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CITY OF ATLANTA

SHIRLEY FRANKLIN
MAYOR

55 TRINITY AVENUE, S.W. • SUITE 5400 • SOUTH BUILDING
ATLANTA, GEORGIA 30303-0310
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DEPARTMENT OF
WATERSHED MANAGEMENT
ROBERT J. HUNTER
Commissioner

March 30, 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Georgia Environmental Protection Division
Permitting, Compliance, and Enforcement Program
4220 International Parkway, Suite 101
Atlanta, Georgia 30354
ATTN: Marzieh Shahbazaz

7006 0810 0003 9740 7392

Chief, Water Programs Enforcement Branch
Water Management Division
U.S. Environmental Protection Agency, Region 4
Atlanta Federal Center
61 Forsyth Street, S.W.
Atlanta, Georgia 30303
ATTN: Douglas Mundrick

7006 0810 0003 9740 7408

Subject: Senate Bill 306 (Greater Fulton Water Authority Act)
CSO Consent Decree – City of Atlanta
Civil Action File No. 1:95-CV-2550-TWT
First Amended Consent Decree – City of Atlanta
Civil Action File No. 1:98-CV-1956-TWT

This letter is to inform you of recent ongoing developments in the General Assembly of Georgia that may delay the completion of remaining unfulfilled requirements of both the Consent Decree and First Amended Consent Decree (hereinafter collectively referred to as the "Consent Decrees"). On Tuesday, March 20, 2007, the Georgia Senate introduced Senate Bill 306, entitled the "Greater Fulton Water Authority Act" ("S.B. 306"). Within one week, S.B. 306 passed the Senate with a few amendments and was referred to the Georgia House of Representatives, read and assigned to the Intragovernmental Coordination Committee and passed to the Atlanta-Fulton House Delegation. A copy of the version of S.B. 306 that passed the Senate is enclosed. The City of Atlanta ("City") is strongly opposed to this legislation because it may (a) materially reduce the City's water and sewer system revenues, (b) cause the City to default on its bonds and Georgia

Environmental Facilities Authority ("GEFA") loan agreements, (c) trigger protracted litigation preventing future water quality projects in the metropolitan Atlanta Region, and (d) prevent the City from raising revenue to comply with deadlines in the Consent Decrees.

S.B. 306's stated intent is to create a water and sewer authority that will become "the ***primary*** supplier of water and sewer utilities in the areas of Fulton County outside the city limits of the City of Atlanta which are served by Fulton County or the City of Atlanta." (emphasis added).[1] The City currently serves two areas outside of its City limits – a majority portion of Sandy Springs and all of South Fulton. The City has constructed and fully developed a water distribution system in Sandy Springs and South Fulton and has a fifty percent (50%) ownership interest in the jointly owned the North Area Water Treatment Plant with Fulton County. S.B. 306 also includes broad condemnation powers for the acquisition of water and sewer facilities in those areas.[2] The broad scope and powers stated under S.B. 306 combined with the express intent of General Assembly demonstrate a clear objective to exercise authority over current City of Atlanta ("City") water and sewer facilities and service areas in Sandy Springs and South Fulton - areas that the City has served for decades and relies upon for a substantial portion of its water revenue.

The service areas of South Fulton and Sandy Springs represent approximately thirty-two percent (32%) of the City's drinking water customers. The exercise of condemnation or other powers granted by S.B. 306 to acquire the City's water or sewer facilities, as described above, will result in a drastic reduction in the City's revenues. Such a reduction in the City's water revenue may create several problems relevant to the City's financial ability to comply with the Consent Decrees and the metro Atlanta region's ability to finance future clean water projects.

First, the City issued approximately $865 million in revenue bonds in 2004, and has authorized $600 million of $1.2 billion in commercial paper in 2006. To date, it has also received loans totaling $100 million from the Georgia Environmental Facilities Authority (GEFA). The loss of this amount of revenue may cause the City to violate bond covenants and preclude its ability to repay debt that is secured by such revenues resulting in legal action from the City's bondholders and GEFA. This may ultimately destroy the City's credit and ability to obtain future bonding for any future City projects in addition to creating an unbearable burden on the City's ratepayers and taxpayers.

Second, when the authority created by S.B. 306 attempts to raise revenue to acquire the City's assets, such as the City's half of the North Area Water Treatment Plant, or to

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[1] S.B. 306 § 2 (a); see also, S.B. 306 § 3 (a)(4) (defining "Project" to include those areas inside and outside the territorial boundaries of Fulton County thereby granting this authority the ability to construct or acquire facilities in other counties).
[2] S.B. 306 § 4.

construct duplicative infrastructure in the City's current service area, the City will be forced to intervene and move to defeat any effort by the authority to issue such bonds based upon constitutional, statutory and financial objections. This would grind capital investment in water and sewer infrastructure to a halt for several years, delaying critical water quality improvements and other projects meant to benefit Atlanta, Fulton County and all downstream communities.

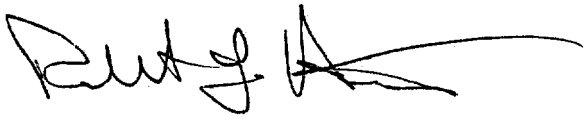
Third, if S.B. 306 becomes law, the City may have no choice but to invoke 33 U.S.C. § 1319 (e), reopening the civil actions that resulted in the Consent Decrees and joining the State of Georgia as a co-defendant liable for payment of any judgments, or any expenses incurred as a result of complying with the Consent Decrees to the extent that S.B. 306 prevents the City from raising revenues need to comply with the Consent Decrees.[3] This could upset productive relationships between the City, the State and the United States and frustrate years of cooperative good faith efforts to protect water quality.

The City will provide updates on this matter[4] pursuant to Section XII. of the Consent Decrees as circumstances continue to develop.

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering such information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Sincerely,

CITY OF ATLANTA



Robert J. Hunter, Commissioner
Department of Watershed Management

Enclosure

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[3] 33 U.S.C. § 1319 (e) (State liability for judgments and expenses); *U.S. v. Duracell International, Inc.*, 510 F. Supp. 154, 156 (M.D. Tenn. 1981) ("state interference with a municipality's ability to comply with a judgment under the Clean Water Act will not be tolerated").

[4] As circumstances develop, this matter may meet the requirements of a *Force Majeure* pursuant to Section XII. of the Consent Decrees.

cc:

Chief, Environmental Enforcement Section
Environmental and Natural Resource
Division
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044-7611
Ref: DOJ Case No. 90-5-1-1-4195

United States Attorney
Northern District of Georgia
Richard B. Russell Federal Building
75 Spring Street, S.W.
Suite 1800
Atlanta, Georgia 30303

Attorney General
Department of Law
State of Georgia
40 Capital Square, S.W.
Atlanta, Georgia 30334

Ms. Sally Bethea
Upper Chattahoochee Riverkeeper
3 Puritan Mill
916 Joseph Lowery Blvd.
Atlanta, GA 30318

William Bush
U.S. Environmental Protection Agency,
Region 4
Atlanta Federal Center
61 Forsyth Street, S.W.
Atlanta, Georgia 30303

City Team:

Shirley Franklin / Mayor
Lynnette Young / Chief Operating Officer
Greg Pridgeon / Chief of Staff
Elizabeth B. Chandler / City Attorney
Marc Goncher / Assistant City Attorney
George Barnes / Deputy Commissioner, Department of Watershed Management
Sally Mills / Deputy Commissioner, Department of Watershed Management
Alan Stillwell / Acting Deputy Commissioner, Department of Watershed Management
Joseph Basista / Deputy Commissioner, Department of Watershed Management
Chris Hebberd / Deputy Commissioner, Department of Watershed Management

Repository (ATTN: Marilyn Johnson)

Senate Bill 306

By: Senators Shafer of the 48th, Moody of the 56th and Hill of the 32nd

AS PASSED SENATE

A BILL TO BE ENTITLED

AN ACT

To create the Greater Fulton Water Authority and provide for its activation; to provide for a short title; to provide for definitions; to provide for the purposes, powers, duties, and functions of the authority and authorize certain contracts and agreements; to provide for the membership and appointment of members of the authority and their terms of office, qualifications, duties, powers, methods of filling vacancies, and expenses; to provide for organization, meetings, and quorum of the authority; to provide for an attorney of the authority; to provide for an audit and budgets; to authorize the authority to contract with others regarding its functions, to contract with others pertaining to the use of the utilities and facilities of the authority, and to execute leases and do all things necessary or convenient for the operation of such undertakings or projects; to provide for revenue bonds and other obligations of the authority and to provide for their form, signatures thereon, negotiability, sale, and use of proceeds; to provide for interim and replacement documents; to provide for condition for issuance and authorize the collection and pledging of the revenues and earnings of the authority for the payment of such bonds; to authorize the execution of resolutions and trust indentures to secure the payment thereof and to define the rights of the holders of such obligations; to provide for sinking fund and trust funds; to provide for rates, charges, and revenues; to provide that no debt of Fulton County shall be incurred in the exercise of any of the powers granted by this Act; to provide for tax exemption; to authorize the authority to condemn property of every kind; to authorize the issuance of funding and refunding bonds; to provide for venue and jurisdiction; to provide for rules and regulations; to provide for immunity from liability; to provide for statutory construction and the effect on other governments and authorities; to provide for the validation of bonds; to provide for severability and other matters relative to the foregoing; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Short title.

This Act shall be known and may be cited as the "Greater Fulton Water Authority Act."

SECTION 2.

Greater Fulton Water Authority; activation.

(a) There is created a body corporate and politic, to be known as the Greater Fulton Water Authority, which shall be deemed to be a political subdivision of the State of Georgia and a public corporation and by that name, style, and title said body may contract and be contracted with, sue and be sued, implead and be impleaded, and complain and defend in all courts of law and equity. The authority shall have perpetual existence. It is the intent of the General Assembly that the authority created by this Act shall be the primary supplier of water and sewer utilities in the areas of Fulton County outside the city limits of the City of Atlanta which are served by Fulton County or the City of Atlanta as of the effective date of this Act. The authority may, by contract, provide services to other areas or jurisdictions in a manner which will best utilize available resources and efficiently and economically provide such services.

(b) The authority shall consist of five members as provided in this section.

(c) The membership of the authority shall be as follows:

(1) The three noncountywide members of the Fulton County Board of Commissioners who have the greatest number of water and sewer customers served by the authority;

(2) One mayor of a municipality located wholly or partially within Fulton County north of the City of Atlanta, chosen by vote of the mayors of all municipalities located wholly or partially within Fulton County north of the City of Atlanta. The initial member shall be appointed not later than August 1, 2007, and shall serve until June 30, 2009, and until his or her successor is appointed and qualified. Successors to such member shall be appointed by vote of the mayors of all municipalities located wholly or partially within Fulton County north of the City of Atlanta to terms of four years beginning on July 1 immediately following the end of their terms of office and until their successors are appointed and qualified; and

(3) One mayor of a municipality located wholly or partially within Fulton County south of the City of Atlanta, chosen by vote of the mayors of all municipalities located wholly or partially within Fulton County south of the City of Atlanta. The initial member shall be appointed not later than August 1, 2007, and shall serve until June 30, 2009, and until his or her successor is appointed and qualified. Successors to such member shall be

appointed by vote of the mayors of all municipalities located wholly or partially within Fulton County south of the City of Atlanta to terms of four years beginning on July 1 immediately following the end of their terms of office and until their successors are appointed and qualified.

(d) To be eligible for appointment as a member of the authority, a person shall be at least 21 years of age, shall have been a resident of Fulton County for at least three years prior to the date of appointment, and shall not have been convicted of a felony.

(e) The members of the authority shall elect one of their number as chairperson and one of their number as vice chairperson and shall also elect a secretary, who need not be a member of the authority, and may also elect a treasurer, who need not be a member of the authority. The secretary may also serve as treasurer. If the secretary, treasurer, or neither is a member of the authority, such officer shall have no voting rights. Each of such officers shall serve for a period of one year and until their successors are duly elected and qualified.

(f) Three members of the authority shall constitute a quorum. No vacancy on the authority shall impair the right of the quorum to exercise all of the rights and perform all of the duties of the authority.

(g) Any vacancy in the office of a member of the authority appointed pursuant to paragraph (2) or (3) of subsection (c) of this section shall be filled by the vote of the mayors of the appropriate area of Fulton County from which such member was originally appointed; and such appointment shall be made within 15 days after the vacancy occurs. The person appointed shall serve out the unexpired term.

(h) There shall be an annual audit of the authority to be conducted by a certified public accountant selected by the authority.

(i) The fiscal affairs of the authority, including the raising of revenue and the adoption and approval of the annual budget, shall be under the control of the authority.

(j) The members of the authority shall serve without compensation but may be reimbursed for actual expenses incurred by virtue of their service on the authority.

SECTION 3.

Definitions.

(a) As used in this Act, the term:

(1) "Authority" means the Greater Fulton Water Authority created by this Act.

(2) "Commission" means the board of commissioners of Fulton County.

(3) "Cost of the project" means the cost of construction; the cost of all lands, properties, rights, easements, and franchises acquired; the cost of all machinery and equipment, financing charges, interest prior to and during construction and for one year after

completion of construction; the cost of engineering, architectural, fiscal agents, and legal expenses; the cost of plans and specifications and other expenses necessary or incident to determining the feasibility or practicality of the project, administrative expense, and such other expenses as may be necessary or incident to the financing authorized by this Act; and the cost of the acquisition or construction of any project, the placing of any project in operation, and the condemnation of property necessary for such construction and operation. Any obligation or expense incurred for any of the foregoing purposes shall be regarded as a part of the cost of the project and may be paid or reimbursed as such out of the proceeds of revenue bonds issued under the provisions of this Act for such project.

(4) "Project" means the acquisition, construction, and equipping of water facilities for obtaining one or more sources of water supply, the treatment of the water, and the distribution and sale of water to users and consumers, including, but not limited to, the State of Georgia and counties and municipalities for the purpose of resale, inside and outside the territorial boundaries of Fulton County, and the operation, maintenance, additions, improvements, and extension of such facilities so as to assure an adequate water utility system deemed by the authority necessary and convenient for the efficient operation of such type of undertaking. The term "project" shall also mean and include the acquisition, construction, and equipping of all necessary and usual facilities useful and necessary for the gathering of waste water of every type, including both individual and industrial, and the treatment of sewage of any and every type, including, but not limited to, the acquisition and construction of treatment plants, ponds, and lagoons, inside and outside the territorial boundaries of Fulton County, and the operation, maintenance, additions, improvements, and extensions of such facilities so as to assure an adequate sewerage system deemed by the authority necessary or convenient for the efficient operation of a sanitary and storm sewer system. Said water facilities and said sewerage facilities, at the discretion of the authority, may be combined at any time into a water and sewerage system as one revenue-producing undertaking and operated and maintained as such.

(5) "Revenue bonds" and "bonds" mean revenue bonds as defined and provided in Article 3 of Chapter 82 of Title 36 of the O.C.G.A., the "Revenue Bond Law," and such type obligations may be issued by the authority as authorized under said "Revenue Bond Law" and any amendments thereto. In addition, such terms shall also mean obligations of the authority, the issuance of which are specifically provided for in this Act.

(b) Any project shall be deemed to be "self-liquidating" if, in the judgment of the authority, the revenues and earnings to be derived by the authority therefrom and all facilities used in connection therewith will be sufficient to pay the cost of operating, maintaining and

repairing, improving, extending, or improving and extending the project and to pay the principal and the interest on the revenue bonds which may be issued to finance, in whole or in part, the cost of such project or projects.

SECTION 4.

Powers.

The authority shall have the power:

(1) To have a seal and alter the same at its pleasure;

(2) To acquire by purchase, lease, or otherwise, and to hold, lease, and dispose of real and personal property of every kind and character for its corporate purposes. All purchases of supplies, equipment, and other materials in an amount in excess of $25,000.00 shall be by competitive bid with advertisement of said purchases to be published in the official organ of Fulton County one time before the date of purchase. The authority shall attempt to obtain at least three competitive bids, and the authority shall accept the best bid in accordance with terms of the advertisement. The provisions of this paragraph shall not apply to emergency purchases or repairs. No purchase by the authority shall be made from a member or relative of a member of the authority within the first degree of kinship, except by sealed bid as provided in this paragraph.

(3) To acquire in its own name by purchase, on such terms and conditions and in such manner as it may deem proper, or by condemnation in accordance with the provisions of any and all existing laws applicable to the condemnation of property for public use, real property or rights or easements therein; or franchises necessary or convenient for its corporate purposes, and to use the same so long as its corporate existence shall continue, and to lease or make contracts with respect to the use of or dispose of the same in any manner it deems to the best advantage of the authority, the authority being under no obligation to accept and pay for any property condemned under this Act except from the funds provided under the authority of this Act, and in any proceedings to condemn, such orders may be made by the court having jurisdiction of the suit, action, or proceedings as may be just to the authority and to the owners of the property to be condemned, and no property shall be acquired under the provisions of this Act upon which any lien or other encumbrance exists, unless at the time such property is so acquired a sufficient sum of money is deposited in trust to pay and redeem the fair value of such lien or encumbrance;

(4) To appoint, select, and employ officers, agents, and employees, including engineering, architectural, and construction experts, fiscal agents, and attorneys and fix their respective compensations;

(5) 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 constructed, erected, or acquired. Any and all persons, firms, and corporations and any and all political subdivisions, departments, institutions, or agencies of the state and public authorities are authorized to enter into contracts, leases, or agreements with the authority upon such terms and for such purposes as they deem advisable; and without limiting the generality of the foregoing, authority is specifically granted to municipal corporations, counties, and other political subdivisions and to the authority to enter into contracts, lease agreements, or other undertakings relating to the furnishing of water and related services and facilities by the authority to such municipal corporations, counties, and political subdivisions or for the purchase of water by the authority therefrom for a term not exceeding 50 years, and also to enter into contracts, lease agreements, or other undertakings relative to the gathering of waste matter and the treatment of waste matter and sewage by the authority for such municipal corporations, counties, and political subdivisions or by such municipal corporations, counties, or political subdivisions for the authority. Likewise, without limiting the generality of the foregoing, the same authority granted to municipal corporations, counties, political subdivisions, and the authority relative to entering into contracts, lease agreements, or other undertakings is authorized between the authority and private corporations, both inside and outside the State of Georgia, and the authority and public bodies, including counties and cities outside the State of Georgia;

(6) To construct, erect, acquire, own, repair, remodel, maintain, add to, extend, improve, equip, operate, and manage projects as defined in this Act, the cost of any such project to be paid in whole or in part from the proceeds of revenue bonds of the authority or in part from such proceeds and any grant or contribution from the United States of America or any agency or instrumentality thereof or from the State of Georgia or any agency or instrumentality thereof;

(7) To accept loans or grants, or both, of money or materials or property of any kind from the United States of America or any agency or instrumentality thereof, upon such terms and conditions as the United States of America or such agency or instrumentality may require;

(8) To accept loans or grants, or both, of money or materials or property of any kind from the State of Georgia or any agency or instrumentality or political subdivision thereof, upon such terms and conditions as the State of Georgia or such agency or instrumentality or political subdivision may require;

(9) To borrow money for any of its corporate purposes and to issue negotiable revenue bonds payable solely from funds pledged for that purpose, and to provide for the payment of the same and for the rights of the holders thereof;

(10) To exercise any power usually possessed by private corporations performing similar functions, including the power to make short-term loans and approve, execute, and deliver appropriate evidence of such indebtedness, provided that no such power is in conflict with the Constitution or general laws of this state; and

(11) To do all things necessary or convenient to carry out the powers expressly given in this Act.

The authority shall not exercise the power of condemnation outside the boundaries of Fulton County.

SECTION 5.

Revenue bonds.

The authority, or any authority or body which has or which may in the future succeed to the powers, duties, and liabilities vested in the authority created by this Act, shall have power and is authorized to provide by resolution for the issuance of negotiable revenue bonds of the authority for the purpose of paying all or any part of the cost, as defined in this Act, of any one or more projects. The principal of and interest on such revenue bonds shall be payable solely from the special fund provided for such payment. The bonds of each issue shall be dated, shall bear interest at such rate or rates per annum payable at such time or times, shall mature at such time or times not exceeding 40 years from their date or dates, shall be payable in such medium of payment as to both principal and interest as may be determined by the authority, and may be redeemable before maturity, at the option of the authority, at such price or prices and under such terms and conditions as may be fixed by the authority in the resolution for the issuance of bonds.

SECTION 6.

Same; form; denomination; registration; place of payment.

The authority shall determine the form of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest thereon, which may be at any bank or trust company inside or outside this state. The bonds may be issued in coupon or registered form, or both, as the authority may determine, and provision may be made for the registration of any coupon bond as to principal alone and also as to both principal and interest.

SECTION 7.

Same; signatures; seal.

In case any officer whose signature shall appear on any bonds or whose facsimile signature shall appear on any coupon shall cease to be such officer before the delivery of such bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. All such bonds shall be signed by the chairperson of the authority and the official seal of the authority shall be affixed thereto and attested to by the secretary of the authority, and any coupons attached thereto shall bear the facsimile signatures of such persons, and any bond may be signed, sealed, and attested to on behalf of the authority by such persons as at the actual time of the execution of such bonds shall be duly authorized or hold the proper office, although at the date of such bonds such person may not have been so authorized or shall not have held such office.

SECTION 8.

Same; negotiability; exemption from taxation.

All revenue bonds issued under the provisions of this Act shall be declared to have all the qualities and incidents of negotiable instruments under the laws of this state. Such bonds, their transfer, and the income therefrom shall be exempt from all taxation within the state.

SECTION 9.

Same; sale; price; proceeds.

The authority may sell such bonds in such manner and for such price as it may determine to be for the best interest of the authority. The proceeds derived from the sale of such bonds shall be used solely for the purpose or purposes provided in the resolutions and proceedings authorizing the issuance of such bonds.

SECTION 10.

Same; interim receipts and certificates or temporary bonds.

The authority may, under like restrictions, issue interim receipts, interim certificates, or temporary bonds, with or without coupons, exchangeable for definitive bonds upon the issuance of the latter.

SECTION 11.

Same; replacement of lost or mutilated bonds.

The authority may provide for the replacement of any bonds or coupons which shall become mutilated or be destroyed or lost.

SECTION 12.

Same; conditions precedent to issuance.

Revenue bonds may be issued without any other proceedings or the happening of any other conditions or things other than those proceedings, conditions, and things which are specified or required by this Act. In the discretion of the authority, revenue bonds of a single issue may be issued for the purpose of any particular project. Any resolution providing for the issuance of revenue bonds under the provisions of this Act shall become effective immediately upon its passage and need not be published or posted, and any such resolution may be passed at any regular or special or adjourned meeting of the authority by a majority of its members.

SECTION 13.

Credit not pledged.

Revenue bonds issued under the provisions of this Act shall not be deemed to constitute a debt of Fulton County nor a pledge of faith and credit of said county, but such bonds shall be payable solely from the funds provided for by this Act and the issuance of such revenue bonds shall not directly, indirectly, or contingently obligate said county to levy or pledge any form of taxation whatever therefor or to make any appropriation for their payment, and all such bonds shall contain recitals on their face covering substantially the foregoing provisions of this section.

SECTION 14.

Trust indenture as security.

In the discretion of the authority, any issuance of such revenue bonds may be secured by a trust indenture by and between the authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company inside or outside the state. Such trust indenture may pledge or assign fees, tolls, revenues, and earnings to be received by the authority. Either the resolution providing for the issuance of revenue bonds or such trust

indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority in relation to the acquisition of property, the construction of the project, the maintenance, operation, repair, and insuring of the project, and the custody, safeguarding, and application of all moneys, and may also provide that any project shall be constructed and paid for under the supervision and approval of consulting engineers or architects employed or designated by the authority and satisfactory to the original purchasers of the bonds issued therefor, and may also require that the security given by contractors and by any depository of the proceeds of the bonds or revenues or other moneys be satisfactory to such purchasers, and may also contain provisions concerning the conditions, if any, upon which additional revenue bonds may be issued. It shall be lawful for any bank or trust company incorporated under the laws of this state to act as such depository and to furnish such indemnifying bonds or pledge such securities as may be required by the authority. Such indenture may set forth the rights and remedies of the bondholders and of the trustee, and may restrict the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. In addition to the foregoing, such trust indenture may contain such other provisions as the authority may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out such trust indenture may be treated as part of the cost, maintenance, operation, and repair of the project affected by such indenture.

SECTION 15.

To whom proceeds of bonds shall be paid.

In the resolution providing for the issuance of revenue bonds or in the trust indenture, the authority shall provide for the payment of the proceeds of the sale of the bonds to any officer or person who, or any agency, bank, or trust company which, shall act as trustee of such funds and shall hold and apply the same to the purposes hereof, subject to such regulations this Act and such resolution or trust indenture may provide.

SECTION 16.

Sinking fund.

The revenues, fees, tolls, and earnings derived from any particular project or projects, regardless of whether or not such fees, earnings, and revenues were produced by a particular project for which bonds have been issued unless otherwise pledged and allocated, may be pledged and allocated by the authority to the payment of the principal and interest on revenue

bonds of the authority as the resolution authorizing the issuance of the bonds or in the trust instrument may provide, and such funds so pledged from whatever source received, which said pledge may include funds received from one or more or all sources, shall be set aside at regular intervals, as may be provided in the resolution or trust indenture, into a sinking fund, which sinking fund shall be pledged to and charged with the payment of:

(1) The interest upon such revenue bonds as such interest shall fall due;

(2) The principal of the bonds as the same shall fall due;

(3) The necessary charges of paying agent for paying principal and interest and other investment charges; and

(4) Any premium upon bonds retired by call or purchase as provided in this Act.

The use and disposition of such sinking fund shall be subject to such regulations as may be provided in the resolution authorizing the issuance of the revenue bonds or in the trust indenture, but, except as may otherwise be provided in such resolution or trust indenture, such sinking fund shall be maintained as a trust account for the benefit of all revenue bonds without distinction or priority of one over another. Subject to the provisions of the resolution authorizing the issuance of the bonds or the trust indenture, any surplus moneys in the sinking fund may be applied to the purchase or redemption of bonds, and any such bonds so purchased or redeemed shall forthwith be cancelled and shall not again be issued.

SECTION 17.

Remedies of bondholders.

Any holder of revenue bonds issued under the provisions of this Act or any of the coupons appertaining thereto and the trustee under the trust indenture, if any, except to the extent the rights given in this Act may be restricted by the resolution passed before the issuance of the bonds or by the trust indenture, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of the State of Georgia or granted under this Act or under such resolution or trust indenture, and may enforce and compel performance of all duties required by this Act or by such resolution or trust indenture to be performed by the authority or any officer thereof, including the fixing, charging, and collecting of revenues, fees, tolls, and other charges for the use of the facilities and services furnished.

SECTION 18.

Refunding bonds.

The authority is authorized to provide by resolution for the issuance of bonds of the authority for the purpose of funding or refunding any revenue bonds issued under the provisions of this Act and then outstanding, together with accrued interest on the premium, if any. The issuance of such funding or refunding bonds, the maturities and all other details thereof, the rights of the holders thereof, and the duties of the authority in respect to the same shall be governed by the other provisions of this Act insofar as the same may be applicable.

SECTION 19.

Validation.

Bonds of the authority shall be confirmed and validated in accordance with the procedure of Article 3 of Chapter 82 of Title 36 of the O.C.G.A., the "Revenue Bond Law," as amended. The petition for validation shall also make party defendant to such action the State of Georgia or any municipality, county, authority, political subdivision, or instrumentality of the State of Georgia which has contracted with the authority for the services and facilities of the project for which bonds are to be issued and sought to be validated and the state or such municipality, county, authority, political subdivision, or instrumentality shall be required to show cause, if any exists, why such contract or contracts and the terms and conditions thereof should not be inquired into by the court and the contract or contracts adjudicated as a part of the basis for the security for the payment of any such bonds of the authority. The bonds, when validated, and the judgment of validation shall be final and conclusive with respect to such bonds and the security for the payment thereof and interest thereon and against the authority issuing the same, and the state and any municipality, county, authority, political subdivision, or instrumentality, if a party to the validation proceedings, contracting with the authority.

SECTION 20.

Venue and jurisdiction.

Any action to protect or enforce any rights under the provisions of this Act or any suit or action against such authority shall be brought in the Superior Court of Fulton County, Georgia, and any action pertaining to validation of any bonds issued under the provisions of this Act shall likewise be brought in said court which shall have exclusive, original jurisdiction of such actions.

SECTION 21.

Interest of bondholders protected.

While any of the bonds issued by the authority remain outstanding, the powers, duties, or existence of said authority or its officers, employees, or agents shall not be diminished or impaired in any manner that will affect adversely the interest and rights of the holders of such bonds, and no other entity, department, agency, or authority will be created which will compete with the authority to such an extent as to affect adversely the interest and the rights of the holders of such bonds, nor will the state so itself compete with the authority. The provisions of this Act shall be for the benefit of the authority and the holders of any such bonds and, upon the issuance of bonds under the provisions of this Act, shall constitute a contract with the holders of such bonds.

SECTION 22.

Moneys received considered trust funds.

All moneys received pursuant to the provisions of this Act, whether as proceeds from the sale of revenue bonds, as grants or other contributions, or as revenue, income, fees, and earnings, shall be deemed to be trust funds to be held and applied solely as provided in this Act.

SECTION 23.

Purpose of the authority.

(a) Without limiting the generality of any provision of this Act, the general purpose of the authority is declared to be that of acquiring an adequate source of water supply, treatment of such water, and thereafter the distribution of the same to the various unincorporated areas, municipalities, and citizens in Fulton County and its environs, including adjoining counties and municipalities located therein, and further for the general purpose of collecting of waste water, both individual and industrial; but such general purpose shall not restrict the authority from selling and delivering water directly to customers in those areas where water distribution systems do not now exist or furnishing sewer collection facilities to such customers, and to areas where no county, municipality, or public authority deems it desirable or feasible to furnish water or sewerage services in such locality.

(b) The authority shall not have the authority to construct water lines for the distribution of water directly to customers within any municipality without first obtaining the express written consent of the appropriate governing body of said municipality. Likewise, the authority shall not have the authority to construct sewer lines for the collection of waste and

sewage directly from customers within any municipality without first obtaining the express written consent of the appropriate governing body of said municipality.

SECTION 24.

Rates, charges, and revenues; use.

The authority is authorized to prescribe and fix rates and to revise same from time to time and to collect fees, tolls, and charges for the services, facilities, and commodities furnished and, in anticipation of the collection of the revenues of such undertaking or project, to issue revenue bonds as provided by this Act to finance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement, betterment, or extension of a water system, a sewerage system, or a combined water and sewerage system, and to pledge to the punctual payment of said bonds and interest thereon, all or any part of the revenues of improvements, betterments, or extensions thereto thereafter made. Before increasing water or sewer rates, the authority shall hold two public hearings with dates, times, and locations advertised once in the legal organ of the county at least seven days before each public hearing. The authority shall notify the customers of the authority of the proposed increase in rates and the public hearing dates, times, and locations on the preceding month´s water or sewer bill before the date of the public hearings.

SECTION 25.

Rules and regulations for operation of projects.

It shall be the duty of the authority to prescribe rules and regulations for the operation of the project or projects constructed or acquired, or both, under the provisions of this Act, including the basis upon which water service and facilities or sewerage service and facilities, or both, shall be furnished.

SECTION 26.

Tort immunity.

The authority shall have the same immunity and exemption from liability for torts and negligence as Fulton County; and the officers, agents, and employees of the authority when in the performance of the work of the authority shall have the same immunity and exemption from liability for torts and negligence as the officers, agents, and employees of Fulton County when in the performance of their public duties or work of the county.

SECTION 27.

Powers declared supplemental and additional.

The foregoing sections of this Act shall be deemed to provide an additional and alternative method for the doing of the things authorized, shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing.

SECTION 28.

Effect on other governments.

This Act shall not and does not in any way take from any municipality located in Fulton County or any adjoining county the authority to own, operate, and maintain a water system, a sewerage system, or a combined water and sewerage system or to issue revenue bonds.

SECTION 29.

Liberal construction of the Act.

This Act, being for the welfare of various political subdivisions of the state and its inhabitants, shall be liberally construed to effect the purposes hereof.

SECTION 30.

Severability; effect of partial invalidity of Act.

In the event any section, subsection, sentence, clause, or phrase of this Act shall be declared or adjudged invalid or unconstitutional, such adjudication shall in no manner affect the other sections, subsections, sentences, clauses, or phrases of this Act, which shall remain of full force and effect as if the section, subsection, sentence, clause, or phrase so declared or adjudged invalid or unconstitutional were not originally a part hereof. The General Assembly declares that it would have passed the remaining parts of this Act if it had known that such part or parts hereof would be declared or adjudged invalid or unconstitutional.

SECTION 31.

Repeal.

All laws and parts of laws in conflict with this Act are repealed.