It is noted, however, that the securities laws of certain jurisdictions provide that the burden of claiming an exemption is upon the person claiming the exemption and that informal interpretive advice and "no-action" letters are not necessarily binding upon a court of law.

We call attention to the fact that the authorities responsible for administering the securities laws of the various jurisdictions have broad discretionary powers with respect to the offer and sale of securities, including the power to withdraw exemptions granted by the applicable statutes and the power to impose additional requirements with respect to securities offerings and the information which must be furnished by the proposed issuers and underwriters. This Memorandum is, of course, subject to any changes made in the securities laws of the jurisdictions by reason of such discretionary powers. Furthermore, we have not obtained any opinions from members of the bar of any jurisdiction or formal rulings from regulatory commissions or other administrative bodies or officials.

This Memorandum does not purport to cover the requirements under any of the laws of the jurisdictions enumerated herein with respect to the registration or licensing of dealers, brokers, salesmen, the form or substance of advertising or the legality of investments in the Bonds by any institutional investor which is subject to statutory or other restrictions as to its investments.

PART I.

SALES TO THE PUBLIC

A. Jurisdictions Where Filings Not Required

Offers and sales of the Bonds may be made in any amount to anyone in the following jurisdictions without registration of the Bonds or any filing being made. Such offers and sales may be made only by dealers or brokers registered or licensed in the respective jurisdictions.

Alabama	Hawaii	Minnesota	Puerto Rico
Alaska	Idaho	Mississippi	Rhode Island
Arizona	Illinois	Missouri	South Carolina
Arkansas	Indiana	Nebraska	South Dakota
California	Iowa	Nevada	Tennessee
Colorado	Kansas	New Jersey	Texas
Connecticut	Kentucky	New York	Utah
Delaware	Louisiana	North Carolina	Vermont
District of Columbia	Maine	Ohio	Virginia
Florida	Maryland	Oklahoma	West Virginia
Guam	Massachusetts	Oregon	Washington
Georgia	Michigan	Pennsylvania	Wyoming

B. Jurisdictions In Which Sales To The Public May Not Be Made

In the following jurisdictions, it is believed that appropriate action is required by registration, the filing of notice or the payment of fees before the Bonds may be offered or sold to anyone therein other than in exempt transactions. Pursuant to your request, no such action is being taken in these jurisdictions and, therefore, no offers or sales of the Bonds may be made to anyone in these jurisdictions other than in exempt transactions:

Montana
New Hampshire
New Mexico
North Dakota
Wisconsin

PART II

OFFERS AND SALES TO INSTITUTIONS

The Bonds may be offered in the following jurisdictions without registration or other filing provided that the Bonds are sold or offered for sale to the class of purchasers as indicated:

Montana	To any bank, savings institution, trust company, insurance company, investment company as defined in the 1940 Act, pension or profit-sharing trust, or other financial institution or institutional buyer, including "qualified institutional buyers," as that term is defined in Commission Rule 144A, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity. The person making the offer or sale need not be a registered dealer in Montana provided such person effects transactions in Montana exclusively with persons or entities identified in the preceding paragraph.
New Hampshire	To any bank, savings institution, trust company, insurance company, investment company as defined in the 1940 Act, pension or profit-sharing trust, a venture capital company which operates a small business investment company under the Small Business Investment Act of 1958, as amended, other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
New Mexico	To any broker-dealer; depository institution (a person organized, chartered or holding a federal or state authorization to receive deposits, or a trust company or other institution authorized by federal or state law to exercise fiduciary powers, in either case supervised and examined by a state or federal official or agency); insurance company; separate account of an insurance company; investment company or business development company as defined in the 1940 Act; employee pension, profit-sharing or benefit plan if (1) the plan has total assets in excess of $5 million or (2) investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Exchange Act, an investment adviser registered or exempt from registration under the Advisers Act, or a depository institution or an insurance company;_a business development company as defined by the Investment Company Act of 1940; a small business investment company licensed by the Small Business Administration under the Small Business Investment Act of 1958; any entity, other than a natural person, which is directly engaged in the business of, and derives at least 80% of its annual gross income from, investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue, and that has gross assets in excess of $5

million at the end of its latest fiscal year; any entity organized and operated not for private profit as described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5 million; or any state, political subdivision of a state, agency or corporate or other instrumentality of a state or a political subdivision of a state; whether the purchaser is acting for itself or for others in a fiduciary capacity other than as agent.

The person making the offer or sale need not be a registered broker-dealer in New Mexico provided such person is registered under the Securities and Exchange Act of 1934 and such person has no place of business in New Mexico and such person effects transactions in New Mexico exclusively with persons or entities identified in the preceding paragraph.

North Dakota

To any bank, savings institution, trust company, insurance company, investment company as defined in the 1940 Act, pension or profit sharing trust, or similar benefit plan, or other financial institution, or qualified institutional buyer, or to any dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

The person making the offer or sale need not be a registered dealer in North Dakota provided such person effects transactions in North Dakota exclusively with or through persons or entities identified in the preceding paragraph.

Wisconsin

To any bank, savings institution, savings bank, credit union, trust company, insurer, broker-dealer, investment adviser, federal covered adviser or savings and loan association, if the purchaser or prospective purchaser is acting for itself or as trustee with investment control; or to any investment company as defined in the 1940 Act, any pension or profit-sharing trust (except that an offer or sale of a security to a pension or profit-sharing trust or to an individual retirement plan, including a self-employed individual retirement plan, is not exempt unless the trust or plan is administered by a bank, savings institution, credit union, trust company, insurer, broker-dealer, investment adviser, federal covered advisor, or savings and loan association that has investment control), the State of Wisconsin or any agency or political subdivision thereof, the federal government or any agency or instrumentality thereof, or to any other financial institution or institutional investor, or an "individual accredited investor" if the issuer reasonably believes immediately before the sale that the individual accredited investor, either alone or with the individual accredited investor's representative, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment. As used in the preceding sentence, the term "financial institution or institutional investor" includes: (1) any endowment or trust fund of a charitable organization specified in Section

170(b)(1)(A) of the Internal Revenue Code; (2) an issuer which has any class of securities registered under Section 12 of the Exchange Act and any wholly owned subsidiary thereof; or (3) a venture capital company as a result of meeting any of the following requirements: (a) operating a small business investment company licensed under the Small Business Investment Act of 1958, (b) a corporation, partnership or association whose net assets exceed $1,000,000 and either (i) whose principal purpose, as stated in its articles, by-laws, or other organizational instruments is investing in securities or (ii) whose primary business is investing in developmental stage companies or eligible small business companies as defined in the regulations of the Small Business Administration; or (4) any" qualified institutional buyer" listed in Rule 144A under the Securities Act, whether acting for its own account or the account of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the qualified institutional buyer; or (5) any "accredited investor" as defined in Regulation D, Rule 501(a)(1),(2),(3) or (7) under the Securities Act; or (6) any entity all of the equity owners of which are designated in this section, acting for its own account or the accounts of such other persons. For purposes set forth above any "individual accredited investor" means any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer or general partner of a general partner of that issuer, any natural person whose individual net worth or joint net worth with that person's spouse at the time of his or her purchase exceeds $1,000,000 or any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

The person making the offer or sale need not be a licensed broker-dealer in Wisconsin provided such person effects transactions in Wisconsin exclusively with persons or entities identified in the preceding paragraph.

RECEIPT FOR BONDS

The undersigned hereby acknowledges receipt of (1) $13,205,000 in aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A," and (2) $4,940,000 in aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B," dated the date hereof, in the denomination of $5,000 each or integral multiples thereof, maturing on July 1 in the years and amounts and bearing interest at the interest rates set forth below:

Series 2007A Bonds

Year	Amount	Interest Rate
2026	$3,065,000	4.65%
2031	3,960,000	4.75
2037	6,180,000	5.00

Series 2007B Bonds

Year	Amount	Interest Rate
2022	$4,940,000	5.80%

THIS 5th day of October 2007.

CITIGROUP GLOBAL MARKETS INC.

By: _____
Authorized Officer

RECEIPT OF PAYMENT

The undersigned officer of **THE BANK OF NEW YORK TRUST COMPANY, N.A.**, as trustee pursuant to a Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Resource Recovery Development Authority of Cherokee County and the Trustee, does hereby certify that (1) $13,205,000 in aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" (the "Series 2007A Bonds") and (2) $4,940,000 in aggregate principal amount of revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (the "Series 2007B Bonds"), as more fully described in the Indenture, have been duly issued and delivered for value and in accordance with the Indenture.

The receipt from Citigroup Global Markets Inc. (the "Underwriter") of the sum of $12,769,506.07, calculated as follows and representing the full and complete purchase price of the Series 2007A Bonds, is hereby acknowledged:

Principal amount of the Series 2007A Bonds	$13,205,000.00
Less: Original Issue Discount	(278,331.70)
Less: Underwriter's Discount	(99,037.50)
Less: Bond Insurance Premium	(58,124.73)
Total Proceeds	$12,769,506.07

The net proceeds from the sale of the Series 2007A Bonds have been deposited as follows, in accordance with the terms of Article VII of the Indenture:

Debt Service Reserve Fund	$444,000.39
Issuance Cost Fund	159,495.87
Series 2007A Account of Project Fund	12,166,009.81
Total Deposited	$12,769,506.07

The receipt from the Underwriter of the sum of $4,889,392.40, calculated as follows and representing the full and complete purchase price of the Series 2007B Bonds, is hereby acknowledged:

Principal amount of the Series 2007B Bonds	$4,940,000.00
Less: Original Issue Discount	-0-
Less: Underwriter's Discount	(37,050.00)
Less: Bond Insurance Premium	(13,557.60)
Total Proceeds	$4,889,392.40

The net proceeds from the sale of the Series 2007B Bonds have been deposited as follows, in accordance with the terms of Article VII of the Indenture:

Debt Service Reserve Fund	$166,100.86
Issuance Cost Fund	201,104.13
Series 2007B Account of Project Fund	4,522,187.41
Total Deposited	$4,889,392.40

GIVEN this 5th day of October 2007.

THE BANK OF NEW YORK TRUST COMPANY, N.A., as trustee

By: _____
Authorized Officer

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners of Cherokee County, Georgia
Canton, Georgia

We have performed the procedures enumerated below, which were agreed to by you, to the accounting records of Cherokee County, Georgia (the "County"), solely to assist you in evaluating certain information included in the Official Statement dated September 18, 2007 relating to the issuance of the $18,145,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and 2007B (the "Bonds"). Management of Cherokee County is responsible for the information in the Official Statement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board of Commissioners of Cherokee County, Georgia. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures are as follows:

1. We compared the amounts under the column entitled "Amount Outstanding (less Sinking Fund Installments Paid)" in the table included under the heading "Summary of County Debt by Category" (page 28 of the Official Statement) to supporting schedules as follows:

   General Obligation Bonds - $29,400,000

   We compared this amount to the outstanding balance reported in the December 31, 2006 audited financial statements, updated for payments made between December 31, 2006 and August 1, 2007 as agreed to an amortization schedule on the bonds provided by the County.

   Capital Leases - $2,212,122

   We compared this amount to the outstanding balance as of August 1, 2007 per the amortization schedules on the capital leases provided by the County.

   No matters or exceptions were noted which would require further comment in this report.

2. We compared the amounts in the table included under the caption "Debt Service Requirements" under the columns "General Obligation" and "Capital Leases" (page 29 of the Official Statement) to the corresponding amounts in amortization schedules provided by the County. No matters or exceptions were noted which would require further comment in this report.

3. We compared the amounts in the table included under the caption "Debt History" (page 31 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

4. We compared the amounts in the table included under the caption "County General Fund" (page 38 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

5. We compared the amounts in the table included under the caption "General Fund Budget for Year Ending December 31, 2007" (page 40 of the Official Statement) to the County's 2007 budget for the General Fund. No matters or exceptions were noted which would require further comment in this report.

6. We compared the amounts shown in the table relating to a historical, comparative summary of revenues and expenditures, budget and actual, of the County's General Fund under the heading "County General Fund" (page 41 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

7. We compared the amounts in the table entitled "General Fund Unfavorable Variances" (page 42 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

8. We compared the amounts in the table relating to the additions to the County's capital assets under the heading "Capital Improvements" (page 42 of the Official Statement) to the capital assets footnote included in the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

9. We compared the amounts for the years 2004, 2005 and 2006 in the table entitled "General Fund Tax Revenues By Source" (page 43 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2004, 2005 and 2006. We compared the amounts for the

years 2002 and 2003 to adjusted trial balances of the County's General Fund for the years ended December 31, 2002 and 2003. Alcoholic Beverage Tax noted in the Official Statement includes Alcoholic Beverage and Other Taxes. No matters or exceptions were noted which would require further comment in this report.

10. We compared the amounts in the table entitled "Analysis of Funding Progress" under the heading "Employee Benefits" (page 43 of the Official Statement) to the pension required supplementary information, unaudited, included in the basic financial statements of the County for the year ended December 31, 2006. No matters or exceptions were noted which would require further comment in this report.

11. We obtained the County's unaudited accounting records as of August 31, 2007 and 2006, and found the total fund balance of the General Fund as of those dates to be $16,885,232 and $15,034,829, respectively.

12. We obtained the County's unaudited accounting records as of August 31, 2007 and 2006, and found the total revenue of the General Fund for the eight month periods ended August 31, 2007 and 2006 to be $15,487,199 and $13,454,849, respectively.

13. We obtained the County's unaudited accounting records as of August 31, 2007 and 2006, and found the total liabilities of the General Fund as of those dates to be $4,129,334 and $2,012,991, respectively.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items referenced above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report on is intended solely for the information and use of the Board of Commissioners of Cherokee County, Georgia as it relates to information included in the Official Statement, and it is not intended to be and should not be used by anyone other than this specified party.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 18, 2007

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners of Cherokee County, Georgia
Canton, Georgia

We have performed the procedures enumerated below, which were agreed to by you, to the accounting records of Cherokee County, Georgia (the "County"), solely to assist you in evaluating certain information included in the Official Statement dated September 18, 2007 relating to the issuance of the $18,145,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and 2007B (the "Bonds"). Management of Cherokee County is responsible for the information in the Official Statement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board of Commissioners of Cherokee County, Georgia. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures are as follows:

1. We compared the amounts under the column entitled "Amount Outstanding (less Sinking Fund Installments Paid)" in the table included under the heading "Summary of County Debt by Category" (page 28 of the Official Statement) to supporting schedules as follows:

   General Obligation Bonds - $29,400,000

   We compared this amount to the outstanding balance reported in the December 31, 2006 audited financial statements, updated for payments made between December 31, 2006 and August 1, 2007 as agreed to an amortization schedule on the bonds provided by the County.

   Capital Leases - $2,212,122

   We compared this amount to the outstanding balance as of August 1, 2007 per the amortization schedules on the capital leases provided by the County.

   No matters or exceptions were noted which would require further comment in this report.

2. We compared the amounts in the table included under the caption "Debt Service Requirements" under the columns "General Obligation" and "Capital Leases" (page 29 of the Official Statement) to the corresponding amounts in amortization schedules provided by the County. No matters or exceptions were noted which would require further comment in this report.

3. We compared the amounts in the table included under the caption "Debt History" (page 31 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

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5. We compared the amounts in the table included under the caption "General Fund Budget for Year Ending December 31, 2007" (page 40 of the Official Statement) to the County's 2007 budget for the General Fund. No matters or exceptions were noted which would require further comment in this report.

6. We compared the amounts shown in the table relating to a historical, comparative summary of revenues and expenditures, budget and actual, of the County's General Fund under the heading "County General Fund" (page 41 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

7. We compared the amounts in the table entitled "General Fund Unfavorable Variances" (page 42 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

8. We compared the amounts in the table relating to the additions to the County's capital assets under the heading "Capital Improvements" (page 42 of the Official Statement) to the capital assets footnote included in the audited basic financial statements of the County for the years ended December 31, 2002, 2003, 2004, 2005 and 2006. No matters or exceptions were noted which would require further comment in this report.

9. We compared the amounts for the years 2004, 2005 and 2006 in the table entitled "General Fund Tax Revenues By Source" (page 43 of the Official Statement) to the audited basic financial statements of the County for the years ended December 31, 2004, 2005 and 2006. We compared the amounts for the

years 2002 and 2003 to adjusted trial balances of the County's General Fund for the years ended December 31, 2002 and 2003. Alcoholic Beverage Tax noted in the Official Statement includes Alcoholic Beverage and Other Taxes. No matters or exceptions were noted which would require further comment in this report.

10. We compared the amounts in the table entitled "Analysis of Funding Progress" under the heading "Employee Benefits" (page 43 of the Official Statement) to the pension required supplementary information, unaudited, included in the basic financial statements of the County for the year ended December 31, 2006. No matters or exceptions were noted which would require further comment in this report.

11. We obtained the County's unaudited accounting records as of September 30, 2007 and 2006, and found the total fund balance of the General Fund as of those dates to be $14,731,069 and $6,529,833, respectively.

12. We obtained the County's unaudited accounting records as of September 30, 2007 and 2006, and found the total revenue of the General Fund for the nine month periods ended September 30, 2007 and 2006 to be $17,618,371 and $14,932,151, respectively.

13. We obtained the County's unaudited accounting records as of September 30, 2007 and 2006, and found the total liabilities of the General Fund as of those dates to be $3,961,369 and $2,144,019, respectively.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items referenced above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report on is intended solely for the information and use of the Board of Commissioners of Cherokee County, Georgia as it relates to information included in the Official Statement, and it is not intended to be and should not be used by anyone other than this specified party.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 5, 2007

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

Board of Commissioners of Cherokee County, Georgia
Canton, Georgia

Re: $18,145,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and 2007B

Ladies and Gentlemen:

We consent to the references made to our firm under the captions "INTRODUCTION - Professionals Involved in the Offering" and "MISCELLANEOUS - Independent Auditors" included in the Official Statement dated September 18, 2007 relating to the issuance of the $18,145,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and 2007B and the use of our report dated June 18, 2007 on our audit of Cherokee County, Georgia's financial statements as of and for the year ended December 31, 2006, included in Appendix A to the Official Statement. Our report makes reference to the report of other auditors for the Cherokee County Department of Public Health and Sequoyah Regional Library, discretely presented component units, which represent 43% and 49%, respectively, of the assets and revenue of the aggregate discretely presented component units. The financial statements of the Cherokee County Department of Public Health and Sequoyah Regional Library and the auditor's reports thereon were furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of other auditors.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 18, 2007

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

Board of Commissioners of Cherokee County, Georgia
Canton, Georgia

Re: $18,445,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and 2007B

Ladies and Gentlemen:

We consent to the references made to our firm under the captions "INTRODUCTION - Professionals Involved in the Offering" and "MISCELLANEOUS - Independent Auditors" included in the Preliminary Official Statement dated September 12, 2007 relating to the issuance of the $18,445,000 Resource Recovery Development Authority of Cherokee County (Georgia) Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and 2007B and the use of our report dated June 18, 2007 on our audit of Cherokee County, Georgia's financial statements as of and for the year ended December 31, 2006, included in Appendix A to the Preliminary Official Statement. Our report makes reference to the report of other auditors for the Cherokee County Department of Public Health and Sequoyah Regional Library, discretely presented component units, which represent 43% and 49%, respectively, of the assets and revenue of the aggregate discretely presented component units. The financial statements of the Cherokee County Department of Public Health and Sequoyah Regional Library and the auditor's reports thereon were furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of other auditors.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 12, 2007

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After recorded return to:
Rolader & Rolader
P. O. Box 1357
Roswell, Georgia 30077
30-7799

Deed Book 9881 Pg 241
Filed and Recorded 10/9/2007 12:07:00 PM
28-2007-049082

Patty Baker
Clerk of Superior Court Cherokee Cty, GA

LIMITED WARRANTY DEED

STATE OF GEORGIA

COUNTY OF FULTON

THIS INDENTURE, Made the 5th day of October, 2007, between

BG Land, LLC,
a Georgia limited liability company

of the County of Cherokee, and State of Georgia, as party or parties of the first part, hereinafter called Grantor, and

Resource Recovery Development Authority of Cherokee County (Georgia)

as party or parties of the second part, hereinafter called Grantee (the words "Grantor" and "Grantee" to include their respective heirs, successors and assigns where the context requires or permits).

WITNESSETH that: Grantor for and in consideration of TEN AND NO/100 ($10.00) DOLLARS and other good and valuable consideration in hand paid at and before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, has granted, bargained, sold, aliened, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, convey and confirm unto said Grantee, the following described property, to-wit

ALL that tract or parcel of land lying and being in Land Lots 358, 359, 360, 361 and 362, 3rd District, 2nd Section, County, Georgia, and being more particularly described on Exhibit "A" attached hereto and incorporated herein by reference.

Reserving unto Grantor its successors and assigns and successors in title a perpetual 100 foot access easement for the installation, maintenance and construction of public and private utilities, buffer and vehicular and pedestrian access over the easement area along the north side of the property herein conveyed as described in Exhibit "A-1" attached hereto and incorporated herein by reference; and

Granting to Grantee its successors and assigns in title a temporary access easement for ingress and egress over the cul de sac road that extends from Ballground Highway to the southwest corner of the property herein conveyed, as shown on Exhibit "B" attached hereto and incorporated herein by reference, until the road is dedicated to Cherokee County, at which time this easement shall be terminated.

TO HAVE AND TO HOLD the said tract or parcel of land, with all and singular the rights, members and appurtenances thereof, to the same being, belonging, or in anywise appertaining, to the only property use, benefit and behoof of said Grantee forever in FEE SIMPLE.

AND THE SAID GRANTOR will warrant and forever defend the right and title to the above described property unto said Grantee against the claims of all persons claiming by, through or under Grantor herein.

IN WITNESS WHEREOF, the Grantor has signed and sealed this deed, the day and year above written.

Signed, sealed and delivered in the presence of:

Witness

Notary Public -
My Commission Expires: 5/2/08
[Notary Seal]

EUNICE S. SMITH
NOTARY
EXPIRES
GEORGIA
MAY 2, 2008
PUBLIC
DEKALB COUNTY

BG Land, LLC, a Georgia limited liability company

By: _____ (Seal)
Jimmy L. Bobo, Manager

Exhibit "A"

Written Description

Property to be Bonded (Excluding Detention Tract)

All that tract or parcel of land lying and being in Land Lots 359, 360, 361, & 362, 3rd District, 2nd Section, Cherokee County, Georgia, and being more particularly described as follows:

To find the POINT OF BEGINNING, commence at a point at the intersection of the northwesterly right of way of Ball Ground Highway, AKA GA Hwy. 5 (130 Foot right of way) and the northeasterly right of way of Wilbanks Drive; thence northeasterly along said right of way of Ball Ground Highway 778.48 feet to a point; thence S 29° 57' 30"W, 537.69 feet to a point at the intersection of the southwesterly proposed right of way of Woodtech Parkway (60 foot right of way) and said northwesterly right of way of Ball Ground Highway; thence northwesterly along said proposed right of way of Woodtech Parkway 454.44 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 23.02 feet, said curve having a radius of 197.00 feet and being subtended by a chord of N 55° 44' 58" W, 23.00 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 88.03 feet, said curve having a radius of 197.00 feet and being subtended by a chord of S 39° 36' 06" E, 87.30 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 48.23 feet, said curve having a radius of 261.10 feet and being subtended by a chord of N 32 05' 31"W, 48.16 feet to a point; thence leaving said proposed right of way of Woodtech Parkway N 37° 23' 00" W a distance of 238.09 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 59.38 feet, said curve having a radius of 1,330.00 feet and being subtended by a chord of N 36°06'16" W 59.37 feet to a point; thence **S 53°25'10" W** a distance of **63.44** feet to a point; thence **S 52°44'00" W** a distance of **100.09** feet to a point; thence **N 29°39'54" W** a distance of **78.85** feet to a point; thence **N 14°25'42" W** a distance of **69.05** feet to a point; thence **N 05°25'47" W** a distance of **151.80** feet to a point; thence **N 13°53'42" W** a distance of **94.31** feet to a point; thence **N 18°47'39" W** a distance of **129.61** feet to a point; thence **N 17°06'23" W** a distance of **166.09** feet to a point; thence **N 13°37'58" W** a distance of **105.50** feet to a point; thence **N 45°04'24" E** a distance of **542.55** feet to a point; thence **S 76°42'38" E** a distance of **176.42** feet to a point; thence **S 81°22'26" E** a distance of **37.73** feet to a point; thence **S 83°34'17" E** a distance of **55.99** feet to a point; thence **S 87°39'41" E** a distance of **48.99** feet to a point; thence **S 88°45'51" E** a distance of **55.45** feet to a point; thence **N 86°40'13" E** a distance of **62.00** feet to a point; thence **N 82°35'07" E** a distance of **53.94** feet to a point; thence **N 78°30'30" E** a distance of **65.76** feet to a point; thence **N 76°11'13" E** a distance of **91.42** feet to a point; thence **S 03°35'01" W** a distance of **18.56** feet to a point; thence **S 86°24'59" E** a distance of **298.94** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 309.73 feet, said curve

having a radius of 2,240.98 feet and being subtended by a chord of S 81°21'44" E 309.48 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 200.21 feet, said curve having a radius of 1,000.00 feet and being subtended by a chord of S 83°08'18" E 199.88 feet to a point; thence **S 88°52'27" E** a distance of **208.37** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 89.69 feet, said curve having a radius of 230.00 feet and being subtended by a chord of S 22°31'30" W 89.13 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 251.22 feet, said curve having a radius of 1,307.51 feet and being subtended by a chord of S 39°12'04" W 250.84 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 1,072.68 feet, said curve having a radius of 3,489.00 feet and being subtended by a chord of S 53°30'47" W 1,068.44 feet to a point; thence **S 62°19'14" W** a distance of **321.00** feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 76.37 feet, said curve having a radius of 70.00 feet and being subtended by a chord of S 31°03'53" W 72.64 feet to a point on the northeasterly proposed right of way of Woodtech Parkway (60 foot right of way); thence along the northeasterly, northerly, and northwesterly proposed right of way of Woodtech Parkway for the following courses and distances: thence along a curve to the left, following the curvature thereof, for an arc distance of 123.16 feet, said curve having a radius of 75.00 feet and being subtended by a chord of N 47°14'05" W 109.78' feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 34.62 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 72°29'55" W 34.31 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 117.94 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 14°13'26" W 106.16 feet to the **POINT OF BEGINNING**. Said tract contains or 35.846 acres and is shown on a preliminary plat for BG Land, LLC, by Barton Surveying, Inc., dated July 31, 2007, last revised September 26, 2007.

Exhibit A 1

Written Description

Portion of 100 Foot Utility Easement

All that tract or parcel of land lying and being in Land Lots 359 & 360, 3rd District, 2nd Section, Cherokee County, Georgia, and being more particularly described as follows:

A strip of land 100 feet in width, running parallel to and 100 south of the northerly property line of a 61.187 acre tract currently standing in the name of BG Land, LLC, as shown on attached exhibit "B". Said tract is bounded on the west by the southeast right of way of Interstate 575 (right of way varies), and on the east by the southeasterly proposed right of way of Woodtech Drive (private). Said tract contains 3.16 acres and is shown on a Preliminary Plat for BG Land, LLC, by Barton Surveying, Inc., dated July 31, 2007, last revised September 26, 2007.

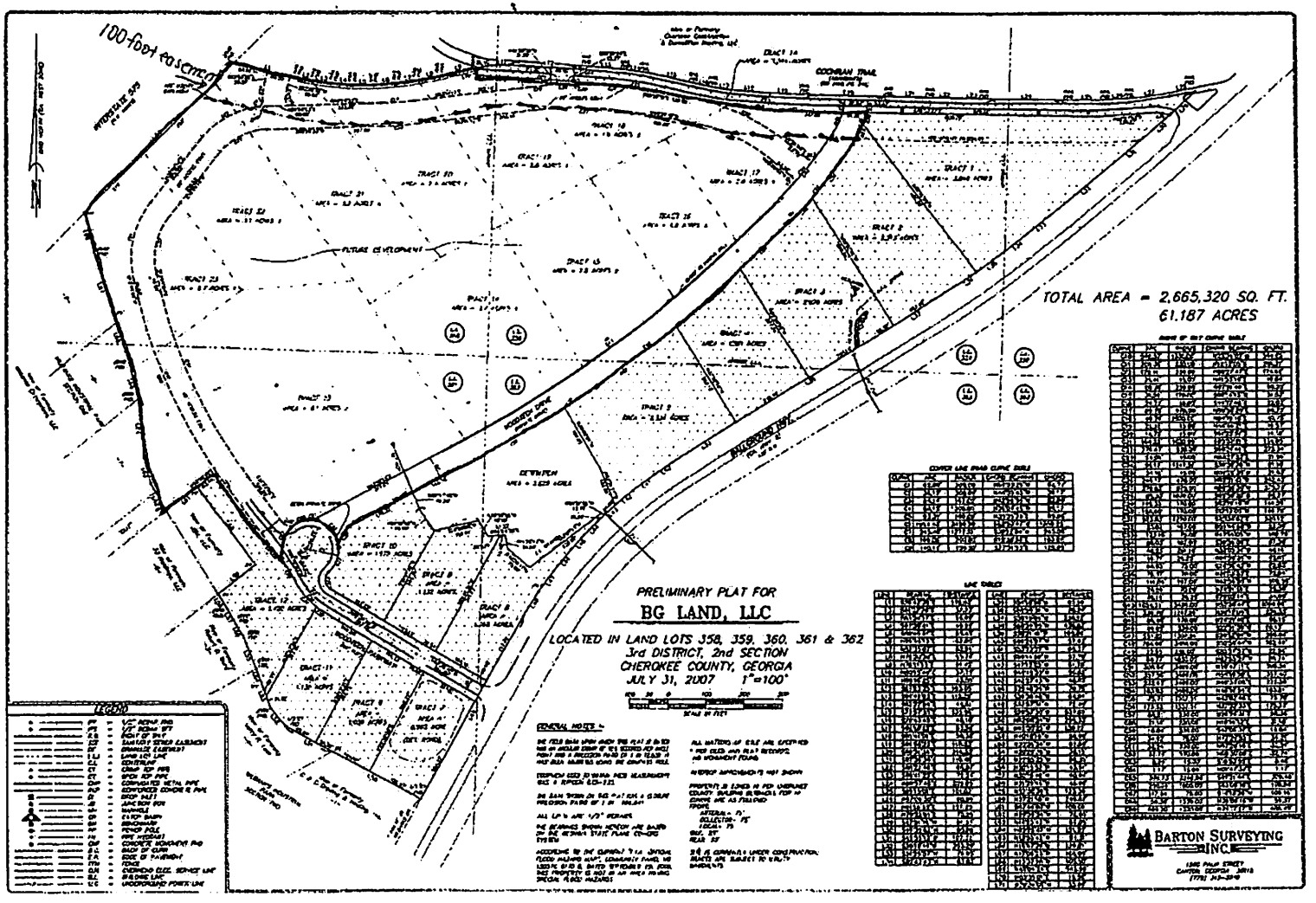
100-foot easement
COCHRAN TRAIL
FUTURE DEVELOPMENT
TOTAL AREA = 2,665,320 SQ. FT.
61.187 ACRES
PRELIMINARY PLAT FOR
BG LAND, LLC
LOCATED IN LAND LOTS 358, 359, 360, 361 & 362
3rd DISTRICT, 2nd SECTION
CHEROKEE COUNTY, GEORGIA
JULY 31, 2007 1"=100'
GENERAL NOTES
LEGEND
BARTON SURVEYING INC.

Exhibit "B"

Old Republic National Title Insurance Company
Owner's Policy – Schedule A

File Number: 07-10-3671/30-7799 **Policy Number: SV 4690805** **Amount of Insurance: $10,766,385.00**

1. Policy Date: October 9, 2007 at 12:07PM

2. The Insured hereunder, in whom title to the fee simple estate is vested at the date hereof is:

   Resource Recovery Development Authority of Cherokee County (Georgia)

3. The land referred to in this policy is situated in the County of **Cherokee,** State of Georgia, and is described as follows:

ALL that tract or parcel of land lying and being in Land Lots 358, 359, 360, 361 and 362 of the 3rd District, 2nd Section, Cherokee County, Georgia, and being more particularly described on Exhibit "A" attached hereto and incorporated herein by reference.

This policy valid only if Schedule B is attached.

Old Republic National Title Insurance Company
Owner's Policy – Schedule B

File Number: 07-10-3671/30-7799 Policy Number: SV 4690805

This policy does not insure against loss or damage by reason of the following:

1. ~~Facts which would be disclosed by a comprehensive survey of the premises herein described.~~
2. Mechanics', Contractors' or Materialmen's liens and lien claims, if any, where no notice thereof appears on record.
3. ~~Rights and claims of parties in possession.~~
4. This policy does not insure as to the exact amount of acreage contained within subject property.
5. Taxes for the year 2007 and subsequent years, not yet due and payable.
6. Any additional taxes, interest and/or penalties which may be assessed for prior tax years by virtue of adjustment, re-appraisal, re-assessment, appeal or other amendment to the tax records of the city or county in which the subject property is located.
7. Right of Way Deed from R. F. Quarles to State Highway Department of Georgia, recorded December 4, 1953 in Deed Book 28, page 398, Cherokee County Records.
8. Right of Way Easement from David Quarles to Sawnee Electric Membership Corporation, recorded October 13, 1972 in Deed Book 132, page 129, Cherokee County Records.
9. Easement Agreement from Thomas David Quarles to Cherokee County Water and Sewerage Authority, recorded January 24, 2005 in Deed Book 7662, page 276, Cherokee County Records.
10. All matters shown on plat recorded in Plat Book 36, page 151, and Plat Book 75, page 70, Cherokee County Records.
11. General Utility Easement from R. F. Quarles to Georgia Power Company, recorded November 13, 1959 in Deed Book 53, page 244, Cherokee County Records.
12. General Utility Easement from R. Frank Quarles to Georgia Power Company, recorded December 21, 1961 in Deed Book 64, page 254, Cherokee County Records.
13. General Utility Easement from Thomas D. Quarles as Executor of the Estate of R. Frank Quarles to Georgia Power Company, recorded January 8, 1981 in Deed Book 297, page 915, Cherokee County Records.
14. Right of Way Deed from Thomas D. Quarles and Otis Edward England, Jr., as Executor and Trustee of the estate of R. Frank Quarles to Department of Transportation, recorded July 6, 1982 in Deed Book 324, page 586, Cherokee County Records.
15. All matters shown on Preliminary Plat for BG Land, LLC, by Barton Surveying, Inc., dated July 31, 2007.
16. Maintenance Agreement by BG Land, LLC, recorded August 20, 2007 in Deed Book 9791, page 120, Cherokee County Records.
17. Declaration of Protective Covenants, Conditions, Restrictions and Easements for Wood-Tech Industrial Park, recorded October 9, 2007 in Deed Book 9881, page 208, Cherokee County Records.

FOR INFORMATION ONLY - Also appearing on record:

Short Form Lease from Resource Recovery Development Authority of Cherokee County (Lessor) to Ball Ground Recycling, LLC (Lessee), recorded October 9, 2007 in Deed Book 9881, page 247, Cherokee County Records; as assigned by Assignment from Resource Recovery Development Authority of Cherokee County to The Bank of New York Trust Company, N.A., recorded October 9, 2007 in Deed Book 9881, page 252, Cherokee County Records.

NOTE: The total liability of the Company is at the date hereof limited to the purchase price of said land in an unimproved condition, but that liability shall increase as improvements are made to said land by such value of the improvements as can be established by proof to the Company. In no event shall total liability hereunder exceed the face amount of this policy $10,766,385.00.

Exhibit "A"

Written Description

Property to be Bonded (Excluding Detention Tract)

All that tract or parcel of land lying and being in Land Lots 359, 360, 361, & 362, 3rd District, 2nd Section, Cherokee County, Georgia, and being more particularly described as follows:

To find the POINT OF BEGINNING, commence at a point at the intersection of the northwesterly right of way of Ball Ground Highway, AKA GA Hwy. 5 (130 Foot right of way) and the northeasterly right of way of Wilbanks Drive; thence northeasterly along said right of way of Ball Ground Highway 778.48 feet to a point; thence S 29° 57' 30"W, 537.69 feet to a point at the intersection of the southwesterly proposed right of way of Woodtech Parkway (60 foot right of way) and said northwesterly right of way of Ball Ground Highway; thence northwesterly along said proposed right of way of Woodtech Parkway 454.44 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 23.02 feet, said curve having a radius of 197.00 feet and being subtended by a chord of N 55° 44' 58" W, 23.00 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 88.03 feet, said curve having a radius of 197.00 feet and being subtended by a chord of S 39° 36' 06" E, 87.30 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 48.23 feet, said curve having a radius of 261.10 feet and being subtended by a chord of N 32 05' 31"W, 48.16 feet to a point; thence leaving said proposed right of way of Woodtech Parkway N 37° 23' 00" W a distance of 238.09 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 59.38 feet, said curve having a radius of 1,330.00 feet and being subtended by a chord of N 36°06'16" W 59.37 feet to a point; thence **S 53°25'10" W** a distance of **63.44** feet to a point; thence **S 52°44'00" W** a distance of **100.09** feet to a point; thence **N 29°39'54" W** a distance of **78.85** feet to a point; thence **N 14°25'42" W** a distance of **69.05** feet to a point; thence **N 05°25'47" W** a distance of **151.80** feet to a point; thence **N 13°53'42" W** a distance of **94.31** feet to a point; thence **N 18°47'39" W** a distance of **129.61** feet to a point; thence **N 17°06'23" W** a distance of **166.09** feet to a point; thence **N 13°37'58" W** a distance of **105.50** feet to a point; thence **N 45°04'24" E** a distance of **542.55** feet to a point; thence **S 76°42'38" E** a distance of **176.42** feet to a point; thence **S 81°22'26" E** a distance of **37.73** feet to a point; thence **S 83°34'17" E** a distance of **55.99** feet to a point; thence **S 87°39'41" E** a distance of **48.99** feet to a point; thence **S 88°45'51" E** a distance of **55.45** feet to a point; thence **N 86°40'13" E** a distance of **62.00** feet to a point; thence **N 82°35'07" E** a distance of **53.94** feet to a point; thence **N 78°30'30" E** a distance of **65.76** feet to a point; thence **N 76°11'13" E** a distance of **91.42** feet to a point; thence **S 03°35'01" W** a distance of **18.56** feet to a point; thence **S 86°24'59" E** a distance of **298.94** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 309.73 feet, said curve

having a radius of 2,240.98 feet and being subtended by a chord of S 81°21'44" E 309.48 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 200.21 feet, said curve having a radius of 1,000.00 feet and being subtended by a chord of S 83°08'18" E 199.88 feet to a point; thence **S 88°52'27" E** a distance of **208.37** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 89.69 feet, said curve having a radius of 230.00 feet and being subtended by a chord of S 22°31'30" W 89.13 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 251.22 feet, said curve having a radius of 1,307.51 feet and being subtended by a chord of S 39°12'04" W 250.84 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 1,072.68 feet, said curve having a radius of 3,489.00 feet and being subtended by a chord of S 53°30'47" W 1,068.44 feet to a point; thence **S 62°19'14" W** a distance of **321.00** feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 76.37 feet, said curve having a radius of 70.00 feet and being subtended by a chord of S 31°03'53" W 72.64 feet to a point on the northeasterly proposed right of way of Woodtech Parkway (60 foot right of way); thence along the northeasterly, northerly, and northwesterly proposed right of way of Woodtech Parkway for the following courses and distances: thence along a curve to the left, following the curvature thereof, for an arc distance of 123.16 feet, said curve having a radius of 75.00 feet and being subtended by a chord of N 47°14'05" W 109.78' feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 34.62 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 72°29'55" W 34.31 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 117.94 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 14°13'26" W 106.16 feet to the **POINT OF BEGINNING**. Said tract contains or 35.846 acres and is shown on a preliminary plat for BG Land, LLC, by Barton Surveying, Inc., dated July 31, 2007, last revised September 26, 2007.

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the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph shall terminate any liability of the Company under this policy as to that claim.

6. Options to Pay or Otherwise Settle Claims; Termination of Liability.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

7. Determination, Extent of Liability and Coinsurance.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. Apportionment.

If the land described in Schedule A consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. Limitation of Liability.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. Reduction of Insurance; Reduction or Termination of Liability.

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. Liability Non-cumulative.

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. Payment of Loss.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. Subrogation Upon Payment or Settlement.

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and

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remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. Arbitration.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is $1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of $1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules. A copy of the Rules may be obtained from the Company upon request.

15. Liability Limited to this Policy; Policy Entire Contract.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

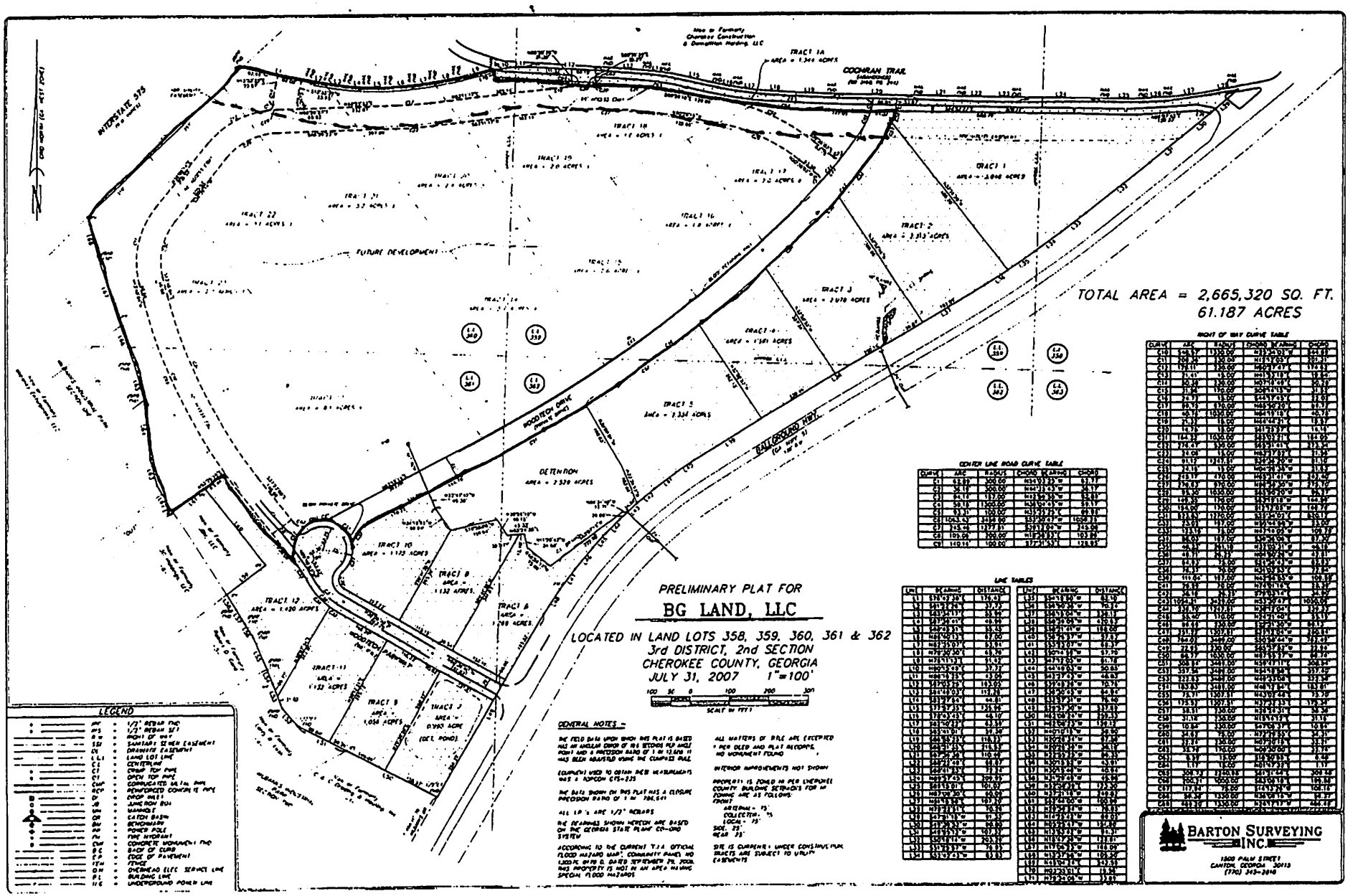
(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or Validating Officer or Authorized Signatory of the Company.

16. Severability.

In the event any provision of the policy is held invalid or unenforceable under the applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. Notices, Where Sent.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to its Home Office: 400 Second Avenue South, Minneapolis, Minnesota 55401, (612) 371-1111.



CENTER LINE ROAD CURVE TABLE

CURVE	ARC	RADIUS	CHORD BEARING	CHORD
C1	65.89	300.00	N13°01'33"E	65.77
C2	34.19	300.00	N02°11'41"W	34.17
C3	58.19	300.00	N19°38'35"W	58.09
C4	58.19	1300.00	N19°38'35"W	58.17
C5	93.31	300.00	N31°37'17"W	93.18
C6	1043.43	3434.00	S37°31'07"E	1039.11
C7	163.44	3434.00	N47°31'07"W	163.42
C8	109.04	300.00	N17°24'31"E	108.49
C9	140.14	300.00	S27°31'53"E	138.93

LINE TABLES

LINE	BEARING	DISTANCE
L1	N76°07'18"E	176.07
L2	S89°11'24"E	37.72
L3	S43°11'11"E	33.96
L4	S87°30'01"E	46.88
L5	S42°31'11"E	33.33
L6	N42°31'11"W	33.33
L7	N87°30'01"W	67.00
L8	N42°31'01"E	33.33
L9	N87°30'30"E	61.76
L10	N76°11'13"E	51.07
L11	N80°53'44"E	33.73
L12	N88°16'15"E	33.73
L13	S47°03'33"E	103.03
L14	S41°18'03"E	113.18
L15	S31°27'51"E	64.81
L16	S31°27'51"E	235.56
L17	N78°33'43"E	46.17
L18	S41°42'13"E	63.39
L19	S43°41'01"E	34.34
L20	S88°55'31"E	118.11
L21	S88°55'31"E	118.11
L22	S41°31'11"E	110.44
L23	S41°31'11"E	88.87
L24	S41°31'11"E	33.33
L25	S43°37'43"E	33.33
L26	S41°31'11"E	101.07
L27	N87°30'01"W	60.00
L28	N41°31'11"W	107.37
L29	S41°31'11"E	107.37
L30	S41°31'11"E	84.88
L31	S41°31'11"E	107.37
L32	S41°31'11"E	107.37
L33	N41°31'11"W	103.16
L34	N41°31'11"W	74.83
L35	S41°31'11"E	63.83

LINE	BEARING	DISTANCE
L36	S41°31'11"E	63.83
L37	S41°31'11"E	63.83
L38	S41°31'11"E	410.57
L39	S41°31'11"E	118.00
L40	S41°31'11"E	37.00
L41	S41°31'11"E	68.37
L42	S87°30'01"E	37.70
L43	S41°31'11"E	61.78
L44	S41°31'11"E	50.63
L45	S41°31'11"E	46.63
L46	S41°31'11"E	10.71
L47	S87°30'01"E	64.92
L48	S41°31'11"E	76.00
L49	S41°31'11"E	317.33
L50	N41°31'11"W	139.33
L51	N41°31'11"W	139.33
L52	N41°31'11"W	58.00
L53	N41°31'11"W	57.00
L54	N41°31'11"W	57.00
L55	N41°31'11"W	57.00
L56	N41°31'11"W	57.00
L57	N41°31'11"W	57.00
L58	N41°31'11"W	57.00
L59	N41°31'11"W	57.00
L60	N41°31'11"W	57.00
L61	N41°31'11"W	57.00
L62	N41°31'11"W	57.00
L63	N41°31'11"W	57.00
L64	N41°31'11"W	57.00
L65	N41°31'11"W	57.00
L66	N41°31'11"W	57.00
L67	N41°31'11"W	57.00
L68	N41°31'11"W	57.00
L69	N41°31'11"W	57.00
L70	N41°31'11"W	57.00
L71	N41°31'11"W	57.00
L72	N41°31'11"W	57.00
L73	N41°31'11"W	57.00
L74	N41°31'11"W	57.00
L75	N41°31'11"W	57.00
L76	N41°31'11"W	57.00
L77	N41°31'11"W	57.00
L78	N41°31'11"W	57.00
L79	N41°31'11"W	57.00
L80	N41°31'11"W	57.00
L81	N41°31'11"W	57.00
L82	N41°31'11"W	57.00
L83	N41°31'11"W	57.00
L84	N41°31'11"W	57.00
L85	N41°31'11"W	57.00
L86	N41°31'11"W	57.00
L87	N41°31'11"W	57.00
L88	N41°31'11"W	57.00
L89	N41°31'11"W	57.00
L90	N41°31'11"W	57.00
L91	N41°31'11"W	57.00
L92	N41°31'11"W	57.00
L93	N41°31'11"W	57.00
L94	N41°31'11"W	57.00
L95	N41°31'11"W	57.00
L96	N41°31'11"W	57.00
L97	N41°31'11"W	57.00
L98	N41°31'11"W	57.00
L99	N41°31'11"W	57.00
L100	N41°31'11"W	57.00
L101	N41°31'11"W	57.00
L102	N41°31'11"W	57.00
L103	N41°31'11"W	57.00
L104	N41°31'11"W	57.00
L105	N41°31'11"W	57.00
L106	N41°31'11"W	57.00
L107	N41°31'11"W	57.00
L108	N41°31'11"W	57.00
L109	N41°31'11"W	57.00
L110	N41°31'11"W	57.00
L111	N41°31'11"W	57.00

RIGHT OF WAY CURVE TABLE

CURVE	ARC	RADIUS	CHORD BEARING	CHORD
C10	546.17	1130.00	N13°30'31"E	541.01
C11	208.19	130.00	N11°17'03"E	187.11
C12	194.11	130.00	N80°17'01"E	177.12
C13	15.41	11.00	N41°31'11"E	14.24
C14	50.38	130.00	N07°14'49"E	50.08
C15	31.84	170.00	S04°31'11"E	31.81
C16	14.97	11.00	S31°17'51"E	13.97
C17	15.70	11.00	N43°30'01"E	14.77
C18	46.71	100.00	N44°11'19"E	46.31
C19	17.31	11.00	N44°44'31"E	15.57
C20	14.76	11.00	N41°31'11"E	13.78
C21	163.33	1000.00	S41°31'11"E	163.16
C22	314.47	1130.00	S41°31'11"E	313.53
C23	24.08	11.00	N43°31'11"E	19.59
C24	91.17	1410.00	S41°31'11"E	91.16
C25	14.15	11.00	N41°31'11"E	13.18
C26	213.17	170.00	S41°31'11"E	200.00
C27	234.37	170.00	N41°31'11"E	217.70
C28	55.30	1030.00	S41°31'11"E	55.17
C29	148.33	170.00	S41°31'11"E	144.19
C30	114.00	170.00	S41°31'11"E	112.00
C31	313.47	1170.00	S41°31'11"E	312.41
C32	15.91	117.00	N41°31'11"E	15.90
C33	21.19	11.00	N43°31'11"E	18.17
C34	55.33	117.00	S41°31'11"E	54.81
C35	54.17	117.00	S41°31'11"E	54.11
C36	18.91	11.00	N43°31'11"E	16.51
C37	14.13	11.00	S41°31'11"E	13.13
C38	14.13	11.00	S41°31'11"E	13.13
C39	14.13	11.00	S41°31'11"E	13.13
C40	14.13	11.00	S41°31'11"E	13.13
C41	28.13	11.00	S41°31'11"E	13.13
C42	14.13	11.00	S41°31'11"E	13.13
C43	1000.11	3434.00	N34°31'11"E	1000.00
C44	314.19	1170.00	S41°31'11"E	313.17
C45	55.30	1170.00	S41°31'11"E	55.17
C46	94.44	170.00	S41°31'11"E	93.17
C47	291.17	1030.00	S41°31'11"E	290.11
C48	744.00	3434.00	S34°31'11"E	742.41
C49	14.13	11.00	S41°31'11"E	13.13
C50	14.13	11.00	S41°31'11"E	13.13
C51	308.14	3434.00	N34°31'11"E	308.14
C52	337.34	3434.00	N41°31'11"E	337.22
C53	331.43	3434.00	N44°31'00"E	331.32
C54	183.07	3434.00	N47°31'11"E	183.01
C55	75.11	1301.11	N43°31'44"E	75.10
C56	175.97	1301.11	N37°31'11"E	175.84
C57	38.31	130.00	N31°31'11"E	38.18
C58	31.19	130.00	N11°31'11"E	31.11
C59	10.84	130.00	N4°31'11"E	10.81
C60	34.61	70.00	N17°31'11"E	34.31
C61	17.11	130.00	N27°31'11"E	17.11
C62	55.19	170.00	N41°31'11"E	55.17
C63	1.17	11.00	N41°31'11"E	1.17
C64	208.13	1130.00	N41°31'11"E	208.18
C65	100.11	1000.00	N41°31'11"E	100.11
C66	117.11	1130.00	N41°31'11"E	117.11
C67	55.30	1130.00	N41°31'11"E	55.17
C68	44.17	1130.00	N41°31'11"E	44.17

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28-2007-049083

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~~Atlanta, Georgia 30309-4530~~
~~Attn: Eunice S. Smith~~

STATE OF GEORGIA)
)
COUNTY OF CHEROKEE)

SHORT FORM LEASE

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY ("Lessor"), a public corporation created and existing under the laws of the State of Georgia, hereby leases and demises to **BALL GROUND RECYCLING, LLC** ("Lessee"), a limited liability company formed and existing under the laws of the State of Georgia, the real property described on Exhibit "A" attached hereto and incorporated herein by reference, pursuant to the terms and provisions of that certain Lease Agreement (the "Lease"), dated as of September 1, 2007, between Lessor and Lessee.

The term of the Lease has commenced as of the date hereof and continues until midnight, July 1, 2037.

Under the Lease, Lessee has the option to purchase all or part of the real property demised by the Lease on the terms and conditions set forth in the Lease.

IN WITNESS WHEREOF, Lessor and Lessee have caused this **SHORT FORM LEASE** to be executed, sealed, and delivered by their duly authorized representatives as of the 1st day of September 2007.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

SEAL

(SEAL)

Attest: Sheila R. Corlin
Secretary

As to Lessor, signed, sealed, and delivered this 5th day of October, 2007, in the presence of:

Unofficial Witness

Eunice S. Smith
Notary Public

My Commission Expires:

5/2/08
(NOTARIAL SEAL)

EUNICE S. SMITH NOTARY PUBLIC EXPIRES GEORGIA MAY 2, 2008 DEKALB COUNTY

BALL GROUND RECYCLING, LLC

BY: J. BOBO, LLC, its sole manager

By: Kim L Bobo
Manager

As to Lessee, signed, sealed, and delivered this 5th day of October 2007, in the presence of:

Unofficial Witness

Eunice S. Smith
Notary Public

My Commission Expires:

5/2/08
(NOTARIAL SEAL)

EUNICE S. SMITH NOTARY PUBLIC EXPIRES GEORGIA MAY 2, 2008 DEKALB COUNTY

US2000 10347138.2

EXHIBIT A

DESCRIPTION OF PREMISES

[Attached]

Exhibit "A"

Written Description

Property to be Bonded (Excluding Detention Tract)

All that tract or parcel of land lying and being in Land Lots 359, 360, 361, & 362, 3rd District, 2nd Section, Cherokee County, Georgia, and being more particularly described as follows:

To find the POINT OF BEGINNING, commence at a point at the intersection of the northwesterly right of way of Ball Ground Highway, AKA GA Hwy. 5 (130 Foot right of way) and the northeasterly right of way of Wilbanks Drive; thence northeasterly along said right of way of Ball Ground Highway 778.48 feet to a point; thence S 29° 57' 30"W, 537.69 feet to a point at the intersection of the southwesterly proposed right of way of Woodtech Parkway (60 foot right of way) and said northwesterly right of way of Ball Ground Highway; thence northwesterly along said proposed right of way of Woodtech Parkway 454.44 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 23.02 feet, said curve having a radius of 197.00 feet and being subtended by a chord of N 55° 44' 58" W, 23.00 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 88.03 feet, said curve having a radius of 197.00 feet and being subtended by a chord of S 39° 36' 06" E, 87.30 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 48.23 feet, said curve having a radius of 261.10 feet and being subtended by a chord of N 32 05' 31"W, 48.16 feet to a point; thence leaving said proposed right of way of Woodtech Parkway N 37° 23' 00" W a distance of 238.09 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 59.38 feet, said curve having a radius of 1,330.00 feet and being subtended by a chord of N 36°06'16" W 59.37 feet to a point; thence **S 53°25'10" W** a distance of **63.44** feet to a point; thence **S 52°44'00" W** a distance of **100.09** feet to a point; thence **N 29°39'54" W** a distance of **78.85** feet to a point; thence **N 14°25'42" W** a distance of **69.05** feet to a point; thence **N 05°25'47" W** a distance of **151.80** feet to a point; thence **N 13°53'42" W** a distance of **94.31** feet to a point; thence **N 18°47'39" W** a distance of **129.61** feet to a point; thence **N 17°06'23" W** a distance of **166.09** feet to a point; thence **N 13°37'58" W** a distance of **105.50** feet to a point; thence **N 45°04'24" E** a distance of **542.55** feet to a point; thence **S 76°42'38" E** a distance of **176.42** feet to a point; thence **S 81°22'26" E** a distance of **37.73** feet to a point; thence **S 83°34'17" E** a distance of **55.99** feet to a point; thence **S 87°39'41" E** a distance of **48.99** feet to a point; thence **S 88°45'51" E** a distance of **55.45** feet to a point; thence **N 86°40'13" E** a distance of **62.00** feet to a point; thence **N 82°35'07" E** a distance of **53.94** feet to a point; thence **N 78°30'30" E** a distance of **65.76** feet to a point; thence **N 76°11'13" E** a distance of **91.42** feet to a point; thence **S 03°35'01" W** a distance of **18.56** feet to a point; thence **S 86°24'59" E** a distance of **298.94** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 309.73 feet, said curve

having a radius of 2,240.98 feet and being subtended by a chord of S 81°21'44" E 309.48 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 200.21 feet, said curve having a radius of 1,000.00 feet and being subtended by a chord of S 83°08'18" E 199.88 feet to a point; thence **S 88°52'27" E** a distance of **208.37** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 89.69 feet, said curve having a radius of 230.00 feet and being subtended by a chord of S 22°31'30" W 89.13 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 251.22 feet, said curve having a radius of 1,307.51 feet and being subtended by a chord of S 39°12'04" W 250.84 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 1,072.68 feet, said curve having a radius of 3,489.00 feet and being subtended by a chord of S 53°30'47" W 1,068.44 feet to a point; thence **S 62°19'14" W** a distance of **321.00** feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 76.37 feet, said curve having a radius of 70.00 feet and being subtended by a chord of S 31°03'53" W 72.64 feet to a point on the northeasterly proposed right of way of Woodtech Parkway (60 foot right of way); thence along the northeasterly, northerly, and northwesterly proposed right of way of Woodtech Parkway for the following courses and distances: thence along a curve to the left, following the curvature thereof, for an arc distance of 123.16 feet, said curve having a radius of 75.00 feet and being subtended by a chord of N 47°14'05" W 109.78' feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 34.62 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 72°29'55" W 34.31 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 117.94 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 14°13'26" W 106.16 feet to the **POINT OF BEGINNING**. Said tract contains or 35.846 acres and is shown on a preliminary plat for BG Land, LLC, by Barton Surveying, Inc., dated July 31, 2007, last revised September 26, 2007.

Deed Book 9881 Pg 252
Filed and Recorded 10/9/2007 12:14:00 PM
28-2007-049084

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Clerk of Superior Court Cherokee Cty, GA

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~~1100 Peachtree Street - Suite 2800~~
~~Atlanta, Georgia 30309-4530~~
~~Attn: Eunice S. Smith~~

ASSIGNMENT

THIS ASSIGNMENT, made and entered into as of September 1, 2007, by the Resource Recovery Development Authority of Cherokee County (the "Issuer"), a public corporation duly created and existing under the laws of the State of Georgia, to The Bank of New York Trust Company, N.A., a banking association chartered and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the Issuer has entered into a Lease Agreement (the "Lease"), dated the date hereof, with Ball Ground Recycling, LLC (the "Lessee"), a limited liability company duly formed and existing under the laws of the State of Georgia; and

WHEREAS, pursuant to the Lease, the Issuer used the proceeds of the sale of (1) $13,205,000 in aggregate principal amount of its revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A" and (2) $4,940,000 in aggregate principal amount of its revenue bonds designated "Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B" (collectively the "Series 2007 Bonds") to finance the costs of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project") to be located in Cherokee County, Georgia on the real property described in Exhibit A attached hereto; and

WHEREAS, the Issuer has leased the Project to the Lessee pursuant to the Lease, and the Issuer and the Lessee have executed and delivered a Short Form Lease, dated as of September 1, 2007, which was recorded in the public records of Cherokee County, Georgia; and

WHEREAS, pursuant to an unrecorded Trust Indenture and Security Agreement (the "Indenture"), dated the date hereof, between the Issuer and the Trustee, the Issuer has assigned its right, title, and interest in and to the Lease, among other things, to the Trustee to secure the payment of the Series 2007 Bonds and all additional bonds issued under the Indenture; and

WHEREAS, the parties wish to restate the assignment of the Lease made in the Indenture in a document to be recorded with the Clerk of the Superior Court of Cherokee County, Georgia in order to provide notice of and to perfect such assignment;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS ASSIGNMENT WITNESSETH:

That the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts created by the Indenture and of the purchase and acceptance of the Series 2007 Bonds by the owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds (as defined in the Indenture) according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied in the Indenture and in the Bonds, does hereby, subject to the terms and provisions of the Lease, grant, bargain, sell, transfer, convey, pledge, and assign, without recourse and irrevocably in trust, unto The Bank of New York Trust Company, N.A., as trustee pursuant to the Indenture, and unto its successors in trust, and to its assigns forever, for the securing of the performance of the obligations of the Issuer set forth in the Indenture, all the right, title, and interest of the Issuer in and to the Lease Agreement, dated as of September 1, 2007, between the Issuer and the Lessee (except for Unassigned Rights, as defined in the Lease), and all extensions and renewals of the terms thereof, if any, and all amounts encumbered thereby, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things that the Issuer is or may become entitled to do under the foregoing, provided that the assignment made by this clause shall not impair or diminish any obligation of the Issuer under the provisions of the foregoing, and all the right, title, and interest of the Issuer in and to (a) all of the rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the real property described in Exhibit A attached hereto, on which the Project will be located, and from and in connection with the Issuer's ownership of the Project, including, without limiting the generality of the foregoing, rents and revenues under any and all leases of the Project or any agreement for the operation or management of the Project, and (b) all leases of all or part of the Project hereafter made, executed, or delivered, whether oral or written, together with any and all renewals, extensions, and modifications thereof and any guarantees of the lessees' obligations under any thereof and any and all tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, and other contracts, licenses, and permits now or hereafter affecting the Project or any part thereof.

SIGNATURES AND SEALS

IN WITNESS WHEREOF, the Issuer has executed this Assignment by causing its name to be hereunto subscribed by its Vice Chairman and by causing the official seal of the Issuer to be impressed hereon and attested by its Secretary; and the Trustee has executed this Assignment by causing its name to be hereunto subscribed by its Authorized Officer and by causing its corporate seal to be impressed hereon and attested by its Authorized Officer, all being done as of the day and year first above written but actually executed by the Issuer on October 5th, 2007 and by the Trustee on October 5th, 2007.

RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

By: James E Hubbard
Vice Chairman

(SEAL)

Attest:

Sheila R. Corbin
Secretary

As to the Issuer, signed, sealed, and delivered this 5th day of October 2007, in the presence of:

Unofficial Witness

Notary Public

My Commission Expires: 5/2/08

(NOTARIAL SEAL)

NOTARY PUBLIC
EXPIRES
GEORGIA
MAY 2, 2008
DEKALB COUNTY
UNICE S. SMITH

[Signatures and Seals Continued on Following Page]

[Signatures and Seals Continued From Preceding Page]

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By: _____
Authorized Officer

(SEAL)

SEAL

Attest:

_____
Authorized Officer

As to the Trustee, signed, sealed, and delivered this 5th day of October 2007, in the presence of:

_____
Unofficial Witness

_____
Notary Public

My Commission Expires: 8/22/10

(NOTARIAL SEAL)

D. DAWES NOTARY PUBLIC GEORGIA DEKALB COUNTY EXPIRES AUG. 22, 2010

EXHIBIT A

DESCRIPTION OF PREMISES

[Attached]

Exhibit "A"

Written Description

Property to be Bonded (Excluding Detention Tract)

All that tract or parcel of land lying and being in Land Lots 359, 360, 361, & 362, 3rd District, 2nd Section, Cherokee County, Georgia, and being more particularly described as follows:

To find the POINT OF BEGINNING, commence at a point at the intersection of the northwesterly right of way of Ball Ground Highway, AKA GA Hwy. 5 (130 Foot right of way) and the northeasterly right of way of Wilbanks Drive; thence northeasterly along said right of way of Ball Ground Highway 778.48 feet to a point; thence S 29° 57' 30"W, 537.69 feet to a point at the intersection of the southwesterly proposed right of way of Woodtech Parkway (60 foot right of way) and said northwesterly right of way of Ball Ground Highway; thence northwesterly along said proposed right of way of Woodtech Parkway 454.44 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 23.02 feet, said curve having a radius of 197.00 feet and being subtended by a chord of N 55° 44' 58" W, 23.00 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 88.03 feet, said curve having a radius of 197.00 feet and being subtended by a chord of S 39° 36' 06" E, 87.30 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 48.23 feet, said curve having a radius of 261.10 feet and being subtended by a chord of N 32 05' 31"W, 48.16 feet to a point; thence leaving said proposed right of way of Woodtech Parkway N 37° 23' 00" W a distance of 238.09 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 59.38 feet, said curve having a radius of 1,330.00 feet and being subtended by a chord of N 36°06'16" W 59.37 feet to a point; thence **S 53°25'10" W** a distance of **63.44** feet to a point; thence **S 52°44'00" W** a distance of **100.09** feet to a point; thence **N 29°39'54" W** a distance of **78.85** feet to a point; thence **N 14°25'42" W** a distance of **69.05** feet to a point; thence **N 05°25'47" W** a distance of **151.80** feet to a point; thence **N 13°53'42" W** a distance of **94.31** feet to a point; thence **N 18°47'39" W** a distance of **129.61** feet to a point; thence **N 17°06'23" W** a distance of **166.09** feet to a point; thence **N 13°37'58" W** a distance of **105.50** feet to a point; thence **N 45°04'24" E** a distance of **542.55** feet to a point; thence **S 76°42'38" E** a distance of **176.42** feet to a point; thence **S 81°22'26" E** a distance of **37.73** feet to a point; thence **S 83°34'17" E** a distance of **55.99** feet to a point; thence **S 87°39'41" E** a distance of **48.99** feet to a point; thence **S 88°45'51" E** a distance of **55.45** feet to a point; thence **N 86°40'13" E** a distance of **62.00** feet to a point; thence **N 82°35'07" E** a distance of **53.94** feet to a point; thence **N 78°30'30" E** a distance of **65.76** feet to a point; thence **N 76°11'13" E** a distance of **91.42** feet to a point; thence **S 03°35'01" W** a distance of **18.56** feet to a point; thence **S 86°24'59" E** a distance of **298.94** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 309.73 feet, said curve

having a radius of 2,240.98 feet and being subtended by a chord of S 81°21'44" E 309.48 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 200.21 feet, said curve having a radius of 1,000.00 feet and being subtended by a chord of S 83°08'18" E 199.88 feet to a point; thence **S 88°52'27" E** a distance of **208.37** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 89.69 feet, said curve having a radius of 230.00 feet and being subtended by a chord of S 22°31'30" W 89.13 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 251.22 feet, said curve having a radius of 1,307.51 feet and being subtended by a chord of S 39°12'04" W 250.84 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 1,072.68 feet, said curve having a radius of 3,489.00 feet and being subtended by a chord of S 53°30'47" W 1,068.44 feet to a point; thence **S 62°19'14" W** a distance of **321.00** feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 76.37 feet, said curve having a radius of 70.00 feet and being subtended by a chord of S 31°03'53" W 72.64 feet to a point on the northeasterly proposed right of way of Woodtech Parkway (60 foot right of way); thence along the northeasterly, northerly, and northwesterly proposed right of way of Woodtech Parkway for the following courses and distances: thence along a curve to the left, following the curvature thereof, for an arc distance of 123.16 feet, said curve having a radius of 75.00 feet and being subtended by a chord of N 47°14'05" W 109.78' feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 34.62 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 72°29'55" W 34.31 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 117.94 feet, said curve having a radius of 75.00 feet and being subtended by a chord of S 14°13'26" W 106.16 feet to the **POINT OF BEGINNING.** Said tract contains or 35.846 acres and is shown on a preliminary plat for BG Land, LLC, by Barton Surveying, Inc., dated July 31, 2007, last revised September 26, 2007.

0
FILE #028-2007-2291
TIME: 2:55 PM
DATE: 10/15/2007-CHEROKEE
PATTY BAKER , CLERK OF SUPERIOR COURT

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
Eunice S. Smith (404) 815-6089

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Eunice S. Smith
Kilpatrick Stockton LLP
1100 Peachtree Street
Atlanta, Georgia 30309-4530

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
RESOURCE RECOVERY DEVELOPMENT AUTHORITY OF CHEROKEE COUNTY

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
90 North Street, Suite 310	Canton	GA	30114	USA

1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
71-1037785		Public Corporation	Georgia	None ■ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
100 Ashford Center North, Suite 520	Atlanta	GA	30338	USA

4. This FINANCING STATEMENT covers the following collateral:

SEE EXHIBIT A ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE.

To be filed with the Clerk, Superior Court of Cherokee County.

5. ALTERNATIVE DESIGNATION [if applicable] ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA
38968 / 313857

FILING OFFICE COPY — NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)

FORM SHOULD BE TYPEWRITTEN OR COMPUTER GENERATED

EXHIBIT A
To UCC-1 Financing Statement between
Resource Recovery Development Authority
of Cherokee County, as Debtor,
and
The Bank of New York Trust Company, N.A.,
as Secured Party

I.

All the right, title, and interest of the Debtor in and to (a) the Lease Agreement, dated as of September 1, 2007, between the Debtor and Ball Ground Recycling, LLC (except for Unassigned Rights, as defined in the Lease Agreement) and (b) the Intergovernmental Solid Waste Contract, dated as of September 1, 2007, between Cherokee County, Georgia and the Debtor, and all extensions and renewals of the terms thereof, if any, and all amounts encumbered thereby, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things that the Debtor is or may become entitled to do under the foregoing, provided that the assignment described by this clause shall not impair or diminish any obligation of the Debtor under the provisions of the foregoing.

II.

All the right, title, and interest of the Debtor in and to (a) all of the rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the real property described in Exhibit B attached hereto, on which a solid waste disposal and recycling facility will be located, and from and in connection with the Debtor's ownership of the solid waste disposal and recycling facility, including, without limiting the generality of the foregoing, rents and revenues under any and all leases of the solid waste disposal and recycling facility or any agreement for the operation or management of the solid waste disposal and recycling facility, and (b) all leases of all or part of the solid waste disposal and recycling facility hereafter made, executed, or delivered, whether oral or written, together with any and all renewals, extensions, and modifications thereof and any guarantees of the lessees' obligations under any thereof and any and all tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, and other contracts, licenses, and permits now or hereafter affecting the solid waste disposal and recycling facility or any part thereof.

III.

All the right, title, and interest of the Debtor in and to all cash proceeds and receipts arising out of or in connection with the sale of the Bonds (as defined in the Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Debtor and the Secured Party) and all moneys held by the Secured Party in the funds created under the Indenture, including the Bond Fund, the Project Fund, the Issuance Cost Fund, and the Debt Service Reserve Fund created thereunder, or held by the Secured Party as special trust funds

derived from insurance proceeds, condemnation awards, payments on contractors' performance or payment bonds or other surety bonds, or any other source.

IV.

All the right, title, and interest of the Debtor in and to all moneys and securities and interest earnings thereon from time to time delivered to and held by the Secured Party under the terms of the Indenture and all other rights of every name and nature and any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned, or transferred as and for additional security under the Indenture by the Debtor or by anyone on its behalf or with its written consent to the Secured Party.

V.

All the right, title, and interest of the Debtor in and to all proceeds (cash and noncash) of any or all of the foregoing, including, without limiting the generality of the foregoing, all inventory, accounts, chattel paper, documents, equipment, instruments, investment property, deposit accounts, farm products, consumer goods, and general intangibles constituting proceeds acquired with cash proceeds of any or all of the foregoing.

IN EACH CASE, whether now owned or hereafter acquired by the Debtor and howsoever its interest therein may arise or appear (whether by ownership, security interest, claim, or otherwise) and whether due or to become due and whether or not earned by performance.

Exhibit "A"

Written Description

Property to be Bonded (Excluding Detention Tract)

All that tract or parcel of land lying and being in Land Lots 359, 360, 361, & 362, 3rd District, 2nd Section, Cherokee County, Georgia, and being more particularly described as follows:

To find the POINT OF BEGINNING, commence at a point at the intersection of the northwesterly right of way of Ball Ground Highway, AKA GA Hwy. 5 (130 Foot right of way) and the northeasterly right of way of Wilbanks Drive; thence northeasterly along said right of way of Ball Ground Highway 778.48 feet to a point; thence S 29° 57' 30"W, 537.69 feet to a point at the intersection of the southwesterly proposed right of way of Woodtech Parkway (60 foot right of way) and said northwesterly right of way of Ball Ground Highway; thence northwesterly along said proposed right of way of Woodtech Parkway 454.44 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 23.02 feet, said curve having a radius of 197.00 feet and being subtended by a chord of N 55° 44' 58" W, 23.00 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 88.03 feet, said curve having a radius of 197.00 feet and being subtended by a chord of S 39° 36' 06" E, 87.30 feet to a point; thence along a curve to the left, following the curvature thereof, for an arc distance of 48.23 feet, said curve having a radius of 261.10 feet and being subtended by a chord of N 32 05' 31"W, 48.16 feet to a point; thence leaving said proposed right of way of Woodtech Parkway N 37° 23' 00" W a distance of 238.09 feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 59.38 feet, said curve having a radius of 1,330.00 feet and being subtended by a chord of N 36°06'16" W 59.37 feet to a point; thence S **53°25'10"** W a distance of **63.44** feet to a point; thence S **52°44'00"** W a distance of **100.09** feet to a point; thence N **29°39'54"** W a distance of **78.85** feet to a point; thence N **14°25'42"** W a distance of **69.05** feet to a point; thence N **05°25'47"** W a distance of **151.80** feet to a point; thence N **13°53'42"** W a distance of **94.31** feet to a point; thence N **18°47'39"** W a distance of **129.61** feet to a point; thence N **17°06'23"** W a distance of **166.09** feet to a point; thence N **13°37'58"** W a distance of **105.50** feet to a point; thence N **45°04'24"** E a distance of **542.55** feet to a point; thence S **76°42'38"** E a distance of **176.42** feet to a point; thence S **81°22'26"** E a distance of **37.73** feet to a point; thence S **83°34'17"** E a distance of **55.99** feet to a point; thence S **87°39'41"** E a distance of **48.99** feet to a point; thence S **88°45'51"** E a distance of **55.45** feet to a point; thence N **86°40'13"** E a distance of **62.00** feet to a point; thence N **82°35'07"** E a distance of **53.94** feet to a point; thence N **78°30'30"** E a distance of **65.76** feet to a point; thence N **76°11'13"** E a distance of **91.42** feet to a point; thence S **03°35'01"** W a distance of **18.56** feet to a point; thence S **86°24'59"** E a distance of **298.94** feet to a point; thence along a curve to the right, following the curvature thereof, for an arc distance of 309.73 feet, said curve

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JARRARD & DAVIS

A Limited Liability Partnership

KEN E. JARRARD
ANGELA E. DAVIS
DALE R. "BUBBA" SAMUELS

JOSEPH C. PEAKE, III
PAUL N. HIGBEE, JR.
PAUL J. DZIKOWSKI
MARK E. SCOTT
CHRISTOPHER J. HAMILTON

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Cumming, Georgia 30040

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FACSIMILE: 678.455.7149

WRITER'S E-MAIL:
KJARRARD@JARRARD-DAVIS.COM

OF COUNSEL:
CHRISTOPHER D. BALCH

October 5, 2007

Citigroup Global Markets Inc.
Atlanta, Georgia

Kilpatrick Stockton LLP
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as counsel to the Resource Recovery Development Authority of Cherokee County (the "Issuer") preliminary to and in connection with the issuance and sale by the Issuer of the above-captioned bonds (the "Bonds"). In so acting, we have examined, among other things, Chapter 63 of Title 36 of the Official Code of Georgia Annotated (the "Resource Recovery Development Authorities Law"), certified copies of the resolution, as amended, adopted by the Board of Commissioners of Cherokee County activating the Issuer and appointing the initial members of the Board of Directors of the Issuer, certified copies of excerpts from minutes of each meeting of the Board of Commissioners of Cherokee County at which the current members of the Board of Directors of the Issuer were appointed for their current terms, and originals, executed counterparts, or certified copies of the following:

1. The proceedings, including a Series 2007 Bond Resolution adopted by the Board of Directors of the Issuer on July 3, 2007, as ratified, reaffirmed, supplemented, and amended by a Supplemental Series 2007 Bond Resolution adopted by the Board of Directors of the Issuer on September 18, 2007 (collectively the "Bond Resolution"), authorizing, among other things, the issuance and delivery of the Bonds and the execution, delivery, receipt, and approval of the following:

(a) Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"),

(b) Lease Agreement (the "Lease"), dated as of September 1, 2007, between the Issuer and Ball Ground Recycling, LLC (the "Lessee"),

(c) Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, between Cherokee County, Georgia (the "County") and the Issuer,

(d) Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 2007, among the Issuer, the Lessee, and Citigroup Global Markets Inc.,

(e) Preliminary Official Statement dated September 12, 2007 (the "Preliminary Official Statement"), and

(f) Official Statement dated September 18, 2007 (the "Official Statement").

2. The Indenture, the Lease, the Contract, and the Bond Purchase Agreement (collectively the "Issuer Contracts"), the Preliminary Official Statement, the Official Statement, and a specimen Bond.

Based upon the foregoing and an examination of such other information, papers, and documents as we believed necessary or advisable to enable us to render this opinion, we are of the opinion, as of the date hereof, that:

1. The Issuer is a public corporation duly created and validly existing under and by virtue of the laws of the State of Georgia, including particularly the Resource Recovery Development Authorities Law, and has all requisite power and authority to adopt the Bond Resolution and perform its obligations thereunder, to lease the property demised by the Lease (the "Project") to the Lessee, to issue, sell, and deliver the Bonds for the benefit of the Lessee as contemplated by the Lease, to enter into and perform its obligations under the Issuer Contracts, to execute and deliver the Official Statement to the Underwriter for distribution to the general public in connection with the offering by the Underwriter of the Bonds, and to grant the liens granted by it to the Trustee under the Indenture.

2. The Issuer has taken all action legally required to authorize the issuance, sale, and delivery of the Bonds and has duly authorized the adoption and performance of the Bond Resolution, the execution, delivery, and performance of the Issuer Contracts, and the approval of the Official Statement.

3. The adoption by the Issuer of the Bond Resolution, the authorization by the Issuer of the Official Statement, the issuance and delivery by the Issuer of the Bonds, the execution and delivery by the Issuer of the Issuer Contracts and the other agreements and documents described in the Bond Purchase Agreement, and the performance by the Issuer of its obligations under and the consummation of the transactions described in all of the foregoing instruments and documents do not and will not conflict with or constitute, on the part of the Issuer, a breach or violation of or default under, any of the terms and provisions of the Issuer's organic documents, any existing constitution, statute, law, or court or administrative rule or regulation, decree, order, or judgment to which the Issuer is subject or by which the Issuer or any of its properties is bound or any agreement, indenture, mortgage, lease, security deed, note, resolution, ordinance, contract, commitment, or other instrument or agreement to which the Issuer is a party or by which the Issuer or any of its properties is bound.

4. Each of the officers of the Issuer was on the date of execution of each of the instruments relating to the Bonds, was on the date of the execution of the Bonds, and is on the date hereof the duly elected or appointed qualified incumbent of his or her office of the Issuer.

5. The notices given prior to the meetings of the Board of Directors of the Issuer at which the Bond Resolution was adopted comply with the applicable notice requirements of Georgia law, and such meetings were conducted in accordance with the applicable requirements of Georgia law.

6. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, by or before any court or public board or body pending or, to the best of our knowledge and belief, after making due inquiry with respect thereto, threatened against or affecting the Issuer, nor to our knowledge is there any basis therefor, which in any way questions the creation or existence of the Issuer referred to in Section 2(a) of the Bond Purchase Agreement or the powers of the Issuer referred to in Section 2(b) of the Bond Purchase Agreement, or the validity of the proceedings resulting in the issuance and delivery of the Bonds, or wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated by the Bond Purchase Agreement or which in any way would adversely affect the validity or enforceability of the Bonds, the Bond Resolution, the Issuer Contracts, or any other agreement or instrument to which the Issuer is a party and which is used or contemplated for use in connection with the consummation of the transactions contemplated by the Bond Purchase Agreement.

7. All permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies that are required to have been obtained as of the date hereof by the Issuer in connection with the ownership of the Project, as contemplated by the Official Statement, the issuance, sale, and delivery of the Bonds, the adoption, execution, delivery, and performance of the Bond Resolution and the Issuer Contracts, and the consummation of the transactions contemplated by the Official Statement have been duly obtained and remain in full force and effect. We have no reason to believe, after making due inquiry, that the Issuer will not be able to maintain all such permits, consents, permissions, approvals, and licenses described in the preceding sentence or to obtain all such additional permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies as may be required on or prior to the date the Issuer is legally required to obtain the same. No additional or further approval, consent, permission, authorization, or order of any court or any governmental or public agency or authority not already obtained is required by the Issuer as of the date hereof in connection with the ownership of the Project, the issuance, sale, and delivery of the Bonds, or the adoption, execution, delivery, and performance of the Bond Resolution and the Issuer Contracts. The opinion expressed in this paragraph 7 shall not extend to or otherwise cover any approvals that may be required by any federal or state securities laws.

8. The Issuer has never issued, assumed, guaranteed, or otherwise become liable in respect of any bonds, notes, or other obligations which are presently outstanding and which are secured in any manner by the Trust Estate (as defined in the Indenture), other than as set forth in the Indenture, and the Issuer has not entered into or issued any instrument, resolution, ordinance, agreement, mortgage, security agreement, indenture, contract, or arrangement of any kind which might, on or after the date hereof, give rise to any lien or encumbrance on the Trust Estate, other than the Indenture.

9. The Bond Resolution has been duly adopted by the Issuer, is in full force and effect in the form in which it was adopted, and constitutes the valid, binding, and legally enforceable obligation of the Issuer according to its import. The Issuer Contracts have been duly authorized, executed, and delivered by the Issuer and, assuming the due authorization, execution, and delivery by the other parties thereto, are each in full force and effect and constitute the valid, binding, and legally enforceable obligations of the Issuer according to their import, and the Issuer is entitled to the benefits of the same. The Bonds have been duly authorized, executed, issued, and delivered by the Issuer and, assuming the due authentication thereof by the Trustee, constitute the valid and legally binding special or limited obligations of the Issuer, are entitled to the benefit and security of the Indenture, and are enforceable in accordance with their terms.

10. The Official Statement has been duly authorized, executed, and delivered by the Issuer, and the Issuer has duly approved the use of the Preliminary Official Statement and the Official Statement by the Underwriter in connection with the offering of the Bonds.

11. To the best of our knowledge, after making due inquiry with respect thereto, the statements contained in the Preliminary Official Statement and the Official Statement under the captions "INTRODUCTION - The Issuer," "THE ISSUER," "LEGAL MATTERS - Pending Litigation (pertaining to the Issuer) and - Validation Proceedings" are accurate statements or summaries of the matters set forth therein and fairly represent the information purported to be shown and do not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. In addition, while we do not pass upon or assume responsibility for the accuracy, completeness, or fairness of the Preliminary Official Statement or the Official Statement (other than the opinion given in the preceding sentence), nothing has come to our attention which leads us to believe that any portions of the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds, the Bond Resolution, or the Issuer Contracts might be limited by (i) bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally heretofore or hereafter enacted to the extent of their enforcement, (ii) judicial discretion in the application of principles of equity, and (iii) the valid exercise of the sovereign police powers of the State of Georgia and its governmental bodies and the constitutional powers of the United States of America. The foregoing opinions are also qualified to the extent that any rights to indemnity contained in the Bond Purchase Agreement might be limited by applicable law.

No opinion is given as to the tax-exempt status of the Bonds or the interest thereon. No opinion is given concerning the requirement for registration of the Bonds under the securities laws of any state or the Securities Act of 1933, as amended, nor is an opinion given concerning qualification of any document under the Trust Indenture Act of 1939, as amended, nor is any opinion given as to the proper filing, recordation, or other necessary steps for perfecting a security interest under the Uniform Commercial Code or other like statute or to establish a lien or other matter of record in the real property records.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. We expressly

disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

Sincerely,

JARRARD & DAVIS, LLP

Angela E. Davis
Partner

AED:kcl

JARRARD & DAVIS

A Limited Liability Partnership

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October 5, 2007

Citigroup Global Markets Inc.
Atlanta, Georgia

Kilpatrick Stockton LLP
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Bail Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as counsel to Cherokee County, Georgia (the "County") preliminary to and in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). In so acting, we have examined, among other things, Article IX, Section III, Paragraph I of the Constitution of the State of Georgia, Chapter 63 of Title 36 of the Official Code of Georgia Annotated, Section 48-5-220(20) of the Official Code of Georgia Annotated, and originals, executed counterparts, or certified copies of the following:

1. The proceedings, including a resolution adopted by the Board of Commissioners of the County on June 19, 2007 (the "Resolution"), authorizing the execution, delivery, and performance of an Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, between the Resource Recovery Development Authority of Cherokee County (the "Issuer") and the County.

2. The Contract.

Based upon the foregoing and an examination of such other information, papers, and documents as we believed necessary or advisable to enable us to render this opinion, we are of the opinion, as of the date hereof, that:

1. The County is a political subdivision of the State of Georgia duly created and validly existing under and by virtue of the Constitution and laws of the State of Georgia and has all requisite power and authority to adopt the Resolution and perform its obligations thereunder and to enter into and perform its obligations under the Contract.

2. The County has taken all action legally required to authorize and has duly authorized the adoption and performance of the Resolution and the execution, delivery, and performance of the Contract.

3. The adoption by the County of the Resolution, the execution and delivery by the County of the Contract, and the performance by the County of its obligations under and the consummation of the transactions described in the Contract do not and will not conflict with or constitute, on the part of the County, a breach or violation of or default under, any of the terms and provisions of any existing constitution, statute, law, or court or administrative rule or regulation, decree, order, or judgment to which the County is subject or by which the County or any of its properties is bound or any agreement, indenture, mortgage, lease, security deed, note, resolution, ordinance, contract, commitment, or other instrument or agreement to which the County is a party or by which the County or any of its properties is bound.

4. Each of the officials of the County was on the date of execution of the Contract and is on the date hereof the duly elected or appointed qualified incumbent of his or her office of the County.

5. The notice given prior to the meeting of the Board of Commissioners of the County at which the Resolution was adopted complies with the applicable notice requirements of Georgia law, and such meeting was conducted in accordance with the applicable requirements of Georgia law.

6. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, by or before any court or public board or body pending or, to the best of our knowledge and belief, after making due inquiry with respect thereto, threatened against or affecting the County, nor to our knowledge is there any basis therefor, which in any way questions the creation or existence of the County or the power of the County to execute, deliver, and perform its obligations under the Contract or the validity of the proceedings resulting in the execution and delivery of the Contract, or which might result in a material adverse change in the condition (financial or other), business, or affairs of the County, or wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated by the Contract or which in any way would adversely affect the validity or enforceability of the Resolution or the Contract or which in any way would

adversely affect the levy or collection of any taxes or fees by the County.

7. All permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies that are required to have been obtained as of the date hereof by the County in connection with the adoption, execution, delivery, and performance of the Resolution and the Contract, and the consummation of the transactions contemplated by the Contract have been duly obtained and remain in full force and effect. We have no reason to believe, after making due inquiry, that the County will not be able to maintain all such permits, consents, permissions, approvals, and licenses described in the preceding sentence or to obtain all such additional permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies as may be required on or prior to the date the County is legally required to obtain the same. No additional or further approval, consent, permission, authorization, or order of any court or any governmental or public agency or authority not already obtained is required by the County as of the date hereof in connection with the adoption, execution, delivery, and performance of the Resolution or the Contract. The opinion expressed in this paragraph 7 shall not extend to or otherwise cover any approvals that may be required by any federal or state securities laws.

8. The Resolution has been duly adopted by the County, is in full force and effect in the form in which it was adopted, and constitutes the valid, binding, and legally enforceable obligation of the County according to its import. The Contract has been duly authorized, executed, and delivered by the County and, assuming the due authorization, execution, and delivery by the Issuer, is in full force and effect and constitutes the valid, binding, and legally enforceable obligation of the County according to its import, and the County is entitled to the benefits of the same. All taxable property within the territorial limits of the County is subject to ad valorem taxation, at such rate or rates within the one mill limit authorized pursuant to Section 48-5-220(20) of the Official Code of Georgia Annotated or within such greater millage as may hereafter be prescribed by applicable law, to pay the County's obligations under the Contract.

9. Except for the Contract and the Prior Contract (as defined in the Contract), there is not presently in force and effect any contract between the County and the Issuer or any other development authority, pursuant to which the County has agreed to levy, or may levy, the ad valorem tax authorized by Section 48-5-220(20) of the Official Code of Georgia Annotated to provide revenues to fulfill the County's obligations under such contract.

10. As general counsel to the County, we have rendered legal advice and assistance to the County in the course of the financing. Such assistance involved, among other

things, discussions and inquiries concerning various legal matters and review of various documents relating to the offering and the preparation of the Preliminary Official Statement and the Official Statement and participation in conferences during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed and reviewed. To the best of our knowledge, after making due inquiry with respect thereto, the statements contained in the Preliminary Official Statement and the Official Statement under the captions "INTRODUCTION - The County," "THE COUNTY - Introduction, - County Administration and Officials, - County Services, - County Facilities, and - Employees, Employee Relations, and Labor Organizations," "COUNTY DEBT STRUCTURE - Proposed Debt," "COUNTY AD VALOREM TAXATION - Introduction, - Property Subject to Taxation, - Assessed Value, - Annual Tax Levy, and - Property Tax Collections," "COUNTY FINANCIAL INFORMATION - Budgetary Process, - Employee Benefits, and - Insurance Coverage and Governmental Immunity," and "LEGAL MATTERS - Pending Litigation" (pertaining to the County) (other than the financial and statistical data included therein, as to which we express no view) are accurate statements or summaries of the matters set forth therein and fairly represent the information purported to be shown and do not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. In addition, while we do not pass upon or assume responsibility for the accuracy, completeness, or fairness of the Preliminary Official Statement or the Official Statement (other than the opinion given in the preceding sentence), nothing has come to our attention which leads us to believe that any portions of the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The foregoing opinions are qualified to the extent that the enforceability of the Resolution or the Contract might be limited by (i) bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally heretofore or hereafter enacted to the extent of their enforcement, (ii) judicial discretion in the application of principles of equity, and (iii) the valid exercise of the sovereign police powers of the State of Georgia and its governmental bodies and the constitutional powers of the United States of America. The foregoing opinions are also qualified to the extent that any rights to indemnity contained in the Bond Purchase Agreement might be limited by applicable law.

No opinion is given as to the tax-exempt status of the Bonds or the interest thereon. No opinion is given concerning the requirement for registration of the Bonds under the securities laws of any state or the Securities Act of 1933, as amended, nor is an opinion given concerning

qualification of any document under the Trust Indenture Act of 1939, as amended.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

Sincerely,

JARRARD & DAVIS, LLP

Angela E. Davis
Partner

AED:kcl

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OF COUNSEL:
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October 5, 2007

Citigroup Global Markets Inc.
Atlanta, Georgia

Kilpatrick Stockton LLP
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as counsel to Ball Ground Recycling, LLC (the "Lessee"), preliminary to and in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). In so acting, we have examined, among other things, originals, executed counterparts, or certified copies of the following:

1. the Articles of Organization, as amended, of the Lessee,

2. the Operating Agreement, as amended, of the Lessee,

3. the Certificate of Existence of the Lessee issued by the Secretary of State of the State of Georgia,

4. a Consent of J. Bobo, LLC, the sole Manager of the Lessee, authorizing, among other things, the execution and delivery or approval of the following:

   (a) the Lease Agreement (the "Lease"), dated as of September 1, 2007, between the Lessee and the Resource Recovery Development Authority of Cherokee County (the "Issuer"),

   (b) the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated September 18, 2007, among the Issuer, the Lessee, and Citigroup Global Markets Inc. (the "Underwriter"),

(c) the Preliminary Official Statement dated September 12, 2007 (the "Preliminary Official Statement"), relating to the Bonds,

(d) the Official Statement dated September 18, 2007 (the "Official Statement"), relating to the Bonds, and

(e) certificates as to factual matters relating to the issuance and sale of the Bonds,

5. the Lease and the Bond Purchase Agreement (collectively the "Lessee Contracts"), the Preliminary Official Statement, and the Official Statement, and

6. minutes and other company records of the Lessee.

Based upon the foregoing and an examination of such other information, papers, and documents as we believed necessary or advisable to enable us to render this opinion, and subject to the qualifications set forth below, we are of the opinion, as of the date hereof, that:

1. The Lessee is a limited liability company duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Georgia and has all requisite power and authority to lease the property demised by the Lease (the "Project") from the Issuer, to enter into and perform its obligations under the Lessee Contracts, and to execute and deliver the Official Statement to the Underwriter for distribution to the general public in connection with the offering by the Underwriter of the Bonds.

2. The Lessee has taken all action legally required to authorize and has duly authorized the execution, delivery, and performance of the Lessee Contracts and the approval of the Official Statement. The Manager of the Lessee has been duly authorized by appropriate company action and has the authority and power to execute and deliver on behalf of the Lessee. The Lessee Contracts and the Official Statement have been duly executed and delivered by the Manager of the Lessee on behalf of the Lessee. The Lessee Contracts, assuming the due authorization, execution, and delivery by the other parties thereto, are each in full force and effect and constitute the valid, binding, and legally enforceable obligations of the Lessee according to their import, and the Lessee is entitled to the benefits of the same.

3. The approval by the Lessee of the Official Statement, the execution and delivery by the Lessee of the Lessee Contracts, and the performance by the Lessee of its obligations under and the consummation of the transactions described in all of the foregoing instruments and documents, do not and will not conflict with or constitute, on the part of the Lessee, a breach of or violation of or default under any of the terms and provisions of the Lessee's Articles of Organization or Operating Agreement, under any indenture, mortgage, lease, note, contract, security deed, commitment, agreement, or other instrument to which the Lessee is a party or by which it or any of its properties is bound, or under any existing constitution, statute, law, or court or administrative rule or regulation, judgment, order, or decree to which the Lessee is subject or by which the Lessee or any of its properties is bound.

4. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, by or before any court or public board or body pending or, to the best of our knowledge and

belief, after making due inquiry with respect thereto, threatened against or affecting the Lessee, nor to our knowledge is there any basis therefor, which in any way questions the organization, existence, or good standing of the Lessee or the powers and authority of the Lessee referred to in Section 3(a) of the Bond Purchase Agreement, or wherein an unfavorable decision, ruling, or finding would materially and adversely affect the transactions contemplated by the Bond Purchase Agreement or which in any way would adversely affect the validity or enforceability of the Lessee Contracts, or any other agreement or instrument to which the Lessee is a party and which is used or contemplated for use in connection with the consummation of the transactions contemplated by the Bond Purchase Agreement.

5. All permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies that are required to have been obtained as of the date hereof by the Lessee in connection with the lease of the Project from the Issuer, the execution, delivery, and performance of the Lessee Contracts and the consummation of the transactions contemplated thereby have been duly obtained and remain in full force and effect. We have no reason to believe, after making due inquiry, that the Lessee will not be able to maintain all such permits, consents, permissions, approvals, and licenses described in the preceding sentence or to obtain all such additional permits, consents, permissions, approvals, or licenses and authorizations or orders of any court or governmental or regulatory bodies as may be required on or prior to the date the Lessee is legally required to obtain the same. No additional or further approval, consent, permissions, authorization, or order of any court or any governmental or public agency or authority not already obtained is required by the Lessee as of the date hereof in connection with the lease of the Project from the Issuer or the execution, delivery, and performance of the Lessee Contracts. The opinion expressed in this paragraph 5 shall not extend to or otherwise cover any approvals that may be required by any federal or state securities laws.

6. The Official Statement has been duly authorized, executed, and delivered by the Lessee, and the Lessee has duly approved the use of the Preliminary Official Statement and the Official Statement by the Underwriter in connection with the offering of the Bonds.

7. As general counsel to the Lessee, we have rendered legal advice and assistance to the Lessee in the course of the financing. Such assistance involved, among other things, discussions and inquiries concerning various legal matters and review of various documents relating to the offering and the preparation of the Preliminary Official Statement and the Official Statement and participation in conferences during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed and reviewed. To the best of our knowledge, after making due inquiry with respect thereto, the statements contained in the Preliminary Official Statement and the Official Statement under the captions "INTRODUCTION - The Lessee," "THE LESSEE," "THE MANAGER," and "LEGAL MATTERS - Pending Litigation" (pertaining to the Lessee) are accurate statements or summaries of the matters set forth therein and fairly represent the information purported to be shown and do not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. In addition, while we do not pass upon or assume responsibility for the accuracy, completeness, or fairness of the Preliminary Official Statement or the Official Statement (other than the opinion given in the

preceding sentence), nothing has come to our attention which leads us to believe that any portions of the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The foregoing opinions are qualified to the extent that the enforceability of the Lessee Contracts might be limited by (i) bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally heretofore or hereafter enacted to the extent of their enforcement, (ii) judicial discretion in the application of principles of equity, and (iii) the valid exercise of the sovereign police powers of the State of Georgia and its governmental bodies and the constitutional powers of the United States of America.

No opinion is given as to the tax-exempt status of the Bonds or the interest thereon. No opinion is given concerning the requirement for registration of the Bonds under the securities laws of any state or the Securities Act of 1933, as amended, nor is an opinion given concerning qualification of any document under the Trust Indenture Act of 1939, as amended, nor is any opinion given as to the proper filing, recordation, or other necessary steps for perfecting a security interest under the Uniform Commercial Code or other like statute or to establish a lien or other matter of record in the real property records.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

Very truly yours,

FLINT & CONNOLLY, LLP

By:_____
Douglas H. Flint

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One State Street Plaza
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212.668.0340 Fax: 212.509.9190

A member of the Ambac Financial Group, Inc.

Ambac

October 5, 2007

Resource Recovery Development Authority
of Cherokee County
90 North Street
Canton, GA 30114

Citigroup Global Markets, Inc.
3455 Peachtree Road, N.E.
Atlanta, GA 30326

Kilpatrick Stockton LLP
1100 Peachtree Street
Atlanta, GA 30309

The Bank of New York Trust Company, N.A.
100 Ashford Center North
Atlanta, GA 30338

Ladies and Gentlemen:

This opinion has been requested of the undersigned, a Vice President and an Assistant General Counsel of Ambac Assurance Corporation, a Wisconsin stock insurance corporation ("Ambac Assurance"), in connection with the issuance by Ambac Assurance of a certain Financial Guaranty Insurance Policy, effective as of the date hereof (the "Policy"), insuring the obligations of Resource Recovery Development Authority of Cherokee County, Georgia (the "Obligor"), consisting of $13,205,000 in aggregate principal amount of Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A and $4,940,000 in aggregate principal amount of Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B, each series dated their date of issuance (the "Obligations").

In connection with my opinion herein, I have examined the Policy and such statutes, documents and proceedings as I have considered necessary or appropriate under the circumstances to render the following opinion, including, without limiting the generality of the foregoing, certain statements contained in the Official Statement of the Obligor dated September 18, 2007 relating to the Obligations (the "Official Statement") under the headings "BOND INSURANCE" and "APPENDIX D – SPECIMEN BOND INSURANCE POLICY".

Based upon the foregoing and having regard to legal considerations I deem relevant, I am of the opinion that:

1. Ambac Assurance is a stock insurance corporation duly organized and validly existing under the laws of the State of Wisconsin and duly qualified to conduct an insurance business in the State of Georgia.

2. Ambac Assurance has full corporate power and authority to execute and deliver the Policy, and the Policy has been duly authorized, executed and delivered by Ambac Assurance and constitutes a legal, valid and binding obligation of Ambac Assurance enforceable in accordance with its terms, except to the extent that the enforceability (but not the validity) of such obligation may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law or enactment now or hereafter enacted affecting the enforcement of creditors' rights.

Ambac

3. The execution and delivery by Ambac Assurance of the Policy will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Authority, Articles of Incorporation or By-Laws of Ambac Assurance, or any restriction contained in any contract, agreement or instrument to which Ambac Assurance is a party or by which it is bound or constitute a default under any of the foregoing.

4. Proceedings legally required for the issuance of the Policy have been taken by Ambac Assurance and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.

5. The statements contained in the Official Statement under the heading "BOND INSURANCE", insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements describe Ambac Financial Group, Inc. (the "Company") and Ambac Assurance, fairly and accurately describe the Company and Ambac Assurance.

6. The form of the Policy contained in the Official Statement under the heading "APPENDIX D – SPECIMEN BOND INSURANCE POLICY" is a true and complete copy of the form of the Policy.

The opinions expressed herein are solely for your benefit, and may not be relied upon by any other person.

Very truly yours,

Dwight Kwa
Vice President and
Assistant General Counsel

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October 5, 2007

Cherokee County, Georgia
Canton, Georgia

Citigroup Global Markets Inc.
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as disclosure counsel to Cherokee County, Georgia (the "County") preliminary to and in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). In so acting, we have examined originals, executed counterparts, or certified copies of the following:

(a) the Series 2007 Bond Resolution adopted by the Resource Recovery Development Authority of Cherokee County (the "Issuer") on July 3, 2007, as supplemented and amended by a Supplemental Series 2007 Bond Resolution adopted by the Issuer on September 18, 2007,

(b) the Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"),

(c) the Lease Agreement, dated as of September 1, 2007, between Ball Ground Recycling, LLC (the "Lessee") and the Issuer,

(d) the Contract, dated as of September 1, 2007, between Cherokee County, Georgia (the "County") and the Issuer,

(e) the Bond Purchase Agreement, dated September 18, 2007 (the "Bond Purchase Agreement"), among the Issuer, the Lessee, and Citigroup Global Markets Inc.,

(f) the resolution adopted by the County on June 19, 2007,

(g) the Preliminary Official Statement, dated September 12, 2007 (the "Preliminary Official Statement"), relating to the Bonds,

(h) the Official Statement, dated September 18, 2007 (the "Official Statement"), relating to the Bonds,

(i) the insurance policy (the "Bond Insurance Policy") issued by Ambac Assurance Corporation (the "Bond Insurer") with respect to the Bonds,

(j) the Continuing Disclosure Agreement (the "Disclosure Agreement"), dated the date hereof, between the Lessee and the Trustee,

(k) the Continuing Disclosure Certificate (the "Disclosure Certificate"), dated the date hereof, of the County, and

(l) a transcript of the proceedings of the Issuer relating to the authorization, issuance, and delivery of the Bonds.

In all such examinations, we have assumed the authenticity of all documents submitted to us as original documents and the authenticity of originals and conformity to original documents of all documents submitted to us as certified, conformed, or photostatic copies. We have assumed, but not independently verified, that the signatures on all documents and certificates that we have examined are genuine, and, as to certificates, we have assumed the same to be properly given and to be accurate. We are not expressing any opinion or views on the authorization, issuance, delivery, or validity of the Bonds.

Based upon the foregoing and an examination of such other information, papers, and documents as we believe necessary or advisable to enable us to render this opinion, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act"), the Bond Insurance Policy is an exempt security within the meaning of Section 3(a)(8) of the 1933 Act, and the Indenture is exempt from qualification under Section 304(a)(4) of the Trust Indenture Act of 1939, as amended (the "1939 Act"), to the extent provided in such Acts, respectively, and it is not necessary in connection with the offer and sale of the Bonds, together with the Bond Insurance Policy, to the public to register the Bonds or the Bond Insurance Policy under the 1933 Act, or to qualify the Indenture under, or to issue the Bonds under any indenture qualified under, the 1939 Act.

2. The Bonds and the Bond Insurance Policy are exempted from the registration provisions of the Georgia Securities Act of 1973, as amended, by virtue of Section 10-5-8(1) thereof.

3. The Bonds are covered securities within the meaning of Section 18(b)(4)(C) of the 1933 Act, to the extent provided in the 1933 Act, and it is not necessary in connection with the offer and sale of the Bonds, together with the Bond Insurance Policy, to the public to register or qualify the Bonds or the Bond Insurance Policy under the securities or "Blue Sky" laws of any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States, or any political subdivision thereof. It should be noted, however, that filing fees may be payable in certain jurisdictions if the Bonds are offered or sold in such jurisdictions.

4. The Disclosure Agreement and the Disclosure Certificate comply as to form with the requirements of Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended.

Because the primary purpose of our professional engagement as disclosure counsel to the County was not to establish factual matters and because of the wholly or partially nonlegal character of many determinations involved in the preparation of the Preliminary Official Statement and the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness, or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, and we have not independently verified the accuracy, completeness, or fairness of such statements. Nevertheless, we have rendered legal advice and assistance to the County in the course of the offering and sale of the Bonds, the preparation of the Preliminary Official Statement and the Official Statement. Such assistance involved, among other things, discussions and inquiries concerning various legal matters, the review of the documents referred to above, and discussions with representatives of the Issuer, the Lessee, and the County, their counsel, and the County's auditors in connection with the preparation of the Preliminary Official Statement and the Official Statement. We have obtained and reviewed the certificates as to factual matters and the legal opinions from these parties and their counsel in regard to the Preliminary Official Statement and the Official Statement and certain information contained therein. The performance of the services referred to above, the discussions referred to above, and our examination of the factual certifications and legal opinions referred to above did not disclose to us any information which would lead us to believe that the Preliminary Official Statement or the Official Statement (other than the financial statements and related notes and other financial and statistical data included therein, as to which we express no view) contains any untrue statement of a material fact or omits to state a material fact required to be stated or necessary to make the statements therein made, in light of the circumstances under which they were made, not misleading.

The opinions set forth in paragraphs 2 and 3 above are subject to the existence of broad discretionary powers vested in the administrative authorities administering the securities or "Blue Sky" laws in the jurisdictions named in paragraphs 2 and 3, authorizing them, among other things, to withdraw exemptions accorded by statute, to impose additional requirements, to refuse registration, or to issue stop orders.

The opinions set forth in paragraphs 2 and 3 above are subject to the existence of broad discretionary powers vested in the administrative authorities administering the securities or "Blue Sky" laws in the jurisdictions named in paragraphs 2 and 3, authorizing them, among other things, to withdraw exemptions accorded by statute, to impose additional requirements, to refuse registration, or to issue stop orders.

This opinion does not purport to cover the requirements under the laws of any jurisdiction with respect to the registration or licensing of dealers, brokers, or salesmen, the form or substance of advertising materials or the filing requirements applicable thereto, or the legality of investments in the Bonds by any institutional investor that is subject to statutory or other restrictions as to its investments.

As disclosure counsel to the County, we are furnishing this letter to you solely for your benefit and not for dissemination in connection with the offer and sale of the Bonds. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters expressly so stated.

Very truly yours,

KILPATRICK STOCKTON LLP

By: _____
Kenneth B. Pollock, Partner

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SMITH, GAMBRELL & RUSSELL, LLP
Attorneys at Law

October 5, 2007

Citigroup Global Markets, Inc.
Atlanta, Georgia

Re: $13,450,000 Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,995,000 Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), 2007B

To the Addressee:

We have acted as your counsel in connection with the Bond Purchase Agreement, dated September 18, 2007 (the "Bond Purchase Agreement"), among the Resource Recovery Development Authority of Cherokee County (the "Authority"), Ball Ground Recycling, LLC (the "Company") and you (the "Underwriter"), providing for the sale of the bonds referred to in the caption above (the "Bonds"), in the aggregate principal amount of $18,445,000. Unless the context otherwise requires, all capitalized terms used herein without definition shall have the meaning ascribed to them in the Bond Purchase Agreement.

In such capacity, we have examined the Official Statement dated September 18, 2007 with respect to the Bonds (the "Official Statement"), the Bond Purchase Agreement, the Issuer Contracts, the Lessee Contracts and such other documents as we have deemed necessary as a basis for the opinions hereinafter expressed. In all such examinations, we have assumed the conformity to original documents of all documents submitted to us as certified or photostatic copies, the authenticity of all documents submitted to us as original documents and the authenticity of originals of all documents submitted to us as certified or photostatic copies. We have relied upon, and have assumed the correctness of, the representations, warranties and statements contained in the forms of certificates of officials of the Company, and the conclusions and opinions set forth in the forms of written opinions from counsel to the Company and Bond Counsel.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation pertaining to, and your participation in the preparation of, the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters and the review of the

documents referred to above. We have also participated in conferences with your representatives and representatives of the Company, and its counsel, during which the contents of the Official Statement and related matters were discussed and reviewed. The limitations inherent in the independent verification of factual matters and the character of determinations involved in the preparation of the Official Statement are such, however, that we do not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement.

Our opinions set forth hereinafter are based, as to matters of fact, solely upon our aforementioned review, are given in reliance upon the accuracy of the information contained in the aforementioned certificates, written opinions, letters and other documents, and are given without having undertaken to determine independently the accuracy, completeness, adequacy or fairness of the information contained in the Official Statement, excepting only our review of the documents described above, and our review of applicable Georgia and federal laws.

Based solely on and subject to the foregoing, we advise you that, during the course of our review described in the foregoing, no information came to our attention which causes us to believe that the Official Statement, as of the date thereof or as of the date of this letter, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, we express no opinion whatsoever as to financial statements, or other financial, statistical, demographic or other numerical information, or forecasts, estimates, assumptions or expressions of opinion included in the Official Statement (including, without limitation, in the Appendices thereto).

Based upon our review of the Continuing Disclosure Certificate of Cherokee County and the Continuing Disclosure Agreement between the Company and The Bank of New York Trust Company, N.A., as trustee, both of even date herewith, the Securities and Exchange Commission's (the "SEC") Rule 15c2-12, as amended, and the SEC's release and interpretations thereof, we are of the opinion that such Continuing Disclosure Certificate and Continuing Disclosure Agreement, when executed and delivered by the designated signatory thereto, will permit you to comply with clause (b)(5) of Rule 15c2-12, as amended, in connection with the primary offering of the Bonds.

In addition, we are of the opinion that, under existing laws, the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and that no indenture need be qualified under the provisions of the Trust Indenture Act of 1939, as amended.

This letter is delivered to and for the sole benefit of you as the Underwriter and is delivered solely for your consideration in conjunction with the initial purchase and resale of the Bonds by the Underwriter, as contemplated by the Bond Purchase Agreement, on or about the date

of this letter. This letter may not be utilized by the Underwriter for any other purpose whatsoever and may not be quoted or distributed by the Underwriter without our express prior written consent in each instance. No persons other than the Underwriter may rely upon this letter without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in facts or circumstances or a change in current law, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours,

SMITH, GAMBRELL & RUSSELL, LLP

By: _____
James P. Monacell

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October 5, 2007

Resource Recovery Development Authority
of Cherokee County
Canton, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A (the "Series 2007A Bonds")

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery on this date by the Resource Recovery Development Authority of Cherokee County (the "Issuer") of the captioned bonds (collectively the "Bonds").

We have examined the law and such certified proceedings and other papers authorizing and relating to the Bonds as we deem necessary to render this opinion, including the following:

1. Chapter 63 of Title 36 of the Official Code of Georgia Annotated, known as the "Resource Recovery Development Authorities Law" (the "Resource Recovery Development Authorities Law"), and Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the "Revenue Bond Law" (the "Revenue Bond Law").

2. Certified copy of a Series 2007 Bond Resolution of the Issuer adopted on July 3, 2007, as ratified, reaffirmed, supplemented, and amended by a Supplemental Series 2007 Bond Resolution of the Issuer adopted on September 18, 2007 (collectively the "Bond Resolution").

3. Certified transcript of validation proceedings in the Superior Court of Cherokee County, Georgia, resulting in a final judgment validating and confirming the Bonds and the security therefor.

4. Certified copy of a resolution of Cherokee County, Georgia (the "County") adopted on June 19, 2007.

5. Fully executed counterpart of the Trust Indenture and Security Agreement (the "Indenture"), dated as of September 1, 2007, between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee").

6. Fully executed counterpart of the Lease Agreement (the "Lease"), dated as of September 1, 2007, between the Issuer and Ball Ground Recycling, LLC (the "Lessee").

7. Fully executed counterpart of the Intergovernmental Solid Waste Contract (the "Contract"), dated as of September 1, 2007, between the Issuer and the County.

8. Fully executed counterpart of the Lessee's Tax Certificate (the "Tax Certificate"), dated the date hereof.

9. Fully executed counterpart of the Certificate As To Arbitrage Matters (the "Non-Arbitrage Certificate") of the Issuer, dated the date hereof.

The Bonds are being issued under and pursuant to the Resource Recovery Development Authorities Law and the Bond Resolution for the purpose of financing the costs, in whole or in part, of acquiring, constructing, and installing a solid waste disposal and recycling facility (the "Project"), located in Cherokee County, Georgia, to be leased by the Issuer to the Lessee.

As to questions of fact material to our opinion, we have relied upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to us, (b) certifications furnished to us by or on behalf of the Lessee, the County, and the Issuer (including certifications made in the Tax Certificate and in the Non-Arbitrage Certificate), and (c) representations of the Lessee, the County, and the Issuer contained in such proceedings and in documents delivered in connection with the issuance of the Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we

express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Reference is made to an opinion of even date of Flint & Connolly, LLP, Canton, Georgia, with respect, among other matters, to the company status and good standing of the Lessee, to the company power of the Lessee to enter into and perform the Lease, and to the due authorization, execution, and delivery by the Lessee of the Lease and the validity and enforceability thereof against the Lessee.

Based upon the foregoing, it is our opinion, as of the date hereof and under existing law, that:

(1) The Issuer was duly created and is validly existing as a body corporate and politic and public corporation under the Constitution and statutes of the State of Georgia, including particularly the Resource Recovery Development Authorities Law, and has all requisite power and authority (i) to adopt the Bond Resolution, (ii) to issue, sell, and deliver the Bonds and use the proceeds thereof for the purposes and upon the terms and conditions set forth in the Lease and the Indenture, and (iii) to enter into and perform its obligations under the Indenture, the Lease, and the Contract.

(2) The Lease, the Contract, and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute the legal, valid, and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the Trust Estate (as defined in the Indenture).

(3) The Bonds have been duly authorized, executed, issued, and delivered by the Issuer and are the legal, valid, and binding special obligations of the Issuer, payable solely from the amounts pledged under the Indenture.

(4) The Contract has been duly authorized, executed, and delivered by the County and constitutes the legal, valid, and binding obligation of the County enforceable upon the County.

(5) The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except on any Series 2007A Bond for any period during which such Series 2007A Bond is owned by a "substantial user" of the facilities financed by the Series 2007A Bonds or a "related person," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds that is so excluded is a specific "item of tax preference" for purposes of the federal

alternative minimum tax imposed on individuals and corporations. In addition to the foregoing exception, the opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Lessee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2007A Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Lessee have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Series 2007A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2007A Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

(6) The interest on the Series 2007A Bonds is exempt from State of Georgia income taxation (as long as such interest remains excluded from gross income for federal income tax purposes), although the Series 2007A Bonds and the interest thereon may be included in the measure of State of Georgia estate and inheritance taxes and of certain State of Georgia corporate excise and franchise taxes.

(7) The Bonds are exempt from registration under the Securities Act of 1933, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Lease, and the Contract (i) may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights, (ii) may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (iii) may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

KILPATRICK STOCKTON LLP

By: _____
Earle R. Taylor, III, Partner

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October 5, 2007

Citigroup Global Markets Inc.
Atlanta, Georgia

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to Section 5(c)(1)(C) of the Bond Purchase Agreement, dated September 18, 2007, among you, the Resource Recovery Development Authority of Cherokee County (the "Issuer"), and Ball Ground Recycling, LLC, relating to the above-referenced bonds (the "Bonds").

We have acted as Bond Counsel in connection with the issuance of the Bonds, and reference is hereby made to our approving opinion of even date herewith addressed to the Issuer and delivered to you concurrently herewith. You may rely upon such opinion as if the same were addressed to you.

In connection with the issuance of the Bonds, we have examined the following:

(a) the proceedings, documents, and papers described in our opinion of even date herewith addressed to the Issuer;

(b) the Official Statement, dated September 18, 2007, as supplemented and amended by a Supplement to Official Statement, dated October 4, 2007 (collectively the "Official Statement"), relating to the Bonds; and

(c) such other information, papers, and documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed.

In all such examinations, we have assumed the authenticity of all documents submitted to us as original documents and the authenticity of originals and conformity to original documents of all documents submitted to us as certified, conformed, or photostatic copies. We have assumed, but not independently verified, that the signatures on all documents and certificates that we have examined are genuine, and, as to certificates, we have assumed the same to be properly given and to be accurate.

Based upon the foregoing we are of the opinion that the statements in the Official Statement under the headings "INTRODUCTION - Security and Sources of Payment for the Series 2007 Bonds, - Description of the Series 2007 Bonds, - Tax Consequences, and - Legal Authority," "THE SERIES 2007 BONDS - Description, - Redemption, and - Legal Authority," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS," and "LEGAL MATTERS - Opinion of Bond Counsel, - Original Issue Discount on Series 2007A Bonds, - Collateral Federal Tax Consequences of Owning Series 2007A Bonds, and - Certain Tax Consequences of Owning Series 2007B Bonds" and in "APPENDIX B: DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS," insofar as such statements constitute summaries of the matters set forth therein, constitute fair and accurate summaries of the matters purported to be summarized; but no further opinion is expressed with respect to the accuracy, completeness, or sufficiency of the Official Statement nor is any opinion expressed with respect to compliance by the Issuer or any other person with any federal or state statute, regulation, or ruling with respect to the sale or distribution of the Bonds.

We have acted as Bond Counsel in connection with the issuance of the Bonds and, as such, have reviewed only those documents, opinions, certificates, and proceedings necessary to enable us to render our opinion to the Issuer of even date herewith as to the legality and validity of the Bonds and the tax-exempt status of the interest thereon. In our capacity as Bond Counsel, we have not prepared or reviewed the Official Statement and have not undertaken to check or confirm the accuracy or completeness of, or verified the information contained in, the Official Statement except to the extent necessary to render the opinion set forth above.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

KILPATRICK STOCKTON LLP

By: _____
Earle R. Taylor, III, Partner

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October 5, 2007

Ball Ground Recycling, LLC
Canton, Georgia

The Bank of New York
Trust Company, N.A.
Atlanta, Georgia

Ambac Assurance Corporation
New York, New York

Re: $13,205,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007A

$4,940,000 Resource Recovery Development Authority of Cherokee County Solid Waste Disposal Taxable Revenue Bonds (Ball Ground Recycling, LLC Project), Series 2007B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the above-captioned bonds, and reference is hereby made to our approving opinion of even date herewith addressed to the Resource Recovery Development Authority of Cherokee County. You may rely upon such opinion as if the same were addressed to you.

Very truly yours,

KILPATRICK STOCKTON LLP

By: Earle Taylor
Earle R. Taylor, III, Partner