

No. R-1

\$4,855,000

UNITED STATES OF AMERICA
STATE OF GEORGIA
HAPEVILLE DEVELOPMENT AUTHORITY
TAX EXEMPT REVENUE BOND
SERIES 2004A

| | | |
|---------------|----------------|----------------|
| BOND DATE: | INTEREST RATE: | MATURITY DATE: |
| June 29, 2004 | 4.80% | August 1, 2024 |

FOR VALUE RECEIVED, the Hapeville Development Authority (the "Authority"), a public body corporate and politic duly created and validly existing under the Constitution and laws of the State of Georgia, hereby promises to pay solely from the Collateral (as such term is defined in the Bond Resolution), as hereinafter set forth, to Bank of America, N.A., Atlanta, Georgia, or registered assigns, in lawful money of the United States of America, on the principal payment dates specified herein, the principal sum shown above and interest hereon at the rate per annum set forth above (computed on the basis of a 360-day year comprised of twelve 30-day months), payable on February 1, 2005, and semiannually thereafter on the first days of February and August in each year (each an "Interest Payment Date") from the Interest Payment Date next preceding the date of authentication and registration hereof to which interest has previously been paid (unless the date of authentication and registration hereof is prior to February 1, 2005, in which event from June 29, 2004, or unless the date of authentication and registration is an Interest Payment Date, in which event from the date of authentication hereof, or unless the date of authentication and registration hereof is after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event from such next succeeding Interest Payment Date) until payment of the principal amount hereof. The principal of this bond shall be payable on August 1 in the years and amounts as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2007 | \$55,000 |
| 2008 | 60,000 |
| 2009 | 60,000 |
| 2010 | 65,000 |
| 2011 | 65,000 |
| 2012 | 70,000 |
| 2013 | 75,000 |
| 2014 | 75,000 |
| 2015 | 490,000 |
| 2016 | 515,000 |
| 2017 | 540,000 |
| 2018 | 565,000 |
| 2019 | 595,000 |
| 2020 | 620,000 |
| 2021 | 650,000 |
| 2022 | 110,000 |
| 2023 | 120,000 |
| 2024 | 125,000 |

The final payment of principal shall be paid only upon surrender of this bond at the principal corporate office of the Paying Agent. The interest hereon shall be paid to the person in whose name this bond is registered at the close of business on the 15th day of the calendar month preceding each Interest Payment Date (each such date a "Record Date"). All payments of principal and interest due hereunder shall be made by check or draft, drawn on the Paying Agent, and mailed, by first class mail, postage prepaid, to such person at the address on the books of registry kept by the Bond Registrar, or in such other manner as may be mutually acceptable to the Paying Agent and the registered owner of this bond.

This bond is issued for the purpose of providing funds to pay, in whole or in part, the cost of (i) paying off leasing obligations in the amount of \$886,132.51 to the Georgia Municipal Association (the "2004A Lease Pay-Offs"), (ii) (a) developing and maintaining a streetscape project and (b) constructing improvements to the City of Hapeville's (the "City") existing water and sewer system (the "2004A Project"), (iii) paying capitalized interest, and (iv) paying the costs of issuance, and is issued under authority of the Constitution and the laws of the State of Georgia and was duly authorized by a resolution of the governing body of the Authority adopted on June 3, 2004 (the "Bond Resolution"). Reference to the Bond Resolution is hereby made for a complete description of the fund charged with, and pledged to, the payment of the principal of and the interest on this bond, the nature and extent of the security, a statement of rights, duties and obligations of the Authority, and the rights of the owners of this bond, to all the provisions of which the owner hereof, by the acceptance of this bond, assents. Terms used but not defined herein shall have the meanings assigned to them in the Bond Resolution.

Simultaneously with the issuance of this bond, the Authority is issuing its Hapeville Development Authority Taxable Revenue Bond, Series 2004B (the "Series 2004B Bond," and together with this bond, the "Series 2004 Bonds") for the purpose of providing funds to pay, in whole or in part, the cost of (i) the acquisition, development and improvement of certain real estate for development (the "2004B Project," and together with the 2004A Project, the "2004 Project"), (ii) paying off debt in the amount of \$682,000.00 to the City (the "2004B Debt Pay-Off"), (iii) paying capitalized interest and (iv) paying costs of issuance.

This bond is transferable only upon the bond registration book kept for that purpose at the office of the Bond Registrar by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender and presentation to the Bond Registrar of this bond duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor. The Bond Registrar may charge for every registration of transfer of this bond sufficient to reimburse it for any tax or governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made.

The Authority and the City have entered into an Intergovernmental Contract, dated as of June 1, 2004 (the "Contract"), pursuant to which the Authority will agree to issue the Series 2004 Bonds to finance the acquisition of the 2004 Project, and the City, in consideration of the Authority's doing so, will agree to pay to the Authority amounts sufficient to pay the debt service on the Series 2004 Bonds (the "Contract Payments") and to levy an ad valorem property tax, without limit as to rate or amount, on all property in the City subject to such tax, in order to pay debt service on the Series 2004 Bonds. Under the Contract, the City has pledged its full faith and credit and taxing power unlimited as to rate or amount with respect to the Series 2004 Bonds.

The Authority has reserved the right to issue additional parity Bonds (the "Additional Bonds," and together with the Series 2004 Bonds, the "Bonds") pursuant to the Bond Resolution under certain terms and conditions. The Additional Bonds will be secured by a lien on the Collateral, including payments to be made under the Contract or another contract securing such Additional Bonds on a parity with the lien thereon securing the Series 2004 Bonds.

This bond will not constitute a general obligation of the State of Georgia, the City, or any other political subdivision of the State of Georgia within the meaning of any constitutional or statutory limitation upon indebtedness. Neither the State of Georgia, the City nor any other political subdivision of the State of Georgia shall be subject to any pecuniary liability thereon. No owner of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the State of Georgia, the City or any other political subdivision of the State of Georgia to pay the same or the interest thereon. The principal of and interest on the Series 2004 Bonds are payable solely from the moneys

derived from the Collateral. However, in accordance with the provisions of the Constitution and laws of the State of Georgia, the obligation of the City to make the payments it has contracted to make by the provisions of the Contract shall constitute a general obligation and a pledge of the full faith and credit of the City, and the obligation which the City has undertaken to make such payments from taxes to be levied for that purpose is a mandatory obligation to levy and collect such taxes from year to year in an amount sufficient to fulfill and fully comply with the terms of such obligation.

This bond is subject to optional redemption prior to maturity by the Authority, at the option of the City, either in whole on any date, or in part in amounts not less than \$100,000, on any Interest Payment Date, from any moneys deposited with the Paying Agent and available for such purposes, at a redemption price, plus accrued interest to the redemption date, calculated as follows:

| <u>Redemption Dates for this bond (both dates inclusive)</u> | <u>Prepayment Price</u> |
|------------------------------------------------------------------|-------------------------|
| June 30, 2004 through July 31, 2019 | Make Whole Amount |
| August 1, 2019 and thereafter | 100* |

* These prepayment prices are expressed as percentage of the principal amount of this bond to be prepaid.

In the case of an optional redemption occurring during the period June 30, 2004 through July 31, 2019, the Authority shall pay a prepayment price equal to the Make Whole Amount. For purposes of this bond, the term "Make Whole Amount" shall mean the sum of (a) the principal amount of this bond to be redeemed or prepaid, plus (b) a make-whole premium equal to the sum of fees calculated as set forth below separately for each Prepaid Principal (as hereinafter defined), plus (c) any customary administrative fees charged by the owner of this bond in connection with the foregoing:

(1) Determine the amount of interest which would have accrued each month for the Prepaid Principal had it remained outstanding until the applicable Original Payment Date, using the Initial Rate;

(2) Subtract from each monthly interest amount determined in (1) above, the amount of interest which would accrue for that Prepaid Principal if it were reinvested from the date of prepayment or redemption through the Original Payment Date, using the Subsequent Rate; and

(3) If (1) minus (2) for the Prepaid Principal is greater than zero, discount the monthly difference to the date of prepayment by the Subsequent Rate. The sum of the discounted monthly differences is the make-whole premium for that Prepaid Principal.

For purposes of the above paragraph, the following terms shall have the meanings set forth below:

(a) "Closing" means the closing of the initial sale and purchase of the this bond.

(b) "Initial Rate" means 4.80% per annum, as adjusted from time to time for reserve requirements, federal deposit insurance, other regulatory costs and any other similar amount which the owner of this bond deems appropriate.

(c) "Money Market" means the domestic certificate of deposit market, the eurodollar deposit market, or other appropriate money market designated by the owner of this bond.

(d) "Original Payment Dates" means the dates on which principal of this bond would have been paid (including through scheduled principal or mandatory redemption payments) if there had been no optional redemption.

(e) "Prepaid Principal" means the portion of the redeemed or prepaid principal of this bond which would have been paid on a single Original Payment Date.

(f) "Subsequent Rate" means the fixed interest rate per annum which the owner of this bond reasonably estimates as the rate, adjusted for reserve requirements, federal deposit insurance, other regulatory costs or any other similar amount which such owner deems appropriate, at which funds in the amount of the Prepaid Principal are available for purchase in the Money Market on the date of prepayment or redemption for a period of time approximating the period starting on the date of prepayment or redemption and ending on the Original Payment Date. The Subsequent Rate is the reasonable estimate only of the owner of this bond, and the owner of this bond is under no obligation to actually purchase or match funds for any transaction. This rate is not fixed by or related in any way to any rate the owner of this bond quotes or pays for deposits accepted through its branch system.

The Subsequent Rate may be adjusted to reflect the compounding, accrual basis, or other costs of this bond. The owner of this bond is under no obligation to actually reinvest any redemption proceeds.

If less than all of the principal amount of this bond is to be redeemed, said redemption shall be applied in inverse order to the required mandatory redemption or principal installment payments thereon.

Notice designating this bond (or the portion of the principal amount of the Series 2004 Bonds in multiples of \$100,000) to be acquired by redemption, as aforesaid, shall be mailed by first class mail, postage prepaid, not less than 30 days, but no more than 60 days, prior to the redemption date to the registered owner of this bond at the address which appears in the bond registration book, but failure to so mail any such notice or any

defect therein shall not affect the validity of the proceedings for which proper notice was given.

To the extent and in the manner permitted by the Bond Resolution, modifications, alterations, amendments, additions and deletions of the provisions of the Bond Resolution, or of any resolution supplemental thereto or of this bond, may be made by the Authority with the consent of the owners of at least 55 percent in aggregate principal amount of each series of Bonds then outstanding, and without the necessity for notation hereon of reference thereto.

This bond is issued with the intent that the laws of the State of Georgia shall govern its construction.

The Authority has designated this bond as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

In case of default, the owner of this bond shall be entitled to the remedies provided in the Bond Resolution.

It is hereby recited and certified that all acts, conditions and things required to be done precedent to and in the issuance of this bond have been done, have happened and have been performed in due and legal form as required by law.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until this bond shall have been authenticated and registered upon the bond registration book kept by the Bond Registrar for that purpose, which authentication and registration shall be evidenced by the execution by the manual signature of a duly authorized signatory of the Bond Registrar of the certificate hereon.

IN WITNESS WHEREOF, the governing body of the Hapeville Development Authority has caused this bond to be executed by the signature of its Chairman and its official seal to be imprinted hercon and attested by the signature of its Secretary.

**HAPEVILLE DEVELOPMENT
AUTHORITY**

(S E A L)

By: James E. Lovery
Chairman

Attest:

Mike R...
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

Date of Authentication and Registration: June 29, 2004

This Series 2004A Bond is one of the Series 2004 Bonds described hereinabove.

City Administrator of the City of Hapeville,
as Bond Registrar

By:  _____
Authorized Signatory

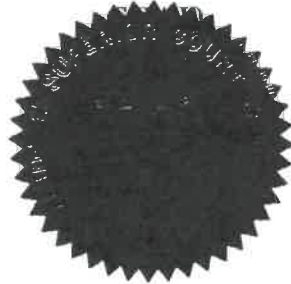
VALIDATION CERTIFICATE

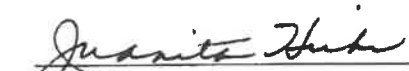
STATE OF GEORGIA)

COUNTY OF FULTON)

The undersigned Clerk of the Superior Court of Fulton County, State of Georgia, **HEREBY CERTIFIES** that this Series 2004A Bond was validated and confirmed by judgment of the Superior Court of Fulton County, Georgia, on June 21, 2004, and that no intervention or objection was filed in the proceedings validating same and that no appeal from said judgment of validation has been taken.

WITNESS my signature and seal of the Superior Court of Fulton County, Georgia.





Clerk, Superior Court,
Fulton County, Georgia

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers
unto _____
[please print or typewrite name and address]

[Please insert Social Security
or Tax Identification Number]

_____ the within Bond and all including postal zip code
of assignee]

rights thereunder, hereby constituting and appointing
_____ attorney to transfer this Bond on the bond
registration book kept for such purpose by the Bond Registrar, with full power of
substitution in the premises.

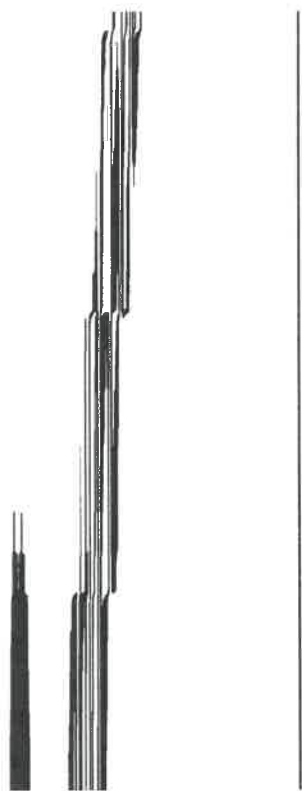
DATED _____

Signature Guaranteed:

Notice: The signature to this assignment
must correspond with the name as it appears
upon the face of the within Bond in every
particular, without alteration or enlargement
or any change whatever.

Signature must be guaranteed
by an institution which is a
participant in the Securities
Transfer Agent Medallion
Program (STAMP) or
similar program.

* * * * *



RECEIPT FOR SERIES 2004A BOND

Bank of America, N.A. (the "Initial Purchaser") hereby acknowledges receipt of \$4,855,000 in aggregate principal amount of Hapeville Development Authority Tax-Exempt Revenue Bond, Series 2004A (the "Series 2004A Bond") which shall be dated June 29, 2004, shall bear interest from such date, payable semiannually on the first days of February and August in each year (each an "Interest Payment Date"), commencing February 1, 2005, or the first February or August following the date of issuance of the Series 2004A Bond, at an interest rate of 4.80% per annum (computed on the basis of a 360-day year comprised of twelve 30-day months), until paid, and shall mature on August 1, 2024. Principal shall be payable on the first day of August in the years and amounts, as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2007 | \$55,000 |
| 2008 | 60,000 |
| 2009 | 60,000 |
| 2010 | 65,000 |
| 2011 | 65,000 |
| 2012 | 70,000 |
| 2013 | 75,000 |
| 2014 | 75,000 |
| 2015 | 490,000 |
| 2016 | 515,000 |
| 2017 | 540,000 |
| 2018 | 565,000 |
| 2019 | 595,000 |
| 2020 | 620,000 |
| 2021 | 650,000 |
| 2022 | 110,000 |
| 2023 | 120,000 |
| 2024 | 125,000 |

GIVEN this 29th day of June, 2004.

BANK OF AMERICA, N.A.

By: *[Signature]*
Title: Vice President