

NEW ISSUE BOOK ENTRY ONLY**RATINGS: Moody's "A3" and Fitch "A-"**

In the opinion of Alston & Bird LLP, Bond Counsel, based upon an analysis of existing laws, and assuming, among other matters, the accuracy of certain representations and continuous compliance with certain covenants herein, interest on the Bonds is (i) excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and (ii) exempt from state income taxation within the State of Georgia. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.



\$695,595,000
MAIN STREET NATURAL GAS, INC.
GAS SUPPLY REVENUE BONDS, SERIES 2019A

Bonds Dated: Date of Delivery**Principal Due:** As shown on the inside cover**Denomination:** \$5,000**Form:** Book Entry Only

Main Street Natural Gas, Inc. (the "Issuer") is issuing \$695,595,000 of its Gas Supply Revenue Bonds, Series 2019A (the "Bonds") pursuant to a Trust Indenture, to be dated as of the first day of the month in which the Bonds are issued (the "Indenture"), by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee").

Proceeds of the Bonds will be used to prepay the costs of the acquisition of a fixed quantity of natural gas to be delivered over 30 years (the "Gas Supply") under a Prepaid Natural Gas Purchase and Sale Agreement, dated February 14, 2019 (the "Prepaid Gas Agreement"), by and between Macquarie US Gas Supply LLC (the "Gas Supplier") and the Issuer, to fund capitalized interest on the Bonds and a working capital reserve, and to pay costs of issuance of the Bonds. Delivery of the Gas Supply will commence on the first day of April, 2019. In connection with its acquisition of the Gas Supply, the Issuer and the Municipal Gas Authority of Georgia (the "Gas Authority") will enter into a Natural Gas Supply Agreement, to be dated as of the first day of the month in which the Bonds are issued (the "Gas Authority Gas Supply Agreement"), providing for the sale of the Gas Supply by the Issuer to the Gas Authority. The Gas Supply acquired by the Gas Authority will be sold to its Members and certain other Public Agencies as herein described. See "THE GAS SUPPLY ACQUISITION".

Pursuant to the Prepaid Gas Agreement, the Gas Supplier is obligated to deliver specified daily quantities of gas to the Issuer, make certain payments for any gas not delivered, remarket gas not taken by the Gas Authority and pay certain liquidated damages upon any early termination of the Prepaid Gas Agreement in whole or in part. Certain payment obligations of the Gas Supplier under the Prepaid Gas Agreement (including its obligation to make a Liquidation Payment or Partial Liquidation Payment thereunder), as well as its obligations to make a Mandatory Advance under the Funding Agreement as described herein, are unconditionally guaranteed by Macquarie Group Limited pursuant to a Guarantee Agreement (the "Guarantee"). Payment under the Guarantee in respect of a Liquidation Payment or Partial Liquidation Payment will be applied to the mandatory redemption of the Bonds in whole or in part, as applicable. See "THE GAS SUPPLY ACQUISITION" and "THE BONDS – Redemption."

The Bonds will be issued in authorized denominations of \$5,000 or any integral multiple thereof, and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as Securities Depository for the Bonds. The principal or Redemption Price of and interest on the Bonds are payable by the Trustee, which is also serving as authenticating agent, paying agent, and registrar for the Bonds. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates. For so long as the Bonds remain in a "book-entry only" system, the Trustee will make such payments only to DTC or its nominee, which, in turn, is obligated to remit such principal and interest to the DTC Participants for disbursement to Beneficial Owners of the Bonds. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM".

The Bonds: The Bonds are being issued on the Issue Date of the Bonds and shall bear interest at the rates per annum for each Maturity Date of the Bonds set forth on the inside cover page of this Official Statement. Interest on each Bond will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on each May 15 and November 15, commencing May 15, 2019, (each an "Interest Payment Date"). For a further description of the Bonds, see "THE BONDS" herein.

Optional Redemption: The Bonds maturing on May 15, 2030 through May 15, 2034, inclusive, on May 15, 2039 and on May 15, 2043 are subject to optional redemption in whole or in part on any Business Day on or after May 15, 2029 at the relevant Redemption Price set forth herein. See "THE BONDS – Redemption – *Optional Redemption*."

Optional Make Whole Redemption: The Bonds maturing on May 15, 2035 through May 15, 2038, inclusive, and on May 15, 2049 are subject to optional make whole redemption in whole or in part on any Business Day at the relevant Redemption Price set forth herein. See "THE BONDS – Redemption – *Optional Make Whole Redemption*."

Mandatory Redemption: All Bonds are subject to mandatory redemption prior to their respective Maturity Dates in whole, and not in part, upon an early termination of the Prepaid Gas Agreement, or in part upon the occurrence of an early termination of the Prepaid Gas Agreement in part, in either case at a Redemption Price equal to the Amortized Value thereof, plus unpaid accrued interest to the date of redemption. Upon the occurrence of an early termination of the Prepaid Gas Agreement, in whole or in part, the Gas Supplier is required to pay the Liquidation Payment or Partial Liquidation Payment, respectively, to the Trustee for deposit in the Termination Fund, to be applied by the Trustee to the redemption of Bonds on the applicable date of redemption. See "THE BONDS – Redemption – *Mandatory Redemption*" and "THE GAS SUPPLY ACQUISITION – Early Termination of the Prepaid Gas Agreement."

Mandatory Sinking Fund Redemption: The Bonds maturing on May 15, 2043 and May 15, 2049 are subject to mandatory sinking fund redemption at the Redemption Price set forth herein plus accrued interest to the redemption date. See "THE BONDS – Redemption – *Mandatory Sinking Fund Redemption*."

Security: The Bonds are special limited obligations payable solely from the Trust Estate described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

THE BONDS ARE NOT GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE STATE OF GEORGIA, THE ISSUER, THE GAS AUTHORITY OR ANY PUBLIC CORPORATION, POLITICAL SUBDIVISION OR INSTRUMENTALITY OF THE STATE OF GEORGIA, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A LIEN ON THE TRUST ESTATE, AS FURTHER DESCRIBED HEREIN AND IN THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

The purchase and ownership of the Bonds involve investment risk and may not be suitable for all investors. This cover page is not intended to be a summary of the terms of or the security for the Bonds. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds, giving particular attention to the matters discussed under "INVESTMENT CONSIDERATIONS AND RISKS" herein.

J.P. MORGAN**BofA Merrill Lynch****WELLS FARGO SECURITIES****Goldman, Sachs & Co.**

The Bonds are offered, when, as and if issued by the Issuer and accepted by J.P. Morgan Securities LLC, as representative of the Underwriters, subject to the approval of validity by Alston & Bird LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Issuer by Alston & Bird, LLP, for the Gas Supplier by Chapman and Cutler LLP, and for the Underwriters by Nixon Peabody LLP. Certain tax matters will be passed on for the Issuer by Alston & Bird LLP, Bond Counsel. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about February 26, 2019.

NONE OF THE MACQUARIE GROUP ENTITIES NOTED IN THIS DOCUMENT IS AN AUTHORIZED DEPOSIT-TAKING INSTITUTION FOR THE PURPOSES OF THE BANKING ACT 1959 (COMMONWEALTH OF AUSTRALIA). THE OBLIGATIONS OF THESE ENTITIES DO NOT REPRESENT DEPOSITS OR OTHER LIABILITIES OF MACQUARIE BANK LIMITED ABN 46 008 583 542 ("MBL"). MBL DOES NOT GUARANTEE OR OTHERWISE PROVIDE ASSURANCE IN RESPECT OF THE OBLIGATIONS OF THESE ENTITIES.

\$695,595,000
MAIN STREET NATURAL GAS, INC.
GAS SUPPLY REVENUE BONDS, SERIES 2019A

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

Maturity Date (May 15)	Principal Amount	Interest Rate	Price	Yield	CUSIP* Number
2020	\$7,580,000	5.000%	103.139%	2.370%	56035DAZ5
2021	11,090,000	5.000	105.361	2.500	56035DBA9
2022	11,645,000	5.000	107.394	2.590	56035DBB7
2023	12,235,000	5.000	109.068	2.710	56035DBC5
2024	12,185,000	5.000	110.507	2.820	56035DBD3
2025	15,190,000	5.000	111.566	2.950	56035DBE1
2026	15,950,000	5.000	112.545	3.050	56035DBF8
2027	16,815,000	5.000	113.223	3.160	56035DBG6
2028	17,355,000	5.000	113.840	3.250	56035DBH4
2029	18,275,000	5.000	114.081	3.360	56035DBJ0
2030	19,105,000	5.000	113.064	3.470**	56035DBK7
2031	20,060,000	5.000	112.058	3.580**	56035DBL5
2032	21,245,000	5.000	111.424	3.650**	56035DBM3
2033	22,420,000	5.000	110.883	3.710**	56035DBN1
2034	22,845,000	5.000	110.435	3.760**	56035DBP6
2035	24,385,000	5.000	112.225	3.970	56035DBQ4
2036	25,780,000	5.000	112.220	4.010	56035DBR2
2037	26,890,000	5.000	111.877	4.070	56035DBS0
2038	28,235,000	5.000	111.740	4.110	56035DBT8
2039	29,635,000	4.000	97.554	4.180	56035DBU5
2043***	108,490,000	5.000	107.446	4.100**	56035DBV3
2049***	208,185,000	5.000	110.147	4.390	56035DBW1

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer, Gas Authority, the Gas Supplier, the Financial Advisor, or the Underwriters and are included solely for the convenience of the registered owners of the applicable Bonds. None of the Issuer, Gas Authority, the Gas Supplier, the Financial Advisor, or the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

** Yield to optional redemption date of May 15, 2029 at par.

*** Term Bonds.

MAIN STREET NATURAL GAS, INC.

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BOARD OF DIRECTORS

Luther (Buddy) L. Duke III	Chairman
Charles Kalil Shaheen III	Vice Chairman
R. Daren Perkins	Secretary/Treasurer
Kenneth L. Usry	Director
David L. Aldrich	Director

MANAGEMENT

Susan G. Reeves	President and Chief Executive Officer
Christopher D. Howell	Chief Financial Officer
Michael J. Frey	Chief Operating Officer and Assistant Secretary-Treasurer
John Christopher Strippelhoff	Chief Membership Officer and Assistant Secretary-Treasurer

Bond Counsel
Alston & Bird LLP

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Trustee
U.S. Bank National Association

Financial Advisor
PFM Financial Advisors LLC

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REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations in connection with the offer and sale of the Bonds, other than as set forth herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. The information set forth in this Official Statement has been obtained from the Issuer and the Gas Authority and other sources that are believed by the Issuer and the Gas Authority to be reliable. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See “INTRODUCTION – Forward-Looking Statements” and “INVESTMENT CONSIDERATIONS AND RISKS.”

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Macquarie Group Limited ABN 94 122 169 279 (the “Guarantor”) and Macquarie US Gas Supply LLC (the “Gas Supplier” and the “Funding Provider”) have provided this paragraph for inclusion in this Official Statement. Other than with respect to descriptions contained in APPENDIX A - “Certain Information Regarding Macquarie US Gas Supply LLC and Macquarie Group Limited” (the “Macquarie Disclosure”), neither the Guarantor, the Gas Supplier nor the Funding Provider make any representation as to the accuracy or completeness of any information contained herein. Other than the Macquarie Disclosure, neither the Guarantor, the Gas Supplier nor the Funding Provider has authorized the publication of this Official Statement. In addition, neither the Guarantor, the Gas Supplier nor the Funding Provider has verified the information contained herein, guarantees the accuracy or completeness of such information, makes any representations or warranties with respect to, or accepts any responsibility for, the contents hereof or any other statement made or purported to be made on its behalf in connection herewith or the issue and offering of Bonds by the Issuer. In particular, each of the Guarantor, the Gas Supplier and the Funding Provider has not reviewed and expressly disclaims any responsibility for the descriptions of the terms of the agreements described in this Official Statement, including the terms of the Bonds, the Prepaid Gas Agreement, the Funding Agreement and the Guarantee.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Gas Authority, the Gas Supplier, the Funding Provider, the Commodity Swap Counterparties or the Trustee since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The information set forth herein, other than that provided by the Issuer and the Gas Authority, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Issuer or the Gas Authority.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED

HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Issuer and the Gas Authority each maintain a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

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OFFICIAL STATEMENT
\$695,595,000
MAIN STREET NATURAL GAS, INC.
GAS SUPPLY REVENUE BONDS, SERIES 2019A

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, table of contents and appendices, is to provide certain information in connection with the issuance and sale by Main Street Natural Gas, Inc. (the “Issuer”) of \$695,595,000 of its Gas Supply Revenue Bonds, Series 2019A, (the “Bonds”).

The Issuer is a Georgia nonprofit corporation created by and acting on behalf of the Municipal Gas Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, created and existing pursuant to an Act of the State of Georgia (O.C.G.A. Section 46-4-80 through 46-4-125), as amended (the “Gas Authority Act”). The Issuer was created and is validly existing under and pursuant to the Georgia Nonprofit Code, as amended (O.C.G.A. Section 14-3-101 through 14-3-1701) (the “Georgia Nonprofit Code”) and is authorized to issue the Bonds and undertake the transactions described herein pursuant to the Georgia Nonprofit Code and the Gas Authority Act (together, the “Act”).

The Bonds are being issued pursuant to a resolution of the Issuer authorizing the issuance of the Bonds, and under and pursuant to a Trust Indenture, to be dated as of the first day of the month in which the Bonds are issued (the “Indenture”), by and between the Issuer and U.S. Bank National Association, as trustee (in such capacity, the “Trustee”). All capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings assigned to such terms in APPENDIX D – “SUMMARY OF DEFINED TERMS.”

Purposes of the Bonds

The Bonds are being issued to (a) purchase the Gas Supply described herein from Macquarie US Gas Supply LLC, as gas supplier (in such capacity the “Gas Supplier”), for delivery by the Gas Supplier over a period of 30 years, which will commence on April 1, 2019, (b) fund a deposit to the Capitalized Interest Account of the Debt Service Fund and a deposit to the Working Capital Fund as herein described, and (c) pay Costs of Issuance of the Bonds. The Gas Supply is being sold by the Issuer to the Gas Authority pursuant to the Gas Authority Gas Supply Agreement described herein.

The Issuer

The Issuer is a Georgia nonprofit corporation established by and acting on behalf of the Gas Authority, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia (the “State”), to acquire, finance, manage and deliver supplies of natural gas on behalf of its customers, including the Gas Authority. The Issuer has the power to issue the Bonds and enter into the Transaction Documents to which it is a party described herein. The Issuer is authorized to undertake all actions permitted by the Act, including the purchase of the Gas Supply and the sale thereof to the Gas Authority. See “THE ISSUER.”

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE STATE, THE ISSUER, THE GAS AUTHORITY OR ANY PUBLIC CORPORATION, POLITICAL SUBDIVISION OR INSTRUMENTALITY OF THE STATE WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE STATE, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A LIEN ON THE TRUST ESTATE, IN THE MANNER AND TO THE EXTENT PROVIDED FOR IN THE INDENTURE. NO REGISTERED OWNER OF THE BONDS SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR THE TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY, TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

The Gas Authority

The Issuer will sell the Gas Supply to the Gas Authority pursuant to the Gas Authority Gas Supply Agreement.

The Gas Authority is a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, initially created in 1987 pursuant to the Gas Authority Act.

Pursuant to the authority contained in the Gas Authority Act, the Gas Authority has entered into all-requirements gas supply contracts with 79 municipal corporations or municipal utility boards, districts or similar municipal entities that own and operate natural gas distribution systems (each a “Member” and collectively, the “Members”). Sixty-seven of the Gas Authority’s Members are located in Georgia, seven in Alabama, three in Florida, one in Tennessee and one in Pennsylvania. In addition to gas supply service, the Gas Authority provides a variety of other services to its Members, including management of storage, management of transportation capacity and release, load forecasting, industrial support and rate design, regulatory representation and compliance assistance, and marketing, communications, and other related services. The Gas Authority bills its Members for delivered volumes monthly and distributes returns to its Members annually. In addition to serving its full-requirements Members, the Gas Authority provides partial requirements supplies and service to other municipalities under a variety of arrangements, including from prepaid gas supply arrangements. The Gas Authority maintains a diversified gas supply portfolio, which includes working interests, royalty interests, participation in long-term prepaid gas supply arrangements and certain production sharing arrangements.

For more information regarding the Gas Authority and its services, operations, gas supplies and other matters, *see* “THE GAS AUTHORITY” and APPENDIX B – “FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016.”

The Bonds

The Bonds are being issued on the date of delivery and will bear interest at the rates set forth on the inside cover page of this Official Statement corresponding to the Maturity Date for each such Bond. Interest on each Bond is payable semi-annually on May 15 and November 15 of each year, commencing May 15, 2019, on any redemption date for such Bond, and the Maturity Date of such Bond. The Bonds will be issued in authorized denominations of \$5,000 or any integral multiple thereof. *See* “THE BONDS.”

Book-Entry-Only System

Ownership interests in the Bonds may be purchased in book-entry form only through The Depository Trust Company, New York, New York (“DTC”). The Bonds will be issued in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as the depository of the Bonds and all payments due on the Bonds will be made to DTC or its nominee. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, references herein to the Owner or registered owner will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. See “THE BONDS” and APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM.”

The Prepaid Gas Agreement

The Gas Supply is being purchased by the Issuer from the Gas Supplier pursuant to the Prepaid Gas Agreement. The Gas Supplier is required to deliver to the Issuer each day during the term of the Prepaid Gas Agreement a specified quantity of gas to certain Delivery Points on the interstate pipeline system of the applicable Transporter, or to pay the Issuer replacement price damages for any gas not so delivered. The Prepaid Gas Agreement may be terminated in whole prior to the expiration of its term upon the occurrence of a Triggering Event, or in part upon the occurrence of a Partial Termination Event. Upon any such early termination of the Prepaid Gas Agreement, the Gas Supplier is obligated to pay, or cause to be paid, the Liquidation Payment or Partial Liquidation Payment, as applicable, set forth in the Prepaid Gas Agreement, which amount is to be applied to redeem the outstanding Bonds in whole or in part. Payment of the Liquidation Payment or Partial Liquidation Payment is guaranteed by the Guarantor under the Guarantee. See “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement” and the “THE BONDS – Redemption – *Mandatory Redemption*.”

Sale of Gas Supply to the Gas Authority

Gas Authority Gas Supply Agreement. The Issuer is selling the Gas Supply to the Gas Authority pursuant to the Gas Authority Gas Supply Agreement. The Gas Authority Gas Supply Agreement provides for the delivery by the Issuer to the Gas Authority of the same Daily Contract Quantities at the same Delivery Points and for the same term as the Prepaid Gas Agreement.

Use of Gas Supply by the Gas Authority. The Gas Authority will sell the Gas Supply to its Members and certain other Municipal Utility customers (as further defined herein, the “Customers”), pursuant to existing gas supply contracts with such Members and pursuant to North American Energy Standards Board Base Contracts for Sale and Purchase of Natural Gas and other substantially similar gas supply contracts (together, the “Customer Agreements”), with such Customers in order to provide natural gas supplies (i) for retail sale by such Members and Customers which operate gas systems in their respective service areas or (ii) for use as fuel to generate electricity to be sold to retail customers in the service areas of such Members and Customers which operate electric systems, or to joint action agency Customers who will supply certain of their wholesale Municipal Utility customers for such purposes.

Payment of Contract Price. For each MMBtu of gas delivered by the Issuer to the Gas Authority at the applicable Delivery Point, the Gas Authority has agreed to pay the Issuer the Contract Price for such Gas, which will be (i) the applicable Index Price, less (ii) the Discount applicable to the Month in which such Gas is delivered. In addition, the Gas Authority has agreed to pay to the Issuer the Premium, if any, applicable to such Gas for that Month under the terms of the Prepaid Gas Agreement and any amounts applicable to such Gas for that Month resulting from a change in the Delivery Point as provided in the Prepaid Gas Agreement. The Gas Authority will be required to pay the Issuer for Gas delivered (or deemed delivered) under the Gas Authority Gas Supply Agreement, regardless of whether its Members or Customers have paid the Gas Authority for such Gas.

Suspension or Termination of Gas Authority Gas Supply Agreement. If the Gas Authority fails to pay the Issuer for Gas delivered when required pursuant to the Gas Authority Gas Supply Agreement, the Issuer is required, upon three days' written notice to the Gas Authority, to suspend delivery of Gas to the Gas Authority, and thereafter may, with the consent of the Gas Supplier, terminate the Gas Authority Gas Supply Agreement prior to the end of the term. Pursuant to the terms of the Prepaid Gas Agreement, a "Deemed Remarketing" will occur upon receipt by the Gas Supplier of notice of a nonpayment by the Gas Authority pursuant to the Gas Authority Gas Supply Agreement, and the Gas Supplier will be required to remarket the Gas Supply in accordance with the Prepaid Gas Agreement. Following a Deemed Remarketing, the Gas Supplier may elect to terminate the Prepaid Gas Agreement or portion thereof or continue to remarket such Gas until the Gas Authority pays all amounts due but unpaid under Gas Authority Gas Supply Agreement and the Gas Authority satisfies requirements set forth in the Prepaid Gas Agreement. See "THE GAS SUPPLY ACQUISITION – The Gas Authority Gas Supply Agreement."

Nature of Gas Authority's Payment Obligations. All payments to be made by the Gas Authority for the purchase of the Gas Supply are general obligations of the Gas Authority and are payable by the Gas Authority as an operating expense. The Gas Authority has covenanted to establish and collect rates from its Members sufficient to enable it to pay the amounts payable by it under the Gas Authority Gas Supply Agreement.

For additional information with respect to the Gas Authority Gas Supply Agreement, see "THE GAS SUPPLY ACQUISITION – The Gas Authority Gas Supply Agreement." For information with respect to the Gas Authority, see "THE GAS AUTHORITY" and APPENDIX B – "FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016."

Debt Service Reserve Fund; Commodity Swap Payment Fund, and Funding and Assignment Agreement

The Issuer has created a Debt Service Reserve Fund under the Indenture, for which the Debt Service Required Reserve, with respect to the Bonds or any Series of Refunding Bonds, will be equal to the sum of the two highest consecutive fixed payments (without netting) due to the Issuer under the Issuer Commodity Swaps on or prior to the Final Maturity Date of the Bonds or final maturity date of such Refunding Bonds, as the case may be, subject to recalculation in connection with a mandatory or optional redemption of such Bonds. Transfers required to be made from the Debt Service Reserve Fund and the Commodity Swap Payment Fund will be funded pursuant to a Funding and Assignment Agreement, to be dated the Issue Date of the Bonds (the "Funding Agreement"), by and among Macquarie US Gas Supply LLC, as funding provider (in such capacity, the "Funding Provider"), the Issuer and the Trustee, and no other moneys will be deposited in the Debt Service Reserve Fund. Pursuant to the Funding Agreement, the Funding Provider is required to make a Mandatory Advance to the Trustee for Mandatory Deficiencies in the Commodity Swap Payment Fund and Debt Service Reserve Fund noted below, but only if, and to the extent caused by a failure by the Gas Authority to pay any amount when due and payable under the Gas Authority Gas Supply Agreement, or by a failure by the Gas Supplier to pay any amount when due and payable by it under the Prepaid Gas Agreement with respect to a Gas Supplier Delivery Default, Issuer Take Default, the remarketing of Gas, or Force Majeure:

(a) with respect to the Commodity Swap Payment Fund, as of any Commodity Swap Payment Date, an amount equal to the lesser of (i) the amount of any Deficiency in such Fund as of such date and (ii) the Commodity Funding Cap in effect on such date; and

(b) with respect to the Debt Service Reserve Fund, as of any date on which funds are required to be transferred from such Fund pursuant to the Indenture, (i) the lesser of (A) the Debt Service Required Reserve, and (B) the amount required to be transferred from Debt Service Reserve

Fund on such Mandatory Funding Date, minus (ii) the amount, if any, on deposit in the Debt Service Reserve Fund on such date. In no event will the amount of any Mandatory Advance to be made by the Funding Provider on any Mandatory Funding Date in respect of the Debt Service Reserve Fund exceed the amount of the Debt Service Required Reserve on such date, and in no event will the amount of any Mandatory Advance to be made by the Funding Provider on any Mandatory Funding Date in respect of the Commodity Swap Payment Fund exceed the Commodity Funding Cap. In addition, the Funding Provider has the right under the Funding Agreement, within its sole determination and discretion, to make an Optional Advance to the Trustee to fund any other Deficiency under the Indenture. In the event the Funding Provider makes an Advance under the Funding Agreement, it will be subrogated to all of the Issuer's rights with respect to any payment default leading to the necessity for such Advance, and the Issuer has assigned without recourse to the Funding Provider all of the Issuer's rights with respect to each such event. See "THE FUNDING AGREEMENT."

The Guarantee

The payment of any Liquidation Payment or Partial Liquidation Payment by the Gas Supplier under the Prepaid Gas Agreement and the payment of Mandatory Advances by the Funding Provider under the Funding Agreement are unconditionally guaranteed by Macquarie Group Limited ABN 94 122 169 279 (the "Guarantor") under a guarantee agreement (the "Guarantee"). The Guarantee also guarantees the payment of any other amount due from the Gas Supplier under the Prepaid Gas Agreement, subject to the limitations set forth therein. The Guarantee does not guarantee the gas delivery and other performance obligations of the Gas Supplier under the Prepaid Gas Agreement or any other performance obligation of Macquarie US Gas Supply LLC under any agreement. See "INVESTMENT CONSIDERATIONS AND RISKS – Roles of Macquarie US Gas Supply LLC and the Guarantor – *The Guarantee*."

Issuer Commodity Swaps

In connection with its acquisition of the Gas Supply, the Issuer has entered into two Issuer Commodity Swaps, one with JPMorgan Chase Bank, N.A. and one with Royal Bank of Canada (each, a "Commodity Swap Counterparty" and, together, the "Commodity Swap Counterparties"). JPMorgan Chase Bank, N.A. is a wholly-owned subsidiary of JPMorgan Chase & Co., a Delaware corporation, and Royal Bank of Canada is a Schedule I bank under the Bank Act (Canada), each as further described herein. See "THE COMMODITY SWAP COUNTERPARTIES."

Under the terms of the Issuer Commodity Swaps, the Issuer is required to make floating payments based on the Index Price of gas to be delivered by the Gas Supplier at each Delivery Point and a notional quantity equal to the quantity of gas to be delivered at such Delivery Point, and each Commodity Swap Counterparty is required to make fixed payments based on a fixed price and the same notional quantity. The Issuer Commodity Swaps enable the Issuer to change the variable revenue stream with respect to the sale of the Gas Supply to be delivered under the Prepaid Gas Agreement into a fixed revenue stream. The Gas Supplier and the Commodity Swap Counterparties will enter into the Gas Supplier Commodity Swaps concurrently with the Issuer Commodity Swaps. The Gas Supplier's payment obligations under the Gas Supplier Commodity Swaps will be guaranteed by Macquarie Group Limited pursuant to two separate letters of guarantee (collectively, the "Gas Supplier Commodity Swap Guarantee") (subject to the limitations set forth therein). For more information regarding the Issuer Commodity Swaps, the Gas Supplier Commodity Swaps, and the Gas Supplier Commodity Swap Guarantee, see "THE COMMODITY PRICE HEDGE".

Each Issuer Commodity Swap relates to a notional amount corresponding to a portion of the Daily Contract Quantities. The exact amount of the portion of the notional amount which each Issuer Commodity

Swap corresponds to may fluctuate throughout the life of the Bonds, provided that the Issuer Commodity Swaps, when taken together, will have a notional amount corresponding to 100% of the Daily Contract Quantities. Both Issuer Commodity Swaps contain step-up provisions wherein if the other Issuer Commodity Swap is terminated, the notional amount on the Commodity Swap which remains effective will increase for that Calculation Period and each future Calculation Period, *provided* that on the same date as such increase, the notional amount under the related Gas Supplier Commodity Swap will also increase for the same amount for each such Calculation Period.

Forward-Looking Statements

This Official Statement, including the appendices hereto, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 27A of the United States Securities Act of 1933, as amended (the “Securities Act”). When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Miscellaneous

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained herein in connection with the offer and sale of the Bonds and, if given or made, such other information or representations must not be relied upon as having been authorized.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement contains brief descriptions of, among other matters, the Issuer, the Gas Authority, the Gas Supplier, the Commodity Swap Counterparties, the Funding Provider, the Guarantor, each of the Transaction Documents and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries contained herein and in the appendices hereto of relevant statutes, the Indenture and any of the other Transaction Documents are intended as summaries only and are qualified in their entirety by reference to such provisions, statutes and documents. Additionally, references herein to the Bonds are qualified in their entirety to the form thereof included in the Indenture.

Certain documents, including the Indenture, the Prepaid Gas Agreement, the Gas Authority Gas Supply Agreement, the Funding Agreement, and the Issuer Commodity Swaps, will be available upon request to the Representative by prospective purchasers of the Bonds prior to the sale of the Bonds at J.P. Morgan Securities LLC, 3424 Peachtree Rd NE, Floor 21, Atlanta, Georgia 30326. Thereafter, Owners may obtain copies upon request to the Trustee at U.S. Bank National Association, 1349 W. Peachtree Street, Suite 1050, Atlanta Georgia 30309, Attention: Mark Hallam, upon payment of reasonable copying, handling and mailing charges.

INVESTMENT CONSIDERATIONS AND RISKS

The purchase of the Bonds involves certain investment considerations and risks discussed throughout this Official Statement. Prospective purchasers of the Bonds should make a decision to purchase

the Bonds only after reviewing the entire Official Statement and making an independent evaluation of the information contained and cited herein. Certain of those investment considerations and risks are summarized below. This summary is not intended to be definitive or exhaustive, and the order in which the following investment considerations and risks are presented is not intended to reflect their relative significance.

Structured Financing

The Indenture, the Prepaid Gas Agreement, the Gas Authority Gas Supply Agreement, the Funding Agreement, and the Issuer Commodity Swaps have been structured so that the Revenues available to the Issuer, together with the amounts on deposit in certain of the Funds held by the Trustee under the Indenture and other amounts available to the Issuer, are expected to be sufficient at all times to provide for the timely payment of the scheduled debt service requirements on the Bonds and the Issuer's payment obligations to the Commodity Swap Counterparties under the Issuer Commodity Swaps. The Issuer's ability to meet its obligations on the Bonds and those agreements will depend primarily upon the performance by the Gas Supplier of its gas delivery, gas remarketing and other obligations under the Prepaid Gas Agreement, timely performance and payment by the Guarantor under the Guarantee and the Gas Supplier Commodity Swap Guarantee to the extent of its obligations thereunder and by the Funding Provider of its obligations to make a Mandatory Advance under the Funding Agreement, timely payment by the Gas Authority under the Gas Authority Gas Supply Agreement, and timely payment by the Commodity Swap Counterparties under the Issuer Commodity Swaps. The payment of any Liquidation Payment or Partial Liquidation Payment by Macquarie US Gas Supply LLC under the Prepaid Gas Agreement and of Mandatory Advances under the Funding Agreement are unconditionally guaranteed by the Guarantor under the Guarantee, and as such the Issuer's ability to meet its obligations on the Bonds and those agreements will also depend primarily upon the performance of the Guarantor under the Guarantee. In addition, the payment obligations of the Gas Supplier under the Gas Supplier Commodity Swaps are guaranteed by the Guarantor under the Gas Supplier Commodity Swap Guarantee (subject to the limitations set forth therein). See "– Roles of Macquarie US Gas Supply LLC and the Guarantor – *The Guarantee*."

Special Obligations of the Issuer

The Bonds do not constitute general obligations or indebtedness of The State, the Issuer, the Gas Authority or any public corporation, political subdivision or instrumentality of the State within the meaning of the Constitution or statutes of the State, but are special, limited obligations of the Issuer payable solely from and secured by a lien on the Trust Estate, in the manner and to the extent provided for in the Indenture. No registered owner of the Bonds shall ever have the right to require or compel the exercise of the *ad valorem* taxing power of the State or any political subdivision thereof, or the taxation in any form on any real or personal property, to pay the principal or Redemption Price of or interest on the Bonds. Neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, Redemption Premium, if any, or interest on the Bonds. The Issuer has no taxing power.

See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge of Trust Estate" and "THE ISSUER."

Revenues of the Issuer; Early Redemption of the Bonds

Whether the Revenues pledged by the Issuer will be sufficient to enable the Issuer to meet all of its payment obligations on the Bonds and under the Prepaid Gas Agreement and the Issuer Commodity Swaps over the entire term of such agreements will depend upon various factors, including primarily:

(a) the prospects and financial and operating position of the Gas Authority and its ability to timely meet its gas purchase and payment obligations under the Gas Authority Gas Supply Agreement;

(b) the prospects and financial and operational performance of Macquarie US Gas Supply LLC as the Gas Supplier and Funding Provider; and

(c) the prospects and financial and operational performance of the Guarantor, as provider of the Guarantee of certain of Macquarie US Gas Supply LLC's payment obligations under the Prepaid Gas Agreement and Funding Agreement, and as provider of the Gas Supplier Commodity Swap Guarantee of the Gas Supplier's payment obligations under the Gas Supplier Commodity Swaps.

In addition, whether the Bonds are required to be redeemed prior to their respective Maturity Dates in connection with an early termination of the Prepaid Gas Agreement will depend upon various factors, including primarily:

(a) the prospects and financial and operating position of the Gas Authority and its ability to timely meet its gas purchase and payment obligations under the Gas Authority Gas Supply Agreement;

(b) the prospects and financial and operational performance of Macquarie US Gas Supply LLC as the Gas Supplier and Funding Provider;

(c) the prospects and financial and operational performance of the Guarantor, as provider of the Guarantee of certain of Macquarie US Gas Supply LLC's payment obligations under the Prepaid Gas Agreement and Funding Agreement, and as provider of the Gas Supplier Commodity Swap Guarantee of the Gas Supplier's payment obligations under the Gas Supplier Commodity Swaps;

(d) the use of the Daily Contract Quantities for a Qualifying Use in compliance with the requirements of the Gas Authority Gas Supply Agreement in order to maintain the Tax-Exempt Status of the Bonds; and

(e) the prospects and financial and operational performance of the Commodity Swap Counterparties, or any replacement commodity swap counterparty, and its continuing ability to timely meet its obligations under the Issuer Commodity Swaps.

Sale of Gas Supply to the Gas Authority

The Gas Authority is required to pay the Contract Price for all Gas delivered (or deemed delivered) to it under the Gas Authority Gas Supply Agreement, regardless of whether the Gas Authority is able to resell such Gas to its Members or Customers, and regardless of whether any such Member or Customer fails to pay for any such Gas delivered to it by the Gas Authority. No assurance can be given that the future financial position of the Gas Authority will enable it to make payments under the Gas Authority Gas Supply Agreement in a timely manner. A failure by the Gas Authority to make a payment under the Gas Authority Gas Supply Agreement will result in a shortfall in the amount of Revenues necessary for the payment of the principal of and interest due on the Bonds. For information with respect to the Gas Authority, *see* "THE GAS AUTHORITY" and APPENDIX B – "FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016."

Roles of Macquarie US Gas Supply LLC and the Guarantor

General. Macquarie US Gas Supply LLC is acting as Gas Supplier, Funding Provider and Calculation Agent. The payment of any Liquidation Payment or Partial Liquidation Payment, and other

amounts due by Macquarie US Gas Supply LLC under the Prepaid Gas Agreement (subject to the limitations set forth in the Guarantee), and its obligation to make Mandatory Advances under the Funding Agreement are unconditionally guaranteed by Macquarie Group Limited, as Guarantor under the Guarantee. The payment of the amounts due and payable by the Macquarie US Gas Supply LLC under the Gas Supplier Commodity Swaps will be guaranteed by Macquarie Group Limited, as Guarantor under the Gas Supplier Commodity Swap Guarantee (subject to the limitations set forth therein).

No assurance can be given that the future financial position of the Gas Supplier or the Funding Provider will enable it to make the various payments and perform the various obligations required to be performed by it under the Prepaid Gas Agreement, the Funding Agreement or the Gas Supplier Commodity Swaps, respectively. No assurance can be given that the future financial position of the Guarantor will enable it to make the various payments and perform the various obligations required to be performed by it under the Guarantee or the Gas Supplier Commodity Swap Guarantee. For certain information regarding Macquarie US Gas Supply LLC and Macquarie Group Limited, see APPENDIX A – “CERTAIN INFORMATION REGARDING MACQUARIE US GAS SUPPLY LLC AND MACQUARIE GROUP LIMITED.”

Payments by the Gas Supplier upon Failure to Deliver Gas and for Gas Remarketed by the Gas Supplier. The Gas Supplier will be obligated to make certain payments to the Trustee, for the account of the Issuer, upon a failure by it to deliver or by the Issuer to take gas under the Prepaid Gas Agreement, whether or not such failure is caused by *Force Majeure*. In addition, in certain circumstances upon termination of the Gas Authority Gas Supply Agreement due to a default by the Gas Authority, the Gas Supplier is obligated under the Prepaid Gas Agreement to remarket the applicable Gas Supply and remit the remarketing proceeds, less a remarketing fee, to the Trustee. The ability of the Issuer to pay the principal of and interest on the Bonds when due will depend upon the timely payment to the Trustee by the Gas Supplier of the amounts owed pursuant to the Prepaid Gas Agreement, including proceeds of the remarketing of gas.

Amounts Payable by the Gas Supplier upon Early Termination of the Prepaid Gas Agreement in Whole or in Part. In the event of an early termination of the Prepaid Gas Agreement in whole or in part, the Gas Supplier will be obligated to pay the Liquidation Payment or Partial Liquidation Payment, as applicable, and such payment will be applied to the mandatory redemption prior to maturity of all or a corresponding portion of the Bonds, as applicable. The ability of the Issuer to pay the Redemption Price of the Bonds (and accrued interest, if any, to the Early Redemption Date) will depend upon the payment by the Gas Supplier of the Liquidation Payment or Partial Liquidation Payment, as applicable.

The Guarantee. The payment of (i) any Liquidation Payment or Partial Liquidation Payment by the Gas Supplier under the Prepaid Gas Agreement, (ii) amounts (other than any Liquidation Payment or Partial Liquidation Payment or any payment obligation required to be funded with a Mandatory Advance under the Funding Agreement) payable by the Gas Supplier under the Prepaid Gas Agreement (subject to the limitations set forth in the Guarantee), and (iii) the obligation of Macquarie US Gas Supply LLC, as Funding Provider, to make Mandatory Advances under the Funding Agreement (collectively, the “Obligations”) are unconditionally guaranteed by Macquarie Group Limited, as Guarantor under the Guarantee. The Guarantee does not guarantee the gas delivery and other performance obligations of the Gas Supplier under the Prepaid Gas Agreement or any other performance obligation of Macquarie US Gas Supply LLC under any agreement other than the Prepaid Gas Agreement and Funding Agreement, as described above. The aggregate liability of the Guarantor under the Guarantee will not exceed, (A) in respect of any Obligation described in clause (i) of this paragraph, the amount of such Liquidation Payment or Partial Liquidation Payment due under the Prepaid Gas Agreement as of the date for payment, (ii) in respect of any Obligation described in clause (ii) of this paragraph, \$20,000,000 on each date on which a payment (other than a Liquidation Payment or Partial Liquidation Payment or payment that is required to be funded with a

Mandatory Advance under the Funding Agreement) is due under the Prepaid Gas Agreement, and (iii) in respect of any Obligation described in clause (iii) of this paragraph, the amount of any Mandatory Advance on each date on which a Mandatory Advance is required to be made under the Funding Agreement, plus in any case amounts to pay Relevant Taxes and certain other amounts. THE GUARANTEE DOES NOT GUARANTEE THE PAYMENT OF THE BONDS. BONDHOLDERS DO NOT HAVE ANY RIGHTS UNDER THE GUARANTEE AND, IN PARTICULAR, HAVE NO RIGHTS UNDER THE GUARANTEE TO BRING AN ACTION TO CAUSE MACQUARIE GROUP LIMITED TO PERFORM UNDER THE GUARANTEE. THE TRUSTEE IS A BENEFICIARY UNDER THE GUARANTEE, AND HAS THE RIGHT TO ENFORCE THE GUARANTEE THEREUNDER.

The Guarantee will continue in full force and effect until the complete payment of the amounts due by the Gas Supplier and Funding Provider under the Prepaid Gas Agreement and the Funding Agreement, respectively. Upon a failure of the Gas Supplier to make any payments under the Prepaid Gas Agreement, the failure of the Funding Provider to make a Mandatory Advance in respect of such failure in the amount and at the time required pursuant to the Funding Agreement, and if the Gas Supplier has not remedied such failure within five (5) Business Days of its receipt of a notice from the Issuer of such failure, a Triggering Event will occur that will result in the extraordinary redemption of the Bonds as described under “THE BONDS—Redemption—Mandatory Redemption.”

Gas Supplier Commodity Swap Guarantee. The Gas Supplier’s due and punctual payment of any amounts due under the Gas Supplier Commodity Swaps, including the payment of certain taxes, will be guaranteed by the Guarantor pursuant to the Gas Supplier Commodity Swap Guarantee (subject to the limitations set forth therein). The Guarantor’s liability under the Gas Supplier Commodity Swap Guarantee will in no event exceed, on each date on which a payment is due from the Gas Supplier under a Gas Supplier Commodity Swap, \$13,791,022.70 plus the amount of any obligation thereunder to pay such relevant taxes. See “THE COMMODITY PRICE HEDGE – Gas Supplier Commodity Swaps – *Gas Supplier Commodity Swap Guarantee.*”

Financial Position of the Commodity Swap Counterparties

No assurance can be given that the future financial position of the Commodity Swap Counterparties will enable them to make regular swap payments in a timely manner. Both Issuer Commodity Swaps contain step-up provisions wherein in the event of termination of the other Issuer Commodity Swap, the notional amount will increase to make up the difference. A failure by both Commodity Swap Counterparties to make timely payments under their respective Issuer Commodity Swaps will result in the Custodian funding such payment pursuant to the terms of each Custodial Agreement in order to enable the Issuer to make full payment of the principal of and interest due on the Bonds. Notwithstanding the funding of such non-payment through funds available pursuant to each Custodial Agreement, the non-payment would constitute an Event of Default under the applicable Issuer Commodity Swap. If the defaulting Issuer Commodity Swap is not replaced with a substantially similar commodity swap agreement within 120 days following an Event of Default or Termination Event by the applicable Commodity Swap Counterparty under the applicable Issuer Commodity Swap or the Gas Supplier Commodity Swap, the Prepaid Gas Agreement will automatically terminate. In the event of an early termination of the Prepaid Gas Agreement, the Gas Supplier will be obligated to pay the applicable Liquidation Payment, and all of the outstanding Bonds will be subject to mandatory redemption at a price specified herein plus accrued interest, if any, to the Early Redemption Date. For more information regarding Events of Default or Termination Events under the Issuer Commodity Swaps, see “THE COMMODITY PRICE HEDGE.” For information with respect to the Commodity Swap Counterparties, see “THE COMMODITY SWAP COUNTERPARTIES.”

Investment of Funds and Accounts

Subject only to the limitations described herein, amounts on deposit in the Funds and Accounts created under the Indenture may be invested at the direction of the Issuer in Qualified Investments. No assurance can be given that the proceeds of or investment return on any such Qualified Investment will be sufficient to provide funds sufficient to meet the requirements of the Indenture with respect to the transfers or payments from the applicable Fund or Account.

In no event shall the Funding Provider be required to provide an Advance under the Funding Agreement in respect of a Deficiency caused by a default under or in respect of any Qualified Investment, and the existence of any such Deficiency will not result in an early termination of the Prepaid Gas Agreement.

Enforceability of Transaction Documents

The enforceability of the Transaction Documents may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors or secured parties generally and by the exercise of judicial discretion in accordance with general principles of equity. The Prepaid Gas Agreement and other agreements relating to the Project are executory contracts. If the Issuer, the Gas Supplier, the Commodity Swap Counterparties, the Gas Authority or any of the parties with which the Issuer has contracted under such agreements (including the Prepaid Gas Agreement) is involved in a bankruptcy proceeding, the relevant agreement could be discharged in return for a claim for damages against the party's estate with uncertain value. In such an event, the Revenues could be materially and adversely affected. Similarly, in the event that the Issuer is involved in a bankruptcy proceeding, exercise of the remedies afforded to the Trustee under the Indenture may be stayed, and the Revenues could be materially and adversely affected.

Continuing Compliance with Tax Covenants

The Indenture, the Tax Certificate, the Prepaid Gas Agreement and the Gas Authority Gas Supply Agreement contain various covenants and agreements on the part of the Issuer, the Gas Supplier and the Gas Authority that are intended to establish and maintain the Tax-Exempt Status of the Bonds. A failure by the Issuer, the Gas Supplier or the Gas Authority to comply with such covenants and agreements could, directly or indirectly, adversely affect the Tax-Exempt Status of the Bonds. Any loss of the Tax-Exempt Status of the Bonds could be retroactive to the Issue Date and could cause all of the interest on the Bonds to be includible in gross income for purposes of federal income taxation. The loss of the Tax-Exempt Status of the Bonds is not a Triggering Event and will not result in the payment of a Liquidation Payment and the redemption of the Bonds. The Issuer, the Gas Supplier and the Gas Authority have each agreed to abide by the various covenants and agreements designed to protect the Tax-Exempt Status of the Bonds.

Related Parties

Macquarie US Gas Supply LLC, as Gas Supplier, Funding Provider, and Calculation Agent, is a wholly owned indirect subsidiary of Macquarie Group Limited, the Guarantor. As Gas Supplier, Macquarie US Gas Supply LLC is required to perform its obligations under the Prepaid Gas Agreement, including the obligation to pay the Liquidation Payment or Partial Liquidation Payment, as applicable, upon an early termination of the Prepaid Gas Agreement in whole or in part. Macquarie US Gas Supply LLC is also obligated to make certain payments pursuant to the Gas Supplier Commodity Swaps. As Funding Provider, Macquarie US Gas Supply LLC is required to make Mandatory Advances in respect of amounts otherwise required to be transferred from the Debt Service Reserve Fund or Commodity Swap Payment Fund and may make Optional Advances to cure any other Deficiency under the Indenture. As Guarantor under the

Guarantee, Macquarie Group Limited has unconditionally guaranteed the payment of any Liquidation Payment or Partial Liquidation Payment by the Gas Supplier under the Prepaid Gas Agreement, as well as certain other payments by the Gas Supplier under the Prepaid Gas Agreement, and the payment of any Mandatory Advance by the Funding Provider under Funding Agreement in the event Macquarie US Gas Supply LLC, as Gas Supplier or Funding Provider, as applicable fails to make such payments pursuant to the terms of the Prepaid Gas Agreement and/or the Funding Agreement, respectively. As Guarantor under the Gas Supplier Commodity Swap Guarantee, Macquarie Group Limited has guaranteed the due and punctual payment of any amounts due by the Gas Supplier under the Gas Supplier Commodity Swaps, including the payment of certain taxes (subject to the limitations set forth therein). See “INVESTMENT CONSIDERATIONS AND RISKS – Roles of Macquarie US Gas Supply LLC and the Guarantor – *The Guarantee*,” “THE COMMODITY PRICE HEDGE – Gas Supplier Commodity Swaps – *Gas Supplier Commodity Swap Guarantee*,” and APPENDIX A – “CERTAIN INFORMATION REGARDING MACQUARIE US GAS SUPPLY LLC AND MACQUARIE GROUP LIMITED.”

Tax Event and Regulatory Event

The Bonds are subject to extraordinary mandatory redemption, in whole or in part, at the occurrence of a Tax Event or Regulatory Event which changes the tax or regulatory treatment of, or the accounting standards applicable to, the Prepaid Gas Agreement, a Supplier Commodity Swap, or the Guarantee (or certain payments made or received under such agreements), and the Guarantor reasonably determines that such Tax Event or Regulatory Event will have a material adverse effect on the aggregate economic benefits, costs, or risks of the Prepaid Gas Agreement, a Gas Supplier Commodity Swap, and the Guarantee to the Guarantor (including through its ownership of the Gas Supplier) and provides evidence of such determination to the Issuer, and the Issuer or Commodity Swap Counterparty fails to enter into amendment of the applicable agreement which would have the effect of remedying such material adverse effect from the date of such amendment or from the effective date of such Tax Event or Regulatory Event, all as described further in subsection (i) under “THE GAS SUPPLY ACQUISITION – Early Termination of the Prepaid Gas Agreement – *Gas Supplier Triggering Events*.” See APPENDIX D – “SUMMARY OF DEFINED TERMS” for a more thorough description of Tax Events and Regulatory Events.

Dependence on Qualified Demand for Gas

Though there are contractual commitments that all of the Gas Supply will be purchased for sales to Municipal Utilities there are certain circumstances under which such gas may become uncommitted, and the remaining available gas will have to be sold under Customer Agreements, other contracts, or to prospective new Customers. The Gas Authority has entered into the Gas Authority Gas Supply Agreement with the Issuer wherein it has agreed to resell or otherwise use Gas purchased under the Gas Authority Gas Supply Agreement (i) for a “qualifying use” as defined in U.S. Treas. Reg. § 1.148-1(e)(2)(iii), (ii) in a manner that will not result in any private business use of that Gas within the meaning of Section 141 of the Code, and (iii) in a manner that is consistent with the Federal Tax Certificate set forth in the Gas Authority Gas Supply Agreement, and that it will not use Gas purchased under the Gas Authority Gas Supply Agreement in any other manner without the prior written consent of the Issuer. The Issuer has entered into the Prepaid Gas Agreement with the Gas Supplier, wherein the Issuer may request the Gas Supplier remarket all or a specified part of the DCQ for all or any Delivery Point(s) on behalf of the Issuer for a period of one or more Months in the event the Issuer is unable to market unsold portions of Gas not purchased by the Gas Authorities to other Public Agencies by provision of a Monthly Remarketing Notice, all as further described under “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Monthly Remarketing Notice*,” “– *Remarketing of Gas*,” and “– *Qualifying and Non-Qualifying Sales of Gas*.” However, there can be no assurance that Gas Authority will be successful in its marketing efforts or that the Gas Supplier will be successful in its remarketing efforts. The Gas Authority has multiple arrangements in placement throughout the gas and electric industry by which uncommitted gas may be

placed in a “qualifying use”. For example, the Gas Authority projects growth among its Members and several of its existing customer, nonmember contracts contain a contractual commitment to purchase additional gas supplies from the Gas Authority in the future so that Issuer can purchase such gas as necessary so that interest on Main Street’s bonds will remain excludable from the gross income of the holder of such bonds under the provisions of the Code.

Existing Customers, subject to the terms of their contractual commitments, and potential Customers may have the opportunity and may elect to participate in other prepaid gas financing programs that would have the effect of competing with sales of gas by the Gas Authority. Competing programs may be structured in ways or established under conditions that enable them to offer greater discounts in gas prices than the discounts available in connection with the Project. However, nearly all of the Gas Authority’s existing Customers have agreed to take the gas delivered by the Gas Authority under this transaction (a) in priority over and in preference to all other gas available to such customer that is not Priority Gas, and (b) in priority over and in preference to all other Priority Gas with contracts effective after the effective date of these Customer Agreements. “Priority Gas” means the Daily Contract Quantities of Gas to be purchased by the Gas Purchaser under this Agreement, together with Gas (i) purchased by the Gas Purchaser, the Issuer or a related joint powers authority using the proceeds of bonds, notes, or other obligations the interest on which is excluded from income for federal income tax purposes pursuant to a long-term prepaid gas purchase agreement or (ii) produced from oil and gas reserves in the ground owned by the Gas Purchaser, the Issuer or a related joint powers authority that were financed with the proceeds of bonds, notes, or other obligations the interest on which is excluded from income for federal tax purposes.

Based upon its review of prepaid gas financings carried out in the United States to date, the Issuer believes that competing programs will address baseload demands of large municipal gas purchasers, and that the Project will offer greater flexibility (as to terms and magnitude of gas sales and availability to smaller purchasers) than will be offered under such competing programs. The Issuer believes the market for municipal gas purchases is so large that the Project would not be affected by competing programs unless such programs were implemented in extraordinary magnitude and offered flexibility similar to the Project. Nevertheless, insufficient qualified municipal utility demand could occur and result in the extraordinary mandatory redemption of the Bonds.

There can be no assurance that the Gas Authority will be able to sell sufficient gas purchased under the Prepaid Gas Agreement, or that the Gas Supplier would be able to remarket sufficient gas under the Prepaid Gas Agreement, for sales to Municipal Utilities or other qualified Customers to avoid redemptions of Bonds, and the extent of redemptions could be substantial.

THE ISSUER

General

The Issuer was incorporated in Georgia on November 6, 2006 as a nonprofit corporation and instrumentality of the Gas Authority, the Issuer’s sole member. The Issuer was created for the benefit of, to perform the functions of, or to carry out the purposes of, the Gas Authority with a view toward maximizing the efficient acquisition, management and delivery of natural gas supplies and reducing operating costs of the Gas Authority and the Issuer’s other governmental entity customers. The Issuer is an instrumentality of the Gas Authority, and although the Gas Authority is not permitted to vote on matters affecting the Issuer, the Issuer’s entire Board of Directors is appointed by the Gas Authority and the Gas Authority may provide instructions to the directors. The directors and officers of the Issuer serve without compensation (except reimbursement of expenses), and no part of the Issuer’s net earnings, income or assets may inure to the benefit of any private entity or person.

Powers and Authority

The Issuer has all rights and powers of the Gas Authority under the Gas Authority Act, including the power and authority to issue the Bonds and to enter into and perform its obligations under the Transaction Documents to which it is a party.

Management of the Issuer

General Management. Pursuant to an administrative services agreement between the Issuer and the Gas Authority (the “Services Agreement”), the Gas Authority serves as manager of the Issuer and provides all staffing services required by the Issuer other than any outside services contracted for by the Issuer. The Gas Authority manages the daily activities of the Issuer. The Services Agreement was entered into in December 2006 and by its terms is to remain in force until (i) all of the Issuer’s bonds, notes or other obligations have been paid or defeased and (ii) all contracts with the Gas Authority and other governmental entities have been terminated or satisfied, but, unless the term is earlier extended, not later than November 30, 2056.

Board of Directors and Officers. The table below lists names of the members of the Board of Directors and officers of the Issuer. The officers, who are also officers of the Gas Authority, serve at the pleasure of the Board of Directors, and the directors serve until they resign or are removed by the Gas Authority and until successors are appointed by the Gas Authority.

Board of Directors

Name	Office
Luther (Buddy) L. Duke III	Chairman
Charles Kalil Shaheen III	Vice Chairman
R. Daren Perkins	Secretary/Treasurer
Kenneth L. Usry	Director
David L. Aldrich	Director

Officers

Name	Office
Susan G. Reeves	President and Chief Executive Officer
Christopher D. Howell	Chief Financial Officer
Michael J. Frey	Chief Operating Officer and Assistant Secretary-Treasurer
John Christopher Strippelhoff	Chief Membership Officer and Assistant Secretary-Treasurer

Issuer’s Limited Liability

THE ISSUER DOES NOT HAVE THE POWER TO LEVY AD VALOREM PROPERTY TAXES. ALL BONDS ISSUED BY THE ISSUER ARE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM ITS ACTIVITIES PURSUANT TO ITS STATUTORY PURPOSES AND POWERS AND IN ACCORDANCE WITH THE APPLICABLE FINANCING DOCUMENTS.

THE GAS AUTHORITY

General

The Gas Authority is a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, having perpetual existence, created pursuant to Georgia law for the purpose of providing adequate, dependable and economical supplies of natural gas to those political subdivisions that own and operate gas distribution systems and wish to contract with the Gas Authority. The Gas Authority was created on July 1, 1987 and began supplying natural gas to publicly owned and operated gas distribution systems in January 1988.

The Gas Authority performs its mission of providing adequate, dependable and economical supplies of natural gas to municipal gas distribution systems by providing numerous services to its Members, including:

- Long-term full requirements gas supply acquisition and management,
- Management of gas storage facilities,
- Management of transportation capacity and release,
- Load forecasting, industrial support and rate design,
- Regulatory representation and compliance assistance,
- Marketing, communications, and other related services,
- Day to day management of (a) a portfolio of long-term supplies, including certain gas properties owned by Public Gas Partners, Inc., a Georgia nonprofit corporation (“PGP”) as part of its existing gas supply pools and (b) the activities of the Issuer.

These services, which are performed by a full-time staff of 114 employees, differentiate the Gas Authority from most other natural gas joint action agencies in the country and provide Members with valuable resources that otherwise might not be available. In addition to serving its full-requirements Members, the Gas Authority provides partial requirements supplies and service to other municipalities under a variety of arrangements, including from prepaid gas supply arrangements.

The Gas Authority bills its Members for delivered volumes at market prices on a monthly basis plus a rate designed to recover budgeted general and administrative expenses. At the end of each calendar year, after completion of the annual audits, the Gas Authority approves annual distributions to its Members in accordance with its gas pricing policy after giving consideration to forecasted project results and cash reserve levels. The Gas Authority has made annual distributions to its Members each year since 1992 and has made distributions in excess of \$240 million through 2017 while also funding approximately \$30 million of cash reserves. Annual distributions are allocated to individual Members first to refund all general and administrative fees paid during the year and then based on annual throughput. With this methodology, all of the Gas Authority’s Members have been receiving firm gas supplies for a net discount from competitive market pricing. Annual distributions are generated through active management of storage and capacity assets as well as the results of long-term supply projects.

The Gas Authority has employed a diversification strategy to reduce risk in developing its gas supply portfolios. The Gas Authority has relationships with numerous gas suppliers of both short and long-

term firm natural gas from which it can supply its Members' requirements. Through this supply diversity, the Gas Authority operates a reliable portfolio of gas supplies to meet its contractual commitments to its Members.

The Gas Authority is currently participating in ten long-term, non-recourse prepayment transactions supplied by a total of four different suppliers. The Gas Authority is obligated to pay for these supplies only if gas is actually delivered, with pricing based on a stated discount from spot-market pricing. Remaining terms of these agreements range from 4 to 30 years. In addition to prepaying for gas to be delivered in the future, the Gas Authority has also acquired a large portfolio of producing natural gas reserves through both direct purchases and its involvement with PGP. *See* "Long Term Gas Supplies" in this section.

Gas price volatility continues to be a significant issue for Member systems. On a long-term basis, it is important for Members to have gas supply that fluctuates with market prices because large commercial and industrial customers require market-sensitive pricing. Therefore, the Gas Authority manages its supplies by structuring long-term supplies at floating prices to the extent practicable and fixing the price of specified volumes as the delivery date of those volumes approaches. In response to the Members' risk of price spikes in the short term, the Gas Authority has developed several optional hedging programs through which the Members have the flexibility to make their own price hedging decisions or have the Gas Authority make hedging decisions on their behalf. The Gas Authority oversees all hedging activities through a Hedge Committee comprising key management and staff. In addition, the Gas Authority manages a natural gas storage program that is used to manage load swings and seasonal pricing variations. For more information regarding the risks associated with the Gas Authority's hedging arrangements, *see* APPENDIX B – "FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016."

The Gas Authority utilizes cash reserves and its unused capacity under the lines of credit in order to provide liquidity and financial flexibility.

Powers

The Gas Authority is empowered to acquire, construct, operate and maintain natural gas facilities, solely or in common with others, in fulfilling its purposes. The Gas Authority is further authorized to employ agents in the construction, operation and maintenance of any of its natural gas facilities. In the acquisition of its property, the Gas Authority may exercise the power of eminent domain. The Gas Authority is not empowered to distribute, sell or transport natural gas to ultimate consumers thereof. The Gas Authority has no taxing power.

The Gas Authority is authorized to contract with its municipal members and other customers to provide all or a part of their requirements for wholesale natural gas, to issue evidences of indebtedness to finance its ownership of natural gas facilities, and to pledge its revenues under such contracts as security for the payment of such debt. The Gas Authority's enabling legislation provides that the Gas Authority will establish rates and charges so as to produce revenues sufficient to cover all of the Gas Authority's costs, including debt service, but it may not operate any of its projects for profit, except insofar as any such profit will inure to the benefit of the public.

Membership

The membership of the Gas Authority consists of municipal corporations and municipal utility boards, districts, or similar municipal entities that own and operate gas distribution systems. The Gas Authority has entered into a gas supply contract with each of these Members which obligates the Gas

Authority to provide to such Member, and obligates such Member to purchase from the Gas Authority, all of its gas supply requirements. The terms of each Gas Supply Contract are substantially the same. Sixty-seven of the Members of the Gas Authority are located in the State of Georgia, seven in the State of Alabama, three in the State of Florida, one in the State of Tennessee and one in the State of Pennsylvania. Most of the Gas Authority's Members are served by the Southern or Transco interstate pipeline systems.

Governing Board

The governing body of the Gas Authority consists of twelve board members who have staggered terms of office of three years each. Such board members are elected by a weighted vote of the Gas Authority election committee that consists of one representative of each Member, except for the nonvoting board members, which are elected or appointed as provided by contract. The nine voting board members represent Georgia Members, and three nonvoting board members represent non-Georgia Members. Each Georgia Member representative is entitled to cast a weighted vote computed on the basis of, among other things, the relative gas purchases of each Member of the Gas Authority. The board elects three members to serve as Chairman, Vice Chairman and Secretary-Treasurer, respectively. The current board members are as follows:

MUNICIPAL GAS AUTHORITY OF GEORGIA Board Members

Name	Office	Term Expires	Years of Service
R. Daren Perkins	Chairman	2019	7
Kenneth L. Usry	Vice Chairman	2020	7
David L. Aldrich	Secretary-Treasurer	2019	5
Charles Kalil Shaheen III	Member	2020	8
Luther (Buddy) L. Duke III	Member	2020	16
Stephen D. Sykes	Member	2019	15
Michael Clay	Member	2021	3
Christopher Michael Hobby, Sr.	Member	2021	5
Todd Hardigree	Member	2021	3
Jonathon Mason	Nonvoting Member	2021	2
Irving Thompson	Nonvoting Member	2019	2
Howard McKinnon	Nonvoting Member	2020	2

Officers and Staff

General. The Gas Authority has a staff of 114 full-time employees. The general operations of the Gas Authority are the responsibility of its President and Chief Executive Officer. In addition, the Chief Financial Officer, the Chief Membership Officer and the Chief Operating Officer provide management of the financial operations, member services and gas supply operations for the Gas Authority.

Officers. The following are the principal officers of the Gas Authority and their backgrounds:

Arthur C. Corbin, President and Chief Executive Officer. Mr. Corbin serves as President and Chief Executive Officer of the Gas Authority. He has over 35 years' experience in the natural gas industry. He

joined the Gas Authority in 1988 as Director of Gas Operations, was promoted to Vice President of Rates and Gas Supply in 1989, and was named President and General Manager in August 1994, with the title of Chief Executive Officer added in 2004. Before joining the Gas Authority, Mr. Corbin worked for El Paso Natural Gas Company, the interstate pipeline serving California, Nevada, Arizona and parts of New Mexico and Texas, in the areas of Marketing, Planning and Gas Accounting. Mr. Corbin is active in various trade and industry organizations serves on the Board of Directors of the American Public Gas Association, the Southern Gas Association and the Gas Technology Institute. Mr. Corbin holds a B.B.A. in Accounting and an MBA from the University of Texas at El Paso.

Susan G. Reeves, Chief Financial Officer. Ms. Reeves has served as Chief Financial Officer for the Municipal Gas Authority of Georgia since joining the organization in 2002. Ms. Reeves has also served as the President and Chief Executive Officer of Public Gas Partners, Inc. since its inception in 2004. She is licensed as a Certified Public Accountant in the State of Georgia and currently oversees the Accounting, Finance, Information Technology, Human Resources, and Risk Management areas of the Gas Authority's operations. Ms. Reeves has over 30 years of business experience including 12 years of financial leadership at companies such as Cingular Wireless, exchangeBridge, Inc., J.C. Bradford and Deloitte & Touche LLP. While at J.C. Bradford, Ms. Reeves worked with municipal gas utilities, including the Gas Authority, structuring financing strategies and acting as a banker in the issuance of public municipal debt. While at Deloitte & Touche LLP, Ms. Reeves also worked with energy and utility industry clients and gained experience in risk management and accounting. Prior to these positions, Ms. Reeves was an independent petroleum landman in Texas and Louisiana. Ms. Reeves earned a B.B.A. in accounting with highest honors from the University of Texas.

J. Christopher Strippelhoff, Chief Membership Officer. Mr. Strippelhoff serves as Chief Membership Officer for the Municipal Gas Authority of Georgia. His responsibilities include oversight of Member Services, Communications, Regulatory Compliance and Meeting Planning. Along with his staff, Mr. Strippelhoff is also responsible for interacting with the Georgia General Assembly and the Public Service Commission, and overseeing special projects. Mr. Strippelhoff joined the Gas Authority on June 1, 1994 as a Senior Analyst in the Member Support Group. He has held various positions of increasing responsibility during his tenure and was promoted to his current position in January 1999. He has over 34 years of professional business experience, with more than 30 years of consulting and management experience in the natural gas industry. Prior to joining the Gas Authority, Mr. Strippelhoff worked as a natural gas consulting engineer with Welker & Associates of Marietta, Georgia where he served as Manager, Natural Gas Division. He spent the early part of his professional career as a technical sales engineer in the manufacturing and fabrication industry. Mr. Strippelhoff received a B.S. in Industrial Engineering Technology from Southern Tech, where he graduated with Highest Honors. He has served on various committees of the American Public Gas Association over the years, including the Membership, Natural Gas Vehicles, and Operations & Safety Committees. Chris currently serves on the boards of the Heating Energy Assistance Team, Inc. (H.E.A.T.), the Energy Solutions Center and the Natural Gas Association of Georgia.

Michael J. Frey, Chief Operating Officer. Mr. Frey has been employed by the Gas Authority for 28 years. He joined the Gas Authority in the area of supply planning and has since that time managed the Gas Authority's Member support, Member services, energy services and business development functions. He was appointed to his current position in June 2001. Mr. Frey also serves as Chief Operating Officer for Public Gas Partners, Inc. Mr. Frey has over 34 years of energy industry experience, including regulatory, production, gathering, supply and capacity planning and management, hedging, transportation, distribution and energy management. Mr. Frey's prior experience includes two years with the Federal Energy Regulatory Commission in Washington, D.C. and four years with Burlington Resources/El Paso Natural Gas Pipeline in El Paso, Texas. Mr. Frey has a B.S. degree in Accounting and Finance from Bemidji State University in Bemidji, Minnesota, and completed requirements as a Certified Energy Procurement

Professional, a Certified Public Accountant and a Certified Financial Planner. Mr. Frey is past chairman of the Southern Gas Association (SGA) Gas Supply Marketing Committee, and a member of the SGA Executive Council.

Christopher D. Howell, Director - Finance. Mr. Howell joined the organization in 2003. In his capacity as Director – Finance, he manages the Accounting and Finance areas of the Gas Authority’s operations. Mr. Howell also serves as the Chief Financial Officer of Public Gas Partners, Inc. Mr. Howell has over 30 years of business experience including 10 years at Deloitte & Touche LLP, the final two as Senior Manager. At Deloitte & Touche LLP, Mr. Howell served energy and utility industry clients and gained experience in energy issues as well as risk management, accounting and finance. In addition, he was selected to serve a 2-year assignment in the management development program at the firm’s headquarters, where he worked on complex accounting issues for the firm’s largest clients. Mr. Howell earned an M.B.A. in Accounting/MIS as well as a B.B.A. in Finance with honors from the University of Georgia.

Services

General. The Gas Authority provides its Members with comprehensive, full requirements gas supply service, which includes forecasting the Members’ natural gas requirements, acquiring natural gas supplies to meet such requirements on both an annual and peak day basis, arranging for and managing the reliable transportation and delivery of such gas supplies to its Members, and hedging the prices of such supplies for the benefit of such Members. Supply reliability and competitive pricing are the Gas Authority’s two primary objectives in meeting the gas supply requirements of its Members. These objectives have been met by the Gas Authority through a combination of long-term supply acquisitions and price hedges that provide a portion of the Members’ annual gas supply needs at below market prices, diversity of suppliers and security arrangements for both long-term and short-term supplies, and the use of storage and peak shaving facilities to manage peak day demand. The size of the combined service territories of the Gas Authority’s Members, and the load diversity of their systems as a whole, provide certain economies of scale that allow the Gas Authority to maximize the benefit of the foregoing strategies and provide its Members with reliable, competitively-priced gas supply service.

Forecasting the Gas Supply Needs of the Members. The Gas Authority uses statistical modeling techniques in forecasting the daily, monthly, annual and design day gas supply requirements of its Members. Long-term load forecasts are prepared at least annually based on actual historical usage and customer counts by customer type, and adjusted based on projected customers and type, and normalized weather. Peak day base load and temperature sensitive requirements are designed using actual peak day load and actual heating degree days (HDD’s) from the past 10-years, and are based on the closest major weather station to each individual Member.

Firm residential, commercial and industrial sectors represent almost 70% of the Members’ total sales and are not generally susceptible to fuel switching. Because residential and commercial sectors have traditionally been stable customer classes, the forecast assumes no fuel switching in these customer classes. The Gas Authority’s forecast also reflects industrial loads, both firm and interruptible. The only industrial growth reflected in the forecast is growth that the Members specifically identify as known and measurable. Consequently, new industries that may be in the process of locating facilities within the Members’ service areas are not included in the forecast. The Gas Authority also does not include historical growth trends in its forecast for industrial load. While industrial load is susceptible to fuel switching from time to time in certain markets, the Gas Authority balances its conservatism in forecasting industrial load growth in not factoring the possibility that certain industrial entities will switch to natural gas or will switch from natural gas to another fuel into the forecast. After completing estimates of its Members’ monthly and annual

requirements, the Gas Authority develops a supply plan for meeting these needs while maintaining supply reliability and competitive pricing.

Transportation Arrangements. The majority of natural gas that is provided by the Gas Authority to its Members is transported on the Southern, Transco and Texas Eastern interstate pipeline systems. The Gas Authority arranges for and manages the transportation of its Members' gas supplies pursuant to the firm and interruptible transportation rights of such Members on such interstate pipelines. The rates and services of these interstate pipelines are subject to regulatory oversight by the Federal Energy Regulatory Commission. Pursuant to changes in transportation rate design of the pipelines mandated by Order 636, pipeline customers are charged primarily a fixed rate for transportation service based on the amount of transportation capacity reserved, regardless of the amount of gas transported by such customers through the pipeline. The theory associated with straight-fixed-variable rate design is to charge most of the cost of the pipeline's facilities to the customers that require it on their contract maximum level since the pipelines' facilities must be sized to meet the contract maximum level (even though their contract level may be substantially in excess of their average daily demands). The impact of this rate design is to increase the cost of maintaining year-round capacity and to encourage pipeline customers, like the Members, to keep costs down through contracting for peak shaving products, or delivered services to reduce reliance on year-round pipeline capacity for meeting design-day needs.

Price Hedging. The Gas Authority utilizes hedging strategies to reduce the commodity price risk associated with the purchase and sale of natural gas, as well as the purchase of gas for storage. The Gas Authority has a hedging policy in place that permits, under certain parameters, the Gas Authority to enter into price hedging arrangements (*i.e.*, price swaps, caps, collars, floors and related instruments, as well as options and futures contracts) on a short-term, seasonal or long-term basis, either with respect to its overall supplies or relating to gas supplies for a particular Member or group of Members. The hedging policy provides that the Gas Authority will only engage in financial hedge transactions that are consistent with prudent risk management practices related to the Gas Authority's gas sales or acquisition commitments or existing assets and liabilities and foreseeable future purchase and sales requirements. A Hedge Committee consisting of the President and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and such other staff as shall be designated by the President and Chief Executive Officer from time to time, oversees the hedging activities of the Gas Authority. Hedging activity and results are reviewed by the Board of the Gas Authority at least semi-annually.

Each counterparty with whom the Gas Authority enters into a commodity price hedge must be rated (or its obligations insured or guaranteed by an entity rated) by any nationally recognized rating service (i) in one of the two highest rating categories, without regard to gradations within a category, for any hedge of two years or more, and (ii) in one of the three highest rating categories, without regard to gradations within a category, for any hedge of less than two years. If the counterparty cannot meet such rating criteria, the counterparty's exposure to the Gas Authority pursuant to such hedge must be collateralized at 100% of the market value of such exposure, marked to market no less frequently than quarterly. The Gas Authority is not required to post collateral under any of its hedging arrangements.

For more information regarding the risks associated with the Gas Authority's hedging arrangements, *see* APPENDIX B – "FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016."

Other Services. In addition to the foregoing services, the Gas Authority provides other services with respect to the operation of its Members' gas systems, including consulting services regarding rate setting and other operational matters, as well as certain planning services, financing programs and other project related services in connection with system improvements and expansions by its Members. The Gas Authority also provides services to non-Member municipalities and municipal utility systems, such as

arranging gas supplies and related services. Provision of these services helps ensure that the Gas Authority has relationships with other municipal purchasers for any gas supplies not otherwise sold to its Members. Additionally, the Gas Authority manages certain gas supply operations of PGP, including the operation of approximately 1,400 coalbed methane wells in Alabama, and the activities of the Issuer.

The Gas Supply Contracts

The Gas Authority has entered into full requirements contracts between the Gas Authority and each of its 79 Members (the “Gas Supply Contracts”). The Gas Supply Contracts provide for various gas supply related services. The Gas Supply related to the Bonds constitute Purchased Gas Supplies. The Gas Supply Contracts are not part of the Trust Estate and are not pledged to the payment of the principal of or interest on the Bonds.

Gas Supply Obligations. The Gas Authority agrees in the Gas Supply Contract to use its best efforts to obtain economical gas supplies to satisfy the gas supply requirements of each Member in excess of the gas supplies taken by the Member under its existing contracts (there are none). The Gas Supply Contract further authorizes the Gas Authority to sell or otherwise dispose of gas supplies to non-Members of the Gas Authority to the extent that such gas supplies shall be deemed excess by the Gas Authority. The Gas Authority may also establish classes of gas supply services including, without limitation, firm service, off-peak firm service, interruptible service, peaking service, storage service and transportation service.

Term and Resigning Member Status. The term of the Gas Supply Contracts extends through December 31, 2050; provided that on December 31, 2020 and on each successive fifth anniversary thereafter through December 31, 2045 (an “Option Date”), each Member may elect resigning member status by providing written notice of such election to the Gas Authority no later than the close of business on December 31 of the year next preceding the applicable Option Date. Should a Member elect resigning member Status, neither the Gas Authority nor the Member shall be responsible for the performance of the obligations on its part in the Gas Supply Contract after the effective date of such resignation respecting Purchased Gas Supplies.

Annual Authority Budget. The Gas Authority agrees in the Gas Supply Contract it will prepare and submit to each Member at least 90 days prior to the beginning of each gas supply year an annual authority budget (the “Annual Authority Budget”). The Annual Authority Budget shall contain, among other things, (a) all of the Gas Authority's operation and maintenance expenses relating to the operation and conduct of the business of the Gas Authority during such gas supply year, including salaries, fees for legal, engineering and other services, administrative and general expenses, such reserves and accruals as the Gas Authority may establish from time to time and all other expenses properly related to the conduct of the affairs of the Gas Authority, and (b) any amounts required to be deposited into any fund or account pursuant to the terms of any resolution, loan agreement or other debt instrument relating to the cost of gas supplies purchased by the Gas Authority and delivered to any Member, which will be billed separately to such Member in the monthly billing statement under its Gas Supply Contract.

The Member agrees that amounts provided for in the Annual Authority Budget shall be paid by the Member on the following basis: (i) one-half of the total costs included in the Annual Authority Budget for each month of the gas supply year shall be allocated among the Members such that each Member is allocated a fraction of such costs, the numerator of which is the total retail meters of such Member and the denominator of which is the total retail meters of all Members of the Gas Authority, and (ii) the remainder of the costs included in the Annual Authority Budget for such month shall be allocated among the Members such that each Member is allocated a fraction of such costs, the numerator of which is the total MMBtu of gas supplies delivered to the Member during such month and the denominator of which is the total MMBtu of gas supplies delivered to all Members of the Gas Authority during such month.

Charges for Authority Gas Supply Services. The Gas Authority is obligated under the Gas Supply Contracts to establish a fair and non-discriminatory pricing mechanism designed to recover all of the Gas Authority's costs for such services and for maintaining, to the extent practical, relative comparative pricing of particular services in a manner consistent with a relative pricing of similar services offered by other suppliers in the natural gas industry. Any excess of annual revenues received under a rate over the cost associated with such rate for such annual period, after making provision for any applicable reserve funds established by the Gas Authority from time to time, shall be credited on a fair and equitable basis to the Members (other than Members with non-true-up member status) to which that rate is applicable. Should a deficiency in revenues available to pay costs associated with a particular rate exist, the Gas Authority may assess reasonable additional charges against Members who have received services charged under that rate during the deficiency period according to such methodology and within such limitations as the Gas Authority may establish. The Gas Authority will bill each Member each month during each gas supply year. Each such monthly billing shall be paid by the Member on or before the tenth day from the date of such bill. Amounts due and not paid by the Member on or before such date shall bear an additional charge of one and one-half percent (1 1/2 %) per month until the amount due is paid in full. The Members and the Gas Authority agree in the Gas Supply Contract that the amounts payable by each Member under its Gas Supply Contract shall be paid by the Member as a cost of Gas Supplies or otherwise as an expense of operation and maintenance of the Member's gas system.

Rate Covenant. Each Member agrees in the Gas Supply Contract to establish, maintain and collect rates and charges for the gas service of its gas system so as to provide revenue sufficient, together with available gas system revenues, to enable the Member to pay: (a) all amounts payable to the Gas Authority by such Member under the Gas Supply Contract, and (b) all other lawful charges against or liens on, the revenues of such Member's gas system. The obligation of each Georgia Member to make payments required to be made under the Gas Supply Contract (and any supplemental contract) constitutes a general obligation of the Georgia Member for the payment of which the full faith and credit and taxing power of the Georgia Participant are pledged. The Gas Supply Contract further provides that the obligation of each Member to pay its monthly billing statements submitted by the Gas Authority to such Member in accordance with the Gas Supply Contract is for the benefit of, among others, the owners of the Bonds and shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Gas Authority of any obligation to any Member or the breach by any Member of any obligation to the Gas Authority or to any other Member, whether hereunder, under a supplemental contract or otherwise or any overpayment or underpayment by reason of miscalculation of the amount owed by any Member to the Gas Authority or otherwise.

Events of Defaults and Remedies. An event of default under the Gas Supply Contract is the failure of a Member to make to the Gas Authority any of the payments required under the Gas Supply Contract or any supplemental contract. In the event of such default, the Gas Authority may bring any suit, action or proceeding in law or in equity, including an action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation to make any payment for which provision is made in the Gas Supply Contract and, upon 60 days' written notice to the Member, the Gas Authority may cease and discontinue providing all or any portion of the Member's Gas Supply Contract gas supplies.

Long Term Gas Supplies

General. The Gas Authority's long-term gas supplies are provided by the working and royalty interests acquired by the Gas Authority and the production sharing arrangements entered into by the Gas Authority with PGP as part of its PGP's Gas Supply Pools, and ten long-term supply arrangements, consisting of six with Main Street, two with The Tennessee Energy Acquisition Corporation ("TEAC"), one with Patriots Energy Group Financing Agency ("PEGFA"), and one with The Black Belt Energy Gas District ("Black Belt") that are expected to provide a firm supply of the discounted gas during their

remaining terms of 4-30 years. Under these long-term supply arrangements, the Gas Authority has committed to buy specified volumes of gas at prevailing market prices less a discount when, and if, gas is delivered.

Portfolio Projects. The Gas Authority has financed portfolios of gas supply projects for its Members as authorized pursuant to its gas supply contracts with such Members. Such projects include the acquisition of certain working interests and royalty interests in gas wells in the Black Warrior Basin area of Alabama and production sharing agreements with PGP relating to the acquisition by PGP of certain interests in and the development of natural gas reserves, all as more fully described below.

The Gas Authority's initial reserve acquisition was a purchase in 2002 of non-operating working and royalty interests in approximately 750 producing wells located in the Black Warrior Basin of Alabama as a joint acquisition project with The Southeast Alabama Gas District ("SEAGD"). These reserves are strategically located and have an established production history. The Gas Authority participated in successfully drilling an additional 105 wells on these properties with production comparable to the original wells.

The Gas Authority's reserves in the Black Warrior Basin are operated by PGP Operating LLC under long-term operator agreements. The Gas Authority owns an average working interest of 31% in the wells. Estimated remaining net production of the Gas Authority's interests over the life of the existing wells is over 15 Bcf of gas. In order to lock in acceptable project margins and hedge its long-term price risk, the Gas Authority has executed NYMEX-based commodity price swaps for a portion of expected volumes (net of fuel and taxes) through 2018. The Gas Authority sold its Kansas properties in 2017.

Participation in PGP. The Gas Authority is also a participating member in PGP, whose mission is to provide low-cost, long-term gas supplies to participating municipal systems. PGP has a portfolio of over 50 Bcfe of reserves in two Gas Supply Pools that are closed to future acquisitions. In 2009, PGP created a third Gas Supply Pool, which is a perpetual pool designed to achieve and maintain members' nominated production levels. That pool has approximately 120 Bcfe of producing reserves. In 2018, PGP created a fourth Gas Supply Pool that serves as a commodity provider and commodity swap counterparty in prepayment transactions.

Supply Contracts with the Issuer. The Gas Authority has entered into gas supply contracts with the Issuer for the gas supply to be delivered pursuant to six outstanding natural gas prepayment transactions financed by the Issuer through the issuance of its gas revenue bonds. Merrill Lynch Commodities, Inc. is the gas supplier for two of such transactions, Royal Bank of Canada is the gas supplier for three of such transactions, and the other transaction is supplied by J.P. Morgan Ventures Energy Corporation. Upon execution of the Prepaid Gas Agreement, this will be the first transaction with Macquarie US Gas Supply LLC.

In May 2009, the Issuer purchased pursuant to a tender offer a portion of its outstanding Gas Project Revenue Bonds, Series 2007A (the "Main Street 2007A Bonds"), which were issued to acquire prepaid gas supplies for the Gas Authority from Merrill Lynch Commodities, Inc. Pursuant to such tender offer, \$225,105,000 in aggregate principal amount of the Main Street 2007A Bonds were purchased by the Issuer and retired, thereby reducing the aggregate principal amount of such bonds that remained outstanding. Such reduction in the amount of outstanding bonds resulted in a reduction in the amount of gas required to be supplied by Merrill Lynch Commodities, Inc. to the Issuer and a corresponding reduction in the amount of gas required to be supplied by the Issuer to the Gas Authority. In connection with such reduction in gas supplies to be provided by the Issuer to the Gas Authority, the Gas Authority received cash proceeds representing a portion of the future expected discounts under such arrangement.

For a further description of the foregoing transactions, *see* APPENDIX B– “FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016.”

Other Long-Term Gas Supply Contracts. In 2006, the Gas Authority entered into a 20-year contract with TEAC to receive a portion of the discounted gas supplies to be delivered to TEAC by J. Aron & Company LLC (“J. Aron”). In 2016, the Gas Authority entered into an approximately 30-year contract with Black Belt to receive a portion of discounted gas supplies to be delivered to Black Belt by Royal Bank of Canada. In 2017, the Gas Authority entered into a 30-year contract with TEAC to receive a portion of discounted gas supplies to be delivered to TEAC by J. Aron. In each of these transactions, the Gas Authority pays for the gas as it is delivered. The Gas Authority is not required to pay for any gas not delivered under these agreements. In 2018, the Gas Authority entered into a 30-year contract with PEGFA to receive a portion of discounted gas supplies to be delivered to PEGFA by Royal Bank of Canada. In each of these transactions, the Gas Authority pays for the gas as it is delivered. The Gas Authority is not required to pay for any gas not delivered under these agreements.

Peak Day Operations

General. The peak day requirements of the Members of the Gas Authority are met through the long-term and short-term gas supply arrangements entered into from time to time by the Gas Authority, as well as through the use of storage, peaking services and, if necessary, curtailment of services to interruptible customers.

Storage. Certain of the Gas Authority’s Members have acquired rights to storage capacity on interstate pipeline systems and have assigned such rights to the Gas Authority. Pursuant to such storage rights, the Gas Authority may from time to time inject or withdraw gas from storage as needed to most effectively manage the gas supply requirements of its Members. This injection and withdrawal flexibility allows the Gas Authority to vary gas supply purchases within a certain range on a daily, monthly and seasonal basis to meet peak day requirements of its Members.

Peaking Services and Curtailment of Services. In addition to storage, the Gas Authority utilizes peaking services and delivered services, and, when necessary, curtailment of service by its Members to industrial interruptible customers, to reliably and economically meet the peak day demands of its Members. Local peak shaving facilities connected to some Members’ distribution systems allow the blending of propane with natural gas to increase available gas supplies. Curtailment of service applies principally to industrial users who have alternative energy sources, whereby Members offer such customers favorable pricing in exchange for the right to curtail service if supply or capacity constraints dictate such action. By monitoring pipeline bulletin boards, forecasted demand and available capacity, the Gas Authority knows when these conditions exist and advises Members of their service entitlements during peak conditions, which may require Members to curtail some or all their interruptible customers to stay within their entitlements.

Operating and Financial Data

Natural Gas Throughput of the Gas Authority. The following table sets forth the Gas Authority’s total throughput (Dth) provided to Members and other customers for the periods shown.

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Throughput (MMBtu)	78,981,000	78,036,000	75,923,000

Summary Financial Information of the Gas Authority. The following table sets forth a summary of certain financial results of the Gas Authority for the fiscal years ended December 31, 2015 through 2017, extracted from audited financial statements for such fiscal years.

Fiscal year ended December 31
(Dollars in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating Revenues	\$ 335,379	\$ 317,742	\$ 331,951
Operating Expenses	<u>334,693</u>	<u>285,751</u>	<u>292,974</u>
Operating Income	686	31,991	38,977
Non-operating Expenses-net	<u>9,951</u>	<u>31,879</u>	<u>39,700</u>
Change in Net Position	\$ <u>(9,265)</u>	\$ <u>112</u>	\$ <u>(723)</u>
Cash and Equivalents	\$ 55,032	\$ 54,446	\$ 52,490
Total Assets and Deferred Outflows	\$3,124,457	\$2,974,249	\$2,847,871
Total Liabilities and Deferred Inflows	\$3,089,182	\$2,938,862	\$2,813,207
Net Position	\$ 35,275	\$ 35,387	\$ 34,664
Operating Cash Flows	\$ 166,715	\$ 143,491	\$ 150,112

Cash and Investment Securities. The Gas Authority had cash and investment securities of \$153,013,892 at December 31, 2017, as compared to \$151,746,395 at December 31, 2016. Cash balances are composed of working capital and other cash reserves as well as cash balances generated by the Gas Authority's long-term supply projects and provide sufficient liquidity for planned operations. Investment securities primarily consist of Main Street's guaranteed investment contracts.

The Gas Authority utilizes lines of credit to provide additional liquidity for its short-term debt obligations and manage seasonality of cash flows. Cash balances are lowest in the fall, when the Gas Authority has completed gas storage injections as part of the storage program to meet winter demand. Cash balances are highest in the winter when peak demand for gas produces the highest seasonal revenues, with some of the gas having already been acquired through the storage program.

For more information regarding the risks related to the Gas Authority's cash and investment securities, *see* APPENDIX B – FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 – Notes to Financial Statements."

Long-Term Debt. As of December 31, 2017, the long-term debt of the Gas Authority was \$1,700,756,129, inclusive of bond premium, which includes (i) \$1,476,754,158 of non-recourse revenue bonds, inclusive of bond premium, primarily issued by the Issuer and required to be included within the long-term debt of the Gas Authority for accounting purposes, as well as certain direct financing leases with certain Members, also required to be included for accounting purposes, and (ii) \$224,001,971 in aggregate principal amount of bonds, inclusive of bond premium, issued by the Gas Authority. For a description of such long-term debt, *see* APPENDIX B – "FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016."

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the Bonds are as follows:

Sources of Funds:

Par Amount of the Bonds	\$695,595,000.00
Net Original Issue Premium on the Bonds	68,323,042.20
 Total Sources of Funds	 \$763,918,042.20

Uses of Funds:

Prepayment for Gas Supply	\$750,016,392.07
Deposit to Capitalized Interest Account ¹	7,528,259.00
Deposit to Working Capital Fund	1,000,000.00
Costs of Issuance ²	5,373,391.13
 Total Uses of Funds	 \$763,918,042.20

¹ Represents capitalized interest on the Bonds, which will be applied to interest due through May 15, 2019.

² Includes Underwriters' discount, legal fees and other Costs of Issuance.

THE BONDS

Following is a summary of certain provisions of the Bonds. Reference is made to the Bonds for the complete text thereof and to the Indenture for a more detailed description of these provisions. The information herein is qualified by such reference. See APPENDIX D – “SUMMARY OF DEFINED TERMS” and “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

General

The Bonds will be dated their date of delivery, will bear interest from such date, and will mature in the respective principal amount for each Maturity Date set forth on the inside cover of this Official Statement. The Bonds will be issued in denominations of \$5,000 and integral multiples thereof (“Authorized Denominations”).

The Bonds will be issued in fully registered form as one Bond for each Maturity Date in the principal amount maturing on such date, registered in the name of Cede & Co., as registered owner and nominee of DTC. Ownership interests in the Bonds may be purchased in book-entry form only through DTC. DTC will act as Securities Depository for the Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, references herein to the Owner or registered owner will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments on the Bonds will be made by wire transfer by the Trustee to Cede & Co., as nominee of DTC for remittance to the Beneficial Owners. See APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM.”

Interest on the Bonds

Interest on each Bond is payable semi-annually on May 15 and November 15, commencing May 15, 2019, and on any redemption date for such Bond, and each Maturity Date for such Bond. Such interest shall be calculated on the basis of a 360-day year of twelve 30 day months.

Redemption

Optional Redemption. The Bonds maturing on May 15, 2030 through May 15, 2034, inclusive, on May 15, 2039 and on May 15, 2043 are subject to optional redemption by the Issuer, with the prior written consent of the Funding Provider and the Gas Supplier, in whole or in part on any Business Day on or after May 15, 2029 at par, plus accrued interest, if any, to the date fixed for redemption.

Mandatory Redemption. The Bonds are subject to mandatory redemption prior to their respective Maturity Dates as described below, in each case at a Redemption Price equal to the Amortized Value thereof plus accrued interest to the applicable redemption date.

(a) Redemption in Full Pursuant to the Prepaid Gas Agreement. In connection with an early termination of the Prepaid Gas Agreement in whole upon the occurrence of a Triggering Event, the Bonds are subject to mandatory redemption prior to maturity in whole on the Early Redemption Date. Not more than five days after determining that such redemption will be required, the Issuer will deliver to the Trustee a Written Instrument of the Issuer notifying the Trustee of such requirement. For a description of Triggering Events under the Prepaid Gas Agreement, *see* “THE GAS SUPPLY ACQUISITION – Early Termination of the Prepaid Gas Agreement”.

(b) Redemption in Part Pursuant to the Prepaid Gas Agreement. In connection with an early termination of the Prepaid Gas Agreement in part, and provided that the applicable conditions precedent to a partial redemption of the Bonds set forth in the Prepaid Gas Agreement and the Indenture have been met, the Bonds are subject to mandatory redemption prior to their respective Maturity Dates in part, *pro rata* based on the principal amount of the Bonds due on each Maturity Date or mandatory sinking fund redemption date (or in such other manner as determined by the Issuer in a Written Instrument of the Issuer to the Trustee accompanied by a Favorable Opinion of Bond Counsel), on such date as may be established pursuant to the Prepaid Gas Agreement. *See* “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement.”

Optional Make Whole Redemption. The Bonds maturing on May 15, 2035 through May 15, 2038, inclusive, and on May 15, 2049 are subject to redemption at the option of the Issuer, with the prior written consent of the Funding Provider and the Gas Supplier, in whole or in part on any Business Day, at a Redemption Price equal to the greater of (a) the Amortized Value thereof, plus accrued and unpaid interest to the date of redemption, or (b) the sum of the present values of the remaining unpaid payments of principal and interest to be paid on the Bonds to be redeemed from and including the date of redemption to the stated maturity date of such Bonds, discounted to the date of redemption on a semiannual basis at a discount rate equal to the Applicable Tax-Exempt Municipal Bond Rate (described below) for such Bonds minus 0.25% per annum.

The “Applicable Tax-Exempt Municipal Bond Rate” for the Bonds of any maturity shall be the “Comparable AAA General Obligations” yield curve rate for the year of such maturity as published by Municipal Market Data five business days prior to the date of redemption. If no such yield curve rate is established for the applicable year, the “Comparable AAA General Obligations” yield curve rate for the two published maturities most closely corresponding to the applicable year shall be determined, and the Applicable Tax-Exempt Municipal Bond Rate will be interpolated or

extrapolated from those yield curve rates on a straight-line basis. This rate is made available daily by Municipal Market Data and is available to its subscribers through its internet address: www.tm3.com. In calculating the Applicable Tax-Exempt Municipal Bond Rate, should Municipal Market Data no longer publish the “Comparable AAA General Obligations” yield curve rate, then the Applicable Tax-Exempt Municipal Bond Rate shall equal the Consensus Scale yield curve rate for the applicable year. The Consensus Scale yield curve rate is made available daily by Municipal Market Advisors and is available to its subscribers through its internet address: www.mma-research.com. In the further event Municipal Market Advisors no longer publishes the Consensus Scale, the Applicable Tax-Exempt Municipal Bond Rate shall be determined by a major market maker in municipal securities, as the quotation agent, based upon the rate per annum equal to the annual yield to maturity, calculated using semi-annual compounding, of those tax-exempt general obligation bonds rated in the highest rating category by Moody's and S&P with a maturity date equal to the stated maturity date of such Bonds having characteristics (other than the ratings) most comparable to those of such Bonds in the judgment of the quotation agent. The quotation agent's determination of the Applicable Tax-Exempt Municipal Bond Rate shall be final and binding in the absence of manifest error.

Mandatory Sinking Fund Redemption. The Bonds maturing on May 15, 2043 shall be subject to mandatory sinking fund redemption prior to such date on the following Mandatory Sinking Fund Redemption Dates and in the following Sinking Fund Payments, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest on such Mandatory Sinking Fund Redemption Date:

Mandatory Sinking Fund Redemption Date (May 15)	Sinking Fund Payment
2040	\$25,290,000
2041	26,395,000
2042	27,710,000
2043*	29,095,000

* Maturity

The Bonds maturing on May 15, 2049 shall be subject to mandatory sinking fund redemption prior to such date on the following Mandatory Sinking Fund Redemption Dates and in the following Sinking Fund Payments, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest on such Mandatory Sinking Fund Redemption Date:

Mandatory Sinking Fund Redemption Date (May 15)	Sinking Fund Payment
2044	\$30,700,000
2045	32,085,000
2046	33,690,000
2047	35,370,000
2048	37,300,000
2049*	39,040,000

* Final Maturity

If less than all of the Bonds of a Series are redeemed at any time, the Sinking Fund Payments due on any Mandatory Sinking Fund Redemption Date and the amount due on the corresponding Maturity Date or Maturity Dates shall be reduced by the principal amount (which shall be an Authorized Denomination)

of Bonds of such Series and Maturity Date or Maturity Dates redeemed *pro rata* based on the principal amount of such Bonds (or in such other manner as determined by the Issuer in a Written Instrument of the Issuer to the Trustee accompanied by a Favorable Opinion of Bond Counsel.

Notices of Redemption. Notice of redemption will be mailed by the Trustee, not less than 20 days nor more than 30 days prior to the applicable redemption date, to the Owners of Bonds called for redemption at their addresses appearing on the Bond Register, with a copy to the Issuer. Each notice of redemption will state the date of such notice, the designation of the Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the maturity, the CUSIP number and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Any notice of optional redemption may be rescinded in a Written Instrument of the Issuer, together with the consent of the Funding Provider and the Gas Supplier, each given to the Trustee by the Issuer no later than the date specified for redemption. The Trustee will give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given as described in the preceding paragraph. Failure by the Trustee to mail notice of redemption pursuant to any one or more of the respective Owners of any Bonds designated for redemption will not affect the sufficiency of the proceedings for redemption with respect to the Owners to whom such notice was mailed.

Selection of Bonds for Redemption. Whenever less than all Bonds of a Maturity Date are subject to redemption, the Trustee will select the Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate and fair.

Effect of Redemption. When notice of redemption has been duly given, and moneys for payment of the Redemption Price of the Bonds (or portions thereof) so called for redemption being held by the Trustee on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable at the Redemption Price specified in such notice, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture and the Owners of said Bonds will have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment.

Exchange, Transfer and Registration of Bonds

So long as the Bonds are in book-entry form, Beneficial Owners thereof will have no right to receive physical possession of the Bonds, and transfers of ownership interests in the Bonds will be made through book entries by DTC and the DTC Participants, as described under APPENDIX F – “BOOK-ENTRY-ONLY SYSTEM.”

The ownership of any Bond will be registered and transferred only upon the Bond Register of the Issuer kept for such purpose at the designated corporate trust office of the Trustee, by the Owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer, in form and with guaranty of signature satisfactory to the Trustee duly executed by the Owner or its duly authorized attorney. Upon the registration of transfer of any Bond, the Issuer will issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, series and maturity as the surrendered Bond.

The Issuer and the Trustee may deem and treat the person in whose name any Bond is registered upon the Bond Register as the absolute owner of such Bond, whether such Bond will be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price of and interest on such Bond and for all other purposes, and all such payments so made to any such registered Owner or

upon its order will be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Trustee will be affected by any notice to the contrary.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge of Trust Estate

The Bonds and the interest thereon are special, limited obligations of the Issuer payable solely from the Trust Estate.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE STATE, THE ISSUER, THE GAS AUTHORITY OR ANY PUBLIC CORPORATION, POLITICAL SUBDIVISION OR INSTRUMENTALITY OF THE STATE WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE STATE, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A LIEN ON THE TRUST ESTATE, IN THE MANNER AND TO THE EXTENT PROVIDED FOR IN THE INDENTURE. NO REGISTERED OWNER OF THE BONDS SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR THE TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY, TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

The Revenues pledged under the Indenture include the payments to be received by the Issuer from the Gas Authority under the Gas Authority Gas Supply Agreement. The obligation of the Gas Authority to pay for Gas delivered or deemed delivered to it under the Gas Authority Gas Supply Agreement is a general obligation of the Gas Authority payable as an operating expense. Although the Gas Authority intends to sell the Gas Supply to its Members, the Customers, and other Municipal Utilities the Gas Authority is required to pay the Contract Price for all Gas delivered or deemed delivered to it under the Gas Authority Gas Supply Agreement regardless of whether its Members, the Customers, or such other Municipal Utilities pay the Gas Authority for such Gas. The Gas Authority shall have no obligation to make any payment for Gas not delivered or deemed delivered in accordance with the Gas Authority Gas Supply Agreement. See “THE GAS SUPPLY ACQUISITION – The Gas Authority Gas Supply Agreement.”

For information regarding the Gas Authority, see “THE GAS AUTHORITY” and APPENDIX B – FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016.”

The Trust Estate

As security for payment of the principal and Redemption Price of and interest on the Bonds, the Issuer has pursuant to the Indenture pledged and assigned to, and granted a security interest to the Trustee in, the Trust Estate, which consists of the following described property: (a) the proceeds of the sale of the Bonds prior to the application thereof in accordance with the Indenture; (b) all right, title and interest of the Issuer in, to and under the Prepaid Gas Agreement, the Guarantee, the Gas Authority Gas Supply Agreement (except the right to any Defaulted Gas Sale Revenues, which are payable to the Funding Provider), the Funding Agreement (subject to any rights assigned to the Guarantor under the Funding Agreement), any Commodity Swaps and any Custodial Agreement; (c) the Revenues; (d) any Liquidation Payment

(including a Partial Liquidation Payment); and (e) all Funds established by the Indenture and held by the Trustee (other than the Rebate Fund and the Gas Service Administration Fund, which Fund has been pledged to the Gas Supplier and the Gas Authority, subject to the terms of the Indenture), including investments thereof and the investment income, if any, therefrom, and (f) any proceeds of the foregoing, subject to the provisions of the Indenture (or any Supplemental Indenture) permitting the application of such moneys for the purposes and on the terms and conditions set forth in the Indenture; *provided, however*, that notwithstanding the assignment of the Issuer's right, title and interest in the Prepaid Gas Agreement, the Gas Authority Gas Supply Agreement, the Funding Agreement, and the Issuer Commodity Swaps, as set forth in the foregoing clause (b) and subject to certain provisions of the Indenture, (i) the Issuer will remain obligated to perform its obligations and to enforce its rights under such documents, and (ii) such assignment will be subject to the rights of any Funding Provider to the extent provided in the Funding Agreement.

Revenues

The Revenues pledged to the payment of the Bonds consist of (a) all revenues, income, rents, user fees or charges, and receipts derived or to be derived by the Issuer from or attributable or relating to the ownership of the Gas Supply, including all revenues attributable or relating to the Gas Supply or to the payment of the costs thereof received or to be received by the Issuer under the Gas Authority Gas Supply Agreement or the Prepaid Gas Agreement or otherwise payable to it for the sale of gas or otherwise with respect to the Gas Supply; (b) interest received or to be received on any moneys or securities held pursuant to the Indenture (other than moneys or securities held in the Gas Service Administration Fund, the Rebate Fund and the Termination Fund) and paid or required to be paid into the Revenue Fund; and (c) any Commodity Swap Receipts; but excluding from subsection (a) above the following items: (i) any Liquidation Payment or Partial Liquidation Payment; (ii) any Gas Service Administration Fees, (iii) amounts paid by or on behalf of the Issuer for the mandatory redemption of Bonds pursuant to the Indenture; (iv) any Defaulted Gas Sale Revenues; (v) any amounts paid under the Funding Agreement; and (vi) any Remarketed Gas Surplus received from the Gas Supplier and designated as such by the Gas Supplier.

REVENUES AND FLOW OF FUNDS

Creation of Funds and Accounts

The following Funds and Accounts will be established and held by the Trustee pursuant to the Indenture:

- (i) Project Fund,
- (ii) Cost of Issuance Fund,
- (iii) Revenue Fund,
- (iv) Commodity Swap Payment Fund,
- (v) Gas Service Administration Fund consisting of (a) a Gas Supplier Account, and (b) a Gas Authority Account,
- (vi) Debt Service Fund, consisting of (a) the Principal Account, (b) the Interest Account, and (c) the Capitalized Interest Account,

- (vii) Debt Service Reserve Fund,
- (viii) Rebate Fund,
- (ix) Expense Fund, consisting of (a) the Project Administration Fee Account, (b) the Trustee Expense Account, (c) the Rating Agency Expense Account, (d) the Custodian Expense Account, and (e) the Credit Support Expense Account,
- (x) Redemption Fund,
- (xi) Termination Fund,
- (xii) Working Capital Fund, and
- (xiii) General Fund.

Within the Funds established under the Indenture and held by the Trustee, the Trustee may, with the consent of the Issuer and the Funding Provider, create one or more Accounts in any Fund or subaccounts in any Accounts as may facilitate the administration of the Indenture.

Payments into Certain Funds from Revenues

Monthly Transfers or Payments from the Revenue Fund. In each month during which there is a deposit of Revenues into the Revenue Fund (but in no case later than the respective dates set forth below), the Trustee will transfer to the following Funds and in the following order of priority (with the full amount to be transferred to any Fund in a month to be transferred to such Fund before any transfer is made to a Fund with a lower priority), the amounts set forth below (such transfers to be made in such a manner so as to assure that money in such Funds is available on the respective dates set forth below):

- (i) to the Project Administration Fee Account of the Expense Fund, on or before the last Business Day of the Month, an amount equal to the Project Administration Fee for such Month;
- (ii) to the Commodity Swap Payment Fund, on or before the Commodity Swap Payment Date, an amount sufficient, together with any amount then on deposit in the Commodity Swap Payment Fund, to pay the Commodity Swap Payment due on such Commodity Swap Payment Date;
- (iii) to the Interest Account, on or before the last Business Day of the Month, an amount sufficient, after taking into account (a) funds to be transferred to the Interest Account from the Capitalized Interest Account on or prior to the next Interest Payment Date, and (b) any amount then on deposit in the Interest Account, to pay one-sixth (1/6th) of the interest due on the Bonds on the next Interest Payment Date;
- (iv) to the Principal Account, on or before the last Business Day of the Month, the Scheduled Principal Account Deposit for such Month;
- (v) to the Funding Provider, an amount sufficient to reimburse the Funding Provider for any Advance made by the Funding Provider and not previously reimbursed, including any interest and costs related to such Advance and payable to the Funding Provider under the terms of the Funding Agreement;

(vi) to the Credit Support Expense Account, on or before the last Business Day of the Month, an amount equal to the Credit Support Fee accruing under the terms of the Funding Agreement in such Month;

(vii) to the Expense Fund, for deposit in the Trustee Expense Account, the Custodian Expense Account, and the Rating Agency Expense Account, respectively on a *pro rata* basis, on or before the last Business Day of the Month, the lesser of (A) one-twelfth (1/12th) of the Trustee Fee, the Custodian Fee, and the Rating Agency Fee, respectively, and (B) an amount which, together with any amount then on deposit in the relevant Account, will be sufficient to pay such Trustee Fee, Custodian Fee and Rating Agency Fee on the next Trustee Fee Payment Date, Custodian Fee Payment Date, and Rating Agency Fee Payment Date, respectively;

(viii) to the Rebate Fund, the amount, if any, required so that the balance credited to the Rebate Fund shall equal the amount required to be on deposit in the Rebate Fund pursuant to the Tax Certificate as set forth in a Written Instrument of the Issuer to the Trustee; and

(ix) except to the extent the Funding Agreement is in effect providing for the funding of Mandatory Advances thereunder up to an amount equal to the Debt Service Required Reserve then in effect, to the Debt Service Reserve Fund, on or before the last Business Day of the Month, the amount, if any, necessary to restore the Debt Service Required Reserve.

After application of the amounts above, except as set forth in the next sentence, if any balance remains on deposit in the Revenue Fund on the last Business Day of a month, such amount shall remain on deposit in the Revenue Fund and shall be added to Revenues received in the succeeding month, for application in the succeeding month in accordance with clauses (i) through (ix) above. Provided that no Advance (including any interest and costs related to such Advance and payable under the terms of the Funding Agreement) is then outstanding and has not been reimbursed in accordance with the Funding Agreement and clauses (i) through (ix) above, any amount remaining on deposit in the Revenue Fund on the last day of the Annual Reconciliation Period (or earlier redemption for the Bonds as described under the heading “THE BONDS – Redemption – *Mandatory Redemption*” or “THE BONDS – Redemption – *Mandatory Sinking Fund Redemption*” herein) after the transfers required pursuant to clauses (i) through (ix) above, will be transferred to the General Fund on the Annual Reconciliation Date.

If at any time the amount on deposit in the Debt Service Fund is sufficient to pay in full all Outstanding Bonds in accordance with the Indenture, no amount will be required to be transferred to the Debt Service Fund.

Payments under the Funding Agreement and Custodial Agreement

Mandatory Advances by the Funding Provider. The Trustee shall notify the Funding Provider immediately if, on any date on which a payment from the Gas Authority is due pursuant to the Gas Authority Gas Supply Agreement, or on which a payment is due from the Gas Supplier under those provisions of the Prepaid Gas Agreement described under the headings “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Nonperformance by Gas Supplier*,” and “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Issuer Failure to Receive Gas*” in this Official Statement, or under certain provisions thereof related to the remarketing of Gas, or in the event of Force Majeure under the Prepaid Gas Agreement, such payment is not made in full on such date, or if, after taking into account transfers made or to be made in the applicable Month as described in clauses (i) through (ix) of the subsection “– Payments into Certain Funds from Revenues – *Monthly Transfers or Payments from the Revenue Fund*” herein, on or before any date amounts are required to be paid from any Fund or Account there will be a Deficiency in such Fund or Account. Such notice shall specify the amount of the Deficiency, and with

respect to a Deficiency in the Commodity Swap Payment Fund or Debt Service Reserve Fund that resulted from an underpayment or non-payment by the Gas Authority under the Gas Authority Gas Supply Agreement or an underpayment or non-payment by the Gas Supplier pursuant to those provisions of the Prepaid Gas Agreement described under the headings “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Nonperformance by Gas Supplier*,” and “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Issuer Failure to Receive Gas*” in this Official Statement, or under certain provisions thereof related to the remarketing of Gas, or in the event of Force Majeure under the Prepaid Gas Agreement, the Funding Provider is required to make a Mandatory Advance under the Funding Agreement in an amount sufficient to make such transfer. See “Application of Funds and Accounts – *Commodity Swap Payment Fund*” and “Debt Service Reserve Fund – *Transfers from the Debt Service Reserve Fund; Mandatory Advances*” in this section. In no event will the amount of any Mandatory Advance to be made by the Funding Provider on any Mandatory Funding Date in respect of (i) the Debt Service Reserve Fund exceed the amount of the Debt Service Required Reserve on such date, and (ii) the Commodity Swap Payment Fund, the amount of the Commodity Funding Cap. See “THE FUNDING AGREEMENT – Mandatory Advances” herein for more description of Mandatory Advances.

Optional Advances by the Funding Provider. In addition, if on or before any date amounts are required to be paid from any other Fund or Account under the Indenture there is or will be a Deficiency in such Fund or Account (except for a Deficiency in the Commodity Swap Payment Fund or Debt Service Payment Fund for which a Mandatory Advance is required to be made pursuant to the terms of the Indenture), the Funding Provider may, but is not obligated to, make an Optional Advance under the Funding Agreement to cure any Deficiency that is not a Mandatory Deficiency. Funds provided by the Funding Provider pursuant to any such Optional Advance will be deposited by the Trustee directly to the applicable Fund experiencing such Deficiency and for which such Advance was made. See “THE FUNDING AGREEMENT.”

Payments by the Custodian in respect of the Issuer Commodity Swap. If on any Commodity Swap Payment Date, the Trustee has not received the Commodity Swap Receipt, if any, due from the applicable Commodity Swap Counterparty on such date, the Trustee shall notify the Custodian in writing and provide such other information to the Custodian as shall be required under the terms of such Custodial Agreement to provide for the payment to the Trustee of such Commodity Swap Receipt not later than the second Business Day following the applicable Commodity Swap Payment Date. See “THE COMMODITY PRICE HEDGE – Custodial Agreement.”

Application of Funds and Accounts

Project Fund. The proceeds of the sale of the Bonds will be paid into the Project Fund. Amounts deposited in the Project Fund will be applied pursuant to a Written Instrument of the Issuer delivered to the Trustee to pay the Gas Supplier for the acquisition of the Gas Supply in accordance with the Prepaid Gas Agreement. Upon the earlier of (i) a direction by the Issuer in a Written Instrument of the Issuer delivered to the Trustee or (ii) one month after the date of issuance of the Bonds, the Trustee shall transfer to the Revenue Fund any amounts remaining on deposit in the Project Fund and shall close the Project Fund.

Cost of Issuance Fund. Money will be paid into the Cost of Issuance Fund from the proceeds of the Bonds. Money in the Cost of Issuance Fund will be used by the Trustee to pay Costs of Issuance as provided in the Indenture. Six months after the issuance of the Bonds, the Trustee will transfer any moneys remaining in the Cost of Issuance Fund after payment of the Costs of Issuance to the Revenue Fund.

Revenue Fund. All Revenues will be deposited promptly by the Trustee upon receipt thereof into the Revenue Fund.

Capitalized Interest Account. Proceeds of the Bonds deposited to the Capitalized Interest Account will be transferred to the Interest Account of the Debt Service Fund on or prior to each Interest Payment Date following the date of issuance of the Bonds, in an amount necessary to pay the interest due on the Bonds on such Interest Payment Date until such proceeds have been exhausted.

Principal Account and Interest Account. Amounts on deposit in the Interest Account will be used to pay: *first*, interest due on the Bonds on any Interest Payment Date; and *second*, accrued interest on any Bonds to be redeemed pursuant the Indenture. Amounts on deposit in the Principal Account will be used to pay the principal of the Bonds due on a Principal Payment Date.

Commodity Swap Payment Fund. All amounts credited to the Commodity Swap Payment Fund will be applied from time to time by the Trustee to the payment of the Commodity Swap Payments when due. If, after taking into account the transfers from the Revenue Fund made or to be made in the applicable Month pursuant to clauses (i) through (ix) under the heading “Payments into Certain Funds from Revenues – *Monthly Transfers or Payments from the Revenue Fund*” in this section, on or before any date amounts are required to be paid from the Commodity Swap Payment Fund (i) there is or will be a Deficiency in the Commodity Swap Payment Fund, and (ii) such Deficiency is a result of an underpayment or non-payment by the Gas Authority under the Gas Authority Gas Supply Agreement or pursuant to those provisions of the Prepaid Gas Agreement described under the headings “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Nonperformance by Gas Supplier*,” and “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Issuer Failure to Receive Gas*” in this Official Statement, or under certain provisions thereof related to the remarketing of Gas, or in the event of Force Majeure under the Prepaid Gas Agreement, the Trustee shall provide notice to the Funding Provider of the amount of such Deficiency in accordance with the Indenture, which notice shall include a request for a Mandatory Advance in an amount equal to the lesser of the amount of such Deficiency and the Commodity Funding Cap, or the Funding Provider may provide an Optional Advance under the Funding Agreement in accordance with the terms thereof, and the amount so advanced by the Funding Provider shall be deposited in the Commodity Swap Payment Fund and applied to the payment of the Commodity Swap Payment then due as provided in the Indenture. Any amount remaining in the Commodity Swap Payment Fund following the payment of the Commodity Swap Payment due in any Month and prior to any deposit therein for the following Month shall be transferred to the Revenue Fund for application in accordance with the Indenture as described above.

Rebate Fund. The Trustee will apply amounts in the Rebate Fund to the payment when due of the Rebate Payments as set forth in the Indenture and the Tax Certificate. Except as otherwise provided in the Indenture, all money at any time deposited in the Rebate Fund will be held by the Trustee in trust, to the extent required to make the Rebate Payments to the United States of America, and none of the Issuer, the Gas Authority, the Trustee or the Owners has any rights in or claim to such moneys. Upon receipt of written directions from the Issuer, the Trustee will remit part or all of the balances in the Rebate Fund to the United States of America, as so directed. In addition, if the Issuer so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Payments and payment of all other amounts due and owing pursuant to the Indenture shall be withdrawn and remitted to the Issuer when directed.

Expense Fund. Amounts on deposit in the Project Administration Fee Account will be applied each Month to pay the Project Administration Fee due for such Month. Amounts on deposit in the Credit Support Expense Account, the Rating Agency Expense Account, Custodian Expense Account, and the Trustee Expense Account will be applied by the Trustee to pay the Credit Support Fee, the Rating Agency Fee, the Custodian Expense Fee and the Trustee Fee on each Credit Support Fee Payment Date, Rating Agency Fee Payment Date, Custodian Fee Payment Date, and Trustee Fee Payment Date, respectively. Any remainder

in any of the foregoing Accounts of the Expense Fund in excess of the applicable fee required to be paid from such Account will be transferred to the Revenue Fund for application in accordance with the Indenture as described above.

Redemption Fund. The Trustee will deposit in the Redemption Fund (i) all amounts that are not Revenues (except for any Gas Service Administration Fees, any Liquidation Payment, or any Defaulted Gas Sale Revenues) received from the Issuer and which are accompanied by a Written Instrument of the Issuer, together with the consent of the Funding Provider and the Gas Supplier, directing that such amounts be applied to the optional redemption of the Bonds, (ii) if applicable, proceeds of Refunding Bonds to be applied to the redemption of a Series in the amount provided for in the applicable Supplemental Indenture, and (iii) if applicable, any amounts transferred from the Debt Service Reserve Fund in connection with any re-calculation of the Debt Service Required Reserve required under the Indenture and the Prepaid Gas Agreement. All such amounts deposited in the Redemption Fund shall be applied to the redemption of Outstanding Bonds pursuant to the Indenture, as directed by the Issuer, with the consent of the Funding Provider and the Gas Supplier, in a Written Instrument of the Issuer delivered to the Trustee. Any amounts remaining on deposit in the Redemption Fund following redemption of the Bonds pursuant to the provisions of the Indenture when requested in a Written Instrument of the Issuer delivered to the Trustee, together with the consent of the Funding Provider and the Gas Supplier, will be transferred to the General Fund.

Gas Service Administration Fund. There will be deposited into the Gas Service Administration Fund the following:

- (i) to the Gas Supplier Account, all payments received from the Issuer for Gas Service Administration Fees, and
- (ii) to the Gas Authority Account, any Remarketed Gas Surplus paid by the Gas Supplier.

On the 25th day of each month (or, if such day is not a Business Day, the next succeeding Business Day), the Trustee will make the following payments or transfers from the Gas Service Administration Fund:

- (i) the amount then on deposit in the Gas Supplier Account will be paid to the Gas Supplier; and
- (ii) the amount then on deposit in the Gas Authority Account will be (A) *first*, transferred to any Fund or Account then experiencing a Deficiency, in an amount sufficient to cure such Deficiency and in the order of priority for transfers from the Revenue Fund described above; (B) *second*, paid to the Funding Provider in respect of any amount due and owing to the Funding Provider under the Funding Agreement; and (C) *third*, paid to the Gas Authority pursuant to the Gas Authority Gas Supply Agreement.

Termination Fund. In the event an Early Termination Date or a Partial Termination Date is established for the Prepaid Gas Agreement, the Liquidation Payment or the Partial Liquidation Payment (as applicable) received by the Trustee from the Gas Supplier will be deposited into the Termination Fund. On the Early Redemption Date, and after making any required transfers from the Revenue Fund to the Debt Service Fund, the Commodity Swap Payment Fund, and the Expense Fund pursuant to the Indenture on or before such date, and after making any required payments from such Funds and the Debt Service Reserve Fund on or before such date, the Trustee will transfer all moneys in the Revenue Fund, the Debt Service Fund, the Commodity Swap Payment Fund, the Debt Service Reserve Fund and the Working Capital Fund to the Termination Fund. The amounts deposited into the Termination Fund will be applied by the Trustee; *first*, to the redemption of Outstanding Bonds pursuant to the Indenture, *second*, to the payment of any

amounts due under the Issuer Commodity Swap, and *third*, all the remaining amounts, if any, will be transferred to the Gas Supplier in accordance with the Indenture. See “THE GAS SUPPLY ACQUISITION – Early Termination of the Prepaid Gas Agreement.”

Working Capital Fund. The Issuer will pay into the Working Capital Fund, from the proceeds of the Bonds, the amount specified in the Indenture, and any investment earnings on amounts on deposit in the Working Capital Fund shall remain in the Working Capital Fund until otherwise applied or transferred pursuant to this paragraph. Amounts in the Working Capital Fund shall be applied pursuant to a Written Instrument of the Issuer to pay any Project Expenses for which payment is not otherwise provided for under this Indenture. On the Early Redemption Date, the Trustee shall transfer all moneys in the Working Capital Fund to the Termination Fund for application in accordance with the Indenture. On the Final Maturity Date of the Bonds, after all principal of and interest on the Bonds has been paid in full, the Trustee shall transfer the amount then remaining on deposit in the Working Capital Fund to the Gas Supplier, as additional consideration for its full performance of its obligations under the Prepaid Gas Agreement.

General Fund. The Issuer will apply amounts credited to the General Fund to the transfers or payments described in this paragraph at such times and in the order of priority set forth below (with the full amount of each such transfer or payment to be made before making any transfer or payment with a lower priority), subject to certain restrictions described below:

- (a) First, to pay any Commodity Swap Payment then due;
- (b) Second, to pay any interest then due on the Bonds;
- (c) Third, to pay any principal then due on the Bonds;
- (d) Fourth, to reimburse the Funding Provider for any Advance (together with any interest and costs related thereto in accordance with the Funding Agreement) made by the Funding Provider and not previously reimbursed;
- (e) Fifth, to pay any Credit Support Fee then due under the Funding Agreement;
- (f) Sixth, to pay, or provide for the payment of, any Project Administration Fee then due;
- (g) Seventh, to pay any fees for the calculation of Rebate Payments;
- (h) Eighth, to pay any fees of the Trustee, the Custodian or any Rating Agency then due;
- (i) Ninth, to pay any fees of the Calculation Agent then due;
- (j) Tenth, to pay any Project Expenses then due or to become due on or prior to the next succeeding Annual Reconciliation Date; and
- (k) Eleventh, unless a Funding Agreement is in effect with respect to the Bonds that provides for Mandatory Advances by the Funding Provider in an amount up to the Debt Service Reserve then in effect, to restore the balance in the Debt Service Reserve Fund to the Debt Service Required Reserve.

On each Annual Reconciliation Date, after any transfer to the General Fund as described in the paragraph after section (ix) under the heading “Payments into Certain Funds from Revenues – *Monthly Transfers or Payments from the Revenue Fund*” and the application of amounts described in sections (a) through (k) of this section, any amounts on deposit in the General Fund will be distributed to the Gas

Authority pursuant to the terms of the Gas Authority Gas Supply Agreement, as instructed by the Issuer in a written instrument of the Issuer delivered to the Trustee.

Debt Service Reserve Fund

Debt Service Reserve Requirement. The Issuer is required to maintain a balance in the Debt Service Reserve Fund equal to the Debt Service Required Reserve, or to provide for a Funding Agreement under which the Funding Provider is required to make Mandatory Advances from time to time in an amount up to the Debt Service Required Reserve, or a combination thereof. From the Closing Date, the Debt Service Required Reserve is \$13,791,022.70, which represents an amount equal to the highest aggregate amount of two consecutive months of the fixed payments required to be made by the Commodity Swap Counterparties under the Commodity Swaps on or prior to the Final Maturity Date of the Bonds or final maturity date of any such Refunding Bonds, as the case may be. The Issuer has entered into the Funding Agreement, which provides for Mandatory Advances up to such amount. No moneys are on deposit in the Debt Service Reserve Fund.

Transfers from the Debt Service Reserve Fund; Mandatory Advances. If on or before the second Business Day prior to any Interest Payment Date or Principal Payment Date, the amount on deposit in the Revenue Fund is insufficient to make the transfers required to be made to the Interest Account or the Principal Account of the Debt Service Fund, the Trustee will (A) first, transfer any moneys, if any, then on deposit in the Debt Service Reserve Fund to the Revenue Fund and (B) second, if the Deficiency in the Interest Account or Principal Account of the Debt Service Fund resulted from an underpayment or non-payment by the Gas Authority under the Gas Authority Gas Supply Agreement, or by the Gas Supplier pursuant to those provisions of the Prepaid Gas Agreement described under the headings “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Nonperformance by Gas Supplier*,” and “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Issuer Failure to Receive Gas*” in this Official Statement, or under certain provisions thereof related to the remarketing of Gas, or in the event of Force Majeure under the Prepaid Gas Agreement, not later than 4:00 p.m. New York time on such day, request a Mandatory Advance from the Funding Provider in accordance with the Funding Agreement, which together will provide an amount sufficient to make such transfers in the order required under the Indenture. The Trustee will notify the Issuer, the Funding Provider and the Gas Supplier of any transfer of moneys from the Debt Service Reserve Fund to the Revenue Fund and/or any Mandatory Advance under the Funding Agreement. See “THE FUNDING AGREEMENT – Mandatory Advances” herein for more description of Mandatory Advances.

Re-calculation of Debt Service Required Reserve. In connection with any optional redemption of the Bonds or any Partial Termination of the Prepaid Gas Agreement and the corresponding partial redemption of the Bonds as described herein under the heading “THE BONDS – Redemption – *Mandatory Redemption – Redemption in Part Pursuant to the Prepaid Gas Agreement*”, the Calculation Agent is required to recalculate the Debt Service Required Reserve, such that the Debt Service Required Reserve constitutes the highest two consecutive months of fixed payments required to be made by the Commodity Swap Counterparties under the Issuer Commodity Swaps, which calculation is required to be made on or prior to the date on which such Bonds are to be redeemed and will be effective as of the first day following such redemption date and will remain in effect until another Partial Termination and corresponding partial redemption of the Bonds occurs. Any moneys in the Debt Service Reserve Fund in excess of the Debt Service Required Reserve as a result of such redemption will be transferred to the Redemption Fund on the Business Day next preceding the applicable redemption date.

Transfer of Excess Funds. On the last Business Day of each month, if there are any moneys on deposit in or credited to the Debt Service Reserve Fund in excess of the Debt Service Required Reserve as a result of interest earnings from the investment of moneys on deposit therein, such excess will be

transferred to the Revenue Fund. Two Business Days prior to the Final Maturity Date, any amount then on deposit in the Debt Service Reserve Fund will be transferred to the Principal Account.

THE FUNDING AGREEMENT

Set forth below is a summary of certain provisions of the Funding Agreement. This summary does not purport to be a complete description of the terms and conditions of the Funding Agreement, and accordingly is qualified by reference to the full text thereof.

Mandatory Advances

Under the Funding Agreement, the Funding Provider is required to make a Mandatory Advance to the Trustee (A) with respect to the Commodity Swap Payment Fund, as of any Commodity Swap Payment Date, an amount equal to the lesser of (i) the amount of any deficiency in such Fund as of such date, and (ii) the Commodity Funding Cap in effect on such date, and (B) with respect to the Debt Service Reserve Fund, on any date on which funds are required to be transferred from the Debt Service Reserve Fund pursuant to the Indenture, in an amount equal to (i) the lesser of (a) the Debt Service Required Reserve, and (b) the amount required to be transferred from the Debt Service Reserve Fund on such Mandatory Funding Date, minus (ii) the amount, if any, on deposit in the Debt Service Reserve Fund on such date. In no event will the amount of any Mandatory Advance to be made by the Funding Provider on any Mandatory Funding Date in respect of the Debt Service Reserve Fund exceed the amount of the Debt Service Required Reserve on such date, and in no event will the amount of any Mandatory Advance to be made by the Funding Provider on any Mandatory Funding Date in respect of the Commodity Swap Payment Fund exceed the amount of the Commodity Funding Cap. Each Mandatory Advance will be made in immediately available funds and will be applied by the Trustee to make the transfer(s) required from the Debt Service Reserve Fund or deposited to the Commodity Swap Payment Fund, as applicable.

No Mandatory Deficiency shall be deemed to exist, and no Mandatory Advance shall be required to be made by the Funding Provider, to the extent of any Deficiency in the Commodity Swap Payment Fund or the Debt Service Reserve Fund caused by a default under any Qualified Investment.

Commencing on the date of any Mandatory Advance and continuing until the reimbursement thereof in full in accordance with the Funding Agreement, a Deemed Remarketing will be in effect under the Prepaid Gas Agreement. See “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – Deemed Remarketing.”

The obligation of the Funding Provider to make Mandatory Advances is guaranteed by the Guarantor pursuant to the Guarantee.

Optional Advances

The Funding Provider also has the right, within its sole determination and discretion, to make an Optional Advance under the Funding Agreement to the extent that there exists a Deficiency in any Fund or Account under the Indenture. The Funding Provider has no obligation to make any such Optional Advance. Under the terms of the Indenture, any Optional Advance is to be deposited in the Fund(s) or Account(s) experiencing the related Deficiency. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Revenues.”

Subrogation and Assignment of Rights

With respect to any Advance made by the Funding Provider and not otherwise reimbursed in accordance with the provisions of the Funding Agreement and the Indenture, the Funding Provider will be subrogated to all of the Issuer's rights with respect to each payment default leading to the necessity for such Advance, and the Issuer has agreed to assign without recourse to the Funding Provider all of the Issuer's rights with respect to each such event.

Term

The Funding Agreement is effective from the Issue Date of the Bonds, will expire on the final Maturity Date of the Bonds, and is not subject to termination prior to such date unless and until there are no Bonds Outstanding.

THE GAS SUPPLY ACQUISITION

Set forth below is a summary of certain provisions of the Prepaid Gas Agreement, the Gas Authority Gas Supply Agreement and the Customer Agreements. This summary does not purport to be a complete description of the terms and conditions of the Prepaid Gas Agreement, the Gas Authority Gas Supply Agreement or the Customer Agreements, and accordingly is qualified by reference to the full text thereof.

General

Under the terms of the Prepaid Gas Agreement, the Issuer has acquired the Total Contract Quantity of gas from the Gas Supplier. The Total Contract Quantity is required to be delivered by the Gas Supplier over the term of the Prepaid Gas Agreement in the Daily Contract Quantities and to each Delivery Point set forth therein. The Prepaid Gas Agreement will become effective on the date of issuance of the Bonds (the "Effective Date"), and deliveries of the Gas Supply thereunder shall commence on the first Gas Day of April 2019 and continue to the last Gas Day of March 2049.

Upon a failure by the Gas Supplier to deliver gas or a failure by the Issuer to receive gas under the Prepaid Gas Agreement, or upon early termination of the Prepaid Gas Agreement in whole or in part, the Gas Supplier is required to pay certain amounts to the Trustee on behalf of the Issuer.

Gas acquired by the Issuer under the Prepaid Gas Agreement is being used by the Issuer to meet its obligation to provide gas to the Gas Authority under the Gas Authority Gas Supply Agreement, and any gas not sold to the Gas Authority is intended to be remarketed by the Issuer or by the Gas Supplier, in either case to other Public Agencies for a Qualifying Use. Any gas not sold to a Public Agency for a Qualifying Use is subject to the remediation provisions of the Prepaid Gas Agreement. *See "THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – Remarketing of Gas."* All gas acquired by the Issuer under the Prepaid Gas Agreement will be sold to the Gas Authority, other Public Agencies, Qualified Persons or other parties at a floating price, and the Issuer will hedge the resulting price risk through the execution of the Issuer Commodity Swaps.

Set forth below are summaries of certain terms of the Prepaid Gas Agreement and the Gas Authority Gas Supply Agreement. For information regarding the Gas Supplier, *see* APPENDIX A – "CERTAIN INFORMATION REGARDING MACQUARIE US GAS SUPPLY LLC AND MACQUARIE GROUP LIMITED." For information regarding the Gas Authority, *see* "THE GAS AUTHORITY" and "APPENDIX B – "FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016." For a description of the Issuer Commodity Swaps,

see “THE COMMODITY PRICE HEDGE.” For information regarding the Commodity Swap Counterparties, see “THE COMMODITY SWAP COUNTERPARTIES.”

The Prepaid Gas Agreement

General. Set forth below is a summary of certain provisions of the Prepaid Gas Agreement. This summary does not purport to be a complete description of the terms and conditions of the Prepaid Gas Agreement, and reference is made to the entire Prepaid Gas Agreement, copies of which are available as described under the caption “INTRODUCTION – Miscellaneous,” for a more complete description thereof. Defined terms used herein without definition have the meanings set forth in APPENDIX D – “SUMMARY OF DEFINED TERMS.” The Gas Supplier’s obligations to make any payment of the Liquidation Payment or a Partial Liquidation Payment under the Prepaid Gas Agreement are guaranteed by the Guarantor under the Guarantee. See “INVESTMENT CONSIDERATIONS AND RISKS – Roles of Macquarie US Gas Supply LLC and the Guarantor – *The Guarantee*.”

Delivery Period. Gas deliveries under the Prepaid Gas Agreement will commence on the first Gas Day of April 2019 and will continue, subject to early termination of the Prepaid Gas Agreement as described herein, to and including the last Gas Day of March 2049 (the “Delivery Period”). Unless terminated earlier in accordance with its terms, the term of the Prepaid Gas Agreement will continue in effect until March 2049 in order to provide for final payments, if any, and certain winding-up arrangements in accordance with the terms of the Prepaid Gas Agreement.

Purchase and Sale of Gas. Under the Prepaid Gas Agreement, the Issuer will make the Prepayment to the Gas Supplier on the Effective Date thereof for the purchase of the Total Contract Quantity. The Total Contract Quantity will be delivered by the Gas Supplier to the Issuer over the Delivery Period in the Daily Contract Quantities each Month during such Delivery Period at each Delivery Point specified therein.

Premium. The Issuer is required to pay a monthly premium for certain Delivery Points for all of the costs of the delivery of gas to such Delivery Points in the amounts specified in the Prepaid Gas Agreement, if such a premium has been established in the Prepaid Gas Agreement for the applicable portion of the Delivery Period. The Gas Authority is required under the Gas Authority Gas Supply Agreement to pay such premium in addition to the Contract Price, as described herein. The initial premium (if any) for each Delivery Point will remain in effect until revised in accordance with the terms of the Prepaid Gas Agreement.

Delivery of Gas. Under the Prepaid Gas Agreement, the Gas Supplier is required to deliver the Daily Contract Quantity of gas at the specified Delivery Points on each Gas Day during the term of Prepaid Gas Agreement. The Issuer and the Gas Supplier may agree to delivery of any Daily Contract Quantity at an alternate delivery point or alternate delivery points, as may be allowed under the operating terms and conditions of the applicable Transporter or Transporters (each an “Alternate Delivery Point”). All terms of the Prepaid Gas Agreement applicable to the delivery of the applicable Daily Contract Quantity to each initial Delivery Point will apply to the delivery of gas to each Alternate Delivery Point. The Gas Supplier and the Issuer will reimburse each other for any additional transportation or transportation-related costs, including fuel costs, incurred as a result of the delivery of any Daily Contract Quantity to an Alternate Delivery Point.

Title. The title to gas delivered under the Prepaid Gas Agreement passes from the Gas Supplier to the Issuer at the Delivery Points for such gas. The Gas Supplier is in control and possession of the gas and is responsible for any injuries, claims, liabilities or damages caused by such gas prior to the time the gas is delivered to the Delivery Points for the account of the Issuer. At and after such delivery of gas at the

Delivery Points to the Issuer, the Issuer is in control and possession of the gas and responsible for any injuries, claims, liabilities or damages caused by such gas.

Nonperformance by Gas Supplier. If on any day the Gas Supplier fails to deliver to the applicable Delivery Points the quantity of gas required to be delivered to such Delivery Points on such day pursuant to the Prepaid Gas Agreement, for any reason other than *Force Majeure*, the Issuer's action or inaction, or the Issuer's request that the Gas Supplier remarket all or a portion of the gas (including as a result of a Deemed Remarketing), the Gas Supplier will pay the Issuer an amount equal to the amount of any shortfall multiplied by the Replacement Price. Except with respect to (i) an event of Persistent Delivery Failure or (ii) the payment of Imbalance Charges pursuant to the Prepaid Gas Agreement, the Gas Supplier's payment of the foregoing amount is the Issuer's sole remedy for a Gas Supplier Delivery Default. The Issuer and the Gas Supplier may agree, in lieu of the foregoing payment, to adjust delivery quantities during the remainder of the applicable Month.

Issuer Failure to Receive Gas. If the Issuer fails on any day to meet its obligation to take delivery at the applicable Delivery Points of the quantities of gas required to be received at such Delivery Points on such day from the Gas Supplier for any reason other than *Force Majeure*, the Gas Supplier's action or inaction, or the Issuer's request to the Gas Supplier to remarket all or a portion of the gas (including as a result of a Deemed Remarketing), the Gas Supplier will pay the Issuer an amount equal to the amount of any shortfall multiplied by the Replacement Price. The Gas Supplier and the Issuer may agree, in lieu of the foregoing payment, to adjust delivery quantities during the remainder of the applicable Month.

Remarketing of Gas. In the event that (i) there has occurred a permanent reduction in demand for gas by the Gas Authority, (ii) the Issuer discontinues gas acquisition, management, distribution and marketing activities for Public Agencies, or (iii) the Issuer is unable to market unsold portions of the Gas Supply not purchased by the Gas Authority to other Public Agencies, the Issuer may request that the Gas Supplier remarket all or a specified portion of the Daily Contract Quantity for one or more of the Delivery Points for a period of one or more Months by delivering to the Gas Supplier a written notice (a "Monthly Remarketing Notice") specifying: (a) the portion (in MMBtu) of the Daily Contract Quantity to be remarketed with respect to such Delivery Points, which must be an equal amount for each day on which gas is delivered in a Month, and (b) the Month(s) in which such gas is to be remarketed. The Gas Supplier is not required to remarket any such gas at a price that is less than the Minimum Remarketing Price. Any quantity of gas that is not remarketed will be purchased by the Gas Supplier, and the proceeds of any remarketing or purchase of gas by the Gas Supplier will be paid to the Trustee on behalf of the Issuer.

Qualifying and Non-Qualifying Sales of Gas. The Gas Supplier will use commercially reasonable efforts to remarket or cause to be remarketed all gas specified in a Monthly Remarketing Notice. In exercising such efforts, the Gas Supplier will attempt to remarket or cause to be remarketed gas (i) first, to Public Agencies for use in a Qualifying Use, (ii) second, to Qualified Persons other than Public Agencies for which a Favorable Opinion of Bond Counsel acceptable to the Issuer and the Gas Supplier is obtained prior to such sale, and (iii) if it is unable to so remarket all of such Gas, third, under other arrangements including to Qualified Persons other than Public Agencies without such Favorable Opinion of Bond Counsel. The Gas Supplier may also remarket such gas to such other persons as may have been indicated in a Favorable Opinion of Bond Counsel acceptable to the Issuer and the Gas Supplier. The Issuer will establish and maintain a ledger (the "Non-Qualifying Use Quantities Ledger") aggregating all quantities of gas initially remarketed by the Gas Supplier, the Issuer or the Gas Authority, or purchased by the Gas Supplier as described above or by the Issuer, and used in a Non-Qualifying Use. Each Non-Qualifying Use will be deemed to have occurred as of the first day of the Month prior to the Month in which the Issuer or the Gas Authority, as applicable, receives the proceeds from such remarketing. If the Non-Qualifying Use Quantities Ledger exceeds 85% of the Non-Qualifying Use Limit, the Issuer will promptly notify the Gas

Supplier, and the Gas Supplier and the Issuer will consult with Bond Counsel as to the potential steps that need to be taken to protect the Tax-Exempt Status of the Bonds.

Remediation of Non-Qualifying Use Sales. The Issuer will establish and maintain a ledger (the “Disposition Proceeds Ledger”) detailing the information relating to such Disposition Proceeds as necessary to establish that a Remediation Use with respect to such Disposition Proceeds has been taken in a timely manner. In the event that the conditions of Treasury Regulations Sections 1.141-12(a) and 1.141-12(e) (including in particular, the condition that the Issuer reasonably expects to expend Disposition Proceeds within two (2) years for a Qualifying Use) are not satisfied with respect to a particular sale giving rise to Disposition Proceeds, the Disposition Proceeds must be used to redeem Bonds within ninety (90) days of receipt of such Disposition Proceeds. See “THE BONDS – Redemption - *Mandatory Redemption – Redemption in Part Pursuant to the Prepaid Gas Agreement.*” A Remediation Fail Event will be deemed to have occurred when any Disposition Proceeds have remained in the Disposition Proceeds Ledger without having been applied to a Remediation Use for two years or more, unless there is a Favorable Opinion of Bond Counsel acceptable to the Issuer and the Gas Supplier permitting other action.

Deemed Remarketing. Upon the occurrence of a Deemed Remarketing, the Issuer will be deemed to have requested the Gas Supplier to remarket the applicable Daily Contract Quantity to be delivered for the entire Month following the Month in which such Deemed Remarketing occurs and for each Month thereafter until deliveries to the Issuer are resumed in accordance with the Prepaid Gas Agreement, and the Gas Supplier will remarket such Daily Contract Quantity or portion thereof in accordance with the Prepaid Gas Agreement.

Commencing on the date of any Mandatory Advance under the Funding Agreement with respect to the Debt Service Reserve Fund and continuing until the reimbursement thereof in full in accordance with the Funding Agreement, a Deemed Remarketing will be in effect under the Prepaid Gas Agreement. During any such Deemed Remarketing, the Gas Supplier is obligated to remarket the Gas Supply (or applicable portion thereof) at a price not less than the Minimum Remarketing Price. Such Deemed Remarketing will cease when all Mandatory Advances have been reimbursed in full and all other conditions set forth in the Prepaid Gas Agreement have been satisfied.

Following a Deemed Remarketing, the Issuer may resume taking delivery of all or such portion of the Daily Contract Quantity to which such Deemed Remarketing is in effect only upon the agreement of the Gas Supplier and subject to the notice provisions in the Prepaid Gas Agreement; *provided, however*, that (i) such delivery will not resume unless payment of all past due amounts owed to the Issuer by the Gas Authority have been paid and the Funding Provider has been reimbursed for any amounts due, and (ii) the Gas Supplier’s agreement to resume such deliveries may be subject to such additional conditions as the Gas Supplier may require in its sole discretion, including payment to the Gas Supplier of such amount as the Gas Supplier may determine is necessary to compensate the Gas Supplier for any losses incurred by it in connection with such Deemed Remarketing.

Reduction of Daily Contract Quantities upon Prolonged Remarketing Event. Upon the occurrence of a Prolonged Remarketing Event, the Gas Supplier will have the right, but not the obligation, by notice to the Issuer, to cause a termination of the Prepaid Gas Agreement in whole or (subject to the conditions set forth in the Prepaid Gas Agreement) in part. In the event the Gas Supplier elects to terminate the Prepaid Gas Agreement in whole or in part upon the occurrence of a Prolonged Remarketing Event, the Gas Supplier’s obligation to deliver all the Daily Contract Quantities (or the applicable portion thereof) under the Prepaid Gas Agreement will terminate in accordance with the provisions of the Prepaid Gas Agreement, and the Gas Supplier’s obligation to deliver such Daily Contract Quantity will thereafter be reduced in accordance with the provisions of the Prepaid Gas Agreement.

Force Majeure. Except with regard to either the Gas Supplier's or the Issuer's obligation to make payments due under the Prepaid Gas Agreement, neither the Gas Supplier nor the Issuer will be liable to the other for failure to perform an obligation under the Prepaid Gas Agreement to the extent such failure was caused by *Force Majeure*. "*Force Majeure*" (as defined in the Prepaid Gas Agreement) includes, but is not limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather-related events affecting an entire geographic region, such as low temperatures that cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts, or other industrial disturbances, riots, sabotage, insurrections, acts of terrorism or wars; (v) refusal by a Transporter to receive or transport gas for delivery to the Issuer at the applicable Delivery Points and such refusal is not the direct or indirect result of any action by the Gas Supplier, if any, or related to the quality of production or Gas Supply owned by the Gas Supplier or any related entity; and (vi) unavailability of third-party offers to sell gas at a Delivery Point; and (vii) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation or policy having the effect of law promulgated by a governmental authority having jurisdiction (excluding any actions taken by the Issuer or the Gas Authority unless such actions are taken in response to an event that would otherwise constitute an event of *Force Majeure*).

Neither the Gas Supplier nor the Issuer will be entitled to the benefit of the provisions of *Force Majeure* to the extent performance is prevented by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition if reasonably possible to be remedied and to resume the performance of such covenants or obligations with reasonable dispatch; (iii) economic hardship, to include, without limitation, the Gas Supplier's ability to sell gas at a higher or more advantageous price, the Issuer's ability to purchase gas at a lower or more advantageous price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from the Prepaid Gas Agreement; (iv) the loss of the Issuer's market(s) or the Issuer's inability to use or resell gas purchased under the Prepaid Gas Agreement, except, in either case, as a result of *Force Majeure*; or (v) the loss or failure of the Gas Supplier's Gas Supply or depletion of reserves, except, in either case, for reasons of *Force Majeure*. The party claiming *Force Majeure* will not be excused from its responsibility for Imbalance Charges. The settlement of strikes, lockouts or other industrial disturbances will be within the sole discretion of the party experiencing such disturbance.

If performance is suspended by either party for reasons of *Force Majeure*, the Gas Supplier will pay the Issuer the Index Price for the quantity not delivered and accepted as a result of such *Force Majeure* and neither the Issuer nor the Gas Supplier will be obligated to deliver the quantity not delivered as a result of such *Force Majeure* or increase future deliveries of gas to include such quantity.

Taxes. The Gas Supplier is liable for and will pay, or cause to be paid, or reimburse the Issuer if the Issuer has paid, all Taxes applicable to gas sold under the Prepaid Gas Agreement upstream of the applicable Delivery Point. The Issuer is liable for and will pay, cause to be paid, or reimburse the Gas Supplier if the Gas Supplier has paid, (i) all Taxes applicable to Gas received, subsequent to the receipt at the Delivery Points, or sold under the Prepaid Gas Agreement at or downstream of the applicable Delivery Point for such gas, including any such Taxes imposed or collected by a taxing authority with jurisdiction over the Issuer, and (ii) any Taxes related to the Gas Authority's receipt of the Net Monthly Price.

Early Termination of the Prepaid Gas Agreement

General. The Prepaid Gas Agreement, and the obligations of the Gas Supplier to deliver and the Issuer to take Gas thereunder, are subject to early termination in whole prior to the end of the term of the

Prepaid Gas Agreement upon the occurrence of a Triggering Event. The Prepaid Gas Agreement is subject to termination in part upon the occurrence of a Partial Termination Event.

Triggering Events. The Prepaid Gas Agreement contains Triggering Events that will cause the Prepaid Gas Agreement to terminate in whole without notice or other action by either party (each an “Automatic Triggering Event”), as well as Triggering Events that will cause the Prepaid Gas Agreement to terminate in whole only upon notice from the Issuer (each an “Issuer Triggering Event”) or the Gas Supplier (each a “Gas Supplier Triggering Event”).

Automatic Triggering Events. Each of the following events constitutes an Automatic Triggering Event without further action or notice by the Gas Supplier, the Issuer or any other person:

(i) The failure by the Issuer to replace an Issuer Commodity Swap or the failure by the Gas Supplier to replace a Gas Supplier Commodity Swap, in each case with a substantially similar commodity swap agreement, on or prior to the last day of the Swap Replacement Period, following the occurrence of an Event of Default or Termination Event under such Issuer Commodity Swap or such Gas Supplier Commodity Swap, as the case may be, with respect to which the Commodity Swap Counterparty is the Defaulting Party or the sole Affected Party (as such terms are defined in such Issuer Commodity Swap or such Gas Supplier Commodity Swap, as applicable);

(ii) Notice of early termination of a Gas Supplier Commodity Swap is provided by a Commodity Swap Counterparty as a result of an Event of Default or Termination Event thereunder with respect to which the Gas Supplier is the Defaulting Party or the sole Affected Party (as such terms are defined in such Gas Supplier Commodity Swap);

(iii) An early termination of a Commodity Swap, if such early termination results from the occurrence of any of the following events defined in the specified sections of such Issuer Commodity Swap with respect to which the Issuer is the Defaulting Party or the sole Affected Party (as each term is defined in such Issuer Commodity Swap): (A) an Event of Default set forth in Section 5(a)(iv) (Misrepresentation); (B) an Event of Default set forth in Section 5(a)(vii) (Bankruptcy); (C) a Termination Event set forth in Section 5(b)(i) (Illegality); (D) a Termination Event set forth in Section 5(b)(ii) (Force Majeure Event); (E) a Termination Event set forth in Section 5(b)(iii) (Tax Event); or (F) a Termination Event set forth in Section 5(b)(iv) (Tax Event Upon Merger);

(iv) A Remediation Fail Event that requires a redemption of 100% of the Outstanding Bonds;

(v) A Remediation Fail Event has occurred that requires a redemption of less than 100% of the Outstanding Bonds, unless the requirements for Partial Termination set forth in the Prepaid Gas Agreement are met on or prior to the 20th day preceding the redemption date established for the corresponding portion of the Bonds; or

(vi) The Gas Supplier has failed to make any payment due pursuant to those provisions of the Prepaid Gas Agreement described under the headings “– The Prepaid Gas Agreement – *Nonperformance by Gas Supplier*,” and “– The Prepaid Gas Agreement – *Issuer Failure to Receive Gas*” in this Official Statement, or under certain provisions thereof related to the remarketing of Gas, or in the event of Force Majeure under the Prepaid Gas Agreement, and the Funding Provider has failed to make a Mandatory Advance in respect of such failure in the amount and at the time required pursuant to the Funding Agreement, and the Gas Supplier has not remedied such failure within five (5) Business Days of its receipt of a notice from the Issuer of such failure; *provided, however*, that the grace period

set forth in the immediately preceding proviso will immediately terminate without further notice in the event another Triggering Event occurs.

Issuer Triggering Events. Each of the following is an Issuer Triggering Event which will cause the Prepaid Gas Agreement to terminate in whole upon written notice provided by the Issuer to the Gas Supplier and the Trustee:

- (i) An Event of Insolvency occurs with respect to the Gas Supplier or the Guarantor;
- (ii) The Gas Supplier has failed to make any payment due under the Prepaid Gas Agreement (other than a payment referenced in subsection (vi) under the subheading “– *Automatic Triggering Events*” above) and the Gas Supplier or Guarantor has not remedied such failure within five (5) Business Days of receipt by the Gas Supplier and Guarantor of a notice from the Issuer or the Trustee of such failure; *provided, however*, that the grace period set forth in the immediately preceding proviso shall immediately terminate without further notice in the event another Issuer Triggering Event occurs;
- (iii) A Persistent Delivery Failure has occurred not more than 60 days prior to the time written notice of such Persistent Delivery Failure has been given by the Issuer to the Gas Supplier and the Trustee; or

Gas Supplier Triggering Events. Each of the following is a Gas Supplier Triggering Event which will cause the Prepaid Gas Agreement to terminate in whole upon written notice provided by the Gas Supplier to the Issuer and the Trustee:

- (i) A Tax Event or Regulatory Event occurs after the Effective Date of the Prepaid Gas Agreement which changes the tax, accounting or regulatory treatment of the Prepaid Gas Agreement, a Gas Supplier Commodity Swap (including any clearing or margining requirements), or the Guarantee (or any payment made or received under the Prepaid Gas Agreement, such Supplier Commodity Swap or the Guarantee by or to the Gas Supplier or the Guarantor, as applicable), the Guarantor reasonably determines that such Tax Event or Regulatory Event will have a material adverse effect on the aggregate economic benefits, costs, accounting, or risks of the Prepaid Gas Agreement, a Supplier Commodity Swap, and the Guarantee to the Guarantor (including through its ownership of the Gas Supplier) and provides support for such determination to the Issuer, and either (A) the Issuer declines to enter into an amendment to the Prepaid Gas Agreement with the Gas Supplier in accordance with the Indenture (within 90 days after written request from the Gas Supplier or the Guarantor to the Issuer) or (B) the Commodity Swap Counterparty obligated on such Supplier Commodity Swap fails to enter into an amendment to such Gas Supplier Commodity Swap (within 60 days after written request from the Gas Supplier) and the Issuer fails to observe its obligations in the Prepaid Gas Agreement to cooperate in replacing such Gas Supplier Commodity Swap (within 90 days after written request from the Gas Supplier or the Guarantor to the Issuer) which in the case of either clause (A) or clause (B) would have the effect of remedying such material adverse effect from the date of such amendment or from the effective date of such Tax Event or Regulatory Event;
- (ii) The Issuer has failed to make any payment due pursuant to the Prepaid Gas Agreement, and the Issuer has not remedied such failure within five (5) Business Days of its receipt of notice from the Gas Supplier of such failure; *provided, however*, the grace period set forth in this clause (ii) will immediately terminate without further notice in the event another Triggering Event under the Prepaid Gas Agreement occurs;

(iii) A Prolonged Remarketing Event has occurred that applies (or is deemed to apply) to 100% of the Daily Contract Quantities;

(iv) A Prolonged Remarketing Event has occurred that applies (or is deemed to apply) to less than 100% of the Daily Contract Quantities, unless the requirements for Partial Termination set forth in the Prepaid Gas Agreement are met on or prior to the 20th day preceding the redemption date established for the corresponding portion of the Bonds; or

(v) Notice has been provided to the Gas Supplier and Guarantor that an amount due and payable by the Gas Authority under the Gas Authority Gas Supply Agreement is not received by the Trustee when due and that such payment default has not otherwise been cured by the Funding Provider with an Advance under the Funding Agreement by the Commodity Swap Payment Date occurring in such Month (the “Gas Supplier’s Option Date”); *provided, however*, that if the Gas Supplier has not elected to terminate the Prepaid Gas Agreement and either the Funding Provider has not provided such Advance under the Funding Agreement or the Guarantor has not paid such amount by 5:00 p.m. Central Prevailing Time on the fifth (5th) Business Day following receipt by the Gas Supplier and Guarantor of such notice, a Gas Supplier Triggering Event shall be deemed to have occurred.

Liquidation Payment. On the Early Termination Date, the Gas Supplier will pay or cause to be paid to the Trustee for the account of the Issuer the Liquidation Payment corresponding to the Month in which such Early Termination Date occurs as set forth in the Prepaid Gas Agreement. The Gas Supplier’s obligation to make a Liquidation Payment is guaranteed by the Guarantor under the Guarantee.

The amount of the Liquidation Payment declines over time as the Gas Supplier performs its gas delivery obligations under the Prepaid Gas Agreement. The amount of the Liquidation Payment, together with the amounts required to be on deposit in certain Funds and Accounts held by the Trustee, has been calculated to provide a sum at least sufficient to pay the Redemption Price of the Bonds, including the Redemption Price of the Bonds upon an extraordinary mandatory redemption, assuming that the Gas Supplier (or the Guarantor) pay and perform their respective contract obligations when due. A performance shortfall from any one of these entities could result in a payment shortfall to Bondholders. See “THE BONDS – Redemption.” A schedule of the Liquidation Payments payable each month over the term of the Prepaid Gas Agreement is attached as APPENDIX H.

Partial Termination Events. A Partial Termination Event consists of the occurrence of a Remediation Fail Event that requires a redemption of less than 100% of the outstanding Bonds, a Prolonged Remarketing Event that applies (or is deemed to apply) to less than 100% of the Daily Contract Quantities, or the occurrence of an Automatic Triggering Event described in sections (i) through (iii) under the heading “– *Automatic Triggering Events*” above, wherein the affected Commodity Swap relates to less than 100% of the Daily Contract Quantities.

Upon the receipt of notice from the Issuer or Gas Supplier of the occurrence of a Remediation Fail Event with respect to less than 100% of the Daily Contract Quantity as described in (i) of the preceding paragraph, the Calculation Agent will, as soon as practicable, request a Favorable Opinion of Bond Counsel that a portion of the Bonds corresponding to the Partial Termination Quantity may be redeemed in order to remediate such Remediation Fail Event in accordance with the requirements of Treasury Regulations Section 1.141-12(d) and consistent with any other applicable requirements of the Code and regulations, interpretations and guidance thereunder. If such Favorable Opinion of Bond Counsel is provided, the Calculation Agent will, as soon as practicable, (i) determine a date mutually acceptable to the Issuer and the Gas Supplier on which the portion of the Bonds corresponding to the Partial Termination Quantity are to be redeemed in accordance with the Indenture, which date will be not later than the latest date following

the occurrence of the Remediation Fail Event necessary to comply with the applicable requirements or qualifications of such Favorable Opinion of Bond Counsel, (ii) prepare and provide each Rating Agency information setting forth the revised Liquidation Payment for each Month remaining in the term of the Prepaid Gas Agreement, and (iii) request that each Rating Agency provide a Rating Confirmation in connection with such Partial Termination as described in the Prepaid Gas Agreement. Provided that each Rating Agency has delivered such Rating Confirmation prior to the Nomination Deadline occurring in the Month prior to the date established for redemption of the Bonds, the Partial Early Delivery Period End Date shall be the last Gas Day of such Month and the effective date of the proposed partial termination will be the proposed redemption date for the Bonds (the “Partial Termination Date”). If any such Rating Confirmation has not been received by the Issuer and the Trustee prior to such Nomination Deadline, the Partial Early Delivery Period End Date shall be the last Gas Day of the Month in which such Rating Confirmation is received prior to the applicable Nomination Deadline, and the Partial Termination Date shall be the earliest date thereafter on which the Bonds can be redeemed pursuant to the Indenture, but in no event later than the latest date necessary to comply with the applicable requirements or qualifications set forth in the Favorable Opinion of Bond Counsel. On such Partial Termination Date, the Gas Supplier will pay to the Trustee the Partial Liquidation Payment determined pursuant to the Prepaid Gas Agreement to be applied to the redemption of a portion of the Bonds pursuant to the Indenture.

Upon receipt of notice from the Gas Supplier of the occurrence of a Prolonged Remarketing Event with respect to less than 100% of the Remaining Total Contract Quantity, the Calculation Agent will, as soon as practicable, (i) determine a date mutually acceptable to the Issuer and the Gas Supplier on which portion of the Bonds corresponding to the Partial Termination Quantity is to be redeemed in accordance with the Indenture, (ii) prepare and provide to each Rating Agency a revised exhibit to the Prepaid Gas Agreement setting forth the revised Liquidation Payment for each Month remaining in the term of the Prepaid Gas Agreement, and (iii) request that each Rating Agency provide a Rating Confirmation in connection with the Partial Termination as described in the Prepaid Gas Agreement. Provided that each Rating Agency has delivered such Rating Confirmation to the Issuer and to the Trustee prior to the Nomination Deadline occurring in the Month to the date established for redemption of the Bonds described in the Prepaid Gas Agreement, the Partial Early Delivery Period End Date shall be the last Gas Day of such Month and the Partial Termination Date as a result of the occurrence of such Prolonged Remarketing Event will be the redemption date so established. If any such Rating Confirmation has not been received by the Issuer and the Trustee prior to such Nomination Deadline, the Partial Early Delivery Period End Date shall be the last Gas Day of the Month in which such Rating Confirmation is received prior to the applicable Nomination Deadline, and the Partial Termination Date shall be the earliest date thereafter on which the Bonds can be redeemed pursuant to the Indenture. On such Partial Termination Date, the Gas Supplier will pay to the Trustee, as assignee of the Issuer under the Indenture, the Partial Liquidation Payment determined pursuant to the Prepaid Gas Agreement, which payment will be applied by the Trustee to the redemption of a portion of the Bonds as set forth in the applicable section of the Indenture.

Upon the occurrence of an Automatic Triggering Event described in sections (i) through (iii) under the heading “– *Automatic Termination Events*” above where the affected Commodity Swap relates to less than all of the Daily Contract Quantities, the Issuer and the Gas Supplier shall request that the Calculation Agent, as soon as practicable (and assuming that the applicable Commodity Swap is not replaced on or prior to the last day of the Swap Replacement Period, if applicable), (i) determine the portion of the Bonds corresponding to the Partial Termination Quantity, (ii) prepare and provide to each Rating Agency the revised Liquidation Payment for each Month remaining in the Term of the Prepaid Gas Agreement, and (iii) request that each Rating Agency provide a Rating Confirmation in connection with the Partial Termination described in this paragraph. Provided that each Rating Agency has delivered such Rating Confirmation to the Issuer and to the Trustee prior to the Nomination Deadline occurring in the Month prior to the last day of the Swap Replacement Period, and, if applicable, the affected Commodity Swap is not replaced prior to the last day of the Swap Replacement Period, the Partial Early Delivery Period End Date

with respect to the Partial Termination Quantities shall be the last Gas Day of such Month and the Partial Termination Date shall be the Business Day following the last day of the Swap Replacement Period. If any such Rating Confirmation has not been received by the Issuer and the Trustee prior to such Nomination Deadline, the Partial Early Delivery Period End Date shall be the last Gas Day of the Month in which such Rating Confirmation is received prior to the applicable Nomination Deadline, and the Partial Termination Date shall be the earliest date thereafter on which the Bonds can be redeemed pursuant to of the Indenture. On such Partial Termination Date, the Gas Supplier shall pay to the Trustee, as assignee of the Issuer under the Indenture, the Partial Liquidation Payment determined pursuant to the Prepaid Gas Agreement, which payment shall be applied by the Trustee to the redemption of a portion of the Bonds as set forth in the Prepaid Gas Agreement.

Partial Liquidation Payment. In the event of a Partial Termination of the Prepaid Gas Agreement, the Partial Liquidation Payment payable by the Gas Supplier to the Issuer will be determined by the Calculation Agent at the time of and in conjunction with such Partial Termination, which amount will be sufficient for, and will be applied by the Issuer to, the partial redemption of the Bonds pursuant to the Indenture. The Gas Supplier's obligation to make a Partial Liquidation Payment is guaranteed by the Guarantor under the Guarantee.

The Gas Authority Gas Supply Agreement

General. Set forth below is a summary of certain provisions of the Gas Authority Gas Supply Agreement. This summary does not purport to be a complete description of the terms and conditions of the Gas Authority Gas Supply Agreement, and reference is made to the Gas Authority Gas Supply Agreement, a copy of which is available as described under the caption "INTRODUCTION – Miscellaneous," for a more complete description thereof.

Term. The Gas Authority Gas Supply Agreement will become effective on the date of issuance of the Bonds. Gas deliveries under the Gas Authority Gas Supply Agreement will commence on the first Gas Day of April, 2019 and, unless such deliveries are suspended or the Gas Authority Gas Supply Agreement is terminated as described below, will continue in effect until payment is made for all gas delivered thereunder through and including the last Gas Day of March, 2049.

Delivery and Receipt Obligations. Beginning on April 1, 2019, and on each day thereafter during the remaining term of the Gas Authority Gas Supply Agreement, the Issuer is required to deliver, or cause to be delivered, at each Delivery Point, and the Gas Authority is required to receive at such Delivery Point or Delivery Points, the Daily Contract Quantity. Each Delivery Point and the aggregate of the Daily Contract Quantities are the same as those applicable to the sale and delivery of gas to the Issuer under the Prepaid Gas Agreement and are subject to the same provisions regarding delivery of Gas to a new or alternate Delivery Point. The title to the gas delivered under the Gas Authority Gas Supply Agreement will pass from the Issuer to the Gas Authority at the Delivery Point for such gas. *See* "THE GAS AUTHORITY" and APPENDIX C – "SCHEDULE OF DAILY CONTRACT QUANTITIES."

Contract Price. For each MMBtu of gas delivered or deemed delivered by the Issuer to the Gas Authority at the applicable Delivery Point, the Gas Authority has agreed to pay the Issuer the Contract Price for such gas. The Contract Price for any Month consists of the applicable Index Price, less the Discount. The Gas Authority is not obligated to pay the Contract Price for any gas not delivered or deemed delivered by the Issuer under the Gas Authority Gas Supply Agreement.

Additional Charges. The Gas Authority will also be responsible for any other charge (e.g., the Premium, if any, and imbalance charges, if any) of the Gas Supplier and payable by the Issuer under the

Prepaid Gas Agreement. In addition, the Gas Authority will be responsible for any additional costs resulting from a change in such Delivery Point requested by the Gas Authority.

Gas Authority Receipt Failure. Subject to the provisions of the Gas Authority Gas Supply Agreement related to loss of demand for Gas by the Gas Authority's Members or other customers, if the Gas Authority fails on any day, for any reason other than *Force Majeure*, to meet its obligation to take delivery at the applicable Delivery Point of the quantity of gas required to be delivered at such Delivery Point on such day pursuant to the Gas Authority Gas Supply Agreement (a "Gas Authority Receipt Failure"), the Gas Authority will be required to pay, with respect to the portion of the Gas Supply as to which there is a Gas Authority Receipt Failure, the sum of (i) the positive difference, if any, between (a) the Contract Price applicable to such portion of the Gas Supply, and (b) the price the Gas Supplier pays to the Issuer under the Prepaid Gas Agreement for such portion of the Gas Supply, plus (ii) the Remarketing Fee applicable to such portion of the Gas Supply.

Payment Date for the Gas. The payment of the Contract Price by the Gas Authority for gas delivered or deemed delivered under the Gas Authority Gas Supply Agreement will be made by the Gas Authority by the 20th day of the Month next succeeding the Month in which gas is delivered or deemed delivered under the Gas Authority Gas Supply Agreement; *provided, however*, that if such payment date is not a Business Day, payment is due on the Business Day immediately preceding that day. Such payments are to be made directly to the Trustee, on behalf of the Issuer, for deposit in the Revenue Fund under the Indenture; *provided*, that (a) payment of any Imbalance Charges attributable to the Gas Authority and any other charges of the Gas Supplier under the Prepaid Gas Agreement that are not included in the Contract Price will be made to the Trustee for deposit in the Gas Supplier Account of the Gas Service Administration Fund; and (b) payment of any other amounts owed by the Gas Authority to the Gas Supplier and any amounts owed by the Gas Authority to the Funding Provider will be made directly to the Gas Supplier or the Funding Provider, as the case may be.

Source of Gas Authority's Payments. The payments required to be made by the Gas Authority under the Gas Authority Gas Supply Agreement are payable as a general obligation of the Gas Authority and as an operating expense for the cost of purchased gas. The Gas Authority has covenanted and agreed that it will establish, maintain, and collect rates and charges in connection with its operations so as to provide funds sufficient to enable the Gas Authority to pay all amounts owed under the Gas Authority Gas Supply Agreement. *See* "THE GAS AUTHORITY."

Automatic Termination of Gas Authority Gas Supply Agreement upon Termination of Prepaid Gas Agreement. The Gas Authority Gas Supply Agreement will terminate automatically, in whole or in corresponding part, without the necessity of any action by, or notice to, any party, upon the termination of the Prepaid Gas Agreement in whole or in part.

Suspension or Other Termination of Gas Authority Gas Supply Agreement. Upon a failure by the Gas Authority to make a payment when due to the Issuer pursuant to the terms of the Gas Authority Gas Supply Agreement (a "Gas Authority Payment Default"), the Issuer will, upon three (3) days' written notice to the Gas Authority, suspend delivery of the Gas Supply to the Gas Authority under the Gas Authority Gas Supply Agreement. Upon notification to the Gas Supplier of any Gas Authority Payment Default, the Issuer will be deemed to have requested the Gas Supplier to remarket the Daily Contract Quantities for the succeeding month and for each month thereafter until the earlier of the date on which (a) the Gas Authority makes all payments then due and owing under the Gas Authority Gas Supply Agreement, including any default interest or other late charges, and (b) the obligation of the Gas Supplier to deliver the Gas Supply is terminated in accordance with the terms of the Prepaid Gas Agreement. Following any suspension of gas supply service to the Gas Authority following a Gas Authority Payment Default as described above, the

Issuer may, with the consent of the Gas Supplier, terminate the Gas Authority Gas Supply Agreement prior to the end of the Term.

Covenants Regarding Federal Tax Issues. The Gas Authority has covenanted and agreed to apply or to cause to be applied the Daily Contract Quantities for a Qualifying Use and has agreed to comply with the conditions and restrictions related thereto contained in certain certifications provided by the Issuer and the Gas Authority in connection with the issuance of the Bonds.

Special Limitations on Obligations of Issuer. Notwithstanding anything to the contrary contained in the Gas Authority Gas Supply Agreement: (a) all payments to be made by the Issuer under the Gas Authority Gas Supply Agreement and in connection with the transactions contemplated by the Gas Authority Gas Supply Agreement, the Prepaid Gas Agreement, the Indenture, and related documents, whether arising under the Gas Authority Gas Supply Agreement, under those documents, at law, or in equity, are limited obligations of the Issuer, do not constitute a debt or pledge of the faith and credit of the Issuer, and are payable solely from the Trust Estate and funds available for that purpose in accordance with the provisions of the Indenture; (b) the obligation of the Issuer to deliver gas under the Gas Authority Gas Supply Agreement at any Delivery Point on any Gas Day is limited to the delivery of gas the Issuer receives under the Prepaid Gas Agreement at such Delivery Point on such Gas Day; (c) any imbalance, transportation, tax, indemnification and other miscellaneous charges for which the Issuer is responsible under the Prepaid Gas Agreement will be considered imbalance, transportation, tax, indemnification and other charges incurred by the Issuer under the Gas Authority Gas Supply Agreement; and (d) any event of *Force Majeure* affecting the delivery of gas by the Gas Supplier under the Prepaid Gas Agreement will be considered an event of *Force Majeure* affecting the Issuer with respect to the delivery of gas under the Gas Authority Gas Supply Agreement.

Gas Supply Contracts

A portion of the Gas Supply being acquired by the Gas Authority pursuant to the Gas Authority Gas Supply Agreement will be sold by the Gas Authority to its Members pursuant to substantially similar Gas Supply Contracts between each Member and the Gas Authority. See “THE GAS AUTHORITY – The Gas Supply Contracts” for a description of the Gas Supply Contracts. The Gas Supply Contracts are not pledged as part of the Trust Estate.

Customer Agreements

General. A portion of the Gas Supply being acquired by the Gas Authority pursuant to the Gas Authority Gas Supply Agreement will be sold by the Gas Authority to municipal utility and joint action agency customers of the Gas Authority. At or prior to closing, the Gas Authority expects to enter into Customer Agreements with JEA and Orlando Utilities Commission, and intends to enter into similar agreements with other Municipal Utilities subsequent to closing (each a “Customer,” and collectively, the “Customers”). The remaining portion will be sold to the Gas Authority’s Members under their existing gas supply contracts with the Gas Authority. The Customer Agreements are not pledged as part of the Trust Estate.

Customer Agreements. Each Customer has entered into, or will enter into, a North American Energy Standards Board Base Contracts for Sale and Purchase of Natural Gas or other substantially similar gas supply contracts with the Gas Authority. Each Customer Agreement has, or is expected to have, similar terms as to those contained in a North American Energy Standards Board Base Contracts for Sale and Purchase of Natural Gas. However, Customer Agreements will vary by length of term, the overall volume of Gas to be taken over the term, the volumes of Gas taken during each year, and the option of renewal, among other terms. Subject to the terms of their Customer Agreement and the occurrence of certain

specified circumstances such as an unexpected, permanent loss of retail throughput due to regulatory or significant business changes, a Customer may terminate such Agreement prior to the final maturity of the Bonds or take a higher or lesser amount than such Customer has agreed to take, or may agree to take, at the date of the issuance of the Bonds. Upon the occurrence of such circumstances, the overall Customer mix could change over time prior to the final Maturity Date of the Bonds. The Gas Authority expects to delivery Gas Supply to “qualified use” for the entire term of the Prepaid Gas Agreement.

Use of Gas by the Customers. Each of the Customers is a Public Agency that has agreed, or is expected to agree, that the portion of the Gas Supply required to be purchased by it pursuant to its Customer Supply Agreement will be (i) with respect to those Customers which operate gas systems, sold to retail customers in the service area of its gas distribution system or to other Public Agencies for such retail sale, and (ii) with respect to those Customers which operate electric systems, used as fuel to generate electricity to be sold to retail customers in the service area of its electric utility systems or to other Public Agencies for such retail sale.

Sources of Payment by the Customers. The payments required to be made by each Customer under its Customer Supply Agreement are payable solely from the revenues of its gas utility, as an operating expense, or from sales to other Public Agencies; *provided, however*, that each Customer, in its discretion, may apply any legally available moneys to the payment of amounts due under its Customer Supply Agreement. Each Customer covenants and agrees in its Customer Supply Agreement that it will establish, maintain, and collect rates and charges in connection with its gas utility (or in connection with its sales to other Public Agencies), so as to provide funds sufficient to enable the Customer to pay all amounts owed under its Customer Supply Agreement and to pay all other amounts payable from the revenues of its gas utility or from such sales, and to maintain any required reserves.

The Bonds are not obligations or indebtedness of any Member or Customer, and prospective purchasers thereof shall have no recourse to such Members or Customers in the event of default on the Bonds. The Gas Authority is required to pay the Contract Price for all Gas delivered (or deemed delivered) to it under the Gas Authority Gas Supply Agreement, regardless of whether the Gas Authority is able to resell such Gas to its Members or Customers, and regardless of whether any such Member or Customer fails to pay for any such Gas delivered to it by the Gas Authority. Accordingly, no financial or operating information with respect to the Members or Customers of the Gas Authority is included in this Official Statement.

THE COMMODITY PRICE HEDGE

Set forth below is a summary of certain provisions of the Commodity Swaps and the Custodial Agreements. This summary does not purport to be a complete description of the terms and conditions of the Commodity Swaps or the Custodial Agreements and accordingly is qualified by reference to the full text of the Commodity Swaps and the Custodial Agreements.

General

In connection with the acquisition of the Gas Supply, the Issuer has entered into the Issuer Commodity Swaps in order to convert the inherent fixed price of the Gas Supply acquired by it under the Prepaid Gas Agreement to a floating, market-referenced price.

Commodity Swap Counterparties

The Commodity Swap Counterparties are JPMorgan Chase Bank, N.A. and Royal Bank of Canada. For information regarding the Commodity Swap Counterparties, see “THE COMMODITY SWAP COUNTERPARTIES.”

Issuer Commodity Swaps

General. The Issuer Commodity Swaps relate to the Total Contract Quantity. The term of each Issuer Commodity Swap covers the same period of gas deliveries as the Prepaid Gas Agreement, with the final payment due on the 25th day (or next succeeding Business Day) of the month following the last month of gas deliveries under the Prepaid Gas Agreement.

Commodity Swap Payments and Receipts. Pursuant to the Issuer Commodity Swaps, the Issuer will make floating payments to the Commodity Swap Counterparties each month based on the Index Price for each Delivery Point for the preceding month and a notional quantity equal to the portion of the Total Contract Quantity to be delivered to such Delivery Point for such month (the “Commodity Swap Payments”), and each Commodity Swap Counterparty will make fixed payments to the Issuer based on the fixed prices set forth in the respective Issuer Commodity Swap with respect to the same Delivery Points and notional quantities (the “Commodity Swap Receipts”). The Commodity Swap Payments and Commodity Swap Receipts will be netted. Any net Commodity Swap Receipt is required to be paid directly to the Trustee for deposit to the Revenue Fund created under the Indenture. Any net Commodity Swap Payment is required to be paid from Revenues monthly on each Commodity Swap Payment Date immediately following the transfer of such Revenues to the Project Administration Fee Account of the Expense Fund under the Indenture. See “REVENUES AND FLOW OF FUNDS – Payments into Certain Funds from Revenues”.

Events of Default and Termination Events. The Issuer Commodity Swaps contain standard Events of Default and Termination Events set forth in the form of the 2002 ISDA Master Agreement (Multicurrency-Cross Border) published by the International Swap Dealers Association, Inc., subject to certain modifications contained in the Schedule to such ISDA Master Agreement, including modifications generally applied to municipal counterparties. In addition, the Schedule to the ISDA Master Agreement provides that certain of such Events of Default and Termination Events will not apply or provides for a modification to the remedies available upon the occurrence of such an event. The Events of Default not applicable to the Issuer are Section 5(a)(v) (Default under Specified Transaction) and Section 5(a)(vi) (Cross Default), and the Termination Events not applicable to the Issuer are Section 5(b)(v) (Credit Event Upon Merger). Section 5(a)(v), Section 5(a)(vi) and Section 5(b)(v) are also not applicable to the Commodity Swap Counterparties. In addition, the occurrence of an Early Redemption Date is an Additional Termination Event under the Issuer Commodity Swap.

Upon the occurrence of any Event of Default or Termination Event with respect to which a Commodity Swap Counterparty is the Defaulting Party or the Affected Party, the Issuer has unconditionally delegated (on a non-exclusive basis) the authority to the Gas Supplier to exercise the Issuer’s Step-up Rights under the Commodity Swap with the other Commodity Swap Counterparty and to terminate the Commodity Swap such that the notional volumes are reduced to zero as a result of such exercise. In addition, at any time the Gas Supplier provides written notice to the Issuer that it has determined in good faith that there is reason to believe, in its view, that there exists an unacceptable level of credit, regulatory, legal or similar risk associated with continuing to maintain a Gas Supplier Commodity Swap with a Commodity Swap Counterparty, the Issuer and the Gas Supplier will exercise Commercially Reasonable Efforts for a 5-day period to replace such Commodity Swap Counterparty under both the related Issuer Commodity Swap and Gas Supplier Commodity Swap with a replacement Commodity Swap Counterparty other than the

remaining Commodity Swap Counterparty. If after such 5-day period, such replacement is not achieved, the Issuer has unconditionally delegated (on a non-exclusive basis) the authority to the Gas Supplier to exercise the Issuer's Step-up Rights under the Commodity Swap and to exercise the Issuer's Optional Termination Rights under the Commodity Swap such that the notional volumes are reduced to zero as a result of such exercise, provided the Issuer and the Gas Supplier shall continue to exercise Commercially Reasonable Efforts for 90 days to find an alternate replacement party.

Increases and Decreases in Notional Amount. Each Issuer Commodity Swap relates to a notional amount corresponding to a portion of the Daily Contract Quantities. The exact amount of the portion of the notional amount which each Issuer Commodity Swap corresponds to may fluctuate throughout the life of the Bonds, provided that the Issuer Commodity Swaps, when taken together, will have an aggregate notional amount corresponding to 100% of the Daily Contract Quantities. Both Issuer Commodity Swaps contain step-up provisions wherein upon delivery of notice to one Commodity Swap Counterparty at least two (2) Business Days prior to the first day of any Calculation Period following any date on which the other Issuer Commodity Swap may be terminated by the Issuer, the notional amount for the non-terminated Issuer Commodity Swap is increased for that Calculation Period, and each future Calculation Period, by an amount equal to the notional amount for such Calculation Period under the terminated Issuer Commodity Swap, *provided* that on the same date as the effective date of such increase, the notional amount under the related Gas Supplier Commodity Swap will also increase for the same amount for each such Calculation Period.

In addition, upon at least two (2) Business Days prior written notice provided by the Issuer to a Commodity Swap Counterparty following an increase in the notional quantity as described in the preceding paragraph, the Issuer may elect to reduce the notional quantity under such Commodity Swap by an amount for the current and each future Calculation period (or portion thereof) up to, but not exceeding the increased notional quantities, *provided* that on the same date as the effective date of such reduction in notional quantities, the notional amount under the related Gas Supplier Commodity Swap will also be reduced for the same amount for each such Calculation Period.

Gas Supplier Commodity Swaps

General. Concurrently with the Issuer's execution and delivery of the Issuer Commodity Swaps, the Gas Supplier entered into a commodity price swap transaction with each Commodity Swap Counterparty under agreements similar to the Issuer Commodity Swaps (the "Gas Supplier Commodity Swaps"), with the terms of such transaction representing an off-setting match of the Issuer Commodity Swaps with respect to the notional quantities and delivery points set forth in the Issuer Commodity Swaps. The Gas Supplier Commodity Swaps cover the same period of gas deliveries as the Prepaid Gas Agreement, with the final payment due on the 25th day (or next succeeding Business Day) of the month following the last month of gas deliveries under the Prepaid Gas Agreement.

Events of Default and Termination Events by the Gas Supplier. The Gas Supplier Commodity Swaps are documented pursuant to a stand-alone 2002 ISDA Master Agreement (Multicurrency-Cross Border) published by the International Swap Dealers Association, Inc., including a Schedule and Credit Support Annex thereto and a Confirmation, which documents govern only the swap transaction relating to the Gas Supply entered into between the Commodity Swap Counterparties and the Gas Supplier. As set forth herein under the heading "THE GAS SUPPLY ACQUISITION – Early Termination of the Prepaid Gas Agreement – *Automatic Triggering Events*", the Prepaid Gas Agreement will terminate automatically upon notice of early termination of a Gas Supplier Commodity Swap provided by a Commodity Swap Counterparty as a result of an Event of Default or Termination Event thereunder with respect to which the Gas Supplier is the Defaulting Party or the sole Affected Party (as such terms are defined in the Gas Supplier Commodity Swap).

Gas Supplier Commodity Swap Guarantee. The Gas Supplier's due and punctual payment of any amounts due, whether by acceleration or otherwise, under the Gas Supplier Commodity Swaps, including, without limitation, the payment of certain taxes, subject to the terms of the Gas Supplier Commodity Swap Guarantee, will be guaranteed by Guarantor pursuant to the Gas Supplier Commodity Swap Guarantee, which will remain in full force and effect until the complete payment of such obligations (subject to the limitations set forth therein). The Guarantor's liability under the Gas Supplier Commodity Swap Guarantee will in no event exceed, on each date on which a payment is due from the Gas Supplier under a Gas Supplier Commodity Swap, \$13,791,022.70 plus the amount of any obligation thereunder to pay such relevant taxes. In the event of failure by the Gas Supplier to punctually make any payment due from it under a Gas Supplier Commodity Swap, the Guarantor hereby agrees to make such payment, or cause such payment to be made, on the date such payment was due.

Replacement of Commodity Swaps

Replacement upon Event of Default or Termination Event by a Commodity Swap Counterparty. If there occurs (i) an Event of Default or a Termination Event under either an Issuer Commodity Swap or a Gas Supplier Commodity Swap with respect to which a Commodity Swap Counterparty is the Defaulting Party or the sole Affected Party (as such terms are defined in the Issuer Commodity Swap and the Gas Supplier Commodity Swap, respectively), or (ii) a Replacement Event under a Gas Supplier Commodity Swap as described below in this section, the Issuer and the Gas Supplier have covenanted in the Prepaid Gas Agreement to attempt to cause each of the affected Issuer Commodity Swap and the affected Gas Supplier Commodity Swap to be replaced with a substantially similar commodity swap agreement as may be required to avoid a Triggering Event.

The Issuer, in the Indenture has agreed not to (i) exercise any right of optional termination or otherwise agree to terminate a Commodity Swap then in effect unless a replacement Commodity Swap is entered into concurrently with such termination or the notional quantities under another Commodity Swap then in effect are increased for each applicable month by an amount equal to the notional quantities for each such month under the terminated Commodity Swap, and the Gas Supplier has also agreed to such replacement or increase in notional volumes with respect to the related Supplier Commodity Swap,, (ii) replace a Commodity Swap then in effect or cause the novation and assignment of a Commodity Swap then in effect to a new counterparty unless (A) all Commodity Swap Receipts due pursuant to the Commodity Swap being replaced have been, or upon entering into or novating and assigning such Commodity Swap will be, deposited into the Revenue Fund, and (B) it delivers to the Trustee a Rating Confirmation; *provided, however,* that no Rating Confirmation will be required in connection with the foregoing clause (i) if the notional quantities under another Commodity Swap then in effect are increased for each applicable Month by an amount equal to the notional quantities for each such Month under the terminated Commodity Swap, and no other changes are made to the remaining Commodity Swap.

Early Termination of the Prepaid Gas Agreement. Failure to replace an Issuer Commodity Swap and a Gas Supplier Commodity Swap following the occurrence of an Event of Default or a Termination Event under either such Issuer Commodity Swap or Gas Supplier Commodity Swap with respect to which the respective Commodity Swap Counterparty is the Defaulting Party or the sole Affected Party will result in an automatic termination of the Prepaid Gas Agreement and the occurrence of an Early Redemption Date with respect to the Bonds. See "THE GAS SUPPLY ACQUISITION – Early Termination of the Prepaid Gas Agreement – Automatic Triggering Events."

Requirements for Assignment and Transfer. The rights and obligations of a Commodity Swap Counterparty under an Issuer Commodity Swap and a Gas Supplier Commodity Swap may only be assigned and transferred to a replacement counterparty as described above if (i) the Commodity Swap Counterparty's rights and obligations under both the Issuer Commodity Swap and the Gas Supplier Commodity Swap are

assigned and transferred to the same replacement counterparty on the same effective date, and (ii) all of the rights and obligations of a Commodity Swap Counterparty under the related Custodial Agreement are also assigned and transferred to (or a new custodial agreement equivalent in form and substance to such Custodial Agreement shall have been entered into with) the same replacement counterparty on the same effective date of such assignment and transfer of such Issuer Commodity Swap and Gas Supplier Commodity Swap.

No Payments on Early Termination. No termination payment or similar payment is required to be made by the Issuer, the Commodity Swap Counterparties or the Gas Supplier upon any early termination of an Issuer Commodity Swap or a Gas Supplier Commodity Swap. **In the event of an Early Termination Date under a Commodity Swap, the Early Termination Amount payable shall be zero (\$0.00); provided that, in addition to any amounts payable by the Commodity Swap Counterparty, each party shall be required to pay to the other any Unpaid Amounts upon such termination.**

Custodial Agreements

The Gas Supplier, each Commodity Swap Counterparty, the Trustee and U.S. Bank National Association, as custodian (in such capacity, the “Custodian”), have entered into Custodial Agreements in order to administer the payments to be made with respect to each Gas Supplier Commodity Swap. Under each Custodial Agreement, any payment required to be made by the Gas Supplier under a Gas Supplier Commodity Swap for any Month is to be paid into a custodial account held by the Custodian and not released to a Commodity Swap Counterparty until the Custodian has received confirmation from the Trustee that it has received the Commodity Swap Receipt for such Month from such Commodity Swap Counterparty. In the event such Commodity Swap Receipt is not received, the Custodian is required to transfer the amount on deposit in the custodial account to the Trustee, which amount shall be treated as a Commodity Swap Receipt in accordance with the Indenture.

In the event that a Gas Supplier Commodity Swap is terminated early by the Gas Supplier, the Gas Supplier has agreed that it will continue to make payments on the same dates and of such amounts as would otherwise have been due under the Gas Supplier Commodity Swap, and such payments shall be deposited and transferred by the Custodian to the Trustee pursuant to the Custodial Agreement without further action by any party. In the event that an Issuer Commodity Swap is terminated early by the Issuer, the Issuer has agreed that it will continue to make payments on the same dates and of such amounts as would otherwise have been due under the Issuer Commodity Swap, and such payments shall be deposited and transferred by the Custodian to the Trustee pursuant to the Custodial Agreement without further action by any party.

THE COMMODITY SWAP COUNTERPARTIES

Set forth below is certain information regarding the Commodity Swap Counterparties. The Issuer assumes no responsibility for such information and cannot guarantee the accuracy thereof. Under no circumstance are the Commodity Swap Counterparties obligated to pay any amount owed in respect of the Bonds.

JPMorgan Chase Bank, National Association.

JPMorgan Chase Bank, National Association (“JPMorgan Chase Bank”) is a wholly-owned subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. JPMorgan Chase Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

Financial information containing JPMorgan Chase Bank is contained in its unaudited Call Report as of December 31, 2018, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles. The Call Report is filed with the FDIC and can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2017, of JPMorgan Chase & Co., the 2017 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the SEC by JPMorgan Chase & Co. and, as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 383 Madison Avenue, New York, New York 10179 or at the SEC's website at www.sec.gov.

The information concerning JPMorgan Chase Bank contained herein is furnished solely to provide limited introductory information regarding JPMorgan Chase Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

Royal Bank of Canada

Royal Bank of Canada (referred to in this section as "Royal Bank") is a Schedule I bank under the Bank Act (Canada), which constitutes its charter and governs its operations. Royal Bank's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec H3C 3A9, Canada.

Royal Bank is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 84,000+ employees who bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada's biggest bank, and one of the largest in the world based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our 16 million clients in Canada, the U.S. and 34 other countries.

Royal Bank had, on a consolidated basis, as at October 31, 2018, total assets of C\$1,334.7 billion (approximately US\$1,014.5 billion*), equity attributable to shareholders of C\$79.9 billion (approximately US\$60.7 billion*) and total deposits of C\$837.0 billion (approximately US\$636.2 billion*). The foregoing figures were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been extracted and derived from, and are qualified by reference to, Royal Bank's audited Consolidated Financial Statements included in Royal Bank's Annual Report for the fiscal year ended October 31, 2018.

The legacy senior long-term unsecured debt of Royal Bank has been assigned ratings of AA (stable) by S&P Global Ratings, Aa2 (stable) by Moody's Investors Service and AA (stable) by Fitch Ratings. The senior long-term unsecured debt has been assigned ratings of A (stable) by S&P Global Ratings, A2 (stable) by Moody's Investors Service and AA (stable) by Fitch Ratings. Royal Bank's common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol "RY." Its preferred shares are listed on the Toronto Stock Exchange.

On written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Official Statement is delivered. Requests for such copies should be directed to Investor

* As at October 31, 2018: C\$1.00 = US\$0.760052

Relations, Royal Bank of Canada, by writing to 155 Wellington Street West, Toronto, Ontario, M5W 3K7, Canada, or by calling (416) 955-7802, or by visiting rbc.com/investorrelations*.

The delivery of this Official Statement does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the complete terms of the Indenture. All capitalized terms used and not defined in this Section or elsewhere in the Official Statement have the same meaning as in the Indenture.

Payment of Interest on Bonds; Interest Rights Preserved

The Bonds are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date will be paid to the Person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date (the “Owner”). Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (the “Defaulted Interest”) will forthwith cease to be payable to the Owner on the relevant Regular Record Date; and such Defaulted Interest will be paid by the Trustee to the Owner at the close of business on the Special Record Date for the payment of such Defaulted Interest, which will be fixed in the following manner. The Issuer will 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, and at the same time the Issuer will deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as provided in the Indenture. Thereupon the Trustee will fix a Special Record Date for the payment of such Defaulted Interest which will be not more than 15 or less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee will promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, will 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 Owner at its address as it appears upon the Bond Register, not less than 10 days prior to such Special Record Date.

Refunding Bonds

The Indenture authorizes the issuance of one or more Series of Refunding Bonds for the sole purposes of refunding or defeasing the Bonds or refunding or defeasing any other Series then-Outstanding in whole, paying Costs of Issuance of such Refunding Bonds, and if provided for under the applicable Supplemental Indenture, funding the Debt Service Reserve Fund (to the extent not provided for pursuant to a Funding Agreement) up to the Debt Service Required Reserve. All Series issued under the Indenture will

* This website URL is an inactive textual reference only, and none of the information on the website is incorporated in this Official Statement.

be secured equally by a first priority lien on and security interest in the Trust Estate and will be entitled, without preference or priority, to the benefit, protection and security of the Indenture.

Investment of Certain Funds

Qualified Investments. Moneys held in any Fund established in the Indenture, except the Rebate Fund and the Termination Fund, will be invested and reinvested to the fullest extent practicable in Qualified Investments which mature or are payable not later than such times as will be necessary to provide moneys when needed for payments to be made from such Fund; *provided, however*, that notwithstanding anything to the contrary contained in the Indenture, (i) any investment of amounts on deposit in the Revenue Fund will mature or be payable no later than the date on which amounts are required to be transferred from the Revenue Fund in accordance with the Indenture, (ii) any investment of amounts on deposit in the Interest Account will mature or be payable no later than the date on which such amounts are needed for payment of interest on the Bonds, and (iii) any investment of amounts on deposit in the Principal Account will mature or be payable no later than the date on which such amounts are needed for payment of principal of the Bonds. Moneys held in the Rebate Fund will be invested in Government Obligations; and moneys held in the Termination Fund will be held uninvested or will be invested in Government Obligations that will mature or be payable no later than the date on which such amounts are needed for payment of the Redemption Price of the Bonds. The Trustee will make all such investments of moneys held by it in accordance with instructions in a Written Instrument of the Issuer. In making any investment in any Qualified Investments with moneys in any Fund held by the Trustee, the Issuer may instruct the Trustee to combine such moneys with moneys in any other Fund held by the Trustee, but solely for purposes of making such investment in such Qualified Investments. In the absence of instructions in a Written Instrument of the Issuer, the Trustee will invest in securities described in paragraph (i) of the definition of Qualified Investments. For investment purposes, the Trustee may commingle the moneys in the Funds and Accounts established under the Indenture (other than the Rebate Fund and the Debt Service Fund) but will account for each separately.

Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any Fund created under the provisions of the Indenture will be deemed at all times to be a part of such Fund and any profit realized from the liquidation of such investment will be credited to such Fund, and any loss resulting from the liquidation of such investment will be charged to the respective Fund. In computing the amount in any Fund created under the provisions of the Indenture for any purpose provided in the Indenture, obligations purchased as an investment of moneys therein will be valued at the lower of market value or the amortized cost thereof. The accrued interest paid in connection with the purchase of any obligation will be included in the value thereof until interest on such obligation is paid. Such computation will be determined at the written direction and request of the Issuer and at such times as the Issuer will reasonably determine.

Power to Issue Bonds and Pledge the Trust Estate

The Issuer is duly authorized to issue the Bonds, execute and deliver the Indenture and pledge the Trust Estate, in the manner and to the extent provided in the Indenture. Except to the extent otherwise provided in the Indenture, the Trust Estate will be free and clear of any pledge, lien, charge or encumbrance thereon, and all action on the part of the Issuer to that end has been and will be duly and validly taken. The Bonds and the provisions of the Indenture are and will be the valid and legally enforceable special obligations of the Issuer in accordance with their terms and the terms of the Indenture. The Issuer will at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners, each Commodity Swap Counterparty, and the Funding Provider under the Indenture against all claims and demands of all Persons whomsoever.

Power to Fix and Collect Fees and Charges for the Sale of Gas

The Issuer has, and, to the extent permitted by law, will have as long as any Bonds are Outstanding, good right and lawful power to fix, establish, maintain and collect fees and charges for the sale and transportation of gas or otherwise with respect to the Gas Supply, subject to the terms of any Gas Authority Gas Supply Agreement.

Covenants of the Issuer

Covenant to Pay Bonds. The Issuer will duly and punctually pay or cause to be paid, but solely from the Trust Estate, the Debt Service on every Bond on the dates and at places and in the manner provided in the Bonds, according to the true intent and meaning thereof.

Covenant not to Extend Payment of Bonds. The Issuer will not directly or indirectly extend or assent to the extension of the Maturity Date of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. In case the Maturity Date of any of the Bonds or the time for payment of any such claims for interest will be extended, such Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefit of the Indenture or to any payment out of Revenues or Funds established by the Indenture, including the investment income, if any, thereof, pledged under the Indenture or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Indenture) held by the Trustee, except subject to the prior payment of the principal of all Bonds Outstanding the Maturity Date of which has not been extended and of such portion of the accrued interest on the Bonds as will not be represented by such extended claims for interest.

Further Assurances. At any and all times the Issuer will, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the Trust Estate and the rights, Revenues and other moneys, securities and funds pledged in the Indenture, or intended so to be, or which the Issuer may become bound to pledge.

Covenant not to Create Liens on the Trust Estate. The Issuer will not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds and any Refunding Bonds, or otherwise incur obligations payable out of or secured by a security interest in or pledge or assignment of the Trust Estate and will not create or cause to be created any lien or charge on the Trust Estate other than the lien and charge created by the Indenture.

Payment of Taxes and Charges. The Issuer will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Issuer or upon the rights, revenues, income, receipts, and other moneys, securities and funds of the Issuer when the same will become due (including all rights, moneys and other property transferred, assigned or pledged under the Indenture), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Issuer will in good faith contest by proper legal proceedings if the Issuer will in all such cases have set aside on its books reserves deemed adequate by the Issuer with respect thereto.

Compliance with the Act and the Indenture. The Issuer will do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Act and the Indenture.

No Bankruptcy Filing. To the extent permitted by law, until the passage of one year and one day after the first date when no Bonds remain Outstanding under the Indenture, the Issuer agrees not to file a petition for relief under Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function or any other insolvency law or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors. So long as any Bonds are Outstanding, the Issuer will not incur any indebtedness which is not secured by revenues from a special source of revenues.

Additional Covenants of the Issuer. The Issuer further covenants in the Indenture, for the benefit of the Owners, the Commodity Swap Counterparties, as follows:

(a) The Issuer will not consolidate or amalgamate with, or merge with or into, or transfer all or substantially all its assets to, or reorganize, reincorporate or reconstitute into or as, another entity (nor, without limiting the foregoing, will an entity such as an organization, board, commission, authority, agency or body succeed to the principal functions of, or powers and duties granted to, the Issuer) unless (i) at the time of such consolidation, amalgamation, merger, transfer, reorganization, reincorporation or reconstitution, the resulting, surviving or transferee entity assumes all obligations of the Issuer under the Transaction Documents to which it is a party by operation of law or pursuant to an agreement reasonably satisfactory to each other party thereto; (ii) the benefits of each such Transaction Document do not fail to extend to the performance by such resulting, surviving or transferee entity of its obligations under each such Transaction Document; and (iii) the Trust Estate, including the Revenues, continue to be available for the satisfaction of such resulting, surviving, transferee or successor entity's obligations under each such Transaction Document in accordance with the terms and provisions set forth in the Indenture.

(b) The Issuer will not fail to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with the Gas Authority Gas Supply Agreement or the Prepaid Gas Agreement if such failure is continuing after any applicable grace period has elapsed or, with respect to the Gas Authority Gas Supply Agreement, if prompt payment by the Gas Authority thereunder would otherwise be excused.

(c) The Issuer will comply with and perform each agreement and obligation that is to be complied with or performed by the Issuer in accordance with the terms of each Transaction Document to which it is a party, and will not disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, any such Transaction Document.

(d) The Issuer will not enter into any agreement or take any other action the result of which is to impair the rights, interests or security of the Owners of the Bonds under the Indenture or of any other party secured thereunder, or to adversely affect the pledge or the priority of the pledge of the Trust Estate under the Indenture.

(e) The Issuer covenants in the Indenture, subject to all applicable requirements and restrictions imposed by law, that at all times it will prescribe and charge such rates for its sale of the Gas Supply to result in sufficient amounts, together with Commodity Swap Receipts, to provide moneys sufficient to pay all amounts due pursuant to the Indenture and the Bonds, and pursuant to each other Transaction Document to which the Issuer is a party.

(f) The Issuer covenants in the Indenture to appoint a Calculation Agent to perform the duties required of a Calculation Agent pursuant to the terms of the Indenture.

Tax Covenants

The Issuer covenants that it will not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the Tax-Exempt Status of the Bonds under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, the Issuer covenants that it will comply with the instructions and requirements of the Tax Certificate. This covenant will survive payment in full or defeasance of the Bonds.

In the event that at any time the Issuer is of the opinion that for purposes of the provisions of the Indenture it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Issuer will so instruct the Trustee in writing as to the specific actions to be taken, and the Trustee will take such action as specified in such instructions.

Notwithstanding any other provisions of the Indenture, if the Issuer will provide to the Trustee, after consultation with the Gas Supplier, an Opinion of Bond Counsel that any specified action required under the provisions of the Indenture is no longer required or that some further or different action is required to maintain the Tax-Exempt Status of the Bonds, the Issuer, the Gas Supplier, and the Trustee may conclusively rely on such opinion in complying with the requirements of the provisions of the Indenture and of the Tax Certificate, and the covenants under the Indenture will be deemed to be modified to that extent.

Notwithstanding any other provision of the Indenture to the contrary, upon the Issuer's failure to observe or refusal to comply with the above covenants, the Owners, or the Trustee acting on their behalf pursuant to their written request and direction, will be entitled to the rights and remedies provided to the Owners under the Indenture, other than the right (which is hereby abrogated solely in regard to the Issuer's failure to observe or refusal to comply with the covenants of the provisions of the Indenture) to declare the principal of any Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. In connection with any action taken by it under the provisions of the Indenture, the Trustee will have the benefit of all of the protective provisions of the Indenture.

Events of Default and Remedies

Events of Default. Any one or more of the following will constitute an "Event of Default" under the provisions of the Indenture:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same will become due and payable, whether at maturity, upon redemption or otherwise, and such default shall continue for five Business Days;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment will become due and payable, and such default shall continue for five Business Days;

(c) a determination by the Trustee on any Interest Payment Date and any Principal Payment Date, after the transfer of amounts pursuant to the provisions of the Indenture, that the amount on deposit in the Debt Service Fund (including for purposes of this computation, interest accrued on such deposits and investment income that remains on deposit in such Fund) is not sufficient to pay the Debt Service due;

(d) default by the Issuer in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and such default will

continue for a period of 60 days or, if such default cannot reasonably be remedied within such 60-day period, such longer period so long as diligent efforts are being made to remedy such default, after written notice thereof specifying such default and requiring that it will have been remedied and stating that such notice is a “Notice of Default” under the Indenture is given to the Issuer by the Trustee or to the Issuer and to the Trustee by the Owners of not less than 10% in principal amount of the Bonds Outstanding.

(e) the Issuer commences a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect (*provided, however*, that such event will not constitute an Event of Default unless in addition, (i) the Issuer is unable to meet its debts with respect to the Gas Supply as such debts mature or (ii) any plan of adjustment or other action in such proceeding would affect in any way the Revenues or the Gas Supply), or will authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Gas Supply or the Trust Estate, or any part thereof, and/or the rents, fees, charges or other revenues therefrom, or will make any general assignment for the benefit of creditors, or will make a written declaration or admission to the effect that it is unable to meet its debts with respect to the Gas Supply as such debts mature, or will authorize or take any action in furtherance of any of the foregoing; or

(f) a court having jurisdiction in the premises will enter a decree or order for relief in respect of the Issuer in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (*provided, however*, that such event will not constitute an Event of Default unless in addition, (i) the Issuer is unable to meet its debts with respect to the Gas Supply as such debts mature or (ii) any plan of adjustment or other action in such proceeding would affect in any way the Revenues or the Gas Supply), or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Gas Supply or the Trust Estate, or any part thereof, and/or the rents, fees, charges or other revenues therefor, or a decree or order for the dissolution, liquidation or winding up of the Issuer and its affairs or a decree or order finding or determining that the Issuer is unable to meet its debts with respect to the Gas Supply as such debts mature, and any such decree or order will remain unstayed and in effect for a period of 60 consecutive days.

Remedies. In case of any Event of Default described in clause (a) or (b) above, so long as such Event of Default has not been remedied, unless the principal of all the Bonds has already become due and payable, the Trustee (by notice in writing to the Issuer) or the Owners of not less than a majority in principal amount of the Bonds Outstanding (by notice in writing to the Issuer and to the Trustee) may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding. In the case of any other Event of Default the Trustee shall, upon request of the Owners of all of the Bonds Outstanding (by notice in writing to the Issuer), declare the principal of all the Bonds then-Outstanding, and the interest accrued thereon, to be due and payable immediately, anything in the Indenture or in the Bonds to the contrary notwithstanding.

In the case of any Event of Default, unless the principal amount of all the Bonds has already become due and payable, the Trustee or the Owners of not less than a majority in principal amount of the Bonds Outstanding (after notice to the Trustee) may bring a suit in any court of competent jurisdiction to compel specific performance. The right of the Trustee or of the Owners of not less than a majority in principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before the Bonds have matured by their terms, all overdue installments of interest upon the Bonds, together with the reasonable fees, charges, expenses and liabilities of the Trustee, and all other sums then payable by the Issuer under the Indenture (except the principal of, and interest accrued since the next preceding Interest Payment Date on, the Bonds due and payable solely by virtue of

such declaration) will either be paid by or for the account of the Issuer or provision satisfactory to the Trustee will be made for such payment, and all defaults under the Bonds or under the Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) will be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will be made therefor, then and in every such case the Owners of a majority in principal amount of the Bonds Outstanding, by written notice to the Issuer and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee has acted itself, and if there has not been delivered to the Trustee written directions to the contrary by the Owners of a majority in principal amount of the Bonds Outstanding, then any such declaration will *ipso facto* be deemed to be rescinded and any such default will *ipso facto* be deemed to be annulled, but no such rescission or annulment will extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Application of Moneys after Default; Enforcement of Agreements. The Issuer covenants that if an Event of Default has occurred and has not been remedied, the Issuer, upon demand of the Trustee, will (i) to the extent not previously so granted, and subject to the rights of the Funding Provider set forth in the Funding Agreement, grant to the Trustee the rights and remedies afforded the Issuer in the Gas Authority Gas Supply Agreement, the Issuer Commodity Swaps, the Prepaid Gas Agreement and the Funding Agreement and (ii) pay over or cause to be paid over to the Trustee all Revenues which are not paid directly to the Trustee as promptly as practicable after receipt thereof. During the continuance of an Event of Default, the Trustee will continue to apply all Revenues received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture regarding Events of Default, and any moneys in the Funds held by the Trustee under the provisions of the Indenture, after the payment of the fees and expenses of the Trustee (including court costs and the fees and expenses of its counsel) payable to or incurred by the Trustee in the performance of its duties and the exercise of its rights under the Indenture.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable charges, expenses and liabilities of the Trustee, and all other sums payable by the Issuer under the Indenture or secured thereby, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which will then be payable by declaration or otherwise, will either be paid by or for the account of the Issuer, or provisions satisfactory to the Trustee will be made for such payment, and all defaults under the Indenture or the Bonds will be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will be made therefor, thereupon the Issuer, the Trustee and the Owners will be restored, respectively, to their former positions and rights under the Indenture. No such restoration of the Issuer, the Trustee and the Owners to their former positions and rights will extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Appointment of Receiver. The Trustee will have the right, upon the happening of an Event of Default, to apply in an appropriate proceeding for the appointment of a receiver of the Gas Supply.

Proceedings Brought by the Trustee. If an Event of Default has occurred and has not been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Owners of not less than a majority in principal amount of the Bonds Outstanding and upon being indemnified to its satisfaction will proceed, to protect and enforce its rights and the rights of the Owners under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power in the Indenture granted, or for an accounting against the Issuer as if the Issuer were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, will deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee will be brought in its name.

The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct 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; *provided* that the Trustee will have the right to decline to follow any such direction if the Trustee will be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith will determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee will be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee will have power to, but unless requested in writing by the Owners of a majority in principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, will be under no obligation to, institute and maintain such suits and proceedings as it may be advised will be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, and such suits and proceedings as the Trustee may be advised will be necessary or expedient to preserve or protect its interests and the interests of the Owners.

In case of any Event of Default relating to the Issuer Commodity Swaps, the Trustee will, upon the request of a Commodity Swap Counterparty (to the extent such Event of Default relates to a breach of covenant by the Issuer relating to the Issuer Commodity Swap), enforce the covenant against the Issuer.

Restriction on Owner's Action. No Owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Owner (i) has previously given to the Trustee written notice of the happening of an Event of Default, as provided in the article of the Indenture regarding Events of Default, and the Owners of at least a majority in principal amount of the Bonds then Outstanding will have filed a written request with the Trustee to take such action, (ii) has offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the laws of the State or to institute such action, suit or proceeding in its own name, and (iii) has offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds, subject only to the provisions of the Indenture.

Nothing in the Indenture or in the Bonds contained will affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay, but only from the Trust Estate, in accordance with the terms of the Indenture, at the respective dates of maturity and places therein expressed the Debt Service on the Bonds to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce such payment of its Bond.

Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute on or after the date of execution and delivery of the Indenture.

Notice of Event of Default. The Trustee will promptly provide notice of any Event of Default by Electronic Means, confirmed in writing, to the Funding Provider and the Gas Supplier, and promptly mail written notice of the occurrence of any Event of Default to each registered Owner of Bonds then Outstanding at its address, if any, appearing upon the Bond Register.

Supplemental Indentures

Supplemental Indentures not Requiring Consent of Bondholders. The Issuer and the Trustee may from time to time, subject to the conditions and restrictions in the Indenture contained, enter into a Supplemental Indenture or Indentures, in form satisfactory to the Trustee, which will thereafter form a part of the Indenture, without the consent of the Owners for any one or more of the following purposes:

- (a) to provide for the issuance of Refunding Bonds, provided that the prior written consents of the Funding Provider and the Gas Supplier have been obtained as provided in the Indenture;
- (b) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;
- (c) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (d) To make any other modification or amendment of the Indenture which will not have a material adverse effect on the Owners or any other Person secured hereby;
- (e) To add to the covenants and agreements of the Issuer in the Indenture, other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (f) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (g) To provide for the execution of an Issuer Commodity Swap in accordance with the provisions of the Indenture;
- (h) To confirm, as further assurance, any security interest, pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Indenture of the Revenues or of any other moneys, securities or funds;
- (i) To add to the Indenture any provisions relating to the application of interest earnings on any Fund under the Indenture required by law to preserve the Tax-Exempt Status of the Bonds;
- (j) To evidence the appointment of a successor Trustee; or
- (k) To provide for any other changes to the Indenture if such change is accompanied by a Rating Confirmation and the prior written consents of the Funding Provider and the Gas Supplier.

In making any determination under subsection (d), the Issuer and the Trustee may rely upon an Opinion of Counsel and/or certificates of investment bankers or other financial professionals or consultants.

Each Supplemental Indenture authorized by the provisions of the Indenture will become effective as of the date of its execution and delivery by the Issuer and the Trustee or such later date as will be specified in such Supplemental Indenture.

Supplemental Indentures Effective with Consent of Owners. At any time or from time to time, a Supplemental Indenture may be entered into by the Issuer and the Trustee subject to notice to and consent by the Owners and, if required pursuant to the Indenture, the Funding Provider, the Gas Supplier and each Commodity Swap Counterparty, in accordance with and subject to the provisions of the Indenture regarding amendments thereto, which Supplemental Indenture, upon compliance with such provisions, will become fully effective in accordance with its terms.

Other Provisions Regarding Supplemental Indentures. The Indenture will not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions therein regarding Supplemental Indentures and amendments. Every Supplemental Indenture will be accompanied by an Opinion of Counsel stating that such Supplemental Indenture has been duly and lawfully executed in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is a valid and binding obligation of the Issuer. The Trustee is authorized by the Indenture to enter into any Supplemental Indenture referred to and permitted or authorized by the provisions of the Indenture and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, will be fully protected in relying on an Opinion of Counsel that such Supplemental Indenture is authorized or permitted by the provisions of the Indenture.

Defeasance

If the Issuer pays or causes to be paid, or there is otherwise be paid, to the Owners of all Bonds the Debt Service thereon, at the times and in the manner stipulated in the Bonds and in the Indenture, and after payment in full of all amounts due to the Funding Provider under the Funding Agreement and to each Commodity Swap Counterparty under the applicable Commodity Swap, and after payment in full of all amounts, if any, due to the Gas Supplier and the Gas Authority from the Gas Supply Administration Fund, then the pledge of the Trust Estate, and all covenants, agreements and other obligations of the Issuer to the Owners made under the Indenture, will thereupon cease, terminate and be discharged and satisfied. In such event, the Trustee will cause an accounting for such period or periods as will be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, will execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee will pay over or deliver to the Issuer all moneys or securities held by it pursuant to the Indenture which are not required for the payment of Debt Service on Bonds not theretofore surrendered for such payment or redemption. If the Issuer will pay or cause to be paid, or there will otherwise be paid, to the Owners of any Bonds the Debt Service due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds will cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Issuer to the Owners of such Bonds will thereupon cease, terminate and be discharged and satisfied except for remaining rights of registration of transfer and exchange of Bonds.

Bonds or interest installments for redemption or payment of which moneys have been set aside and are held in trust by the Trustee (through deposit by the Issuer of funds for such payment or redemption or otherwise) at the redemption date or Maturity Date thereof will be deemed to have been paid within the meaning and with the effect expressed in the provisions of the Indenture.

Subject to the provisions of the Indenture, any Outstanding Bonds will be deemed to have been paid within the meaning and with the effect expressed in the provisions of the Indenture if (i) there shall have been deposited with the Trustee either moneys in an amount which will be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the cash, if any, deposited with the Trustee at the same time, will be sufficient (as evidenced by an Accountant's Certificate), to pay when due the Debt Service due and to become due on such Bonds on or prior to the earlier redemption date for the Bonds, (ii) there shall have been delivered to the Trustee a Rating Confirmation for the Bonds, and (iii) the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, following such deposit of funds with the Trustee, as soon as practicable, a notice to the Owners of such Bonds at their last addresses appearing upon the Bond Register at the close of business on the last Business Day of the month preceding the month for which notice is mailed, that (a) the deposit required by clause (i) above has been made with the Trustee, (b) such Bonds are deemed to have been paid in accordance with the provisions of the Indenture, and (c) moneys are available under the Indenture for the payment of Debt Service on such Bonds up to the date of earlier redemption of the Bonds, and for the payment of the Redemption Price if such Bonds are to be redeemed.

Anything in the Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated Maturity Dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the said date when such Bonds became due and payable, will be repaid by the Trustee to the Issuer, as its absolute property and free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the Issuer for the payment of such Bonds; *provided, however*, that before being required to make any such payment to the Issuer the Trustee will, at the expense of the Issuer, mail by first class mail, postage prepaid, to the Owners of such Bonds at the addresses of such Owners in the Bond Register, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date will be not less than 30 days after the date of the mailing of such notice, the balance of such unclaimed moneys will be returned to the Issuer.

CERTAIN FACTORS AFFECTING THE ISSUER AND THE GAS AUTHORITY

General

Various factors will affect the operations of the Issuer, the Gas Authority, its Members and Customers, and the public utilities served by the Gas Authorities that are joint action agencies, including, for example:

- retention of existing customers by the Members and Customers;
- local, regional and national economic conditions;
- the market price of gas and the market price of alternate forms of energy;
- fuel conservation measures;
- the availability of alternate energy sources;
- climatic conditions;

- government regulation and deregulation of the energy industry; and
- technological advances in fuel economy and energy generation devices.

The Issuer and the Gas Authority are unable to predict the impact of the foregoing factors, and other factors, on the Members and Customers and their respective gas system or electric system operations. However, the gas supply and services to be provided by the Gas Authority are intended to maintain and improve the competitive position of the Members and Customers by providing them with additional services and competitive prices for a portion of their gas supply.

Disruptions in the Natural Gas Market

The Members and Customers engage in various transactions in the natural gas markets, including the purchase and sale of natural gas and transactions to hedge their exposure to changes in the market price of natural gas. The Members and Customers' ability to enter into these transactions is dependent upon a variety of factors, including most notably prevailing conditions in the natural gas market.

At various times in the past, the natural gas market experienced severe disruptions, including extremely high and volatile commodity prices, inverted forward price curves and constrained transportation and sources of supply. The factors giving rise to these conditions — demands for gas and other forms of energy, economic conditions, weather patterns, inadequate regulation by federal and state authorities, and the exercise of market power and the manipulation of the gas markets by marketers or others are beyond the control of the Issuer, the Gas Authority, the Members or the Customers. To the extent that disruptions in the natural gas market prevent the Gas Authority, a Member or a Customer from engaging in those transactions that are necessary to enable it to manage risks, its financial and operating position may be adversely affected.

ABSENCE OF LITIGATION

There is no litigation of any nature now pending or, to the knowledge of the Issuer or the Gas Authority, threatened against or affecting the Issuer or the Gas Authority, as applicable, (a) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or any proceedings of the Issuer or the Gas Authority, as applicable, taken with respect to the issuance or sale thereof or the execution, delivery and performance by the Issuer and the Gas Authority of the Transaction Documents to which the Issuer or the Gas Authority are party, (b) in any way questioning or in any manner affecting the validity or enforceability of the Bonds, the Indenture or the pledge of the Trust Estate thereunder, or any of the other Transaction Documents, or (c) which may adversely affect the acquisition of the Gas Supply by the Issuer or the Gas Authority. The Underwriters will receive certifications from representatives of the Issuer and the Gas Authority at the closing of the sale of the Bonds to the effect that no such litigation is pending or, to their knowledge, threatened.

APPROVAL OF LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Alston & Bird LLP, Atlanta, Georgia, Bond Counsel. A complete copy of the proposed form of the opinion of Bond Counsel is contained in APPENDIX G to this Official Statement. Certain legal matters will be passed upon for the Issuer by Alston & Bird LLP, for the Gas Supplier, by Chapman and Cutler LLP, New York, New York, and for the Underwriters by Nixon Peabody LLP, New York, New York.

FINANCIAL ADVISOR

PFM Financial Advisors LLC has served the Issuer in the capacity of financial advisor relative to the Bonds.

TAX MATTERS

In the opinion of Alston & Bird LLP (“Bond Counsel”), based upon an analysis of existing laws, and assuming, among other matters, the accuracy of certain representations and continuous compliance with certain covenants herein, interest on the Bonds is (i) excluded from gross income for federal income tax purposes under Section 103 of the Code, and (ii) exempt from state income taxation in the State of Georgia. Bond Counsel is of the further opinion that interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from state income taxation in the State of Georgia, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX G hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Georgia personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Interest on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service (“IRS”) in a manner similar to interest on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if the payee fails to provide identifying information (such as the payee’s taxpayer identification number) in the manner required by the IRS, or if the payee has been identified by the IRS as being subject to backup withholding.

Original Issue Discount and Premium

The original issue discount is the excess of the stated redemption price at maturity of certain Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Bonds of such maturity were sold. Under § 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (i) the issue price of such Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such 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 with respect to such 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 Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Bond will be treated as gain from the sale or exchange of such Bond.

An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Bond at a premium or discount, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium or discount for federal income tax purposes and with respect to any state and local tax consequences of owning such Bond.

Legislative Proposals and Audit Examinations

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, or clarification of the Code or court decisions, may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the Beneficial Owners

regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer or the Beneficial Owners to incur significant expense.

THE TRUSTEE

The Trustee is U.S. Bank National Association. The Trustee's corporate trust offices are located at 1349 W. Peachtree Street, Suite 1050, Atlanta Georgia 30309, Attention: Mark Hallam.

CONTINUING DISCLOSURE

General

The Gas Authority has covenanted in a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") for the benefit of the Beneficial Owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access ("EMMA") system pursuant to the requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"). The information to be provided on an annual basis, the events that will require notice to bondholders on an occurrence basis, and a summary of other terms of the Continuing Disclosure Agreement, including termination, amendment and remedies, are set forth in the Continuing Disclosure Agreement, the form of which is attached to this Official Statement as APPENDIX E.

Gas Authority's Continuing Disclosure Obligations

Compliance by the Gas Authority with respect to its Bonds and Bonds issued by Main Street Natural Gas, Inc. With respect to its fiscal years ending December 31, 2012 through December 31, 2015, the Gas Authority filed its annual financial statements with each Nationally Recognized Municipal Securities Information Repository (including the EMMA system) on or prior to the date required by its continuing disclosure undertakings. Financial statements for the Gas Authority's fiscal year ending December 31, 2016 were filed late with respect to its 2016A series of bonds. While the Gas Authority filed its Audited Financial Statements for Fiscal Year 2017 to the CUSIPs associated with certain of its bond issues in a timely manner, the filing was not connected with the CUSIPs associated with the Gas Authority's 2014 Bonds until approximately two months after the due date. Updated information regarding gas throughput of the Gas Authority was not provided timely for the 2012 through 2016 reporting years, but the Gas Authority has made the necessary filings. The Gas Authority also failed to timely file a notice of ratings change in connection with the upgrade by S&P of its rating from "BBB+" to "A-" on December 14, 2017. This notice has now been filed. The Gas Authority has implemented procedures to ensure the proper filing of required financial information.

Compliance with respect to Limited Obligation Indebtedness. The Gas Authority has from time to time entered into supplemental contracts with individual Members to provide for the issuance by the Gas Authority of limited obligation indebtedness for system improvements for such Members. The Gas Authority has issued its limited obligation bonds for such purposes, and the Member or Members have agreed to provide the Gas Authority with the requisite financial statements and operating information of

such Member or Members in order for the Gas Authority to comply with Rule 15c2-12. Certain audited and financial data was not provided timely for the 2013 through 2017 reporting years, but the Gas Authority has obtained such disclosure and made the necessary filings.

The Gas Authority has put into place procedures to assist with the timeliness of its future filings.

Consequence of Failure to Comply

Any failure of the Gas Authority to comply with its continuing disclosure undertaking will not constitute an Event of Default under the Indenture or a default under the Gas Authority Gas Supply Agreement, but any such failure will entitle the Owners to take such actions and to initiate such proceedings as may be necessary and appropriate to cause the Gas Authority to comply with its undertaking, including without limitation the remedies of mandamus and specific performance. Any filing with respect to the Bonds required pursuant to Rule 15c2-12 will be made in compliance with the rules and procedures prescribed by the Municipal Securities Rulemaking Board.

UNDERWRITING

The Bonds are being purchased by the Underwriters at a price of \$760,146,872.43 (which represents the aggregate principal amount of the Bonds, plus the net original issue premium on the Bonds of \$68,323,042.20, less an Underwriters' discount of \$3,771,169.77). The bond purchase agreement pursuant to which the Bonds are being purchased by the Underwriters provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation of the Underwriters to make such purchase is subject to certain terms and conditions set forth in the bond purchase agreement. The initial public offering prices of the Bonds set forth on the cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover hereof.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the Issuer, the Gas Supplier or the Guarantor. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer, the Gas Supplier or the Guarantor.

J.P. Morgan Securities LLC ("JPMS"), the Representative of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations

through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group (“WFBNA”), one of the underwriters of the Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

RATINGS

Moody’s has assigned a long-term rating of “A3” to the Bonds. Such rating reflects only the views of Moody’s and any desired explanation of the significance of such rating should be obtained from Moody’s. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance the rating on the Bonds will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Moody’s if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may adversely affect the market price of the Bonds. The Issuer has not undertaken any responsibility after issuance of the Bonds to assure the maintenance of the ratings applicable thereto or to oppose any revision or withdrawal of such ratings.

Fitch has assigned a long-term rating of “A-” to the Bonds. Such rating reflects only the views of Fitch and any desired explanation of the significance of such rating should be obtained from Fitch. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance the rating on the Bonds will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Fitch if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may adversely affect the market price of the Bonds. The Issuer has not undertaken any responsibility after issuance of the Bonds to assure the maintenance of the ratings applicable thereto or to oppose any revision or withdrawal of such ratings.

INDEPENDENT AUDITORS

The financial statements of the Gas Authority as of December 31, 2017 and 2016 and for the years then ended, included in this Official Statement, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing herein.

MISCELLANEOUS

The summaries and explanations of provisions of law and documents in this Official Statement, including the information in the appendices, do not purport to be complete, and are qualified by this reference to such provisions, including the provisions in the Indenture and the other documents discussed under the caption "INTRODUCTION," where information is provided regarding how to obtain copies of such documents for a full and complete statement of their terms. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as or as part of a contract with the original purchasers or Owners of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by Main Street Natural Gas, Inc.

MAIN STREET NATURAL GAS, INC.

By: /s/ Susan G. Reeves
Title: President and Chief Executive Officer

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APPENDIX A

CERTAIN INFORMATION REGARDING MACQUARIE US GAS SUPPLY LLC AND MACQUARIE GROUP LIMITED

The information set forth below concerning parties to the contracts summarized above has been provided by such parties and is limited, introductory information in respect of such parties. Neither the Issuer nor the Gas Authority makes any representation regarding the creditworthiness of such parties or the accuracy or completeness of such information or any filing by such party referred to herein. No such filing is incorporated herein by such reference or otherwise comprises a part of this Official Statement. The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of any such party since the date hereof, or that the information concerning such party contained or referred to herein is correct as of any time. Neither the Guarantor, the Gas Supplier nor the Funding Provider has guaranteed, nor is any such party responsible for the payment of, the Bonds.

The Guarantor

Macquarie Group Limited ABN 94 122 169 279 (the “Guarantor”) is an Australian Securities Exchange (“ASX”)-listed diversified financial services holding company headquartered in Sydney, Australia and regulated as an authorized non-operating holding company by Australian Prudential Regulation Authority (“APRA”).

The Guarantor was incorporated in Australia and registered in the State of Victoria on October 12, 2006. Its principal place of business is Level 6, 50 Martin Place, Sydney, New South Wales 2000, Australia. The telephone number of its principal place of business is +612-8232-3333. As a provider of asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities, Macquarie Group is primarily a client-driven business which generates income by providing a diversified range of products and services to its clients. Macquarie Group acts on behalf of institutional, corporate, and retail clients and counterparties around the world.

The Guarantor currently maintains a U.S. investors’ website at <http://www.macquarie.com/mgl/com/us/usinvestors/mgl> on which materials are made available from time to time relating to the Guarantor, including Annual and Interim U.S. Disclosure Reports.

After the date of this Official Statement, the Guarantor may put additional information on the Guarantor's U.S. investors' website. Later information on the Guarantor's U.S. investors' website updates and supersedes earlier information on the Guarantor's U.S. investors' website.

Copies of the information on the Guarantor’s U.S. investors’ website can be obtained from MGL upon request. Requests should be directed to Macquarie Group Limited, c/o Macquarie Holdings (USA) Inc., 125 West 55th Street, New York, New York 10019; Attention: Corporate Communications Division; or Macquarie Group Limited, 50 Martin Place, Sydney, New South Wales 2000, Australia; Attention: Macquarie Investor Relations. Telephone requests may be directed to +1-212-231-1000 or +612-8232-4750.

While the Guarantor currently provides information regarding the Guarantor on the U.S. investors' website, there is no assurance it will continue to maintain the website during the life of the Bonds. If the Guarantor no longer maintains the U. S. investors’ website, the Guarantor has agreed to provide the Guarantor’s audited annual and semi-annual unaudited consolidated financial statements, management's discussion and analysis, and, if available, reports containing information similar to that described above for

the Interim and Annual U.S. Disclosure Report, to Bondholders upon receipt of written requests delivered to the address above.

The information contained on the Guarantor's U.S. investors' website is prepared and updated solely by the Guarantor. The Issuer, the Gas Authority, and the Underwriters assume no responsibility for the accuracy, completeness, or timeliness of such information or other publicly available information concerning the Guarantor.

Under no circumstances is the Guarantor obligated to pay any amounts owed on the Bonds.

The Gas Supplier

Macquarie US Gas Supply LLC (the “Gas Supplier”) is a wholly owned indirect subsidiary of the Guarantor supplying natural gas pursuant to the Prepaid Gas Agreement. The Gas Supplier is a Delaware limited liability company. The Gas Supplier’s principal place of business is located at 125 West 55th Street, New York, NY 10019.

APPENDIX B

**FINANCIAL STATEMENTS OF THE GAS AUTHORITY AS OF AND FOR THE YEARS
ENDED DECEMBER 31, 2017 AND 2016**

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FINANCIAL STATEMENTS

Municipal Gas Authority of Georgia

As of and for the Years Ended December 31, 2017 and 2016

With Report of Independent Auditors

Financial Statements

As of and for the Years Ended December 31, 2017 and 2016

Contents

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Report of Independent Auditors

The Board of Directors
Municipal Gas Authority of Georgia

We have audited the accompanying financial statements of the Municipal Gas Authority of Georgia as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipal Gas Authority of Georgia at December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young LLP

April 12, 2018

Management's Discussion and Analysis (Unaudited)

Overview

Corporate Structure

Municipal Gas Authority of Georgia (the Gas Authority) is a nonprofit, joint-action agency created in 1987 by an Act of the General Assembly of the State of Georgia (the Act). The Gas Authority is a public corporation whose primary purpose is to provide municipalities reliable and economic gas supplies and to assist them in developing and growing their systems to optimize the benefits of public ownership.

Members and Partners

Eighty municipal gas utilities (the Members), serving approximately 240,000 retail customers in Georgia, Alabama, Florida, Pennsylvania, and Tennessee, have signed long-term gas supply contracts through 2050 requiring that they take their entire gas supply from the Gas Authority and requiring the Gas Authority to provide that supply. Each utility is locally owned and operated; however, municipal utilities share common interests and concerns that can best be solved by working together. For example, by contracting with the Gas Authority, the municipal utilities can diversify their source of supplies through a portfolio of supply arrangements rather than depending on the services of a single provider. Through joint action, these municipal utilities use economies of scale to reduce the overall cost of natural gas to their ultimate customers.

The Gas Authority also provides gas supplies and related services to 10 other agencies and municipal utilities (Gas Supply Partners) on a limited basis for the benefit of the Members. Additionally, the Gas Authority provides regulatory compliance services to 32 other entities (Regulatory Compliance Partners, and collectively with Gas Supply Partners, the Partners). The Gas Authority is governed by a nine-member Board of Directors, which is elected from the membership and serves in staggered three-year terms. The Board also has three nonvoting out-of-state directors.

Authority

The Act provides that the Gas Authority will establish rates and charges to produce revenues sufficient to cover its costs, including debt service. It may not operate for profit unless such profit inures to the benefit of the public. The Gas Authority is specifically authorized by the Act to undertake joint projects for its Members and to issue tax-exempt bonds and other obligations to finance the costs of such projects.

Management's Discussion and Analysis (continued)

(Unaudited)

Long-Term Gas Supply

Members can elect to participate in joint projects undertaken by the Gas Authority and authorize issuance of project debt by entering into a supplemental contract (Supplemental Contract). These Supplemental Contracts authorize the Gas Authority to issue gas revenue bonds and other debt obligations to acquire a portfolio of gas supplies and gas-related assets to fulfill, in whole or in part, its obligation to supply gas to Members. The Portfolio III project was initiated in November 2002 with the execution of amended Gas Supply Contracts and Supplemental Contracts with all Members. Those contracts were amended in 2008 to extend the full requirements gas supply services to Members through at least the date on which all Portfolio III bonds are fully retired and authorize the issuance of up to \$1,500,000,000 in debt to secure long-term gas supplies. Through these contracts, the Gas Authority was authorized to issue additional debt through December 31, 2014, with maturities not exceeding 15 years from issuance. The Portfolio IV project was initiated in November 2014 with the execution of Supplemental Contracts. Under the Portfolio IV contracts, the Gas Authority may issue up to \$1,100,000,000 in debt through December 31, 2020, increasing to \$1,500,000,000 as Portfolio III principal payments are made, with maturities not exceeding 20 years from issuance, to secure long-term gas supplies.

The Gas Authority completed two gas reserve acquisitions in Portfolios III and IV. In January 2003, the Gas Authority executed its first Portfolio III transaction with the acquisition of working and royalty interests in coalbed methane reserves in Alabama's Black Warrior Basin for \$72,000,000. In January 2006, the Gas Authority acquired coalbed methane natural gas reserves and a related gathering system in Kansas' Cherokee Basin for \$61,250,000. The Kansas Cherokee Basin project was sold in August 2017.

Price risk related to the future sales of gas in these reserve projects has been partially hedged through the use of natural gas swaps and options that convert the revenues that the Gas Authority will receive from customers for future sales of gas from a variable price based on a spot market index to a fixed price. The use of these derivatives ensures the Gas Authority's Members and Partners that future billings will be consistent with prevailing market pricing while preserving the discounts expected in the original acquisitions.

Management's Discussion and Analysis (continued)

(Unaudited)

In November 2004, June 2005, May 2009, and January 2018, the Gas Authority executed production sharing agreements (PSAs) with Public Gas Partners, Inc. (PGP), an autonomous Georgia nonprofit corporation that acquires and manages pools of gas supplies and provides other services for its municipal members, and whose day-to-day activities are managed by the Gas Authority. The first two PSAs authorized PGP to acquire specified gas supplies for the benefit of the Gas Authority and other pool participants over three-year acquisition periods, which ended in 2008. PGP completed reserve acquisitions of \$327,900,000 in Pool 1 and \$151,500,000 in Pool 2. The Gas Authority utilized a portion of the Portfolio III and IV debt to make advance payments to PGP for its share of acquisitions and finance PGP's liquidity requirements. See further discussion in liquidity and capital resources below. The third PSA authorizes PGP to acquire specified gas supplies for the benefit of the Gas Authority and other pool participants for as long as those participants have nominations in effect with PGP. PGP has completed \$190,500,000 in reserve acquisitions in Pool 3. The fourth PSA authorizes PGP to act as a gas supplier and commodity swap counterparty in gas prepayment transactions.

Through March 2018, the Gas Authority is a party to eight long-term supply arrangements, including five with Main Street Natural Gas, Inc. described below, that are expected to deliver a firm supply of discounted gas over various terms ending in 2048. Under these pay-as-you-go arrangements, the Gas Authority has committed to buy specified volumes of gas at prevailing market prices less a discount when, and if, gas is delivered.

Main Street Natural Gas, Inc.

Main Street Natural Gas, Inc. (Main Street) is a nonprofit corporation organized under Georgia law, formed on November 6, 2006. Main Street was formed to facilitate long-term supply transactions on behalf of the Gas Authority, as well as other municipal customers within and outside the state of Georgia. Main Street is authorized to issue tax-exempt bonds on behalf of the Gas Authority. Main Street is governed by a board of directors consisting of five directors of the Gas Authority. Accordingly, Main Street is considered a blended component unit of the Gas Authority under governmental accounting standards and is included within the Gas Authority's financial statements. Audited financial statements of Main Street are available from the Gas Authority. Main Street's daily activities are managed by the Gas Authority under services agreements with durations consistent with the related supply agreements.

Management's Discussion and Analysis (continued)
(Unaudited)

In January 2007, Main Street issued revenue bonds totaling \$528,255,000 to fund a 15-year natural gas prepayment transaction for 108,600,131 Mcf (Series 2006A). In January 2007, Main Street issued revenue bonds totaling \$527,630,000 to fund a 15-year natural gas prepayment transaction for 108,600,131 Mcf (Series 2006B). In September 2007, Main Street issued revenue bonds totaling \$496,710,000 to fund a 20-year and 8-month natural gas prepayment transaction for 118,783,750 Mcf (Series 2007A). In May 2009, Main Street made a tender offer to bondholders of its Series 2007A bonds. As a result, \$225,105,000 of bonds was redeemed. In conjunction with this tender offer, the remaining volumes to be delivered under the related gas supply agreement were reduced by 51,508,348 Mcf. In July 2010, Main Street issued revenue bonds totaling \$774,000,000 to fund a 30-year and 1-month natural gas prepayment transaction for 153,957,600 Mcf (Series 2010A). In February 2018, Main Street issued revenue bonds totaling \$1,021,675,000 to fund a 30-year natural gas prepayment transaction for 405,466,619 Mcf (Series 2018A&B).

In Series 2006A and 2006B, five municipalities, including the Gas Authority, signed long-term gas supply contracts, with an original term of 15 years, to acquire specified volumes from Main Street and requiring Main Street to provide that supply. In Series 2007A, the Gas Authority signed a long-term gas supply contract with an original term of 20 years and 8 months. In Series 2010A, three municipalities, including the Gas Authority, signed long-term gas supply contracts with an original term of 30 years and 1 month. In Series 2018A&B, the Gas Authority signed a long-term gas supply contract with an original term of 30 years. The gas is priced to customers at a discount to spot market pricing. Additional margins may be distributed annually by Main Street at the discretion of its Board.

Price risk related to the future deliveries of gas under these prepayments has been fully hedged through the use of natural gas swaps that convert the revenues that Main Street will receive from customers for reselling future deliveries of gas from a variable price based on a spot market index to a fixed price. These fixed prices are sufficient to pay project costs, while preserving the discounts obtained in the original prepayments. Main Street's prepayments for these rights are secured by guaranties provided by large financial institutions. The Series 2006A, 2006B, and 2007A bonds have fixed interest rates. The Series 2010A bonds have a variable interest rate along with two interest rate swaps. The Series 2018A&B bonds have fixed (2018A) and variable (2018B) interest rates along with an interest rate swap on 2018B.

Management's Discussion and Analysis (continued)

(Unaudited)

Short-Term Gas Supplies and Sales

In addition to gas supplies obtained from long-term arrangements, the Gas Authority obtains short-term supplies on a daily, monthly, and seasonal basis from a variety of suppliers. These supplies are used by the Gas Authority to fulfill and balance its Members' and Partners' daily requirements. Because of the volatile and highly seasonal nature of its Members' and Partners' gas supply requirements, the Gas Authority also occasionally remarkets excess gas supplies on a short-term basis to a variety of suppliers. The Gas Authority uses derivative instruments, including swaps and options, to hedge its commodity price risk associated with forecasted natural gas supply and sales transactions.

Proprietary Fund Accounting

The Gas Authority follows proprietary fund accounting under governmental accounting standards. Proprietary funds are used to report business-type activities, as contrasted with tax-supported governmental activities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Gas Authority's basic financial statements. These financial statements are designed to provide readers with a broad overview of the Gas Authority's finances in a manner similar to a private-sector business.

The statements of net position present information on all of the Gas Authority's assets, liabilities, and deferred inflows/outflows of resources, with the differences between these amounts reported as net position. Because billings and revenues in excess of actual costs are generally returned to Members in the form of billing credits and annual cash returns, net position is somewhat limited. The only significant exception is net position that has been designated by the Gas Authority's Board of Directors as reserve accounts and that has been funded by a reduction in Member billing credits or returns. The statements of revenues, expenses, and changes in net position present information showing how the Gas Authority's net position changed during the periods presented. All changes in net position are reported on the accrual basis as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods (e.g., deferred inflows/outflows for costs recoverable from future billings).

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Management's Discussion and Analysis (continued)
(Unaudited)

Financial Analysis – 2017 Compared to 2016

Following are condensed statements of net position as of December 31:

	2017	2016
Total assets	\$ 2,609,203,155	\$ 2,740,474,560
Deferred outflows of resources	238,667,563	233,774,529
Current liabilities	208,629,126	195,391,469
Noncurrent liabilities	1,739,995,254	1,872,195,630
Total liabilities	\$ 1,948,624,380	\$ 2,067,587,099
Deferred inflows of resources	\$ 864,582,648	\$ 871,274,879
Net position:		
Invested in capital assets	2,986,025	3,180,289
Unrestricted	31,677,665	32,206,822
Total net position	\$ 34,663,690	\$ 35,387,111

Total Assets – The decrease in total assets of \$131,271,405 is primarily due to a decrease of \$118,853,901 in prepaid gas supplies and gas properties mostly related to depletion and deliveries of gas, a decrease of \$14,173,332 in advance payments from PGP due to repayments by PGP.

Deferred Outflows of Resources – Deferred outflows of resources represents costs recoverable from members, which increased \$4,893,034 due to timing differences between expense recognition and billings to members.

Total Liabilities – Current liabilities increased by \$13,237,657 due primarily to borrowings from the lines of credit, as well as \$129,386,075 of reclassifications from noncurrent liabilities for debt payments due and bond premium to be amortized in 2018 discussed below, offset by \$125,466,277 of debt payments and bond premium amortization in 2017. Noncurrent liabilities decreased \$132,200,376 due primarily to the reclassification to current liabilities of \$129,386,075 of debt due and bond premium to be amortized in 2018. See “Liquidity and Capital Resources” below.

Deferred Inflows of Resources – Deferred inflows of resources represents the net unrealized gain on hedging derivative instruments, which decreased \$6,692,231 due primarily to changes in market conditions.

Management's Discussion and Analysis (continued)
(Unaudited)

Following is a summary of operations for the years ended December 31:

	2017	2016
Operating revenues	\$ 331,950,590	\$ 317,742,393
Operating expenses:		
Gas operations	170,042,177	161,601,212
Reserve depletion and prepaid gas supply delivery	110,779,397	112,836,771
General and administrative	12,152,337	11,313,726
Total operating expenses	<u>292,973,911</u>	<u>285,751,709</u>
Operating income	38,976,679	31,990,684
Nonoperating expenses, net	<u>(39,700,100)</u>	<u>(31,878,582)</u>
Change in net position	(723,421)	112,102
Net position – beginning of year	35,387,111	35,275,009
Net position – end of year	<u>\$ 34,663,690</u>	<u>\$ 35,387,111</u>

Operating Revenues – Operating revenues, which represent gas supplies, pipeline charges, and other services provided to Members, Partners, and customers, increased by \$14,208,197, or 4.5%. The increase in revenues is primarily due to higher average index prices offset somewhat by lower throughput due to warmer weather. Revenue volatility is mitigated somewhat by the hedging programs discussed earlier.

Operating Expenses – Gas operations, which include production, transportation, storage, and commodity costs of delivering natural gas to Members, Partners, and customers, increased \$8,440,965, or 5.2%, due primarily to the higher gas prices discussed above. Reserve depletion and prepaid gas supply delivery expense decreased \$2,057,374 or 1.8% primarily due to the sale of the Kansas gas reserves. General and administrative expense increased by \$838,611, or 7.4%, due primarily to higher personnel costs and professional fees.

Nonoperating Expenses, Net – Nonoperating expenses increased \$7,821,518 primarily due to a decrease in deferred outflows of resources of \$31,099,571 representing the timing differences between expense recognition and billings to Members, offset by lower interest expense of \$4,374,532 and an increase in investment income of \$18,903,521 primarily related to an increase in the fair value of the Main Street 2010A non-hedging interest rate swap due to changes in market conditions.

Liquidity and Capital Resources – The Gas Authority had cash and investment securities of \$153,013,892 at December 31, 2017, as compared to \$151,746,395 at December 31, 2016. See the cash flow statement for details of cash activity during 2017.

Management's Discussion and Analysis (continued)
(Unaudited)

Following is a summary of debt activity in 2017:

	December 31, 2016	Issuances	Payments/ Amortization	December 31, 2017	Maturity
Lines of credit	\$ 20,250,000	\$ 30,000,000	\$ (20,000,000)	\$ 30,250,000	Dec 2019
Series F	33,330,000	-	(11,110,000)	22,220,000	Aug 2019
Series Q	12,000,000	-	-	12,000,000	Oct 2022
Series S	27,000,000	-	-	27,000,000	Oct 2027
Series T	15,000,000	-	-	15,000,000	Oct 2020
Series U	64,000,000	-	(13,000,000)	51,000,000	Oct 2024
Series A	80,000,000	-	-	80,000,000	Oct 2024
Bond premium	22,279,719	-	(5,497,748)	16,781,971	N/A
Total	<u>\$ 273,859,719</u>	<u>\$ 30,000,000</u>	<u>\$ (49,607,748)</u>	<u>\$ 254,251,971</u>	
Limited obligation debt:					
Main Street bonds	\$ 1,530,910,000	\$ -	\$ (88,045,000)	\$ 1,442,865,000	2018–2040
Bond premium	18,286,937	-	(4,404,702)	13,882,235	N/A
Direct financing leases	23,037,294	-	(3,030,371)	20,006,923	2018–2026
Total	<u>\$ 1,572,234,231</u>	<u>\$ -</u>	<u>\$ (95,480,072)</u>	<u>\$ 1,476,754,159</u>	

All bonds except one series of Main Street bonds are fixed rate, and all debt supports financing of prior gas reserve acquisitions, advance payments to PGP, storage operations, and other gas supply activities.

The Gas Authority has lines of credit (LOCs) with an aggregate capacity of \$50,000,000 and \$19,750,000 available to be drawn at December 31, 2017. In March 2018, the LOCs were increased to an aggregate capacity of \$80,000,000 and extended to March 31, 2020. See the financial statement notes for further discussion of the Gas Authority's long-term debt.

From the proceeds of these financings, \$245,449,895 has been advanced to PGP as of December 31, 2017. Under advance payment agreements, PGP is obligated to repay these funds by the final maturity of any related Gas Authority debt.

Management's Discussion and Analysis (continued)
(Unaudited)

The Gas Authority is exposed to credit risk in its arrangements with financial counterparties, suppliers, Members, Partners, and others. The Gas Authority has adopted policies and procedures to minimize this risk. Cash and investment securities balances consist of working capital and portfolio reserves as well as cash balances generated by the Gas Authority's long-term supply projects and provide sufficient liquidity for planned operations.

In addition to monthly returns, in April 2018, the Board of Directors approved an annual cash return to Members of \$9,897,940.

Financial Analysis – 2016 Compared to 2015

Following are condensed statements of net position as of December 31:

	2016	2015
Total assets	\$ 2,740,474,560	\$ 2,926,675,296
Deferred outflows of resources	233,774,529	197,781,924
Current liabilities	195,391,469	280,033,768
Noncurrent liabilities	1,872,195,630	1,929,708,794
Total liabilities	\$ 2,067,587,099	\$ 2,209,742,562
Deferred inflows of resources	\$ 871,274,879	\$ 879,439,649
Net position:		
Invested in capital assets	3,180,289	3,374,445
Unrestricted	32,206,822	31,900,564
Total net position	\$ 35,387,111	\$ 35,275,009

Total Assets – The decrease in total assets of \$186,200,736 is primarily due to a decrease of \$112,516,672 in prepaid gas supplies and gas properties mostly related to depletion and deliveries of gas, a decrease of \$24,797,837 in advance payments from PGP due to repayments by PGP, and a decrease in the fair value of derivative instruments of \$46,481,499 due to changes in market conditions.

Deferred Outflows of Resources – Deferred outflows of resources represents costs recoverable from members, which increased \$35,992,605 due to timing differences between expense recognition and billings to members.

Management's Discussion and Analysis (continued)
(Unaudited)

Total Liabilities – Current liabilities decreased by \$84,642,299 due primarily to the payment of bank notes and bonds that matured in 2016. Noncurrent liabilities decreased \$57,513,164 due primarily to the reclassification to current liabilities of \$95,398,853 of limited-obligation debt due in 2017 and a decrease in the fair market value of derivative instruments of \$24,705,184 due to changes in market conditions offset by an increase in long-term debt of \$62,863,826 representing the Series A issuance, net of reclassifications to the current portion of long-term debt.

Deferred Inflows of Resources – Deferred inflows of resources represents the net unrealized gain on hedging derivative instruments, which decreased \$8,164,770 due primarily to changes in market conditions.

Following is a summary of operations for the years ended December 31:

	2016	2015
Operating revenues	\$ 317,742,393	\$ 335,379,508
Operating expenses:		
Gas operations	161,601,212	166,573,786
Reserve depletion and prepaid gas supply delivery	112,836,771	153,220,365
General and administrative	11,313,726	14,899,038
Total operating expenses	285,751,709	334,693,189
Operating income	31,990,684	686,319
Nonoperating expenses, net	(31,878,582)	(9,950,955)
Change in net position	112,102	(9,264,636)
Net position – beginning of year	35,275,009	44,539,645
Net position – end of year	\$ 35,387,111	\$ 35,275,009

Operating Revenues – Operating revenues, which represent gas supplies, pipeline charges, and other services provided to Members, Partners, and customers, decreased by \$17,637,115, or 5.3%. The decrease in revenues is primarily due to slightly lower average index prices and throughput. Revenue volatility is mitigated somewhat by the hedging programs discussed earlier.

Management's Discussion and Analysis (continued)
(Unaudited)

Operating Expenses – Gas operations, which include production, transportation, storage, and commodity costs of delivering natural gas to Members, Partners, and customers, decreased \$4,972,574, or 3.0%, due primarily to the lower gas prices discussed above. Reserve depletion and prepaid gas supply delivery expense decreased \$40,383,594 or 26.4% primarily due to the impairment of gas reserves in 2015. General and administrative expense decreased \$3,585,312, or 24.1%, due primarily to legal expense in 2015 related to the settlement of litigation with Smyrna, Tennessee.

Nonoperating Expenses, Net – Nonoperating expenses increased \$21,927,627 primarily due to a decrease in investment income of \$28,582,417 primarily related to prior year hedge termination proceeds of \$19,088,781 as well as a decrease in the fair value of the Main Street 2010A non-hedging interest rate swap, which fluctuates annually with changes in interest rates, net of the Smyrna, Tennessee litigation settlement in 2015. This decrease in investment income was partially offset by a decrease in interest expense of \$5,546,654, primarily due to a net decrease in debt.

Municipal Gas Authority of Georgia
Statements of Net Position

	December 31	
	2017	2016
Assets and deferred outflows of resources		
Current assets:		
Cash and cash equivalents	\$ 52,490,070	\$ 54,446,450
Restricted cash and cash equivalents	35,149,338	33,769,253
Investment securities – restricted	65,374,484	63,530,692
Accounts receivable – Members	23,781,904	22,477,663
Accounts receivable – other	20,232,919	20,319,500
Prepaid gas supplies	110,300,959	110,269,753
Gas inventories and other current assets	10,418,445	10,864,317
Fair value of derivative instruments	100,314,716	84,703,852
Total current assets	418,062,835	400,381,480
Noncurrent assets:		
Gas properties and supplies:		
Prepaid gas supplies	930,038,515	1,040,339,473
Gas properties, net	3,987,374	12,540,317
Investments:		
Direct financing leases	17,012,123	20,069,682
Operating partnerships	1,232,267	1,266,195
Advance payment due from Public Gas Partners	245,449,895	259,623,227
Fair value of derivative instruments	987,886,834	999,206,663
Other assets	5,533,312	7,047,523
Total noncurrent assets	2,191,140,320	2,340,093,080
Deferred outflows of resources	238,667,563	233,774,529
Total assets and deferred outflows of resources	<u>\$ 2,847,870,718</u>	<u>\$ 2,974,249,089</u>
Liabilities, deferred inflows of resources, and net position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 36,804,004	\$ 36,067,931
Due to Members	10,032,507	13,013,808
Short-term debt	30,250,000	20,250,000
Current portion of long-term debt	28,199,618	29,607,749
Current portion of limited obligation debt	101,543,913	95,838,528
Other liabilities	798,514	–
Fair value of derivative instruments	1,000,570	613,453
Total current liabilities	208,629,126	195,391,469
Noncurrent liabilities:		
Long-term debt	195,802,353	224,001,970
Fair value of derivative instruments	164,162,280	163,054,372
Other liabilities	4,820,376	8,743,585
Limited obligation liabilities:		
Limited obligation debt	1,375,210,245	1,476,395,703
Total noncurrent liabilities	1,739,995,254	1,872,195,630
Total liabilities	1,948,624,380	2,067,587,099
Deferred inflows of resources	864,582,648	871,274,879
Net position:		
Invested in capital assets	2,986,025	3,180,289
Unrestricted	31,677,665	32,206,822
Total net position	34,663,690	35,387,111
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,847,870,718</u>	<u>\$ 2,974,249,089</u>

See accompanying notes.

Municipal Gas Authority of Georgia
Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended December 31	
	2017	2016
Operating revenues:		
Gas operations	\$ 322,404,400	\$308,387,882
Other	9,546,190	9,354,511
Total operating revenues	331,950,590	317,742,393
Operating expenses:		
Gas operations	170,042,177	161,601,212
Reserve depletion and prepaid gas supply delivery	110,779,397	112,836,771
General and administrative	12,152,337	11,313,726
Total operating expenses	292,973,911	285,751,709
Operating income	38,976,679	31,990,684
Nonoperating revenues (expenses):		
Investment income	18,907,661	4,140
Interest expense	(63,500,795)	(67,875,327)
Deferred outflows of resources – costs recoverable	4,893,034	35,992,605
Total nonoperating expenses, net	(39,700,100)	(31,878,582)
Change in net position	(723,421)	112,102
Net position:		
Beginning of period	35,387,111	35,275,009
End of period	\$ 34,663,690	\$ 35,387,111

See accompanying notes.

Municipal Gas Authority of Georgia
Statements of Cash Flows

	Year Ended December 31	
	2017	2016
Operating activities		
Receipts from Members, Partners, and customers	\$ 245,659,057	\$ 210,471,126
Payments to suppliers and vendors	(172,258,090)	(151,991,634)
Receipts from derivatives counterparties, net	95,419,338	103,699,216
Payments to Members, Partners, and customers	(9,381,103)	(10,712,102)
Payments to employees	(9,327,038)	(7,988,240)
Other receipts/payments, net	292	12,435
Net cash provided by operating activities	150,112,456	143,490,801
Financing activities		
Noncapital financing activities:		
Line of credit receipts	30,000,000	20,250,000
Line of credit payments	(20,000,000)	(15,000,000)
Bank note payments	-	(66,000,000)
Net cash provided by (used in) noncapital financing activities	10,000,000	(60,750,000)
Capital and related financing activities:		
Capital expenditures and inventory purchases/sales, net	(20,287)	(189,376)
Sale of gas reserves and related assets	4,839,418	-
Member lease payments	4,022,474	2,616,035
Gas revenue bond payments	(24,110,000)	(50,315,000)
Gas revenue bond proceeds	-	93,736,690
Limited obligation debt payments	(91,100,303)	(87,435,326)
Interest payments and bond issuance costs	(75,189,914)	(78,043,215)
Net cash used in capital and related financing activities	(181,558,612)	(119,630,192)
Net cash used in financing activities	(171,558,612)	(180,380,192)
Investing activities		
Investment securities purchases/sales, net	(1,761,529)	3,643,490
Investment hedge settlements, net	5,017,923	5,169,298
Interest receipts and other	3,398,877	3,146,731
Repayments from Public Gas Partners, net	14,214,590	24,879,054
Net cash provided by investing activities	20,869,861	36,838,573
Net decrease in cash and cash equivalents	(576,295)	(50,818)
Cash and cash equivalents:		
Beginning of period	88,215,703	88,266,521
End of period	\$ 87,639,408	\$ 88,215,703
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 38,976,679	\$ 31,990,684
Adjustments to reconcile net cash provided by operating activities:		
Depreciation, amortization, and accretion	194,264	194,156
Depletion and delivery of gas	110,779,397	112,836,771
Changes in certain assets and liabilities:		
Accounts receivable	(1,217,660)	(4,592,005)
Gas inventories and other assets	1,741,770	2,122,342
Accounts payable and accrued expenses	879,307	2,233,160
Due to Members	(1,241,301)	(1,294,307)
Net cash provided by operating activities	\$ 150,112,456	\$ 143,490,801

See accompanying notes.

Notes to Financial Statements

December 31, 2017

I. Summary of Significant Accounting Policies

Reporting Entity

The Municipal Gas Authority of Georgia (the Gas Authority) is a public corporation created in 1987 by an Act of the General Assembly of the state of Georgia (the Act) to provide reliable and economic gas supplies to municipal gas distribution systems. The Act provides that the Gas Authority will establish rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate for profit, unless any such profit inures to the benefit of the public. As of December 31, 2017, 67 Georgia municipalities, 8 Alabama municipalities, 3 Florida municipalities, 1 Tennessee municipality, and 1 Pennsylvania municipality (the Members) have contracted with the Gas Authority for gas supplies for resale to their customers. The Gas Authority also provides gas supplies and related services to 10 other agencies and municipal utilities (Gas Supply Partners) on a limited basis for the benefit of the Members. Additionally, the Gas Authority provides regulatory compliance services to 32 other entities (Regulatory Compliance Partners, and collectively, the Partners).

Pursuant to the provisions of the Act, the Gas Authority and all 80 Members have entered into long-term gas supply contracts (the Gas Supply Contracts), that require Members to take their entire gas supply from the Gas Authority and require the Gas Authority to provide that supply. Members can elect to participate in joint projects undertaken by the Gas Authority and authorize issuance of project debt by entering into a supplemental contract (Supplemental Contract). These Supplemental Contracts authorize the Gas Authority to issue gas revenue bonds and other debt obligations to acquire a portfolio of gas supplies and gas-related assets to fulfill, in whole or in part, its obligation to supply gas to Members. The Portfolio III project was initiated in November 2002 with the execution of amended Gas Supply Contracts and Supplemental Contracts with all Members. Those contracts were amended in 2008 to extend the full requirements gas supply services to Members through at least the date on which all Portfolio III bonds are fully retired and authorize the issuance of up to \$1,500,000,000 in debt to secure long-term gas supplies. Through these contracts, the Gas Authority was authorized to issue additional debt through December 31, 2014, with maturities not exceeding 15 years from issuance. The Portfolio IV project was initiated in November 2014 with the execution of Supplemental Contracts. Under the Portfolio IV contracts, the Gas Authority may issue up to \$1,100,000,000 in debt through December 31, 2020, increasing to \$1,500,000,000 as Portfolio III principal payments are made, with maturities not exceeding 20 years from issuance, to secure long-term gas supplies.

Notes to Financial Statements (continued)

I. Summary of Significant Accounting Policies (continued)

Pursuant to Governmental Accounting Standards Board (GASB) 14, *The Financial Reporting Entity*, the financial statements of Main Street Natural Gas, Inc. (Main Street), a nonprofit corporation organized under Georgia law, are included in these financial statements as a blended component unit. Main Street was formed to facilitate long-term prepaid supply transactions on behalf of the Gas Authority, as well as other municipal customers within and outside the state of Georgia. Main Street is governed by a board of directors that consists of a subset of the Gas Authority's Board of Directors.

The Gas Authority manages the day-to-day activities of Public Gas Partners, Inc. (PGP), a Georgia nonprofit corporation that acquires and manages pools of long-term natural gas supplies under Production Sharing Agreements with seven municipal entities, including the Gas Authority. PGP is not a component unit as it is an autonomous company with an independent board of directors, and therefore, its operations are not included in these financial statements.

Basis of Accounting

The Gas Authority follows proprietary fund accounting in accordance with GASB pronouncements. Proprietary fund accounting is used to report business-type activities, as contrasted with tax-supported governmental activities.

The Gas Authority also complies with policies and practices prescribed by its Board of Directors and to practices common in the natural gas industry. As the Board of Directors has the authority to set rates, the Gas Authority follows GASB regulated accounting guidance in GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. Under GASB 62, regulatory assets are recorded to reflect probable future revenues associated with certain costs that are expected to be recovered from customers through the ratemaking process. Regulatory liabilities are recorded to reflect probable future reductions in revenues associated with amounts that are expected to be credited to customers through the ratemaking process. At December 31, 2017 and 2016, the Gas Authority's significant regulatory assets and liabilities are included in the accompanying statements of net position as deferred outflows/inflows of resources.

Notes to Financial Statements (continued)

I. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include bank demand accounts and cash deposited in local government investment pools. Cash in excess of daily requirements is invested in a local government investment pool managed by the State of Georgia. Cash deposited with bond trustees is invested in a U.S. Treasury securities fund. Restricted cash represents funds held by trustees or by counterparties under collateralized repurchase agreements, restricted pursuant to various bond resolutions.

Prepaid Gas Supplies

At December 31, 2017 and 2016, prepaid gas supplies, which are recorded at amortized cost, comprise four secured prepayments of gas to be received by Main Street at specified volumes per day. Those prepayments expire at various dates in 2022, 2028, and 2040. The prepaid contracts are each secured by a guaranty provided by a financial institution that met certain criteria upon execution.

Gas Inventories and Other Current Assets

Gas inventories consist of natural gas that is purchased and stored in interstate pipelines or other facilities in the summer and withdrawn in the winter. Gas inventories are stated at weighted-average cost. Other current assets consist of prepaid expenses and interest receivable.

Investments

Investment Securities – Restricted

Investment securities – restricted represent Main Street's investments, which consist of guaranteed investment contracts with financial counterparties that meet minimum credit criteria. The balances in such accounts are restricted for use by Main Street's bond trustee, with earnings released annually to Main Street after debt service is paid. These investment contracts are recorded at cost. Investment income is recorded as investment and other income (expense), net. Any other-than-temporary declines in value are recorded as impairments. No such impairments were recorded in 2017 or 2016. See Note 2 for a schedule of investments as of December 31, 2017 and 2016.

Notes to Financial Statements (continued)

I. Summary of Significant Accounting Policies (continued)

Investments in Direct Financing Leases

Certain direct financing leases executed on behalf of Members for gas distribution system improvements have been recorded based on the lease payment schedule. Leases in which the Gas Authority has assigned its lease payment rights to a bank have not been recorded in the financial statements.

Investments in Operating Partnerships

The Gas Authority owns noncontrolling interests in certain entities. Such investments are recorded under the equity method if the Gas Authority has significant influence on that entity; otherwise, they are recorded at cost. Any other-than-temporary declines in value are recorded as impairments.

Gas Properties

Gas properties represent working and royalty interests in certain natural gas wells. Under the full-cost method, the Gas Authority capitalizes all acquisition, exploration, and development costs. Costs associated with production are expensed in the period incurred. The Gas Authority also includes the present value of plugging and abandonment costs within the gas property balance.

The Gas Authority computes the depreciation, depletion, and amortization (DD&A) of gas properties using the unit-of-production method based upon production and estimates of proved reserve quantities. All capitalized costs, including acquisition costs related to unproved properties, are included in the amortizable base.

Under the full-cost method, capitalized costs are limited to an amount not to exceed the value of the related gas reserves (referred to as a ceiling on capitalized costs). In performing its annual ceiling test, the Gas Authority limits the capitalized costs of gas properties, net of accumulated DD&A, to the present value of estimated future net cash flows, including cash flows from hedging transactions, from proved gas reserves, plus the lower of cost or fair value of any unproved properties included in the costs being amortized. The full-cost method stipulates that future cash flows are discounted at 10%. If capitalized costs exceed this limit, the excess is charged as additional DD&A expense. The full-cost method also stipulates that revenues for all future periods are calculated by applying the average first-of-month price over the preceding 12 months, except in those instances where future natural gas prices are covered by derivative contracts. Consequently, the preceding 12-month average prices could have a significant impact on the ceiling test calculation and could result in write-downs of gas properties.

Notes to Financial Statements (continued)

I. Summary of Significant Accounting Policies (continued)

Other Assets

Other asset balances primarily consist of capital assets, which consist of land, buildings, furniture, and equipment and are recorded at cost, and Member loans for growth initiatives (see Note 3). Depreciation on buildings, furniture, and equipment is recorded using the straight-line method over estimated useful lives of 3 to 40 years.

Other Liabilities

Other liabilities primarily consist of asset retirement obligations, which represent the present value of the estimated costs for well plugging and abandonment upon retirement of the related gas properties. Such costs are recorded in gas properties and amortized to expense using the unit-of-production method described above.

Deferred Outflows/Inflows of Resources

The Gas Supply Contracts establish a pricing mechanism outlining the methods for billing Members for various classes of gas supply services. Expenses in excess of amounts currently billable to Members under the pricing mechanism that will be recovered from future billings to Members are classified as deferred outflows of resources. These deferred amounts are principally related to long-term supply and storage arrangements comprising costs that are recognized under generally accepted accounting principles at different times than they are billed to Members, as well as amounts billable or refundable to Main Street customers. Main Street's natural gas billings are designed to provide, over the life of each project, full recovery of all project costs as defined in the respective trust indentures and as prescribed by the Main Street Board of Directors. The Main Street costs to be recovered consist primarily of the difference between amortization of prepaid gas supplies and debt service requirements recognized in the financial statements and amounts currently billable to Main Street customers. Current billings in excess of expenses that will be returned in future billings or rebates to Members are classified as deferred inflows of resources, which represent the net unrealized gain on hedging derivative instruments primarily related to Main Street.

Revenues

Revenues are recognized in the period that gas supplies are delivered and other services are provided. Under the provisions of the Act, the Gas Authority is required to set rates sufficient to recover all its costs. Thus, the Gas Authority's revenue and expense accounts are trued up annually. Any excess revenues or expenses are either credited or billed to Members in accordance with policies approved by the Board of Directors.

Notes to Financial Statements (continued)

I. Summary of Significant Accounting Policies (continued)

Derivative Instruments

The Gas Authority uses derivative instruments, including swaps and options (collectively, commodity derivatives), to hedge its commodity price risk associated with forecasted natural gas supply and sales transactions, physical storage operations, and gas production sales from its long-term reserve assets. Main Street uses natural gas swaps to hedge commodity price risk associated with its gas prepayment transactions. Main Street also uses interest rate swaps to reduce the impact of changes in interest rates on its variable rate long-term debt.

Under GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, realized gains or losses on hedging derivative instruments are recognized in operating revenues in the period to which the derivative instruments relate. Realized gains or losses on derivative instruments that do not meet the criteria to be accounted for as hedging derivative instruments (investment derivative instruments), if any, are recognized in investment income in the period to which the derivative instruments relate. GASB 53 requires the Gas Authority to record the fair value of derivative instruments on the statements of net position as an asset or liability. The change in fair value of hedging derivative instruments (unrealized gains or losses) is recorded net as a deferred inflow of resources. Changes in the fair value of investment derivative instruments (unrealized gains or losses) are recognized as investment income/loss and then deferred as regulatory assets or liabilities under GASB 62. The fair values of derivative instruments with individual counterparties under master netting arrangements are offset as current and/or long-term assets or liabilities on the statements of net position.

Cash receipts and payments for commodity instruments are classified as operating activities in the statements of cash flows. Cash receipts and payments for interest rate instruments are classified as investing activities in the statements of cash flows. Cash receipts and payments for Main Street derivative instruments are classified as operating activities in the statements of cash flows.

Fair Value Measurements

The Gas Authority's financial instruments include cash and cash equivalents, restricted cash, restricted investments, receivables, accrued liabilities, accounts payable, interest rate and gas supply hedging agreements, and debt. The carrying amounts of cash and cash equivalents, restricted cash, receivables, accrued liabilities, and accounts payable approximate fair value because of their short-term nature. The carrying amounts of variable-rate debt also approximate fair value because of their variable interest rates.

Notes to Financial Statements (continued)

I. Summary of Significant Accounting Policies (continued)

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. There is a three-tier fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Gas Authority's assumptions (unobservable inputs). Fair value measurements are classified under the following hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Pricing inputs other than Level 1 which are either directly or indirectly observable.
- Level 3: Unobservable pricing inputs developed using the entity's estimates and assumptions, which reflect those that market participants would use in pricing an asset or liability.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Gas Authority. The Gas Authority considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The Gas Authority evaluates its hierarchy disclosures each reporting period and based on various factors it is possible that an asset or liability may be classified differently from period to period. However, the Gas Authority expects that changes in classifications between different levels will be infrequent.

Notes to Financial Statements (continued)

I. Summary of Significant Accounting Policies (continued)

Fair value estimates are based on pertinent information available to management at each statement of net position date. Specifically, fair value estimates for derivative instruments represent the present value of the differences of the fixed prices in the related instruments less the NYMEX forward price curve (projected for periods beyond when NYMEX quotes are available), adjusted for basis differentials, multiplied by the corresponding monthly gas volume using the applicable LIBOR forward interest rate curve as a discount rate. Fair values of option contracts are estimated using option pricing models that consider similar factors and also include an estimate of expected volatility. Fair values of interest rate swaps are estimated by measuring the rates of the original interest derivatives against the corresponding index (LIBOR or Securities Industry and Financial Markets Association (SIFMA)). These estimated fair values may be significantly impacted by changes in underlying natural gas commodity prices or the general interest rate environment. The fair values presented have not been comprehensively revalued since December 31, 2017, and current estimates of fair value may differ significantly from the amounts presented herein.

The following table summarizes the valuation of financial instruments measured at fair value:

December 31, 2017		Level 1	Level 2	Level 3	Total
Gas supply hedging agreements	\$	- \$	782,220,378 \$	246,273,236 \$	1,028,493,614
Interest rate swap agreements	\$	- \$	- \$	(105,454,914) \$	(105,454,914)
December 31, 2016		Level 1	Level 2	Level 3	Total
Gas supply hedging agreements	\$	- \$	795,132,348 \$	238,455,327 \$	1,033,587,675
Interest rate swap agreements	\$	- \$	- \$	(113,344,984) \$	(113,344,984)

Net Position

Net investment in capital assets represents the Gas Authority's net position in buildings, land, and equipment. Unrestricted net position represents retained operating margins or billings to Members in excess of costs to establish reserves and working capital to finance the Gas Authority's gas supply operations and for the purchase of property and other assets. Such amounts are subject to disposition in accordance with policies approved by the Board of Directors and the contracts with Members.

Notes to Financial Statements (continued)

I. Summary of Significant Accounting Policies (continued)

Income Taxes

The Gas Authority is a governmental instrumentality and performs an essential government function, and therefore is exempt from federal and state income taxes pursuant to section 115 of the Internal Revenue Code, as amended. The Gas Authority is also exempt from Federal income tax under section 501(a) of the Internal Revenue Code as an entity described in 501(c)(3). Main Street is a public corporation, and therefore is exempt from federal and state income taxes. Accordingly, no provision for such taxes is made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and (2) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Intercompany Eliminations

Transactions between the Gas Authority and Main Street have been eliminated in the financial statements.

Subsequent Events

In preparing the accompanying audited financial statements, management reviewed all events that have occurred after December 31, 2017 through April 12, 2018, the date these financial statements were available for issuance, for inclusion in the financial statements and footnotes.

2. Cash and Cash Equivalents, Investment Securities, and Related Risks

Cash and Cash Equivalents

At December 31, 2017, amounts invested in a local government investment pool totaling \$9,859,065 and bank deposits totaling \$42,727,656 were either covered by federal depository insurance or collateralized with securities held by a third-party bank's trust department. Total restricted cash held by trustees at December 31, 2017 was \$35,149,338. Of this amount, \$32,121,842 related to Main Street's limited obligation debt, \$3,027,132 related to direct financing lease obligations, and the remainder related to Portfolio III and IV debt service obligations.

Notes to Financial Statements (continued)

2. Cash and Cash Equivalents, Investment Securities, and Related Risks (continued)

At December 31, 2016, amounts invested in a local government investment pool totaling \$14,739,628 and bank deposits totaling \$39,724,543 were either covered by federal depository insurance or collateralized with securities held by a third-party bank's trust department. Total restricted cash held by trustees at December 31, 2016 was \$33,769,253. Of this amount, \$30,778,794 related to Main Street's limited obligation debt, \$2,990,089 related to direct financing lease obligations, and the remainder related to Portfolio III and IV debt service obligations.

Investment Securities

Following is a summary of investment balances:

Investment Type	Balance	Maturity	Percentage of Total Investments
December 31, 2017			
Restricted investments securities:			
Main Street guaranteed investment contracts:			
Credit Agricole - 2006A	\$ 29,915,661	2022	46 %
Credit Agricole - 2006B	29,923,256	2022	46
Aegon - 2007A	5,535,567	2028	8
Total	<u>\$ 65,374,484</u>		
December 31, 2016			
Restricted investments securities:			
Main Street guaranteed investment contracts:			
Credit Agricole - 2006A	\$ 29,128,134	2022	46 %
Credit Agricole - 2006B	29,136,863	2022	46
Aegon - 2007A	5,265,695	2028	8
Total	<u>\$ 63,530,692</u>		

The guaranteed investment contracts have a maturity that is coterminous with the related gas purchase agreements. The balances accumulate monthly and are subject to withdrawal when a semiannual debt service payment is due. Such balances are classified as current restricted investments in the accompanying statements of net position when such amounts will fund current obligations.

Interest Rate Risk

The Gas Authority and Main Street do not have formal investment policies regarding interest rate risk.

Notes to Financial Statements (continued)

2. Cash and Cash Equivalents, Investment Securities, and Related Risks (continued)

Credit Risk

The Gas Authority's investment policy allows investments in obligations of the federal or any state government; obligations fully insured or guaranteed by the federal government or any of its agencies; obligations of any corporation of the federal government; prime banker's acceptances; the local government investment pool; certain repurchase agreements of the federal government; certain obligations of political subdivisions of any state, their agencies or instrumentalities that have been rated the equivalent of AA- or better by at least one of the national rating agencies; and Georgia Members of the Gas Authority pursuant to lease agreements or other intergovernmental contracts with the Gas Authority. Main Street does not have a formal investment policy regarding counterparty credit risk.

Concentration of Credit Risk

The Gas Authority and Main Street do not have a policy that limits the amount that may be invested in any one issuer. Investments representing greater than 5% of total investments are shown under Investment Securities above.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Gas Authority's deposits may not be returned to it. The Gas Authority and Main Street do not have a deposit policy for custodial credit risk. As of December 31, 2017 and 2016, \$35,149,338 and \$33,769,253, respectively, were exposed to custodial credit risk as such amounts were uninsured and collateral held by the pledging bank's trust department was not in the Gas Authority's name.

Notes to Financial Statements (continued)

3. Portfolio and Working Capital Reserves

The Board of Directors has created two reserve accounts, included in unrestricted net position on the statements of net position. The Portfolio Reserve, funded from Portfolio gas supply projects, had a balance of approximately \$16,000,000 at both December 31, 2017 and 2016. Investment income on such reserve is distributed annually to Members (see Note 4). No additional contributions are expected to be made to the Portfolio Reserve other than by Members that have contracted with the Gas Authority since the inception of the reserve. The Working Capital Reserve was funded from retained margins from long-term supplies, including the Portfolio III project, and had a balance of approximately \$16,000,000 at December 31, 2017 and 2016. Interest income from the Working Capital Reserve is used to help fund general and administrative expenses. The Board has approved the use of up to \$10,000,000 of reserves to fund growth initiatives including loans to Members and other arrangements. Loans to Members of \$3,632,470 and \$5,040,977 were outstanding at December 31, 2017 and 2016, respectively, related to these growth initiatives.

4. Annual Member Returns

In April 2018 and 2017, the Board of Directors approved annual cash returns to Members of \$9,897,940 and \$10,606,018, respectively. These Member returns, which reduced revenues, are included in Due to Members on the statements of net position.

5. Main Street Natural Gas

Main Street is authorized to issue tax-exempt bonds on behalf of the Gas Authority. Main Street's daily activities are managed by the Gas Authority under services agreements with durations consistent with the related gas supply agreements. Audited financial statements of Main Street are available from the Gas Authority.

Main Street has acquired gas through long-term prepaid gas purchase agreements (GPAs) and delivers gas to customers through long-term gas supply contracts for specified volumes of gas (MS GSCs). In some cases, the obligation of each customer to pay Main Street the contract price for its contract quantity of gas is insured pursuant to a separate financial guaranty insurance policy. Gas is priced to customers at a discount to spot market pricing. Additional discounts may be distributed annually to each project's customers at the discretion of the Main Street Board. In April 2018, the Main Street Board approved an annual distribution of \$2,356,014 to Series 2006A and 2006B customers. Of this amount, \$1,803,693 is due to the Gas Authority and was eliminated in the Gas Authority's financial statements. The remainder is included in accounts payable as of December 31, 2017. Main Street also made an annual distribution for the Series 2007A transaction during 2017 that was paid prior to December 31, 2017.

Notes to Financial Statements (continued)

5. Main Street Natural Gas (continued)

Following is a summary of Main Street's prepayments. See further discussion of the related debt in Note 10.

Series 2006A

In January 2007, Main Street issued revenue bonds totaling \$528,255,000 to fund a 15-year natural gas prepayment transaction for 108,600,131 Mcf supplied by J.P. Morgan Ventures Energy Corporation (J.P. Ventures), a wholly owned subsidiary of JP Morgan Chase & Co. Delivery of gas began February 1, 2007 and is contracted to continue through January 31, 2022. J.P. Ventures is required to make certain payments to Main Street for failure to deliver, or the inability of Main Street to take, the specific daily quantities of gas required to be delivered under the GPA, or upon early termination of the agreement. These payments are guaranteed by JP Morgan Chase & Co. Five municipalities signed MS GSCs with an original term of 15 years. The Gas Authority anticipates taking approximately 76% of the gas acquired in this transaction.

Series 2006B

In January 2007, Main Street issued revenue bonds totaling \$527,630,000 to fund a 15-year natural gas prepayment transaction for 108,600,131 Mcf supplied by Merrill Lynch Commodities, Inc. (Merrill Commodities), now a wholly owned subsidiary of Bank of America Corporation. Delivery of gas began February 1, 2007, and is contracted to continue through January 31, 2022. Merrill Commodities is required to make certain payments to Main Street for failure to deliver, or the inability of Main Street to take, the specific daily quantities of gas required to be delivered under the GPA, or upon early termination of the agreement. These payments are guaranteed by Bank of America Merrill Lynch. Five municipalities signed MS GSCs with an original term of 15 years. The Gas Authority anticipates taking approximately 76% of the gas acquired in this transaction.

Series 2007A

In September 2007, Main Street issued revenue bonds totaling \$496,710,000 to fund a 20-year and 8-month natural gas prepayment transaction for 118,783,750 Mcf supplied by Merrill Commodities. Delivery of gas began December 1, 2007, and is contracted to continue through July 31, 2028. Merrill Commodities is required to make certain payments to Main Street for failure to deliver, or the inability of Main Street to take, the specific daily quantities of gas required to be delivered under the GPA, or upon early termination of the agreement. These payments are guaranteed by Bank of America Merrill Lynch. The gas supply purchased by Main Street is sold to the Gas Authority, pursuant to an MS GSC with an original term of 20 years and 8 months.

Notes to Financial Statements (continued)

5. Main Street Natural Gas (continued)

In May 2009, due to changes in market conditions since the issuance of the bonds, Main Street made a tender offer to bondholders of its Series 2007A bonds. As a result, \$225,105,000 of bonds was redeemed. In conjunction with this tender offer, the remaining volumes to be delivered under the related gas supply agreement were reduced by 51,508,348 Mcf.

Series 2010A

In August 2010, Main Street issued revenue bonds totaling \$774,000,000 to fund a 30-year and 1-month natural gas prepayment transaction for 153,957,600 Mcf supplied by Royal Bank of Canada (RBC). Delivery of gas began July 1, 2010, and is contracted to continue through July 1, 2040. RBC is required to make certain payments to Main Street for failure to deliver, or the inability of Main Street to take, the specific daily quantities of gas required to be delivered under the GPA, or upon early termination of the agreement. The gas supply purchased by Main Street is sold to three municipal customers pursuant to MS GSCs with an original term of 30 years and 1 month. The Gas Authority anticipates taking approximately 33% of the gas acquired in this transaction. In March 2015, Main Street changed the interest rate period on the outstanding bonds under a mandatory tender and reoffering at par.

Series 2018A&B

In February 2018, Main Street issued revenue bonds totaling \$1,021,675,000 to fund a 30-year natural gas prepayment transaction for 405,466,619 Mcf supplied by RBC. Delivery of gas began March 1, 2018 and is contracted to continue through February 29, 2048. RBC is required to make certain payments to Main Street for failure to deliver, or the inability of Main Street to take, the specific daily quantities of gas required to be delivered under the GPA, or upon certain early termination events. The gas supply purchased by Main Street is sold to the Gas Authority pursuant to an MS GSC with an original term of 30 years. The Series 2018A&B bonds have fixed (2018A) and variable (2018B) interest rates along with an interest rate swap on 2018B. This transaction has the same types of commodity swaps (discussed in Note 11) as other Main Street transactions.

6. Public Gas Partners

Through March 2018, the Gas Authority has entered into four Natural Gas Production Sharing Agreements (PSAs) with PGP. Each PSA obligates the Gas Authority to pay as a component of gas operations expense its share of all costs incurred by the related PGP Pool until all related debt has been paid and the last volumes have been delivered. The PSAs include a step-up provision that could obligate the Gas Authority to increase its participation share in the PGP Pool by up to 25% in the event of default of another member. There were no such defaults in 2017 or 2016.

Notes to Financial Statements (continued)

6. Public Gas Partners (continued)

The acquisition periods for PGP Pools 1 and 2 ended in 2008. The Gas Authority has committed to take 50% of PGP's production from Pool 1 and 58% of PGP's production from Pool 2. The production may be taken physically by the Gas Authority or it may be sold in its local market on behalf of the Gas Authority. Pool 3 was formed in May 2009 and has an indefinite acquisition period. The Gas Authority has committed to take 85% of PGP's production from Pool 3. Pool 4 was formed in January 2018 to be a gas supplier and commodity swap counterparty for gas prepayment transactions. The Gas Authority provides funding to PGP under Advance Payment Agreements (APAs) that mature in the years the related debt is due. The balance under the APAs is reflected on the statements of net position as advance payment due from Public Gas Partners. Interest expense is charged based on the Gas Authority's actual interest expense incurred. PGP made cash interest payments to the Gas Authority of \$648,323 and \$1,080,920 in 2017 and 2016, respectively.

The Gas Authority manages the day-to-day activities of PGP under a services agreement and received fees of \$1,898,939 and \$1,971,635 from PGP for such services in 2017 and 2016, respectively.

7. Gas Properties

The Gas Authority owns working and royalty interests in natural gas reserves in Alabama and, until its sale in August 2017, Kansas. Depletion expense for 2017 and 2016 was \$366,649 and \$2,191,975, respectively. Depletion expense in 2017 includes certain items related to the sale of the Kansas reserves. Accumulated depletion of gas properties as of December 31, 2017 and 2016 was \$184,934,843 and \$176,389,446, respectively. Hedging transactions cover approximately 10% and 18% of expected future production from proved reserves for the years ended December 31, 2017 and 2016, respectively. If hedging transactions had not been considered in calculating the impairment test, additional expense of \$110,529 and \$5,840,068 for the years ended December 31, 2017 and 2016, respectively, would have been recognized in the impairment test.

Notes to Financial Statements (continued)

7. Gas Properties (continued)

Estimated proved reserves of the Gas Authority's gas properties, based on nationally recognized independent petroleum engineers' studies, are as follows:

Estimated Proved Reserves	(Mcf)
	<i>(Unaudited)</i>
Balance at December 31, 2016	24,015,849
Change in estimates	6,687,465
Production	(3,274,641)
Sale of reserves	(8,479,773)
Balance at December 31, 2017	18,948,900

8. Investments in Operating Partnerships

The Gas Authority owns noncontrolling interests in certain entities. In August 2017, as part of its sale of the Kansas gas reserves discussed above, the Gas Authority sold its 49% noncontrolling interest in Cherokee Basin Pipeline, LLC (CBPL), a gas gathering system affiliated with the Kansas gas reserves. This investment was accounted for under the equity method with gains and losses recorded in investment income. The asset was fully impaired in a prior year due to lower expected revenues from lower future gas prices. CBPL transported gas from wells in the Cherokee Basin field to the interstate pipeline. The Gas Authority paid a monthly transportation fee to CBPL, which totaled \$980,674 and \$2,053,759 in 2017 and 2016, respectively.

9. Debt

As of and for the Year Ended December 31, 2017

Five series of Portfolio III and one series of Portfolio IV bonds were outstanding at December 31, 2017, related to the financing of gas reserve acquisitions, advance payments to PGP, and other gas supply activities. Series F, Q, S, T, U and A are fixed-rate bonds with original maturities of 2 to 15 years. Bond premium is accounted for under the effective-interest method.

As of December 31, 2017 and 2016, the Gas Authority had lines of credit (LOCs) with an aggregate capacity of \$50,000,000. At December 31, 2017, \$19,750,000 was available to be drawn on the LOCs. In March 2018, the LOCs were increased to an aggregate capacity of \$80,000,000 and extended to March 31, 2020.

Notes to Financial Statements (continued)

9. Debt (continued)

Following is a summary of debt activity in 2017:

	Issue Date	Final Maturity	Avg % Yield	Balance December 31, 2016	Issuances	Payments/ Amortization	Balance December 31, 2017
Short-term debt:							
Lines of credit	N/A	Dec '19	N/A	\$ 20,250,000	\$ 30,000,000	\$ (20,000,000)	\$ 30,250,000
Total short-term debt				\$ 20,250,000	\$ 30,000,000	\$ (20,000,000)	\$ 30,250,000
Long-term debt:							
Series F	Jul '09	Aug '19	5.02	\$ 33,330,000	\$ -	\$ (11,110,000)	\$ 22,220,000
Series Q	Nov '12	Oct '22	2.43	12,000,000	-	-	12,000,000
Series S	Nov '12	Oct '27	3.07	27,000,000	-	-	27,000,000
Series T	Nov '12	Oct '20	2.84	15,000,000	-	-	15,000,000
Series U	Jul '14	Oct '24	1.70	64,000,000	-	(13,000,000)	51,000,000
Series A	Jul '16	Oct '24	1.22	80,000,000	-	-	80,000,000
Bond premium	N/A	N/A	N/A	22,279,719	-	(5,497,748)	16,781,971
Total				253,609,719	\$ -	\$ (29,607,748)	224,001,971
Less amounts due within one year				24,110,000			23,110,000
Less current portion of bond premium				5,497,749			5,089,618
Total long-term debt				\$ 224,001,970			\$ 195,802,353

The summary of annual debt service for long-term debt, along with expected interest payments, for the years ending December 31, is as follows:

Years	Principal	Interest	Total Debt Service
2018	\$ 23,110,000	\$ 10,184,485	\$ 33,294,485
2019	59,610,000	9,564,325	69,174,325
2020	37,000,000	7,077,500	44,077,500
2021	24,500,000	5,800,000	30,300,000
2022	22,000,000	5,050,000	27,050,000
2023–2027	41,000,000	8,650,000	49,650,000
Total	\$ 207,220,000	\$ 46,326,310	\$ 253,546,310

Notes to Financial Statements (continued)

9. Debt (continued)

As of and for the Year Ended December 31, 2016

Five series of Portfolio III and one series of Portfolio IV bonds were outstanding at December 31, 2016, related to the financing of gas reserve acquisitions, advance payments to PGP, and other gas supply activities. Series F, Q, S, T, U and A are fixed-rate bonds with original maturities of 2 to 15 years. Bond premium is accounted for under the effective-interest method.

Following is a summary of debt activity in 2016:

	Issue Date	Final Maturity	Avg % Yield	Balance December 31, 2015	Issuances	Payments/ Amortization	Balance December 31, 2016
Short-term debt:							
Lines of credit	N/A	Dec '19	N/A	\$ 15,000,000	\$ 20,250,000	\$ (15,000,000)	\$ 20,250,000
Total short-term debt				<u>\$ 15,000,000</u>	<u>\$ 20,250,000</u>	<u>\$ (15,000,000)</u>	<u>\$ 20,250,000</u>
Long-term debt:							
Bank notes	May/Oct '14	May/Oct '16	Var	\$ 66,000,000	\$ —	\$ (66,000,000)	\$ —
Series F	Jul '09	Aug '19	5.02	44,440,000	—	(11,110,000)	33,330,000
Series L	Jun '11	Apr '16	1.76	8,030,000	—	(8,030,000)	—
Series M	Jun '11	Apr '16	1.76	2,675,000	—	(2,675,000)	—
Series Q	Nov '12	Oct '22	2.43	12,000,000	—	—	12,000,000
Series S	Nov '12	Oct '27	3.07	27,000,000	—	—	27,000,000
Series T	Nov '12	Oct '20	2.84	15,000,000	—	—	15,000,000
Series U	Jul '14	Oct '24	1.70	92,500,000	—	(28,500,000)	64,000,000
Series A	Jul '16	Oct '24	1.22	—	80,000,000	—	80,000,000
Bond premium	N/A	N/A	N/A	13,209,277	13,736,690	(4,666,248)	22,279,719
Total				<u>280,854,277</u>	<u>\$ 93,736,690</u>	<u>\$ (120,981,248)</u>	<u>253,609,719</u>
Less amounts due within one year				116,315,000			24,110,000
Less current portion of bond premium				3,401,133			5,497,749
Total long-term debt				<u>\$ 161,138,144</u>			<u>\$ 224,001,970</u>

10. Limited Obligation Debt

Main Street Debt

As discussed in Note 5, Main Street has four series of revenue bonds outstanding related to the acquisition of prepaid long-term supplies of gas from various gas suppliers. These bonds were issued at a premium, which is accounted for under the effective-interest method.

Notes to Financial Statements (continued)

10. Limited Obligation Debt (continued)

Main Street's obligation for repayment of its gas revenue bonds is limited to the assets held by the bond trustee in the trust estate for the applicable series of gas revenue bonds. A separate trust estate exists for each series of Main Street's gas revenue bonds that principally consists of proceeds collected from sales of natural gas under the related customer supply agreements, net amounts collected from the commodity swap counterparties (see Note 11), and the right to receive termination payments due, if any, from the gas supplier. The gas revenue bonds are not general obligations of Main Street. Main Street's debt is not an obligation of the Gas Authority or of any customers of Main Street.

Direct Financing Leases

Gas Authority-Financed

The Gas Authority and certain Members have entered into lease agreements that were funded by Gas Authority cash reserves. The loan proceeds were used to construct natural gas vehicle fueling stations or make improvements to the respective Members' gas distribution systems. Project improvements or facilities are leased to those Members until the loan is repaid.

Bank-Financed

The Gas Authority and certain Members have entered into lease agreements that were funded by bank loans entered into by the Gas Authority. The loan proceeds were used to make improvements to the respective Members' gas distribution systems. Project improvements are leased to those Members until the debt is retired. The Gas Authority has assigned its rights to receive rental payments to the banks that funded construction of the projects. The Gas Authority has not executed a promissory note or loaned money in connection with these lease transactions. The obligations of the cities to make the rental payments under the leases constitute general obligations of the cities to which the full faith and credit of the cities are pledged. Therefore, no leased assets or related obligations have been recorded in the Gas Authority's financial statements.

Notes to Financial Statements (continued)

10. Limited Obligation Debt (continued)

Bond-Financed

The Gas Authority and certain Members have entered into supplemental contracts for the issuance of limited obligation gas revenue bonds (Direct Financing Lease Bonds). The bond proceeds were used to make improvements to the respective Members' gas distribution systems. Project improvements are leased to those Members until the debt is retired. The bonds are limited obligations of the Gas Authority payable solely from the trust estates created by the various gas revenue bond resolutions. The respective Members are required to make lease payments to the Gas Authority for deposit with the trustees that correspond in amount to the principal, premium, and interest on each series of bonds in advance of their payment dates.

Direct Financing Lease Bonds outstanding at December 31, 2017, are as follows:

Direct Financing Lease Bond Issue	Due Dates	Serial and Term Bond	
		Range of Principal Payments Due	Range of Annual Interest Rates
Warner Robins 1995A&B	2018-2022	\$ 69,553 - 379,618	6.35% - 6.70%
Toccoa 2011	2018-2024	\$ 1,335,000 - 1,865,000	3.00% - 5.00%
Warner Robins 2011	2018-2020, 2026	\$ 230,000 - 1,625,000	3.00% - 5.00%

The trustees held \$3,027,132 of funds restricted under the various bond resolutions related to these leases at December 31, 2017. The leases of these properties to the respective Members have been recorded as investments in direct financing leases. The components of net investment in the direct financing leases are as follows:

Total debt requirement	\$ 23,268,510
Less advanced payments deposited with trustee	3,313,759
Total minimum lease payments to be received	19,954,751
Less unearned income	2,942,629
Net investment in direct financing leases	<u>\$ 17,012,123</u>

Notes to Financial Statements (continued)

10. Limited Obligation Debt (continued)

Lease payments to be received over the remaining life of the leases are as follows:

2018	\$	4,108,194
2019		4,008,099
2020		3,900,577
2021		3,560,230
2022		2,142,419
Thereafter		5,548,991
Total	\$	<u>23,268,510</u>

Following is a summary of limited obligation debt activity in 2017:

	Balance December 31, 2016	Issuances	Payments/ Amortization	Balance December 31, 2017
Main Street bonds	\$ 1,530,910,000	\$ —	\$ (88,045,000)	\$ 1,442,865,000
Bond premium	18,286,937	—	(4,404,702)	13,882,235
Direct financing leases	23,037,294	—	(3,030,371)	20,006,923
Total debt	<u>1,572,234,231</u>	<u>\$ —</u>	<u>\$ (95,480,073)</u>	<u>1,476,754,158</u>
Less amounts due within one year	91,460,000			97,745,000
Less current portion of bond premium	4,378,528			3,798,913
Total long-term limited obligation debt	<u>\$ 1,476,395,703</u>			<u>\$ 1,375,210,245</u>

Notes to Financial Statements (continued)

10. Limited Obligation Debt (continued)

The combined annual requirement of all limited obligation bond issues outstanding at December 31, 2017, is as follows:

Years	Principal			Interest ^(b)	Total Debt Service
	Main Street Bonds ^(a)	Direct Financing Lease Bonds	Total		
2018	\$ 94,270,000	\$ 3,475,000	\$ 97,745,000	\$ 49,827,644	\$ 147,572,644
2019	100,030,000	3,430,891	103,460,891	45,280,207	148,741,098
2020	107,865,000	3,386,696	111,251,696	40,503,562	151,755,258
2021	112,970,000	3,114,336	116,084,336	35,378,904	151,463,240
2022	127,860,000	1,775,000	129,635,000	30,033,273	159,668,273
2023–2027	252,825,000	4,825,000	257,650,000	99,318,468	356,968,468
2028–2032	222,930,000	-	222,930,000	48,035,291	270,965,291
2033–2037	234,760,000	-	234,760,000	26,208,802	260,968,802
2038–2040	189,355,000	-	189,355,000	3,703,261	193,058,261
Total	\$ 1,442,865,000	\$ 20,006,923	\$ 1,462,871,923	\$ 378,289,412	\$ 1,841,161,335

^(a) Assumes that any of the Series 2010A bonds tendered to the trustee are purchased and remarketed under a standby bond purchase agreement that has the same term as the related GPA.

^(b) Variable interest amounts assume future interest rates remain constant at the rate in effect on December 31, 2017.

Following is a summary of limited obligation debt activity in 2016:

	Balance December 31, 2015	Issuances	Payments/ Amortization	Balance December 31, 2016
Main Street bonds	\$ 1,617,140,000	\$ —	\$ (86,230,000)	\$ 1,530,910,000
Bond premium	23,226,143	—	(4,939,206)	18,286,937
Direct financing leases	24,212,742	—	(1,175,448)	23,037,294
Total debt	1,664,578,885	\$ —	\$ (92,344,654)	1,572,234,231
Less amounts due within one year	87,875,000			91,460,000
Less current portion of bond premium	4,909,329			4,378,528
Total long-term limited obligation debt	\$ 1,571,794,556			\$ 1,476,395,703

Notes to Financial Statements (continued)

10. Limited Obligation Debt (continued)

Main Street Series 2006A, 2006B, and 2007A bonds have fixed-coupon interest rates ranging from 5.00% to 5.50% at December 31, 2017, with an effective rate, including bond premium, of 4.44%. Main Street Series 2010A bonds have a variable coupon interest rate, 1.81% at December 31, 2017, along with two interest rate swaps (see Note 11). Giving effect to the swaps, the net rate in effect at December 31, 2017, was 3.53%. As the Series 2010A variable rate resets weekly, the debt balance recorded on the statement of net position at December 31, 2017 is estimated to represent fair value. Direct financing lease bonds have a fixed rate that ranged from 3.00% to 6.70% at December 31, 2017. The average effective rate for all limited-obligation bonds was 3.98% at December 31, 2017.

11. Derivative Instruments

Commodity Derivative Instruments

The Gas Authority has established rates with its Members and Partners generally based on spot market pricing unless the Member has requested an alternate pricing arrangement pursuant to the Gas Supply Contract. The Gas Authority and Main Street use commodity derivative instruments to hedge exposure related to gas supply operations, long-term gas supplies, and Main Street prepayments, as discussed below.

The commodity derivative instruments require monthly payments to be made or received based on the difference between the spot market price and the contract strike price on notional volumes. None of the Gas Authority's or Main Street's derivatives require a cash payment at inception.

Hedging Activities Related to Gas Supply Operations

Members and Partners may elect to stabilize gas prices and/or basis differentials for a portion of their anticipated near-term gas purchases by requesting alternate pricing arrangements pursuant to the Gas Supply Contracts. The Gas Authority uses commodity derivatives to hedge its commitment to sell consistent with these alternate pricing arrangements. In addition, the Gas Authority manages Member and Partner peak day requirements by utilizing its storage assets. The Gas Authority uses commodity derivatives to reduce risk related to price changes between the injection of storage gas in the summer months and its withdrawal during the winter months.

Hedging Activities Related to Long-Term Gas Supplies

The Gas Authority has entered into long-term commodity derivatives to hedge forecasted sales of gas by converting such sales to fixed prices.

Notes to Financial Statements (continued)

11. Derivative Instruments (continued)

Hedging Activities Related to Main Street

Main Street has entered into long-term prepaid GPAs and uses long-term commodity derivatives with matching terms to convert fixed prepayments for future deliveries to spot market prices.

Use of Options

The Gas Authority uses option strategies, including collars, to hedge against the variability in cash flows associated with gas supply operations. The Gas Authority purchases call options to establish price caps at the option strike price and sells put options to create a collar. Selling a put obligates the Gas Authority to buy gas below the strike price and creates a floor.

Interest Rate and Investment Derivative Instruments

In 2010, in connection with the issuance of Series 2010A bonds, Main Street entered into two interest rate swap agreements that result in Main Street paying a fixed and variable interest rate on the bonds and generate price discounts for the customers. In the first agreement, accounted for as a hedging derivative instrument, Main Street pays a fixed rate of 3.7587% and receives the bond rate from the counterparty. In the second agreement, accounted for as an investment derivative, Main Street pays the bond rate and receives 80% of one-month London Interbank Offered Rate (LIBOR) plus a spread of 0.7216% from the counterparty. Additionally, Main Street pays a variable, tax-exempt rate on the bonds.

Notes to Financial Statements (continued)

11. Derivative Instruments (continued)

Fair Value of Derivative Instruments

See Note 1 for a discussion of fair value policies and methodologies. The fair value balances of derivative instruments outstanding at December 31, 2017 and 2016, classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the related financial statements are as follows (losses and liabilities in parentheses):

	Notional Amount at December 31, 2016*	Change in Fair Value 2016	Fair Value at December 31, 2016	Change in Fair Value 2017	Fair Value at December 31, 2017	Notional Amount at December 31, 2017*
Gas Supply Operations and Long-Term Gas Supplies						
<i>Hedging Derivatives</i>						
Long futures – pay fixed	120,000	\$ (8,980)	\$ 12,720	\$ (12,720)	\$ -	-
Short futures – receive fixed	180,000	(151,570)	(113,840)	223,560	109,720	260,000
Henry Hub swaps – pay fixed	5,111,620	9,246,334	1,469,215	(3,100,785)	(1,631,569)	6,662,500
Henry Hub swaps – receive fixed	7,952,000	(9,637,383)	(561,640)	1,752,417	1,190,777	4,636,000
Non-Henry Hub swaps – pay fixed	3,297,100	4,870,076	2,180,762	(2,738,142)	(557,380)	7,489,900
Non-Henry Hub swaps – receive fixed	-	-	-	(243)	(243)	9,000
Basis Swaps – pay fixed	630,000	(12,537)	(12,537)	(5,170)	(17,707)	405,000
Basis swaps – receive fixed	-	166,520	-	-	-	-
Henry Hub options – bought call	1,440,000	919,100	1,199,100	(1,121,180)	77,920	440,000
Henry Hub options – bought put	390,000	7,080	7,080	(7,080)	-	-
Non-Henry Hub options – bought call	450,000	31,057	77,818	(62,025)	15,793	1,025,500
Non-Henry Hub options – sold put	450,000	100,055	(583)	(98,998)	(99,581)	1,025,500
Main Street – Non-Henry Hub swap – receive fixed	238,008,735	(39,100,980)	1,029,329,579	76,305	1,029,405,884	215,737,529
Main Street interest rate swap – pay fixed	758,845,000	25,406,458	(162,312,796)	(1,598,170)	(163,910,966)	752,085,000
<i>Investment Derivatives</i>						
Main Street interest rate swap – receive variable	758,845,000	(9,974,340)	48,967,812	9,488,240	58,456,052	752,085,000

* Notional amounts are in MMBtu except interest rate swaps, which are in U.S. dollars.

Notes to Financial Statements (continued)

11. Derivative Instruments (continued)

The following tables display key terms of the Gas Authority's derivative instruments:

As of December 31, 2017	Effective Dates	Notional Amounts*	Trade/Strike Prices
Gas Supply Operations and Long-Term Gas Supplies			
<i>Hedging Derivatives</i>			
Short futures – receive fixed	Feb 2018 – Mar 2018	260,000	\$ 3.24 – 3.50
Henry Hub swaps – pay fixed	Jan 2018 – Dec 2022	6,662,500	2.69 – 4.45
Henry Hub swaps – receive fixed	Jan 2018 – Mar 2019	4,636,000	2.99 – 3.68
Non-Henry Hub swaps – pay fixed	Jan 2018 – Mar 2021	7,489,900	2.57 – 3.16
Non-Henry Hub swaps – receive fixed	Dec 2018 – Dec 2018	9,000	2.94
Basis swaps – pay fixed	Jan 2018 – Mar 2018	405,000	0.02
Henry Hub options – bought call	Feb 2018 – Mar 2018	440,000	3.00
Non Henry Hub options – bought call	Jan 2018 – Oct 2018	1,025,500	3.50 – 4.25
Non Henry Hub options – sold put	Jan 2018 – Oct 2018	1,025,500	2.16 – 2.75
Main Street Non-Henry Hub swaps – receive fixed	Jan 2018 – Jun 2040	215,737,529	6.45 – 13.90
Main Street interest rate swap – pay fixed	Jan 2018 – Aug 2040	752,085,000	Variable
<i>Investment Derivatives</i>			
Main Street interest rate swap – receive variable	Jan 2018 – Aug 2040	752,085,000	Variable

* Notional amounts are in MMBtu except interest rate swaps, which are in U.S. dollars.

Notes to Financial Statements (continued)

11. Derivative Instruments (continued)

As of December 31, 2016	Effective Dates	Notional Amounts*	Trade/Strike Prices
Gas Supply Operations and Long-Term Gas Supplies			
<i>Hedging Derivatives</i>			
Long futures – pay fixed	Apr 2017 – Apr 2017	120,000	\$ 3.46
Short futures – receive fixed	Feb 2017 – Oct 2017	180,000	2.73 – 3.30
Henry Hub swaps – pay fixed	Jan 2017 – Mar 2019	5,111,620	2.67 – 4.56
Henry Hub swaps – receive fixed	Jan 2017 – Dec 2018	7,952,000	2.48 – 4.56
Non-Henry Hub swaps – pay fixed	Jan 2017 – Mar 2019	3,297,100	2.57 – 3.54
Basis swaps – pay fixed	Nov 2017 – Mar 2018	630,000	0.02
Henry Hub options – bought call	Feb 2017 – Mar 2018	1,440,000	3.00
Henry Hub options – bought put	Feb 2017 – Mar 2017	390,000	2.90 – 3.00
Non Henry Hub options – bought call	Jan 2017 – Mar 2017	450,000	3.50 – 4.50
Non Henry Hub options – sold put	Jan 2017 – Mar 2018	450,000	2.15 – 2.30
Main Street Non-Henry Hub swaps – receive fixed	Jan 2017 – Jun 2040	238,008,735	6.18 – 13.90
Main Street interest rate swap – pay fixed	Jan 2017 – Aug 2040	758,845,000	Variable
<i>Investment Derivatives</i>			
Main Street interest rate swap – receive variable	Jan 2017 – Aug 2040	758,845,000	Variable

* Notional amounts are in MMBtu except interest rate swaps, which are in U.S. dollars.

Risks Associated With Derivative Instruments

Credit Risk

Absent unusual situations that expose the Gas Authority to significant risk, the Gas Authority intends to hold all derivative instruments to maturity. Main Street intends to hold all derivative instruments to maturity. The Gas Authority is exposed to market price risk in the event of nonperformance by any of its counterparties; however, the Gas Authority does not anticipate nonperformance. The counterparties to these contracts are major financial institutions or energy companies. Main Street commodity swaps contain tear-up provisions such that they may be terminated under certain limited circumstances, including specific credit events, with no settlement payment due or payable by either party. In addition, the Main Street prepaid gas purchase agreements allow for the substitution of swap counterparties by both Main Street and the related supplier in the event of specified credit rating downgrades.

Notes to Financial Statements (continued)

11. Derivative Instruments (continued)

The Gas Authority has entered into netting arrangements whenever it has entered into more than one derivative instrument with a counterparty. Under the terms of those arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and all amounts due so that a single sum will be owed by, or owed to, the non-defaulting party. Main Street swaps cannot be netted among individual transactions or with transactions of the Gas Authority.

The aggregate fair value of hedging derivative instruments in asset positions at December 31, 2017, excluding Main Street swaps, is \$339,618. This represents the maximum potential loss that would be recognized at the reporting date if all counterparties fail to perform as contracted. This maximum exposure is offset by \$1,251,884 of liabilities included in netting arrangements with these counterparties.

The credit ratings of the Gas Authority's derivative counterparties, excluding Main Street derivatives, and related fair values of derivative instruments are summarized below, as of December 31, 2017:

Counterparty	Counterparty Credit Ratings S&P/Moody's	Fair Market Value of Derivative Instruments Asset (Liability)
FCStone (Clearinghouse)	-/-	\$ 187,640
JPMorgan Chase Bank, N.A.	A+/Aa2	(110,231)
Macquarie Bank	A/A2	(209,990)
Royal Bank of Canada	AA-/A1	(865,621)
Wells Fargo Bank, N.A.	AA-/Aa1	85,936

Notes to Financial Statements (continued)

11. Derivative Instruments (continued)

The credit ratings of Main Street's derivative counterparties and related fair values of derivative instruments are summarized below, as of December 31, 2017:

Counterparty	Counterparty Credit Ratings S&P/Moody's	Fair Market Value of Derivative Instruments Asset
Bank of Montreal	A+/A1	\$ 93,412,182
JPMorgan Chase Bank, N.A.	A+/Aa2	688,133,669
Royal Bank of Canada	AA-/A1	142,405,116

Basis Risk

The NYMEX-based commodity hedging transactions are subject to locational basis risk. NYMEX-based derivative instruments are based on pricing at the Henry Hub delivery point. However, the Gas Authority delivers gas to members at various delivery points in the Southeast. For a portion of its hedged volumes, the Gas Authority enters into commodity derivatives based on pricing at certain local delivery and sales points to mitigate basis risk. Changes in NYMEX-based natural gas prices have been, and are anticipated to be, highly correlated with gas prices at the Gas Authority's delivery and sales points.

Termination Risk

The Gas Authority and Main Street are exposed to termination risk in their commodity and interest rate derivatives only upon nonperformance by a counterparty. No collateral is required by either party under any of the derivative arrangements. Termination of Main Street hedges may occur upon a downgrade of the swap counterparties below specified levels; however, the supplier and Main Street have the option to replace such counterparties for a specified period, generally ranging from 90 to 120 days. In addition, Main Street's 2010A transaction may be terminated or amended by the supplier under limited market conditions. No amounts related to the swaps would be due by either party, other than monthly obligations related to gas already delivered by Main Street, in the event of termination of any Main Street derivatives.

Notes to Financial Statements (continued)

12. Employee Benefit Plans

The Gas Authority has a noncontributory, defined contribution retirement plan pursuant to Section 401(a) of the Internal Revenue Code (IRC) that requires the Gas Authority to contribute a defined percentage of each participant's basic compensation. Additionally, contributions may be made as determined solely by the action of the Board of Directors.

The Gas Authority has a deferred compensation plan pursuant to Section 457 of the IRC that allows plan participants to defer and contribute to the plan, through the Gas Authority, a specified portion of each participant's compensation. The Gas Authority matches a portion of the participants' contributions up to amounts specified in the plan.

The Gas Authority has a contributory retirement plan pursuant to Section 403(b) of the IRC designed to allow employees to make additional contributions in excess of maximums allowed in the Section 457 plan. The Gas Authority does not contribute to this plan.

The Gas Authority's contributions to the above plans resulted in expense of \$801,278 and \$950,979 in 2017 and 2016, respectively.

13. Commitments and Contingencies

The following table summarizes the Gas Authority's commitments to purchase gas from various suppliers through 2046 on a pay-as-you-go basis:

Years	Volumes (MMBtu)
2018	14,726,959
2019	3,217,076
2020	2,998,059
2021	3,000,354
2022	2,905,967
Thereafter	41,939,270
Total	<u>68,787,685</u>

In 2017 and 2016, the Gas Authority purchased 19,096,321 MMBtu and 18,586,894 MMBtu of gas, respectively, under these agreements.

Notes to Financial Statements (continued)

14. Event (unaudited) subsequent to date of independent auditor's report

Series 2018C,D&E

In May 2018, Main Street issued revenue bonds totaling \$1,000,215,000 to fund a 30-year natural gas prepayment transaction for 409,761,987 Mcf supplied by RBC. Delivery of gas began July 1, 2018 and is contracted to continue through June 30, 2048. RBC is required to make certain payments to Main Street for failure to deliver, or the inability of Main Street to take, the specific daily quantities of gas required to be delivered under the GPA, or upon certain early termination events. The gas supply purchased by Main Street is sold to the Gas Authority pursuant to an MS GSC with an original term of 30 years. The Series 2018C,D&E bonds have fixed (2018C) and variable (2018D&E) interest rates along with interest rate swaps on 2018D&E. This transaction has the same types of commodity swaps (discussed in Note 11) as other Main Street transactions.

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APPENDIX C

SCHEDULE OF DAILY CONTRACT QUANTITIES

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
April 2019	20,900	11,600
May 2019	15,800	11,600
June 2019	14,800	11,600
July 2019	18,900	11,600
August 2019	17,800	11,600
September 2019	20,900	11,600
October 2019	7,000	11,600
November 2019	13,500	11,600
December 2019	24,600	11,600
January 2020	25,500	11,600
February 2020	26,100	11,600
March 2020	18,300	11,600
April 2020	20,300	11,600
May 2020	18,600	11,600
June 2020	17,800	11,600
July 2020	18,600	11,600
August 2020	20,300	11,600
September 2020	20,300	11,600
October 2020	13,900	11,600
November 2020	21,100	11,600
December 2020	31,400	11,600
January 2021	25,500	11,600
February 2021	26,100	11,600
March 2021	18,300	11,600
April 2021	20,300	11,600
May 2021	18,600	11,600
June 2021	17,800	11,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
July 2021	18,600	11,600
August 2021	20,300	11,600
September 2021	20,300	11,600
October 2021	13,900	11,600
November 2021	21,100	11,600
December 2021	31,400	11,600
January 2022	25,500	11,600
February 2022	26,100	11,600
March 2022	18,300	11,600
April 2022	20,300	11,600
May 2022	18,600	11,600
June 2022	17,800	11,600
July 2022	18,600	11,600
August 2022	20,300	11,600
September 2022	20,300	11,600
October 2022	15,700	11,600
November 2022	18,500	11,600
December 2022	32,200	11,600
January 2023	25,500	11,600
February 2023	26,100	11,600
March 2023	18,300	11,600
April 2023	19,100	11,600
May 2023	17,500	11,600
June 2023	16,700	11,600
July 2023	17,500	11,600
August 2023	19,100	11,600
September 2023	19,100	11,600
October 2023	15,700	11,600
November 2023	18,500	11,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
December 2023	32,200	11,600
January 2024	25,500	11,600
February 2024	26,100	11,600
March 2024	18,300	11,600
April 2024	18,100	11,600
May 2024	16,100	11,600
June 2024	15,100	11,600
July 2024	16,100	11,600
August 2024	18,100	11,600
September 2024	18,100	11,600
October 2024	12,400	11,600
November 2024	23,700	11,600
December 2024	40,100	11,600
January 2025	36,300	11,600
February 2025	34,000	11,600
March 2025	19,500	11,600
April 2025	18,100	11,600
May 2025	16,100	11,600
June 2025	15,100	11,600
July 2025	16,100	11,600
August 2025	18,100	11,600
September 2025	18,100	11,600
October 2025	12,400	11,600
November 2025	23,700	11,600
December 2025	40,100	11,600
January 2026	36,300	11,600
February 2026	34,000	11,600
March 2026	19,500	11,600
April 2026	18,100	11,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
May 2026	13,000	11,600
June 2026	15,100	11,600
July 2026	19,100	11,600
August 2026	18,100	11,600
September 2026	19,600	11,600
October 2026	12,400	11,600
November 2026	22,900	11,600
December 2026	40,100	11,600
January 2027	36,300	11,600
February 2027	34,000	11,600
March 2027	19,500	11,600
April 2027	20,200	11,600
May 2027	11,900	11,600
June 2027	12,500	11,600
July 2027	12,000	11,600
August 2027	11,800	11,600
September 2027	12,800	11,600
October 2027	18,200	11,600
November 2027	25,100	11,600
December 2027	41,400	11,600
January 2028	38,300	11,600
February 2028	36,500	11,600
March 2028	23,500	11,600
April 2028	20,200	11,600
May 2028	11,000	11,600
June 2028	10,600	11,600
July 2028	12,300	11,600
August 2028	12,200	11,600
September 2028	13,100	11,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
October 2028	18,200	11,600
November 2028	27,000	11,600
December 2028	43,400	11,600
January 2029	38,300	11,600
February 2029	36,500	11,600
March 2029	23,500	11,600
April 2029	20,200	11,600
May 2029	11,000	11,600
June 2029	10,600	11,600
July 2029	12,300	11,600
August 2029	12,200	11,600
September 2029	16,500	11,600
October 2029	18,200	11,600
November 2029	22,800	11,600
December 2029	43,400	11,600
January 2030	38,300	11,600
February 2030	36,500	11,600
March 2030	23,500	11,600
April 2030	20,200	11,600
May 2030	11,000	11,600
June 2030	10,600	11,600
July 2030	12,300	11,600
August 2030	12,200	11,600
September 2030	16,500	11,600
October 2030	18,200	11,600
November 2030	22,800	11,600
December 2030	43,400	11,600
January 2031	38,300	11,600
February 2031	36,500	11,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
March 2031	23,500	11,600
April 2031	20,200	11,600
May 2031	11,000	11,600
June 2031	10,600	11,600
July 2031	12,300	11,600
August 2031	12,200	11,600
September 2031	16,500	11,600
October 2031	18,200	11,600
November 2031	22,800	11,600
December 2031	43,400	11,600
January 2032	38,300	11,600
February 2032	36,500	11,600
March 2032	23,500	11,600
April 2032	20,200	11,600
May 2032	11,000	11,600
June 2032	10,600	11,600
July 2032	12,300	11,600
August 2032	12,200	11,600
September 2032	16,500	11,600
October 2032	18,200	11,600
November 2032	22,800	11,600
December 2032	43,400	11,600
January 2033	41,300	11,600
February 2033	36,500	11,600
March 2033	23,000	11,600
April 2033	21,000	11,600
May 2033	13,600	11,600
June 2033	12,600	11,600
July 2033	13,000	11,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
August 2033	11,900	11,600
September 2033	12,900	11,600
October 2033	20,200	11,600
November 2033	23,700	11,600
December 2033	38,500	11,600
January 2034	37,700	11,600
February 2034	34,700	11,600
March 2034	22,200	11,600
April 2034	21,000	11,600
May 2034	13,600	11,600
June 2034	12,600	11,600
July 2034	13,000	11,600
August 2034	13,600	11,600
September 2034	12,900	11,600
October 2034	20,200	11,600
November 2034	23,700	11,600
December 2034	40,100	11,600
January 2035	37,700	11,600
February 2035	34,700	11,600
March 2035	22,200	11,600
April 2035	21,000	11,600
May 2035	13,600	11,600
June 2035	12,600	11,600
July 2035	13,000	11,600
August 2035	13,600	11,600
September 2035	12,900	11,600
October 2035	20,200	11,600
November 2035	23,700	11,600
December 2035	40,100	11,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
January 2036	37,700	11,600
February 2036	34,700	11,600
March 2036	22,200	11,600
April 2036	21,000	11,600
May 2036	13,600	11,600
June 2036	12,600	11,600
July 2036	13,000	11,600
August 2036	13,600	11,600
September 2036	12,900	11,600
October 2036	20,200	11,600
November 2036	23,700	11,600
December 2036	40,100	11,600
January 2037	37,700	11,600
February 2037	34,700	11,600
March 2037	22,200	11,600
April 2037	21,000	11,600
May 2037	13,600	11,600
June 2037	12,600	11,600
July 2037	13,000	11,600
August 2037	13,600	11,600
September 2037	12,900	11,600
October 2037	20,200	11,600
November 2037	23,700	11,600
December 2037	40,100	11,600
January 2038	37,700	11,600
February 2038	34,700	11,600
March 2038	22,200	11,600
April 2038	21,000	11,600
May 2038	13,600	11,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
June 2038	12,600	11,600
July 2038	13,000	11,600
August 2038	13,600	11,600
September 2038	12,900	11,600
October 2038	20,200	11,600
November 2038	23,700	11,600
December 2038	40,100	11,600
January 2039	37,700	11,600
February 2039	34,700	11,600
March 2039	22,200	11,600
April 2039	21,000	7,600
May 2039	13,600	7,600
June 2039	12,600	7,600
July 2039	13,000	7,600
August 2039	13,600	7,600
September 2039	12,900	7,600
October 2039	20,200	7,600
November 2039	23,700	7,600
December 2039	40,100	7,600
January 2040	37,700	7,600
February 2040	34,700	7,600
March 2040	22,200	7,600
April 2040	21,000	7,600
May 2040	13,600	7,600
June 2040	12,600	7,600
July 2040	13,000	7,600
August 2040	13,600	7,600
September 2040	12,900	7,600
October 2040	20,200	7,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
November 2040	23,700	7,600
December 2040	40,100	7,600
January 2041	37,700	7,600
February 2041	34,700	7,600
March 2041	22,200	7,600
April 2041	21,000	7,600
May 2041	13,600	7,600
June 2041	12,600	7,600
July 2041	13,000	7,600
August 2041	13,600	7,600
September 2041	12,900	7,600
October 2041	20,200	7,600
November 2041	23,700	7,600
December 2041	40,100	7,600
January 2042	37,700	7,600
February 2042	34,700	7,600
March 2042	22,200	7,600
April 2042	21,000	7,600
May 2042	13,600	7,600
June 2042	12,600	7,600
July 2042	13,000	7,600
August 2042	13,600	7,600
September 2042	12,900	7,600
October 2042	20,200	7,600
November 2042	23,700	7,600
December 2042	40,100	7,600
January 2043	37,700	7,600
February 2043	34,700	7,600
March 2043	22,200	7,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
April 2043	21,000	7,600
May 2043	13,600	7,600
June 2043	12,600	7,600
July 2043	13,000	7,600
August 2043	13,600	7,600
September 2043	12,900	7,600
October 2043	20,200	7,600
November 2043	23,700	7,600
December 2043	40,100	7,600
January 2044	37,700	7,600
February 2044	34,700	7,600
March 2044	22,200	7,600
April 2044	21,000	7,600
May 2044	13,600	7,600
June 2044	12,600	7,600
July 2044	13,000	7,600
August 2044	13,600	7,600
September 2044	12,900	7,600
October 2044	20,200	7,600
November 2044	23,700	7,600
December 2044	40,100	7,600
January 2045	37,700	7,600
February 2045	34,700	7,600
March 2045	22,200	7,600
April 2045	21,000	7,600
May 2045	13,600	7,600
June 2045	12,600	7,600
July 2045	13,000	7,600
August 2045	13,600	7,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
September 2045	12,900	7,600
October 2045	20,200	7,600
November 2045	23,700	7,600
December 2045	40,100	7,600
January 2046	37,700	7,600
February 2046	34,700	7,600
March 2046	22,200	7,600
April 2046	21,000	7,600
May 2046	13,600	7,600
June 2046	12,600	7,600
July 2046	13,000	7,600
August 2046	13,600	7,600
September 2046	12,900	7,600
October 2046	20,200	7,600
November 2046	23,700	7,600
December 2046	40,100	7,600
January 2047	37,700	7,600
February 2047	34,700	7,600
March 2047	22,200	7,600
April 2047	21,000	7,600
May 2047	13,600	7,600
June 2047	12,600	7,600
July 2047	13,000	7,600
August 2047	13,600	7,600
September 2047	12,900	7,600
October 2047	20,200	7,600
November 2047	23,700	7,600
December 2047	40,100	7,600
January 2048	37,700	7,600

Month	DCQ (Transco 85-Zone 4)	DCQ (FGT-Zone 3)
February 2048	34,700	7,600
March 2048	22,200	7,600
April 2048	21,000	7,600
May 2048	13,600	7,600
June 2048	12,600	7,600
July 2048	13,000	7,600
August 2048	13,600	7,600
September 2048	12,900	7,600
October 2048	20,200	7,600
November 2048	23,700	7,600
December 2048	40,100	7,600
January 2049	37,700	7,600
February 2049	34,700	7,600
March 2049	22,200	7,600

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APPENDIX D

SUMMARY OF DEFINED TERMS

The following is a summary of certain defined terms contained in this Official Statement. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the complete terms of the Indenture, the Prepaid Gas Agreement, the Gas Authority Gas Supply Agreement, the Issuer Commodity Swaps, the Gas Supply Contracts and the Funding Agreement.

“Account” or “Accounts” means, as the case may be, each or all of the Accounts in the Funds established pursuant to the Indenture.

“Accountant’s Certificate” means a certificate signed by a nationally recognized independent certified public accountant or a firm of independent certified public accountants, selected by the Issuer, who may be the accountant or firm of accountants who regularly audit the books of the Issuer.

“Act” means, collectively, the Georgia Nonprofit Code and the Gas Authority Act.

“Additional Termination Event”, when used herein with reference to the Issuer Commodity Swaps or the Gas Supplier Commodity Swaps, has the meaning specified in the Issuer Commodity Swaps or the Gas Supplier Commodity Swaps, as the case may be.

“Advance” means any advance of funds made by the Funding Provider to the Trustee under the Funding Agreement.

“Amortized Value” means an amount determined by the Calculation Agent equal to (a) the principal amount of such Bond, multiplied by (b) the price of such Bond, expressed as a percentage and calculated based on the industry standard method of calculating bond prices, assuming that (i) the Issue Date of such Bond is the redemption date for such Bond, (ii) the yield and coupon on such Bond is equal to the original yield and coupon on such Bond set forth on the inside cover page of this Official Statement, and (iii) the maturity date of such Bond is equal to the stated the Maturity Date of the Bond or the optional redemption date of such Bond (whichever produces a lower price).

“Annual Delivery Period” means each one-year period during the Delivery Period, beginning with the Month of April, 2019 and ending with the Month of March, 2049, with the first such period commencing with the Month of April, 2019.

“Annual Reconciliation Date” means each annual period beginning on the first day of April, 2019 and ending on the last day of March, 2049.

“Annual Reconciliation Period” means the 15th day of the Month following the last months of each Annual Reconciliation Period.

“Annual Transaction Report” means an annual summary of monthly transactions relating to each Fund and Account held by the Trustee under the Indenture, to be provided by the Trustee no later than forty-five (45) days after the Annual Reconciliation Date to the Issuer, the Gas Supplier and the Funding Provider and to the Dissemination Agent for provision to EMMA.

“Authorized Denominations” means \$5,000 and any integral multiple thereof.

“Authorized Officer” means (i) with respect to the Issuer, the Chairperson of the Issuer and any other officer or employee of the Issuer designated as an Authorized Officer in a certificate signed by the Chairperson of the Issuer and delivered to the Trustee, and (ii) with respect to the Funding Provider, the Gas Supplier or a Commodity Swap Counterparty any officer, employee or designated person of the Funding Provider, the Gas Supplier or such Commodity Swap Counterparty, respectively designated as an Authorized Officer in a certificate signed by an officer of the Funding Provider and delivered to the Trustee pursuant to the Funding Agreement, the Prepaid Gas Agreement or the related Commodity Swap. Such designation as an Authorized Officer shall remain in effect until the Trustee receives actual notice from the Issuer to the contrary, accompanied by a new certificate.

“Automatic Triggering Event” means Triggering Events under the Prepaid Gas Agreement that will cause the Prepaid Gas Agreement to terminate in whole without notice or other action by either party.

“Beneficial Owner” means with respect to Bonds registered in the book-entry system, any Person who acquires a beneficial ownership interest in a Bond held by the Securities Depository.

“Bond” or “Bonds” means any of the Issuer’s Gas Supply Revenue Bonds, Series 2019A and any Refunding Bonds.

“Bond Counsel” means an attorney or firm of attorneys having recognized national standing in the field of law relating to municipal bonds and the exclusion of interest on municipal bonds from gross income for federal income tax purposes, as selected by the Issuer in consultation and agreed with the Funding Provider and the Gas Supplier.

“Bond Register” means the books for the registration of the ownership and the transfer of ownership of the Bonds maintained by the Trustee pursuant to the Indenture.

“Bond Resolution” means (a) with respect to the Bonds, the resolution adopted by the Issuer on November 14, 2018, authorizing, among other things, the issuance of the Bonds, and (b) with respect to any Refunding Bonds, the resolution adopted by the Issuer authorizing the issuance of such Refunding Bonds, in each case as the same may be amended or supplemented.

“Business Day” means any day excluding:

- (a) Saturdays and Sundays,
- (b) any day on which banks located in the City of New York are required or authorized by law or other governmental action to close, and
- (c) any day on which the New York Mercantile Exchange, the New York Stock Exchange, the Federal Reserve System, the Funding Provider, the Custodian or the Trustee is closed.

“Calculation Agent” means, initially, Macquarie US Gas Supply LLC, or any affiliate of Macquarie designated by it in accordance with the Calculation Agent Agreement, and any successor Calculation Agent appointed by the Issuer by Written Instrument to the Trustee in accordance with the Calculation Agent Agreement and in consultation with and agreed by the Funding Provider and the Gas Supplier.

“Calculation Agent Agreement” means the Calculation Agent Agreement, to be dated as of the first day of the month in which the Bonds are issued, by and among the Calculation Agent, the Issuer and the Trustee, as amended from time to time.

“Capitalized Interest Account” means the Capitalized Interest Account in the Debt Service Fund.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercially Reasonable” or “Commercially Reasonable Efforts” means, with respect to any decision, purchase, sale or other action required to be made, attempted or taken by a Party under the Prepaid Gas Agreement, such decision or efforts as a reasonably prudent Person would make or undertake, as the case may be, for the protection of its own interest under the conditions affecting such decision, purchase, sale or other action. For the avoidance of doubt, the reasonableness of any action taken by a Party under the Prepaid Gas Agreement shall be determined at the time of such action, taking into account the facts, circumstances and competitive environment surrounding such action.

“Commodity Funding Cap” means (a) \$4,000,000, which is the amount specified in the Funding Agreement as the maximum amount of any Deficiency with respect to the Commodity Swap Payment Fund to be funded by the Funding Provider thereunder, less (b) the amount of any Mandatory Advance made under the Funding Agreement to fund a Deficiency in the Commodity Swap Payment Fund for which the Funding Provider has not been reimbursed or otherwise repaid. The Commodity Funding Cap shall be reinstated in respect of any such Mandatory Advance upon receipt by the Trustee of written notice from the Funding Provider that such Mandatory Advance has been reimbursed or repaid.

“Commodity Swap Counterparty” means (a) initially, JPMorgan Chase Bank, N.A. and Royal Bank of Canada, and (b) any replacement counterparty to a Commodity Swap.

“Commodity Swap Payment Date” means any date on which Commodity Swap Payments or Commodity Swap Receipts are required to be paid pursuant to a Commodity Swap.

“Commodity Swap Payment Fund” means the Commodity Swap Payment Fund established pursuant to the Indenture.

“Commodity Swap Payments” means (a) the amounts, if any, payable each Month to the Commodity Swap Counterparty pursuant to a Commodity Swap and (b) any Unpaid Amounts payable to a Commodity Swap Counterparty upon early termination of a Commodity Swap, including in each case any amounts payable to the Gas Supplier by the Custodian under a Custodial Agreement.

“Commodity Swap Receipts” means (a) the amounts, if any, payable each Month to the Issuer (or to the Trustee, on behalf of the Issuer) pursuant to a Commodity Swap, and (b) any Unpaid Amounts payable to the Issuer (or to the Trustee, on behalf of the Issuer) upon early termination of a Commodity Swap, including in each case any amounts payable to the Trustee by the Custodian under a Custodial Agreement.

“Confirmation” means, with respect to a Commodity Swap, the confirmation evidencing the natural gas price swap transaction under such Commodity Swap.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, to be dated as of the first day of the month in which the Bonds are issued, by and between the Gas Authority and the Dissemination Agent, as the same may be amended from time to time.

“Contract Price” means, as of any date, for a given quantity of gas, the Index Price for the month in which such delivery occurs, less the Discount applicable to the Month in which such gas is delivered.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Issuer and related to the original authorization, execution, sale and delivery of a Series of Bonds under the

Indenture or related to the original authorization, execution and delivery of the Transaction Documents entered into in connection with the issuance of such Bonds, including but not limited to fees and expenses of the Underwriters, advertising and printing costs, costs of preparation and reproduction of documents, including disclosure documents, initial fees and charges (including counsel fees) of the Trustee and the Custodian; legal fees and charges, financial advisor fees and expenses, fees and expenses of other consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of such Series of Bonds; the initial fee, if any, of the Issuer; and any other cost, charge or fee in connection with the authorization, issuance, sale or original delivery of such Series.

“Cost of Issuance Fund” means the Cost of Issuance Fund established pursuant to the Indenture.

“Credit Support Expense Account” means the account of that name in the Expense Fund established in the Indenture.

“Credit Support Fee” means the Credit Support Fee payable to the Funding Provider pursuant to the Funding Agreement.

“Credit Support Fee Payment Date” means, if applicable, each date on which the Credit Support Fee is due under the terms of the Funding Agreement.

“Custodial Agreement” means, with respect to a Commodity Swap, the Custodial Agreement, to be dated as of the first day of the month in which the Bonds are issued, by and among the Issuer, the Gas Supplier, the Commodity Swap Counterparty with respect to such Commodity Swap, the Trustee and the Custodian, as the same may be amended from time to time.

“Custodian” means U.S. Bank National Association, as custodian under each Custodial Agreement, its successors and assigns.

“Custodian Expense Account” means the Account by that name in the Expense Fund.

“Custodian Fee” means, collectively, the annual fees of the Custodian payable on or prior to each Custodian Fee Payment Date for the services of the Custodian under each Custodial Agreements.

“Daily Contract Quantity”, “Daily Contract Quantities” or “DCQ” means (i) when used with respect to a Delivery Point and Month, the quantity of Gas to be Scheduled for delivery at such Delivery Point for each Gas Day of such Month, as such quantity is listed on Exhibit A of the Prepaid Gas Agreement (as such Exhibit may be revised or replaced in accordance with the terms of the Prepaid Gas Agreement), and (ii) when used with respect to all Delivery Points and a Month, the aggregate of all such quantities for all Delivery Points.

“Debt Service” means the principal and Redemption Price of and interest payable on the Bonds.

“Debt Service Fund” means the Debt Service Fund established pursuant to the Indenture, including the Interest Account, Capitalized Interest Account and the Principal Account therein.

“Debt Service Required Reserve” means, with respect to the Bonds or any Series of Refunding Bonds, an amount equal to the sum of the highest aggregate amount of two consecutive months of the fixed payments required to be made to the Issuer under each Commodity Swap on or prior to the Final Maturity Date of the Bonds or final maturity date of such Refunding Bonds, as the case may be, subject to recalculation in connection with a mandatory redemption of such Bonds or optional redemption of such Bonds. The amount of the Debt Service Required Reserve for the Bonds as of the Initial Issue Date is \$13,791,022.70.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund established pursuant to the Indenture.

“Deemed Remarketing” means, with respect to all or such portion of the DCQ as is specified below, any of the following: (i) the Trustee has notified the Gas Supplier that the Gas Authority has failed to pay the Issuer for Gas delivered to the Gas Authority under the Gas Authority Gas Supply Agreement by 5:00 p.m. CPT on the date such payment is due under the terms of the Gas Authority Gas Supply Agreement, in which case the Deemed Remarketing shall apply to the entire DCQ; or (ii) the Issuer fails to Schedule any deliveries of Gas at the applicable Delivery Point(s) for a period of thirty (30) or more consecutive Gas Days, in which case the Deemed Remarketing shall apply to the portion of the DCQ applicable to such Delivery Point; or (iii) any Disposition Proceeds have remained in the Disposition Proceeds Ledger without having been applied to a Remediation Use for a period longer than twenty-one (21) months since their credit thereto.

“Defaulted Gas Sale Revenues” means all or any portion of any payment required to be made by the Gas Authority under the Gas Authority Gas Supply Agreement that is received by the Trustee after the date on which such payment was due, which nonpayment caused (in whole or in part) a Deficiency that was funded by the Funding Provider. Defaulted Gas Sale Revenues shall specifically include any interest, costs and indemnities payable by the Gas Authority to the Issuer under the Gas Authority Gas Supply Agreement, and until all amounts past-due and owing by the Gas Authority pursuant to the Gas Authority Gas Supply Agreement have been paid in full, any amount received by the Trustee from the Gas Authority pursuant to the Gas Authority Gas Supply Agreement shall constitute Defaulted Gas Sale Revenues.

“Defaulted Interest” means any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date.

“Defeasance Securities” means (a) Government Obligations and (b) other Qualified Investments that are not subject to redemption or payment prior to their maturity or due date other than at the option of the depositor or holder thereof, or as to which an irrevocable notice of redemption or prepayment, or irrevocable instructions have been given to call for redemption or prepayment, on a specified date has been given, and that are not otherwise subject to redemption or payment prior to that specified date other than at the option of the depositor or holder thereof, and which are fully secured by Government Obligations or the Federal Deposit Insurance Corporation.

“Deficiency” means, as of any date, the amount, if any, by which the amount available in any Fund or Account is insufficient to pay the amount payable from such Fund or Account in accordance with the Indenture; *provided, however*, that there shall be no Deficiency in the Debt Service Reserve Fund to the extent that the Funding Agreement, if any, then in effect provides for Mandatory Advances thereunder in an amount up to the Debt Service Required Reserve then in effect.

“Delivery Point” or “Delivery Points” means the place or places to which the Gas Supplier is required to deliver the Daily Contract Quantities of Gas pursuant to the Prepaid Gas Agreement and at which the Gas Authority is required to receive such Daily Contract Quantities pursuant to the Gas Authority Gas Supply Agreement.

“Discount” means for the Daily Contract Quantity for each Month, the amount specified in the Gas Authority Gas Supply Agreement.

“Disposition Proceeds” means proceeds from the sale of all or a portion of the Total Contract Quantity (including actual or imputed earnings at a market rate on such sale proceeds pending expenditure) that is used in a Non-Qualifying Use; *provided, however*, that (i) any amount payable by the Gas Supplier to the Issuer as a result of non-delivery of Gas due to the occurrence of an event or condition that is treated as

Force Majeure under this Agreement shall not be treated as Disposition Proceeds, and (ii) if a Favorable Opinion of Bond Counsel is delivered to the Issuer and the Gas Supplier with respect to any amount previously treated as Disposition Proceeds that has not yet been applied to a Remediation Use, such amount shall no longer be treated as Disposition Proceeds.

“Disposition Proceeds Ledger” means the ledger established and maintained by the Issuer pursuant to the Prepaid Gas Agreement detailing (a) the amount of Disposition Proceeds relating to the sale of Gas from the Total Contract Quantity, (b) the date of such sale, and (c) the information relating to such Disposition Proceeds as necessary to establish that a Remediation Use with respect to such Disposition Proceeds has been taken in a timely manner to ensure that the sale giving rise to such Disposition Proceeds will not adversely affect the Tax-Exempt Status of the Bonds.

“Dissemination Agent” means U.S. Bank National Association, in its capacity as the dissemination agent appointed by the Gas Authority, pursuant to the Continuing Disclosure Agreement, and any successor Dissemination Agent appointed by the Gas Authority in accordance with the Continuing Disclosure Agreement.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Early Redemption Date” means the date on which the Bonds are required to be redeemed in whole pursuant to the Indenture, which date shall be the first Business Day of the first Month for which a notice of such redemption can be provided by the Trustee pursuant to the Indenture following the occurrence of such Early Termination Date.

“Early Termination Date” means the date, if any, established for early termination of the Prepaid Gas Agreement following the occurrence of a Triggering Event pursuant to the terms thereof.

“Effective Date” means the Issue Date.

“Electric Service Area” means (a) the area throughout which a Utility provided at all times during the 5-year period ending on the Issue Date of the Bonds electricity or distribution services, (b) any area within a county contiguous to the area described in clause (a) in which retail customers of such utility are located if such area is not also served by another utility providing electricity or distribution services, and (c) any area recognized as the service area of the Utility under state or federal law.

“Electronic Means” means e-mail transmission or other similar electronic means of communication providing evidence of transmission, S.W.I.F.T, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, facsimile transmission, including a telephone communication confirmed by any other method set forth in this definition, or another method or system specified by a Responsible Officer of the Trustee as available for use in connection with its services hereunder.

“EMMA” means the Electronic Municipal Market Access system, the website created by the Municipal Securities Rulemaking Board and approved by the Securities and Exchange Commission.

“Event of Default” when used herein with reference to any Transaction Document or the Gas Supply Contracts has the meaning specified in such Transaction Document or in the Gas Supply Contracts.

“Event of Insolvency” means with respect to any Person the occurrence and continuance of one or more of the following events: (a) the issuance, under the laws of the state of formation of or the laws of the state or other jurisdiction having primary regulatory authority over such Person or any successor provision thereto

(or any other law under which such Person is at the time organized), of an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution of such Person that is not dismissed within 60 days; (b) the commencement by such Person of a voluntary case or other proceeding seeking an order for relief, liquidation, rehabilitation, conservation, reorganization or dissolution with respect to itself or its debts under the laws of the state or other jurisdiction of incorporation or formation of such Person or any bankruptcy, insolvency or other similar law now or hereafter in effect including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for itself or any substantial part of its property; (c) the consent of such Person to any relief referred to in the preceding clause (b) in an involuntary case or other proceeding commenced against it; (d) the appointment of a trustee, receiver, liquidator, custodian or other similar official for such Person or any substantial part of its property by a government agency or authority having the jurisdiction to do so; (e) the making by such Person of an assignment for the benefit of creditors; (f) the failure of such Person generally to pay its debts or claims as they become due; (g) the Person will admit in writing its inability to pay its debts when due; (h) the declaration of a moratorium with respect to the payment of the debts of such Person; or (i) the initiation by such Person of any actions to authorize any of the foregoing.

“Expense Fund” means the Expense Fund established pursuant to the Indenture, including the Project Administration Fee Account, the Trustee Expense Account, the Rating Agency Expense Account, the Custodian Expense Account, and the Credit Support Expense Account.

“Favorable Opinion of Bond Counsel” means an Opinion of Bond Counsel acceptable to the Issuer, the Gas Supplier and the Funding Provider to the effect that an action proposed to be taken is not prohibited by the Indenture or the laws of the State and will not adversely affect the Tax-Exempt Status of the Bonds.

“FERC” means the Federal Energy Regulatory Commission and any successor thereto.

“FERC Gas Tariff” means the interstate pipeline tariff filed by a Transporter pursuant to FERC regulations and approved by FERC, as amended from time to time.

“Final Maturity Date” means May 15, 2049.

“Firm” means, in the context of Gas deliveries, the obligation to unconditionally make and accept deliveries of the Gas sold on a non-interruptible basis, subject only to applicable Force Majeure, and in the context of transportation, that the obligation to transport Gas is unconditional, subject only to applicable Force Majeure.

“Fitch” means Fitch Ratings Inc., its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody’s or S&P) designated by the Issuer with the consent of the Funding Provider and the Gas Supplier, in a Written Instrument of the Issuer delivered to the Trustee.

“Force Majeure” means an event that is not within the reasonable control of the party, or, in the case of third-party obligations or facilities related to the performance of a party thereunder, the third party, claiming suspension, and which by the exercise of due diligence by such party, or third party, such party is unable to prevent or overcome with respect to the delivery or receipt of Gas at Delivery Points, and includes, but is not limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather-related events affecting an entire geographic region, such as low temperatures that cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts, or other industrial disturbances, riots, sabotage, insurrections, acts of terrorism or

wars; (v) refusal by a Transporter to receive or transport gas for delivery to the Issuer at the applicable Delivery Points and such refusal is not the direct or indirect result of any action by the Gas Supplier, if any, or related to the quality of production or Gas Supply owned by the Gas Supplier or any related entity; and (vi) unavailability of third-party offers to sell gas at a Delivery Point; and (vii) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation or policy having the effect of law promulgated by a governmental authority having jurisdiction (excluding any actions taken by the Issuer or the Gas Authority unless such actions are taken in response to an event that would otherwise constitute an event of *Force Majeure*).

“Fund” or “Funds” means, as the case may be, each or all of the funds established pursuant to the Indenture.

“Funding Agreement” means the Funding and Assignment Agreement, to be dated the Issue Date of the Bonds, by and among the Issuer, the Funding Provider and the Trustee.

“Funding Provider” means Macquarie US Gas Supply LLC, its permitted successors and assigns.

“Gas” means natural gas and gaseous hydrocarbons meeting the quality standards and specifications of the Issuer’s Transporters at the applicable Delivery Points.

“Gas Authority” means the Municipal Gas Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, created pursuant to the Gas Authority Act.

“Gas Authority Act” means an Act of the State of Georgia creating the Gas Authority (O.C.G.A. Section 46-4-80 through 46-4-125), as amended from time to time.

“Gas Authority Gas Supply Agreement” means the Natural Gas Supply Agreement, to be dated as of first day of the Month in which the Bonds are issued, between the Issuer and the Gas Authority, as the same may be amended from time to time in accordance with its terms and the terms of the Indenture.

“Gas Day” means a period of 24 consecutive hours beginning at 9:00 a.m. Central Prevailing Time on a calendar day and ending at 9:00 a.m. Central Prevailing Time on the next calendar day. The date of the Gas Day will be the date at the beginning of the calendar day. If, through standardization of business practices in the industry or for any other reason, a Transporter or the FERC changes the definition of Gas Day, such change will apply to the definition of Gas Day in the Gas Authority Gas Supply Agreement with respect to such Transporter or generally, as the case may be.

“Gas Service Administration Fees” means the amounts, if any, specified in the Prepaid Gas Agreement as being required to be reimbursed to the Gas Supplier by the Issuer pursuant to the Prepaid Gas Agreement for the administration of the Gas Supply.

“Gas Service Administration Fund” means the fund of that name established pursuant to the Indenture.

“Gas Supplier” means Macquarie US Gas Supply LLC, its successors or any permitted assignee thereof pursuant to the Indenture and the Prepaid Gas Agreement.

“Gas Supplier Commodity Swap” means (a) initially, (i) the ISDA Master Agreement, including the Schedule thereto, each between the Gas Supplier and JPMorgan Chase Bank, N.A. and related Confirmation, each dated on or prior to the Issue Date, of a gas price swap transaction thereunder with a notional amount corresponding to a portion of the Daily Contract Quantities (which portion may be increased in accordance with the terms of the foregoing), and (ii) the ISDA Master Agreement, including

the Schedule thereto, each between the Gas Supplier and Royal Bank of Canada and related Confirmation, each dated on or prior to the Issue Date, of a gas price swap transaction thereunder with a notional amount corresponding to a portion of the Daily Contract Quantities (which portion may be increased in accordance with the terms of the foregoing), (b) any commodity swap agreement entered into by the Gas Supplier in replacement of the agreements referred to in clause (a).

“Gas Supplier Commodity Swap Guarantee” means, collectively, the Letters of Guarantee pursuant to which the Guarantor guarantees the Gas Supplier’s due and punctual payment by Macquarie of any amounts due, whether by acceleration or otherwise, under the Swap Agreement, including, without limitation, the payment of certain taxes as further defined therein (subject to the limitations set forth therein).

“Gas Supplier Deficiency Quantity” means the numerical difference between the Daily Contract Quantity and the amount of Gas scheduled at the applicable Delivery Point for each Gas Day on which a Gas Supplier Delivery Default occurs.

“Gas Supplier Delivery Default” means the occurrence on any Gas Day of the failure of the Gas Supplier to Schedule all or part of the Daily Contract Quantity at the applicable Delivery Points other than due to its being rendered unable, wholly or in part, to carry out its obligations under the Prepaid Gas Agreement by Force Majeure, unless such failure is attributable to the Issuer’s action or inaction, or the Issuer’s request that the Gas Supplier remarket all or such portion of the Daily Contract Quantity pursuant to the Prepaid Gas Agreement.

“Gas Supplier’s Transporters” means those Transporters, if any, delivery Gas to the Delivery Points including, without limitation, any Transporters used by Macquarie Energy LLC.

“Gas Supply” means the Gas purchased by the Issuer pursuant to the Prepaid Gas Agreement and to be sold by the Issuer to Gas Authority pursuant to the Gas Authority Gas Supply Agreement.

“Gas Supply Contracts” means each Amended and Restated Gas Supply Contract between the Gas Authority and its Member, dated as of August 1, 2016.

“Gas Supply Requirements” means the gas supplies required by any Member to provide retail service to its citizens, inhabitants and customers.

“General Fund” means the General Fund established by the Indenture.

“Georgia Nonprofit Code” means the Georgia Nonprofit Code (O.C.G.A. Section 14-3-101 through 14-3-1701), as amended from time to time.

“Government Obligations” means non-callable obligations which are: (i) direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of Treasury of the United States of America; or (ii) obligations unconditionally guaranteed as to principal and interest by the United States of America.

“Guarantee” means the Guarantee provided by the Guarantor in the form attached to the Prepaid Gas Agreement.

“Guarantor” means Macquarie Group Limited ABN 94 122 169 279, its successors and permitted assigns.

“Imbalance Charges” means any fees, penalties, costs or other charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter’s balance, scheduling and/or nomination requirements based on such Transporter’s FERC Gas Tariff.

“Indenture” means the Trust Indenture, to be dated as of the first day of the month in which the Bonds are issued, between the Issuer and the Trustee, as amended or supplemented from time to time in accordance with its terms.

“Interest Account” means the Interest Account in the Debt Service Fund.

“Interest Payment Date” means (a) with respect to the Bonds, each May 15 and November 15, commencing May 15, 2019, and (b) with respect to any Refunding Bonds, the dates set forth in the applicable Supplemental Indenture.

“Issue Date” means February 26, 2019, the date of issuance and delivery of the Bonds.

“Issuer” means Main Street Natural Gas, Inc., a Georgia nonprofit corporation organized pursuant to the Act, and its permitted successors and assigns.

“Issuer Commodity Swap” means (a) initially, (i) the ISDA Master Agreement, together with the Schedule thereto, each between the Issuer and JPMorgan Chase Bank, N.A. and related Confirmation, each dated on or prior to the Issue Date, of a gas price swap transaction thereunder with a notional amount corresponding to a portion of the Daily Contract Quantities (as such portion may be increased in accordance with the terms of the foregoing), and (ii) the ISDA Master Agreement, together with the Schedule thereto, each between the Issuer and Royal Bank of Canada and related Confirmation, each dated on or prior to the Issue Date, of a gas price swap transaction thereunder with a notional amount corresponding to a portion of the Daily Contract Quantities (as such portion may be increased in accordance with the terms of the foregoing), and (b) any replacement commodity swap agreement, schedule and/or confirmation entered into by the Issuer in accordance with the Indenture.

“Issuer Deficiency Quantity” means the numerical difference between the DCQ and the quantity of Gas Scheduled by the Issuer at the Delivery Points for each Gas Day on which a Issuer Take Default occurred.

“Issuer Take Default” means the occurrence on any Gas Day of the failure of the Issuer to Schedule all or part of the DCQ at the Delivery Points other than due to its being rendered unable, wholly or in part, to carry out its obligations under the Prepaid Gas Agreement by Force Majeure, unless such failure is attributable to:

- (a) the Gas Supplier’s action or inaction; or
- (b) the Issuer’s request that the Gas Supplier remarket all or such portion of the DCQ at the Delivery Points pursuant to the Prepaid Gas Agreement (including as a result of a Deemed Remarketing).

“Issuer’s Transporters” means those Transporters receiving Gas delivered to the Issuer at the Delivery Points.

“Liquidation Payment” means the amount to be paid following early termination of the Prepaid Gas Agreement pursuant to the terms thereof.

“Mandatory Advance” means an advance of funds to the Trustee by the Funding Provider to the Issuer under the Funding Agreement, to be funded by an advance of funds to the Trustee by the Funding Provider under the Funding Agreement to cure a Mandatory Deficiency.

“Mandatory Deficiency” means each of following, but only if and to the extent caused by a failure by the Gas Authority to pay any amount when due and payable by it under the Gas Authority Gas Supply Agreement, or by a failure by the Gas Supplier to pay any amount when due and payable by it under those provisions of the Prepaid Gas Agreement described under the headings “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Nonperformance by Gas Supplier*,” and “THE GAS SUPPLY ACQUISITION – The Prepaid Gas Agreement – *Issuer Failure to Receive Gas*” in this Official Statement, under certain provisions related to the remarketing of Gas as specified in a Remarketing Notice or purchased by application of balances on the Disposition Proceeds Ledger, or in the event of Force Majeure under the Prepaid Gas Agreement: (a) with respect to the Commodity Swap Payment Fund as of any Commodity Swap Payment Date, an amount equal to the lesser of (i) the amount of any Deficiency in such Fund as of such date, and (ii) the Commodity Funding Cap in effect on such date, or (b) with respect to the Debt Service Reserve Fund as of any date funds are required to be transferred from the Debt Service Reserve Fund, an amount equal to (i) the lesser of (A) the Debt Service Required Reserve, and (B) the amount required to be transferred from the Debt Service Reserve Fund on such Mandatory Funding Date, minus (ii) the amount, if any, on deposit in the Debt Service Reserve Fund on such date.

“Mandatory Funding Date” means (i) with respect to any Mandatory Advance in respect of the Debt Service Reserve Fund, each date on which transfers are required to be made from the Debt Service Reserve Fund the amount on deposit in the Revenue Fund are insufficient to make certain transfers to the Principal Account and Interest Account as described under the heading “REVENUES AND FLOW OF FUNDS – Payments from Certain Funds into Revenues – *Monthly Transfers or Payments from the Revenue Fund*,” and (ii) with respect to any Mandatory Advance in respect of the Commodity Swap Payment Fund, each Commodity Swap Payment Date.

“Maturity Date” means each date upon which principal of the Bonds is due as set forth in the Indenture and shown on the inside cover page of this Official Statement.

“Minimum Remarketing Price” means an amount equal to the applicable Net Monthly Price plus the Remarketing Fee.

“MMBtu” means one million Btu, which is equivalent to one dekatherm (also referred to as “Dth”).

“Month” means a calendar month.

“Monthly Remarketing Notice” means a written notice to the Gas Supplier by the Issuer requesting the Gas Supplier remarket all or a specified part of the Daily Contract Quantity for any Delivery Point on behalf of the Issuer for a period of one or more months, which notice specifies:

- (a) the portion (in MMBtu) of the Daily Contract Quantity to be remarketed with respect to such Delivery Point, which must be an equal amount for each day on which Gas is delivered in month,
- (b) the month(s) in which such Gas is to be remarketed, and
- (c) an explanation, in reasonable detail, as to the reason(s) for the remarketing.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, and, if such corporation will no longer perform the functions of a securities rating agency, “Moody’s” will be deemed to refer to any

other nationally recognized securities rating agency (other than S&P or Fitch_ designated by the Issuer with the consent of the Funding Provider and the Gas Supplier, in a Written Instrument of the Issuer delivered to the Trustee.

“Natural Gas Service Area” means (a) the area throughout which a Utility provided at all times during the 5-year period ending on the date of issuance of the Bonds, natural gas transmission or distribution services; (b) any area within a county contiguous to the area described in clause (a) in which retail customers of such utility are located if such area is not also served by another utility providing natural gas services, and (c) any area recognized as the service area of the Utility under state or federal law.

“Net Monthly Price” means, as of any date, the price per MMBtu for a given quantity of Gas delivered or deemed delivered in that Month equal to the sum of, (a) the Contract Price for such Month, (b) the Premium applicable to such Gas for that Month, and (c) any payments applicable to such Gas for that Month resulting from a change in the Delivery Point as provided in the Prepaid Gas Agreement.

“New Tax” means (a) any Tax enacted and effective after the Effective Date of the Prepaid Gas Agreement, including, without limitation, that portion of any Tax in effect on the Effective Date that constitutes an increase in such Tax over the rate thereof in effect as of the Effective Date, or (b) any law, rule, order or regulation, or interpretation thereof, enacted and effective after the Effective Date of the Prepaid Gas Agreement resulting in the application of any Taxes enacted or effective on or before the Effective Date of the Prepaid Gas Agreement to a new or different class of Persons.

“Non-Qualifying Use” means a use of Gas from the Total Contract Quantity or relating to Disposition Proceeds for other than a Qualifying Use.

“Non-Qualifying Use Limit” means 7,029,053 MMBtu which represents an amount equal to (a) US \$15 million (\$15,000,000) divided by (b) the fixed price per MMBtu; *provided, however*, that such Non-Qualifying Use Limit may be increased from time to time upon receipt by the Issuer and Gas Supplier of a Favorable Opinion of Bond Counsel respecting a higher Non-Qualifying Use Limit.

“Non-Qualifying Use Quantities Ledger” means a ledger maintained by the Issuer in accordance with the Prepaid Gas Agreement, which ledger shall aggregate all Non-Qualifying Use Remarketing Quantities.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel addressed to the Issuer and delivered to the Trustee.

“Opinion of Counsel” means an opinion signed by an attorney or firm of attorneys (who may be counsel to the Issuer) selected by the Issuer in consultation and agreed with the Funding Provider and the Gas Supplier.

“Optional Advance” means a loan made by the Funding Provider to the Issuer under the Funding Agreement to be funded by an advance of funds by the Funding Provider to the Trustee to cure an Optional Deficiency.

“Optional Deficiency” means any Deficiency in any Fund that is not a Mandatory Deficiency.

“Outstanding,” when used with reference to Bonds, means as of any date, Bonds except:

- (a) Bonds cancelled (or portions thereof deemed to have been cancelled) by the Trustee at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other Bonds will have been authenticated and delivered pursuant to the Indenture; and

(c) Bonds deemed to have been paid as provided in the Indenture.

“Owner” means with respect to a Bond, any Person who shall be the registered owner of such Bond.

“Partial Liquidation Payment” means the payment to be made by the Gas Supplier to the Issuer upon a Partial Termination of the Prepaid Gas Agreement, which amount shall be determined in accordance with the terms thereof.

“Partial Termination” means the termination of a portion of the Gas Supplier’s obligation to deliver, and the Issuer’s obligation to receive, a portion of the Total Contract Quantity pursuant to the Prepaid Gas Agreement.

“Partial Termination Date” means the date, if any, on which a Partial Termination occurs under the Prepaid Gas Agreement.

“Partial Termination Event” means (a) the occurrence of a Remediation Fail Event with respect to less than 100% of the Daily Contract Quantities, (b) the occurrence of a Prolonged Remarketing Event with respect to less than 100% of the Daily Contract Quantities, or (c) the occurrence of an Automatic Triggering Event described in (i), (ii) or (iii) under the heading “THE GAS SUPPLY ACQUISITION – Early Termination of the Prepaid Gas Agreement – Automatic Triggering Events” in the body of this Official Statement and the affected Commodity Swap relates to less than 100% of the Daily Contract Quantities.

“Partial Termination Quantity” means the portion of the Total Contract Quantity that is required to be terminated upon a Partial Termination of the Prepaid Gas Agreement.

“Persistent Delivery Failure” means the occurrence of a Gas Supplier Deficiency Quantity that is: (a) equal to 100% of the Daily Contract Quantity for all Delivery Points on any 30 consecutive Gas Days; or (b) equal to 50% or more of the Daily Contract Quantity for all Delivery Points on any 90 consecutive Gas Days. No Gas Day shall be included in calculating the time periods for a Persistent Delivery Failure until after the Gas Supplier first receives a twenty-four (24) hour notice from the Issuer of such delivery failure(s).

“Person” means any individual, private or public corporation, partnership, limited liability company, state, county, district, authority, municipality, political subdivision, instrumentality, partnership, association, firm, trust estate or any other entity or organization whatsoever.

“PGP” means Public Gas Partners, Inc., a Georgia nonprofit corporation.

“Prepaid Gas Agreement” means the Prepaid Natural Gas Purchase and Sale Agreement, to be dated on or prior to the Issue Date, between the Issuer and the Gas Supplier, as the same may be amended from time to time in accordance with its terms and the terms of the Indenture.

“Premium” means an amount per MMBtu applicable to Gas delivered hereunder as set forth in the Prepaid Gas Agreement.

“Premium Period” means the period during which any Premium is to be in effect pursuant to the Prepaid Gas Agreement, which period shall be a minimum of one Month.

“Principal Account” means the Principal Account in the Debt Service Fund established pursuant to the Indenture.

“Principal Payment Date” means each Maturity Date and, if applicable, Mandatory Sinking Fund Redemption Date.

“Priority Gas” means the Daily Contract Quantities of Gas to be purchased by the Gas Purchaser under this Agreement, together with Gas (i) purchased by the Gas Purchaser, the Issuer or a related joint powers authority using the proceeds of bonds, notes, or other obligations the interest on which is excluded from income for federal income tax purposes pursuant to a long-term prepaid gas purchase agreement or (ii) produced from oil and gas reserves in the ground owned by the Gas Purchaser, the Issuer or a related joint powers authority that were financed with the proceeds of bonds, notes, or other obligations the interest on which is excluded from income for federal tax purposes.

“Private Business Use” has the meaning set forth in the Tax Certificate executed and delivered by the Issuer on the date of original issuance and delivery of the Bonds.

“Project” means, collectively, the acquisition of the Gas Supply by the Issuer pursuant to the Prepaid Gas Agreement, the sale of such Gas Supply by the Issuer to the Gas Authority pursuant to the Gas Authority Gas Supply Agreement for relate to its members, and the performance and administration by or on behalf of the Issuer of the various undertakings and transactions described or provided for in the Transaction Documents.

“Project Administration Fee” means the Monthly fee of three cents (3¢) per MMBtu payable to the Issuer with respect to the portion of the Gas Supply to be delivered to the Gas Authority under the Gas Authority Gas Supply Agreement for the applicable Month.

“Project Administration Fee Account” means the Account by that name in the Expense Fund.

“Project Expenses” means (a) fees for the calculation of Rebate Payments, (b) fees for the preparation of accounting reports related to the Project, (c) fees incurred by the Issuer in connection with the ratings on the Bonds which are not otherwise provided for the Indenture, (d) fees and expenses of the Trustee which are not otherwise provided for under the Indenture, (e) fees and expenses of the Calculation Agent in connection with the performance of its obligations described in the Indenture, (f) fees and expenses of any fiscal agent engaged by the Issuer to assist it with the administration and payment of Project Expenses, and (g) such other fees and expenses as are reasonably and actually incurred by the Issuer in connection with the Project and for which payment is not otherwise provided for under the Indenture.

“Project Fund” means the Project Fund established pursuant to the Indenture.

“Prolonged Remarketing Event” means (a) that a Deemed Remarketing has occurred or (b) that the Issuer has requested or is deemed to have requested that the Gas Supplier remarket Gas for a period of 12 or more Months in an amount in excess of 50% of the aggregate Daily Contract Quantities for all Delivery Points for each such Month.

“Public Agency” means any entity that (a) is a gas district, gas board, utility board, municipality or other entity to which the Issuer is authorized to sell Gas under applicable law, (b) is a Qualified Person, (c) owns either or both a gas distribution utility or an electric distribution utility (or provides Gas or electricity at wholesale to entities that own such utilities), and (d) will use the Gas for sale to retail customers in its service area, for the provision of electricity for sale to retail customers in its service area, or for sale to another Qualified Person described in (c) that will use the Gas for sale to retail customers in its service area or for the provision of electricity for sale to retail customers in its service area; *provided*, that (i) this definition shall be subject to such further provisions as may be set forth in the Tax Certificate executed and

delivered by the Issuer on the date of original issuance and delivery of the Bonds, and (ii) this definition shall include such other entities as may be set forth in a Favorable Opinion of Bond Counsel.

“Purchased Gas Supplies” means certain gas supplies provided by the Gas Authority to its Members. Gas Supplies provided from the Project are Purchase Gas Supplies.

“Qualified Investments” means any of the following investments, if and to the extent that the same are at the time legal investments of the Issuer’s funds:

- (a) Government Obligations;
- (b) bonds, debentures, notes and other evidences of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies or corporations:
 - (i) Federal Home Loan Bank System - senior debt obligations;
 - (ii) Federal Home Loan Mortgage Corporation — participation certificates and senior debt obligations;
 - (iii) Federal National Mortgage Association — mortgage-backed securities and senior debt obligations;
 - (iv) Resolution Funding Corporation; and
 - (v) Farm Credit System — consolidated system-wide bonds and notes;
- (c) certificates of deposit and other evidences of deposit at state and federally chartered banks, savings and loan institutions or savings banks deposited rated in the highest Rating Category by each Rating Agency and collateralized as required by law, including those of the Trustee and its affiliates;
- (d) money market funds registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, and having a rating in the highest Rating Category by each Rating Agency, including money market funds of the Trustee or its affiliates or funds for which the Trustee or its affiliates provide investment or other management services;
- (e) commercial paper which is rated in the highest short-term Rating Category by each Rating Agency;
- (f) corporate bonds rated in one of the two highest Rating Categories of each Rating Agency, including those of the Trustee or its affiliates;
- (g) direct and general obligations of a state of the United States, or a political subdivision or instrumentality thereof, having general taxing powers and rated in one of the two highest Rating Categories of each Rating Agency;
- (h) obligations of any state of the United States or a political subdivision or instrumentality thereof, secured solely by revenues received by or on behalf of the state or political subdivision or instrumentality thereof irrevocably pledged to the payment of principal of and interest on such obligations, rated in one of the two highest Rating Categories of each Rating Agency; or

- (i) any other investments permitted by applicable law for the investment of the funds of the Issuer; provided that a Rating Confirmation has been obtained prior to making any such investment.

“Qualified Person” means any Person that is a “governmental person” as defined in Treasury Regulations Section 1.141-1(b), or successor regulations or provisions of the Code. Generally, but subject to the foregoing regulation, as in effect from time to time, a governmental person is a state of the United States and any political subdivision thereof, such as local government units such as counties and municipal corporations, and state and local government agencies that have been delegated the right to exercise part of the sovereign power (i.e., taxation, eminent domain, right to legislate) of the state, including any instrumentalities thereof.

“Qualifying Use” means:

- (A) in the case of natural gas, natural gas that is:
 - (i) furnished to Retail Gas Customers of a Utility who are located in the Natural Gas Service Area of the Utility; *provided however*, that gas used to produce electricity for sale shall not be deemed to be furnished to Retail Gas Customers;
 - (ii) used by a Utility to produce electricity that will be furnished to Retail Electric Customers of the Utility who are located in the Electric Service Area of the Utility;
 - (iii) used by a Utility to produce electricity that will be sold to a Utility and furnished to Retail Electric Customers of the purchaser who are located in the Electric Service Area of the purchaser;
 - (iv) sold to a Utility if the requirements of (i), (ii) or (iii) above are satisfied by the purchaser, or
 - (v) used to fuel the pipeline transportation of the prepaid gas supply acquired;and the use does not give rise to Private Business Use;
- (B) in the case of electricity, if the electricity is:
 - (i) furnished to Retail Electric Customers of a Utility who are located in the Electric Service Area of the Utility or
 - (ii) sold to a Utility and furnished to Retail Electric Customers of the purchaser who are located in the Electric Service Area of the purchaser;
 - (iii) and the use does not give rise to Private Business Use; or
- (C) a use other than as described in (A) or (B) above
 - (i) by a Qualified Person (other than a Public Agency), or
 - (ii) as permitted under Treas. Reg. §§ 1.148-1(e)(2)(iii)(A)(2) or (B)(2) (or any other applicable Treasury regulations adopted after the date hereof) if, prior to such use, a Favorable Opinion of Bond Counsel is obtained providing that such use is not a Private Business Use and will not adversely affect the Tax-Exempt Status of the Bonds.

“Rating Agency” means Moody’s, Fitch and any other rating agency then providing a rating on the Bonds.

“Rating Agency Expense Account” means the Rating Agency Expense Account in the Expense Fund.

“Rating Agency Fee” means the fee of each Rating Agency payable by the Issuer in advance, on or prior to each Rating Agency Fee Payment Date for the maintenance by such Rating Agency of its rating on the Bonds.

“Rating Agency Fee Payment Date” means each Annual Reconciliation Date.

“Rating Category” or “Rating Categories” means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier, plus or minus signs, or otherwise.

“Rating Confirmation” means written evidence satisfactory to the Issuer, with written notice to the Trustee, that upon the effectiveness of any proposed action, all Outstanding Bonds will continue to be assigned at least the same or equivalent rating (including the same or equivalent numerical or other modifiers within a Rating Category) from each Rating Agency.

“Rebate Fund” means the Rebate Fund established in the Indenture.

“Rebate Payments” means those amounts required to be paid to the United States Treasury Department under the requirements of Section 148(f) of the Code.

“Redemption Fund” means the Redemption Fund established pursuant to the Indenture.

“Redemption Price” means with respect to any Bond (or portion thereof) to be (a) mandatorily redeemed, the Amortized value of such Bond (or portion), (b) optionally redeemed, par, plus in each case, in the event the redemption date is not otherwise an Interest Payment Date for the applicable Bond, accrued interest to the redemption date, or (c) optionally make whole redeemed, the greater of (1) the Amortized Value thereof, plus accrued and unpaid interest to the date of redemption, or (2) the sum of the present values of the remaining unpaid payments of principal and interest to be paid on the Bonds to be redeemed from and including the date of redemption to the stated maturity date of such Bonds, discounted to the date of redemption on a semiannual basis at a discount rate equal to the Applicable Tax-Exempt Municipal Bond Rate for such Bonds minus 0.25% per annum. The Calculation Agent shall determine the applicable Redemption Price of any Bond to be redeemed.

“Refunding Bonds” means a Series authorized to be issued pursuant to the Indenture for the sole purposes of refunding or defeasing the Bonds then-Outstanding or refunding or defeasing any other Series in whole, paying Costs of Issuance with respect to such Refunding Bonds, and if provided for in the related Supplemental Indenture, funding the Debt Service Reserve Fund.

“Regulatory Event” means an amendment to or other change in any laws, regulations, prudential standards, authorizations, or accounting standards or their application or interpretation (including as a result of a judicial decision, administrative pronouncement or direction, or ruling and whether then or thereafter to become effective) by any regulatory authority with jurisdiction in the United States, or any jurisdiction in which a Commodity Swap Counterparty is resident or acting out of, or any jurisdiction in which a Commodity Swap Counterparty is resident or acting out of, or Australia, or any relevant accounting standards board, including, without limitation, any such action resulting from (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act, (ii) the agreements or pronouncements of the Bank for International Settlements, (iii) the Basel Committee on Banking Supervision, (iv) the Group of Governors and Heads of Supervision (or any successor or similar authority), (v) the Australian Prudential Regulation Authority, (vi) the International and/or the Australian Accounting Standards Board, (vii) the Environmental

Protection Agency, (viii) the Commodities Futures Trading Commission, or (ix) the Federal Energy Regulatory Commission. A Regulatory Event will be conclusively evidenced by the receipt by the Gas Supplier or the Guarantor and by the Issuer and the Trustee of an opinion of counsel, selected by the Gas Supplier or the Guarantor and approved by the Issuer (such approval not to be unreasonably withheld), that a Regulatory Event has occurred. A Regulatory Event will also include any change in the accounting for the Agreement and Commodity Swaps by the Guarantor, the Gas Supplier, or any affiliate thereof as a result of the auditor of the Guarantor determining such change is required (as conclusively evidenced by the auditors written confirmation).

“Regular Record Date” means with respect to any Bond, fifteen (15) days prior to each Interest Payment Date.

“Remaining Total Contract Quantity” means, as of any date, the portion of the Total Contract Quantity to be delivered for the portion of the term of the Prepaid Gas Agreement remaining as of such date.

“Remarketed Gas Surplus” means the amount, if any, paid by the Gas Supplier (on behalf of the Issuer) to the Trustee, for deposit in the Gas Authority Account of the Gas Service Administration Fund, in respect of Gas remarketed by the Gas Supplier pursuant to a remarketing of the gas to Public Agencies or other purchasers under the Prepaid Gas Agreement or in lieu of gas delivered to the Issuer pursuant to the Force Majeure provisions of the Prepaid Gas Agreement, which amount is in excess of the amount that would have been paid by the Gas Authority for such Gas pursuant to the terms of the Gas Authority Gas Supply Agreement had such Gas been delivered to and received by the Gas Authority under the Gas Authority Gas Supply Agreement. Pursuant to the Prepaid Gas Agreement, the Gas Supplier is required to separately identify to the Trustee, upon its transfer to the Trustee of the proceeds of any remarketing of gas pursuant to a remarketing of the gas to Public Agencies or other purchasers under the Prepaid Gas Agreement or in lieu of gas delivered to the Issuer pursuant to the Force Majeure provisions of the Prepaid Gas Agreement, the amount of the Remarketed Gas Surplus, if any.

“Remarketing Fee” means the fee per MMBtu payable to the Gas Supplier for the remarketing of gas as specified in the Prepaid Gas Agreement.

“Remediation Fail Event” means that Disposition Proceeds have remained for two (2) years or more within the Disposition Proceeds Ledger without having been applied to a Remediation Use, unless there is a Favorable Opinion of Bond Counsel permitting other action.

“Remediation Use” means, with respect to Disposition Proceeds, any of the following: (a) the purchase of Gas by the Issuer or the Gas Supplier, as applicable, in an amount equal to such Disposition Proceeds and the sale of such Gas by the Issuer or the Gas Supplier for a Qualifying Use (as evidenced by a Qualifying Use Certificate as defined in the Prepaid Gas Agreement); (b) the application of an amount equal to the Disposition Proceeds by a Gas Authority to the purchase of Gas which Gas is used by the Gas Authority for a Qualifying Use; or (iii) the application of an amount equal to the Disposition Proceeds to the purchase of electricity in compliance with Treasury Regulation Section 1.141-1(e)(2)(iii)(B)(2).

“Replacement Price” means:

(a) in the event of a Gas Supplier Delivery Default, the highest of (i) the purchase price (calculated on a per MMBtu basis) paid by the Issuer (or by the Gas Authority under and in accordance with the terms of the Gas Authority Gas Supply Agreement) in an incremental, Commercially Reasonable, arm’s-length purchase from a third party for a quantity equal to the Gas Supplier Deficiency Quantity, plus an administrative fee per MMBtu to effectuate such a purchase, as adjusted for Commercially Reasonable differences in in Gas transportation costs to the Delivery Points, (ii) the Index Price in effect for the

applicable Gas Day or Gas Days, and (iii) the Net Monthly Price for the applicable Gas Day or Gas Days; and

(b) in the event of an Issuer Take Default, the lowest of (i) the sale price (calculated on a per MMBtu basis) obtained by the Gas Supplier in an incremental, Commercially Reasonable, arm's-length sale to a third party for a quantity equal to the Issuer Deficiency Quantity net of (A) Commercially Reasonable incremental transportation costs incurred to transport such deficiency quantities to alternative markets, and (B) an administrative fee per MMBtu to effectuate such a sale, (ii) the Index Price in effect for the applicable Gas Day or Gas Days, and (iii) the Net Monthly Price for the applicable Gas Day or Gas Days.

“Responsible Officer” means, when used with respect to the Trustee or the Custodian, any officer within the corporate trust department of the Trustee or the Custodian located at their respective addresses specified in the Indenture (or any successor corporate trust office of the Trustee or Custodian), including any vice president, assistant vice president, assistant secretary, assistant treasurer or trust officer or any other officer who customarily performs functions similar to those performed by such individuals who at the time are such officers, respectively, or to whom any corporate trust matter is referred at such office because of such person's knowledge of and familiarity with the particular subject of this Indenture and who in each case shall have direct responsibility for the administration of this Indenture.

“Retail Electric Customer” means a customer that purchases electricity for other than resale.

“Retail Gas Customer” means a customer that purchases natural gas for other than resale.

“Revenue Fund” means the Revenue Fund established pursuant to the Indenture.

“Revenues” means: (a) all revenues, income, rents, user fees or charges, and receipts derived or to be derived by the Issuer from or attributable or relating to the ownership of the Gas Supply, including all revenues attributable or relating to the Gas Supply or to the payment of the costs thereof received or to be received by the Issuer under the Gas Authority Gas Supply Agreement, the Prepaid Gas Agreement or otherwise payable to it for the sale of Gas or otherwise with respect to the Gas Supply; (b) interest received or to be received on any moneys or securities held pursuant to the Indenture (other than moneys or securities held in the Gas Service Administration Fund, the Rebate Fund and the Termination Fund) and paid or required to be paid into the Revenue Fund; (c) Commodity Swap Receipts; but excluding from sub-section (a) above the following items: (i) any Liquidation Payment or Partial Liquidation Payment; (ii) any Gas Service Administration Fees, (iii) amounts paid by or on behalf of the Issuer for the mandatory redemption of Bonds pursuant to an early termination in whole or in part of the Prepaid Gas Agreement; (iv) any Defaulted Gas Sale Revenues; (v) any amounts paid under the Funding Agreement; and (vi) any Remarketed Gas Surplus received from the Gas Supplier and designated as such by the Gas Supplier.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“S&P” means S&P Global Ratings, a division of S&P Global, Inc., its successors and assigns, and, if such entity shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch Ratings Inc.) designated by the Issuer with the consent of the Funding Provider and the Gas Supplier, in a Written Instrument of the Issuer delivered to the Trustee.

“Schedule” “Scheduling”, or “Scheduled”, when used in reference to the Gas Supplier, means to make Gas available, or cause Gas to be made available, at the Delivery Points for delivery to or for the account of the

Issuer, including, where available, making all nominations for Transporters upstream of the Delivery Points, and when used in reference to the Issuer, means to purchase and receive Gas at the Delivery Points and to cause the Issuer's Transporters to make available at the Delivery Points transportation capacity sufficient to permit the Issuer's Transporters to receive the quantities the Gas Supplier has available at the Delivery Points, including making all nominations for Transporters downstream of the Delivery Points.

"Scheduled Principal Account Deposit" means (a) with respect to the Bonds, the required monthly deposits to the Principal Account set forth in the Indenture, and (b) with respect to any Refunding Bonds, required monthly deposits, if any, to the Principal Account for such Series of Bonds provided for in the related Supplemental Indenture.

"Securities Depository" means DTC, or its nominee, and its successors and assigns.

"Series" means the Bonds or any series of Refunding Bonds issued pursuant to the Indenture.

"Special Record Date" means the date established by the Trustee pursuant to the Indenture as the record date for the payment of Defaulted Interest on the Bonds.

"State" means the State of Georgia.

"Supplemental Indenture" means any indenture supplemental to or amendatory of the Indenture executed and delivered by the Issuer and the Trustee for the purpose of providing for the issuance of Refunding Bonds or such other purpose as may be permitted under the Indenture.

"Tax" or "Taxes" means (i) any and all ad valorem, property, occupation, severance, production, generation, extraction, first use, conservation, Btu or energy, gathering, transport, transmission, pipeline, utility, gross receipts, gas or oil revenue, gas or oil import, privilege, sales, use, consumption, excise, lease, transaction, greenhouse gas, carbon and other taxes or any interest, penalties, or assessments thereon, (ii) state or local Taxes or any interest penalties or assessments thereon, (iii) New Taxes or any interest, penalties or assessments thereon, and (iv) governmental charges, licenses, fees, permits and assessments, or any interest, penalties, or increases thereon, and specifically excludes taxes based on net income or net worth.

"Tax Certificate" means the Tax Certificate and Agreement, to be dated the Issue Date, by and between the Issuer and the Trustee.

"Tax Event" means an amendment to or other change in any laws or regulations (including a change in their application or interpretation) imposing any taxes or other governmental charges on the Gas Supplier or the Guarantor or requiring any withholding for any such taxes or other governmental charges from any payment to the Gas Supplier or a gross up of any payment required to be made by the Gas Supplier or Guarantor for the amount of any such taxes or charges (including as a result of a judicial decision, administrative pronouncement, or ruling and whether then or thereafter to become effective) in the United States or Australia or any jurisdiction in which a Commodity Swap Counterparty is resident or acting out of. A Tax Event will be conclusively evidenced by the receipt by the Gas Supplier or the Guarantor and by the Issuer and the Trustee of an opinion of counsel, selected by the Gas Supplier or the Guarantor and approved by the Issuer (such approval not to be unreasonably withheld), that a Tax Event has occurred (which opinion may be based on a determination by such counsel that it is more likely than not that the Gas Supplier and/or Guarantor, as the case may be, is not exempt from imposition of such taxes or other governmental charges or from the requirement that amounts be withheld in respect of such taxes or charges).

“Tax-Exempt Status of the Bonds” means that the status of a Series of Bonds is such that interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

“Termination Fund” means the Termination Fund established pursuant to the Indenture.

“Total Contract Quantity” means the sum of all Daily Contract Quantities for each Gas Day of the Delivery Period, as set forth in Exhibit A of the Prepaid Gas Agreement.

“Transaction Documents” means, collectively, the Indenture, the Prepaid Gas Agreement, the Gas Authority Gas Supply Agreement, the Guarantee, each Issuer Commodity Swap, each Gas Supplier Commodity Swap, the Funding Agreement, each Custodial Agreement, and the Calculation Agent Agreement.

“Transporter” means the entity or entities and physical Gas transmission facilities either delivering or receiving Gas at the Delivery Point(s).

“Triggering Event” means one of the events described as a Triggering Event under the caption “THE GAS SUPPLY ACQUISITION – Early Termination of the Prepaid Gas Agreement” herein.

“Trust Estate” means (a) the proceeds of the sale of the Bonds, (b) all right, title and interest of the Issuer in, to and under the Prepaid Gas Agreement, the Guarantee, the Gas Authority Gas Supply Agreement, the Funding Agreement (subject to any rights assigned to the Guarantor under the Funding Agreement), any Issuer Commodity Swap, and any Custodial Agreement, (c) the Revenues, (d) any Liquidation Payment (including a Partial Liquidation Payment), and (e) all Funds established by the Indenture (other than the Rebate Fund and the Gas Service Administration Fund), including the investment income, if any, therefrom and (f) all proceeds of the foregoing; subject to the provisions of the Indenture permitting the application of such moneys for the purposes and on the terms and conditions set forth therein.

“Trustee” means U.S. Bank National Association, and its successor or successors and any other corporation or national banking association which may at any time be substituted in its place pursuant to the Indenture.

“Trustee Expense Account” means the Trustee Expense Account in the Expense Fund.

“Trustee Fee” means the annual fee of the Trustee payable by the Issuer on or prior to the Trustee Fee Payment Date for the services of the Trustee.

“Trustee Fee Payment Date” means each Annual Reconciliation Date.

“Underwriters” means (a) with respect to the Bonds, J.P. Morgan Securities LLC, Wells Fargo Bank, National Association, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Goldman, Sachs & Co., and (b) with respect to any other Series of Bonds, the municipal securities broker-dealer engaged by the Issuer to underwrite such Series of Bonds.

“Unpaid Amounts” owing to any party under a Commodity Swap means, with respect to an Early Termination Date, the aggregate in respect of all Terminated Transactions of (a) the amounts that became payable (or that would have become payable but for the provisions of the Commodity Swap) to such party under the Commodity Swap on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, and (b)(i) for any Calculation Period (x) that has ended prior to such day and (y) for which the Payment Date has not yet occurred, the amount that would be payable with respect to such Calculation Period on the Payment Date therefor, and (ii) for any Calculation Period in which such Early

Termination Date occurs, a prorated portion of the payment that would be payable on the Payment Date for such Calculation Period based on the number of days that have elapsed during such Calculation Period prior to and including the Early Termination Date relative to the total number of days in such Calculation Period. For clarity, upon an Early Termination Date, the Early Termination Amount shall be \$0.00.

“Utility” means a Public Agency regularly engaged in the furnishing or sale of electric energy and/or natural gas to retail customers in its service area.

“Working Capital Fund” means the Working Capital Fund established pursuant to the Indenture.

“Written Instrument” means (i) when used with respect to the Issuer, an instrument in writing signed on behalf of the Issuer by an Authorized Officer of the Issuer, (ii) when used with respect to the Funding Provider, an instrument in writing signed on behalf of the Funding Provider by an Authorized Officer of the Funding Provider, (iii) when used with respect to the Gas Supplier, an instrument in writing signed on behalf of the Gas Supplier by an Authorized Officer of the Gas Supplier, and (iv) when used with respect to a Commodity Swap Counterparty, an instrument in writing signed on behalf of such Commodity Swap Counterparty by an Authorized Officer of such Commodity Swap Counterparty. Any Written Instrument and, if applicable, any supporting opinions or certificates may, but need not, be combined in a single instrument with any other instrument, opinion or certificate, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal or accounting matters, upon the opinion or certificate of counsel, consultants or accountants unless the Authorized Officer signing such Written Instrument knows, or in the exercise of reasonable care should know, that the opinion or certificate with respect to the matters upon which such Written Instrument may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, consultant or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different Authorized Officers, counsel, consultants or accountants may certify to different facts, respectively.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “*Disclosure Agreement*”), executed and entered into as of February 1, 2019, is by and between U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (the “*Trustee*”), and the Municipal Gas Authority of Georgia (the “*Gas Authority*”), a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia.

WITNESSETH:

WHEREAS, Main Street Natural Gas, Inc. (the “*Issuer*”) has issued the its Gas Supply Revenue Bonds, Series 2019A (the “*Bonds*”), pursuant to a Trust Indenture, dated as of February 1, 2019 (the “*Indenture*”), by and between the Issuer and the Trustee (capitalized terms used herein have the meanings set forth in the Indenture); and

WHEREAS, the Issuer has entered into the Natural Gas Supply Agreement with the Gas Authority, dated as of February 1, 2019 (the “*Gas Authority Gas Supply Agreement*”), providing for the sale of the Gas Supply acquired by the Issuer with the proceeds of the Bonds to the Gas Authority; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Gas Authority and the Trustee for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the underwriters of the Bonds in complying with Rule 15c2-12(b)(5), as amended (the “*Rule*”) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. 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 Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means the report to be provided by the Gas Authority annually pursuant to Section 2(a) hereof and containing the information required by Section 3(a) hereof.

“*Disclosure Representative*” means the Chief Financial Officer of the Gas Authority, or such other officer or employee of the Gas Authority as the Gas Authority shall designate in writing to the Trustee from time to time.

“*Dissemination Agent*” means any Dissemination Agent, including any successor Dissemination Agent, appointed or engaged in writing by the Gas Authority pursuant to Section 6 hereof and which has filed with the Trustee a written acceptance of such designation.

“*EMMA*” means the Electronic Municipal Market Access system, the website created by the Municipal Securities Rulemaking Board and approved by the Securities and Exchange Commission, where municipal issuers are as of the date of this Disclosure Agreement required to file continuing disclosure information.

“*Fiscal Year*” means each period of twelve consecutive months designated by the Gas Authority as its fiscal year. As of the date of this Disclosure Agreement, the Gas Authority’s Fiscal Year is January 1 to December 31.

“*Listed Events*” means any of the events listed in Section 4(a) hereof.

“*Official Statement*” means the Official Statement, dated February 14, 2019, relating to the Bonds.

“*Participating Underwriters*” means any original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*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.

Section 2. Provision of Annual Reports. (a) The Gas Authority shall, or shall cause the Dissemination Agent to, provide an annual report with respect to the Gas Authority (the “*Annual Report*”) to EMMA not later than 180 days following the end of each Fiscal Year of the Gas Authority, containing the information required by Section 3(a) hereof, commencing with the end of the most recent Fiscal Year of the Gas Authority for which audited financial statements are not otherwise contained in the Official Statement. Each such Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 hereof; provided that the audited financial statements of the Gas Authority may be submitted separately from the balance of the Annual Report, as the case may be, and later than the date required above for the filing of the Annual Report if not available by that date. If the Fiscal Year of the Gas Authority changes, the Gas Authority shall give notice of such change in the same manner as for a Listed Event under Section 4(f) hereof.

(b) Not later than 15 Business Days prior to any date specified in Section 2(a) hereof for the providing of an Annual Report to EMMA, the Gas Authority shall provide the Annual Report to the Dissemination Agent, if any, and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Gas Authority and the Dissemination Agent, if any (if the Trustee is not the Dissemination Agent), to determine if the Gas Authority is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to confirm that an Annual Report has been provided to EMMA by the date required in Section 2(a), the Trustee shall send a notice to EMMA in substantially the form attached as Exhibit A.

(d) If a Dissemination Agent has been appointed by the Gas Authority, the Dissemination Agent shall file a report with the Gas Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

Section 3. Content of Annual Reports. (a) Each Annual Report shall contain or incorporate by reference the following:

(i) Audited financial statements of the Gas Authority including a balance sheet, a statement of revenues, expenses and changes in retained earnings, and a statement of cash flows prepared on the accrual basis of accounting; *provided, however*, if the Gas Authority’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a) hereof, the Annual Report shall contain unaudited financial statements in a format

similar to that to be used to present the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(ii) An update of the information contained in the Official Statement under the heading “THE GAS AUTHORITY – Operating and Financial Data”.

(b) In addition to any of the information expressly required to be provided under subsection (a) of this Section, the Gas Authority shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Gas Authority, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Gas Authority shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Gas Authority shall give, or cause to be given, notice of the occurrence of any of the following events (each a “*Listed Event*”) with respect to the Bonds in a timely manner not in excess of ten business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Gas Authority, which is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal

law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Gas Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Gas Authority;

- (13) The consummation of a merger, consolidation or acquisition involving the Gas Authority or the sale of all or substantially all of the assets of the Gas Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Trustee shall, within one Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, (i) contact the Disclosure Representative, (ii) inform such person of the event, (iii) if the Listed Event that occurred is described in paragraph (1), (3), (4), (5), (6), (8), (9), (10), (11) or (12) of subsection (a) of this Section, report such event pursuant to subsection (e) of this Section, and (iv) if the Listed Event that occurred is described in paragraphs (2), (7), (13) or (14) of subsection (a) of this Section, request that the Gas Authority promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (e) of this Section. For purposes of this subsection (b), “obtaining actual knowledge” means receipt of actual notice of any of such Listed Events by a responsible officer of the Trustee’s corporate trust department.

(c) Whenever the Gas Authority obtains knowledge of the occurrence of a Listed Event described in paragraph (2), (7), (13) or (14) of subsection (a) of this Section, whether because of a notice from the Trustee pursuant to subsection (b) of this Section or otherwise, the Gas Authority shall as soon as possible determine if such event would be material under applicable Federal securities law. If the Gas Authority has determined that knowledge of the occurrence of any such Listed Event would be material under applicable Federal securities law, the Gas Authority shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (e) of this Section.

(d) If in response to a request under clause (iv) of subsection (b) of this Section, the Gas Authority determines that the Listed Event would not be material under applicable Federal securities law, the Gas Authority shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (e) of this Section.

(e) If the Trustee has actual knowledge of the occurrence of a Listed Event described in paragraph (1), (3), (4), (5), (6), (8), (9), (10), (11) or (12) of subsection (a) of this Section, or if the Trustee has been instructed by the Gas Authority to report the occurrence of a Listed Event described in paragraph (2), (7), (13) or (14) of subsection (a), the Trustee shall file a notice of such occurrence with EMMA. Notwithstanding the foregoing, notice of Listed Events described in paragraphs (8) and (9) of subsection (a) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 5. Termination of Reporting Obligation. The Gas Authority’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all

of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Gas Authority shall give notice of such termination in the same manner as for a Listed Event under Section 4(e) hereof.

Section 6. Dissemination Agent. The Gas Authority 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; provided the Trustee shall receive written notice of such appointment, engagement and discharge at the time thereof. A Dissemination Agent may resign by providing thirty days written notice to the Gas Authority.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Gas Authority and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Gas Authority to the extent that such amendment does not adversely affect the Trustee), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 2(a), Section 3 or Section 4(a) hereof, it may only be 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 an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by the holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of the holders, or (ii) does not, in the opinion of the Trustee or Bond Counsel, materially impair the interests of the holders of the Bonds.

If the annual financial information or operating data to be provided in an Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information 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 investors to enable them to evaluate the ability of the Gas Authority to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to EMMA.

Section 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Gas Authority 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 an event listed in Section 4(a) hereof, in addition to that which is required by this Disclosure Agreement. If the Gas Authority chooses to include

any information in any Annual Report or notice of occurrence of an event listed in Section 4(a) hereof in addition to that which is specifically required by this Disclosure Agreement, the Gas Authority 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 such an event.

Section 9. Default. In the event of a failure of the Gas Authority, the Trustee or the Dissemination Agent (if any) to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriters or the holders or Beneficial Owners of at least 25% of the aggregate principal amount of the Outstanding Bonds, shall with indemnification satisfactory to it), or any holder or Beneficial Owner of a Bond may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Gas Authority, Trustee or the Dissemination Agent, 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 under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Gas Authority, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII 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 any, shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent, if any, shall be responsible for the form or content of any Annual Report or notice of any event listed in Section 4(a) hereof. The Trustee and Dissemination Agent (if any) shall each receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Trustee) shall have only such duties pursuant to this Disclosure Agreement as are specifically set forth herein, and the Gas Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which 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 willful misconduct. The obligations of the Gas Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Gas Authority, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Governing Law. This Disclosure Agreement shall be interpreted governed by and construed for all purposes in accordance with the laws of the State of Georgia for contracts executed and to be performed in the State of Georgia.

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.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**MUNICIPAL GAS AUTHORITY OF
GEORGIA**

By _____
Title:

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

By _____
Authorized Signatory

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Main Street Natural Gas, Inc.

Name of Issue: Main Street Natural Gas, Inc. Gas Supply Revenue Bonds, Series 2019A (the
“Bonds”)

Date of Issuance: February 26, 2019

NOTICE IS HEREBY GIVEN that the Municipal Gas Authority of Georgia (the “*Gas Authority*”) has not provided U.S. Bank National Association, as trustee (the “*Trustee*”) under the Trust Indenture, dated as of February 1, 2019 (the “*Indenture*”), between the Issuer and the Trustee, an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as February 1, 2019, between the Gas Authority and the Trustee, relating to the Bonds. [The Gas Authority anticipates that the Annual Report will be filed by _____.]

Dated: _____

U.S. Bank National Association, as Trustee, on
behalf of Main Street Natural Gas, Inc.

By _____
Name:
Title:

cc: Municipal Gas Authority of Georgia

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “General” below has been provided by DTC. Neither the Issuer nor the Underwriters makes any representation as to the accuracy or the completeness of such information. The Beneficial Owners of the Bonds should confirm the following information with DTC.

NONE OF THE ISSUER, THE GAS AUTHORITY OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC OR DTC PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE INDENTURE, (C) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (D) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNER OF THE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Bonds will be delivered in book-entry only form. DTC will act as Securities Depository for the Bonds. The 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 Bond certificate will be issued for each Maturity Date of the Bonds, each in the aggregate principal amount maturing on such date, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under 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 3.5 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 the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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,” and together with Direct Participants, the “DTC Participants”). DTC has Standard and Poor’s Ratings Services’ rating of AA+. The rules applicable to DTC and the DTC Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org. The Issuer does not undertake any responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC’s website as described in the preceding sentence,

including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by DTC 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 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants 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.

While the Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Bonds of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 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 Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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 DTC Participants.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Issuer. Under such circumstances, in the event that a successor is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer undertakes no responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL

February 26, 2019

Main Street Natural Gas, Inc.
Kennesaw, Georgia

U.S. Bank National Association
Atlanta, Georgia

\$695,595,000
Main Street Natural Gas, Inc.
Gas Supply Revenue Bonds, Series 2019A

Ladies and Gentlemen:

We have acted as Bond Counsel to Main Street Natural Gas, Inc., a Georgia nonprofit corporation (“Main Street”), duly created and existing under the Georgia Nonprofit Corporation Code, O.C.G.A. Section 14-3-101 through 14-3-1703, as amended (the “Act”), by and on behalf of the Municipal Gas Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia (the “Gas Authority”), in connection with its issuance of \$695,595,000 in aggregate principal amount of Main Street Natural Gas, Inc. Gas Supply Revenue Bonds, Series 2019A (collectively, the “Bonds”) on behalf of the Gas Authority. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including, without limitation, the Transaction Documents (as defined in the hereinafter defined Indenture). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The Bonds are issued pursuant to the Act and a Trust Indenture, dated as of February 1, 2019 (the “Indenture”), between Main Street and U.S. Bank National Association, as trustee for the Bonds. Under the Indenture, Main Street has pledged certain revenues and other funds and certain of its rights under certain agreements (collectively, the “Trust Estate”) for the payment of the principal of and premium (if any) and interest on the Bonds when due and the performance of its obligations under the Indenture and other agreements secured thereunder.

In rendering our opinion that the interest on the Bonds is, as of the date of this opinion, not includable in gross income for federal income tax purposes, we have (i) relied as to questions of fact material to our opinion on representations of Main Street and the Gas Authority without undertaking to verify the same by independent investigation, and (ii) assumed the continued compliance by Main Street and the Gas Authority with its covenants relating to the use of proceeds facilities provided thereby and the compliance with the arbitrage requirements contained in Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and other covenants intended to ensure that the interest on the Bonds is, and continues to be, excludable from gross income for federal income tax purposes.

As to questions of fact material to our opinion, we have relied upon representations of Main Street contained in the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photostatic copies, and as

to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

Based upon the examinations referred to above, we are of the opinion that as of this date:

1. Main Street is validly existing as a Georgia nonprofit corporation created by and on behalf of the Gas Authority, with the power to execute and deliver the Indenture, perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture constitutes a valid and binding obligation of Main Street enforceable upon Main Street.

3. The Indenture creates a valid lien on the Trust Estate and other funds pledged under the Indenture for the security of the Bonds and any Additional Bonds (as defined in the Indenture).

4. The Bonds have been duly authorized, executed and delivered by Main Street and are valid and binding limited obligations of Main Street, payable solely from the Trust Estate and other funds provided therefor in the Indenture.

5. Under existing law, as of the date hereof, the interest on the Bonds is (i) excludable from gross income for federal income tax purposes and (ii) not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that Main Street complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Main Street and other parties have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is exempt from present State of Georgia income taxation. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

ALSTON & BIRD LLP

By: _____
Peter K. Floyd, a Partner

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APPENDIX H

SCHEDULE OF LIQUIDATION PAYMENTS

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
March 2019	763,218,959
April 2019	765,946,227
May 2019	768,351,122
June 2019	763,333,928
July 2019	765,699,981
August 2019	768,238,924
September 2019	770,702,783
October 2019	773,093,037
November 2019	775,656,794
December 2019	760,793,050
January 2020	763,316,941
February 2020	765,765,946
March 2020	768,058,721
April 2020	770,688,977
May 2020	773,080,346
June 2020	750,785,869
July 2020	753,124,372
August 2020	755,633,447
September 2020	758,068,267
October 2020	760,430,741
November 2020	762,964,203
December 2020	748,261,694
January 2021	750,754,579
February 2021	753,175,168
March 2021	755,359,887
April 2021	758,039,302

MONTH OF EARLY TERMINATION DATE		LIQUIDATION PAYMENT (\$)
May 2021		760,402,370
June 2021		734,753,383
July 2021		737,056,130
August 2021		739,526,588
September 2021		741,923,836
October 2021		744,250,200
November 2021		746,744,481
December 2021		732,283,497
January 2022		734,738,450
February 2022		737,121,489
March 2022		739,273,452
April 2022		741,911,579
May 2022		744,237,779
June 2022		718,271,159
July 2022		720,535,625
August 2022		722,966,370
September 2022		725,324,526
October 2022		727,612,855
November 2022		730,065,345
December 2022		715,857,577
January 2023		718,273,023
February 2023		720,616,016
March 2023		722,732,486
April 2023		725,328,116
May 2023		727,616,712
June 2023		701,308,902
July 2023		703,533,872
August 2023		705,920,925
September 2023		708,237,551

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
October 2023	710,485,251
November 2023	712,894,928
December 2023	698,952,081
January 2024	701,324,923
February 2024	703,627,204
March 2024	705,783,784
April 2024	708,255,386
May 2024	710,502,830
June 2024	684,508,820
July 2024	686,692,290
August 2024	689,034,989
September 2024	691,310,071
October 2024	693,516,381
November 2024	695,881,807
December 2024	682,202,703
January 2025	684,530,766
February 2025	686,790,798
March 2025	688,830,042
April 2025	691,333,487
May 2025	693,539,333
June 2025	664,796,222
July 2025	666,930,969
August 2025	669,220,671
September 2025	671,444,099
October 2025	673,601,236
November 2025	675,913,791
December 2025	662,564,601
January 2026	664,839,244
February 2026	667,048,799

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
March 2026	669,043,621
April 2026	671,489,532
May 2026	673,647,304
June 2026	644,469,160
July 2026	646,550,711
August 2026	648,784,478
September 2026	650,954,425
October 2026	653,058,866
November 2026	655,314,884
December 2026	642,313,584
January 2027	644,532,660
February 2027	646,688,416
March 2027	648,633,854
April 2027	651,019,940
May 2027	653,125,132
June 2027	623,422,309
July 2027	625,449,952
August 2027	627,625,271
September 2027	629,735,955
October 2027	631,785,455
November 2027	633,980,961
December 2027	621,343,440
January 2028	623,504,578
February 2028	625,602,457
March 2028	627,566,957
April 2028	629,819,364
May 2028	631,868,567
June 2028	601,985,338
July 2028	603,956,533

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
August 2028	606,068,433
September 2028	608,120,341
October 2028	610,111,164
November 2028	612,244,873
December 2028	599,980,528
January 2029	602,074,878
February 2029	604,110,305
March 2029	605,950,871
April 2029	608,210,454
May 2029	610,205,799
June 2029	580,318,893
July 2029	582,423,386
August 2029	584,677,526
September 2029	586,863,563
October 2029	588,980,902
November 2029	591,247,927
December 2029	579,575,297
January 2030	581,823,083
February 2030	584,002,236
March 2030	585,967,526
April 2030	588,372,987
May 2030	590,492,446
June 2030	559,815,558
July 2030	561,839,181
August 2030	564,006,109
September 2030	566,107,517
October 2030	568,143,216
November 2030	570,322,920
December 2030	559,046,814

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
January 2031	561,207,412
February 2031	563,301,931
March 2031	565,191,249
April 2031	567,503,744
May 2031	569,541,808
June 2031	538,297,861
July 2031	540,235,675
August 2031	542,311,294
September 2031	544,324,591
October 2031	546,274,804
November 2031	548,362,839
December 2031	537,502,402
January 2032	539,571,726
February 2032	541,577,615
March 2032	543,453,901
April 2032	545,602,172
May 2032	547,554,456
June 2032	515,533,018
July 2032	517,380,197
August 2032	519,359,096
September 2032	521,278,303
October 2032	523,138,182
November 2032	525,129,684
December 2032	514,709,523
January 2033	516,682,038
February 2033	518,594,037
March 2033	520,319,085
April 2033	522,431,338
May 2033	524,292,786

MONTH OF EARLY TERMINATION DATE		LIQUIDATION PAYMENT (\$)
June 2033		491,528,066
July 2033		493,279,641
August 2033		495,156,341
September 2033		496,977,133
October 2033		498,741,186
November 2033		500,630,463
December 2033		490,675,229
January 2034		492,545,562
February 2034		494,358,641
March 2034		495,995,410
April 2034		497,998,702
May 2034		499,764,530
June 2034		467,032,221
July 2034		468,686,145
August 2034		470,459,176
September 2034		472,178,616
October 2034		473,845,283
November 2034		475,630,663
December 2034		466,148,471
January 2035		467,914,248
February 2035		469,626,349
March 2035		471,171,872
April 2035		473,064,465
May 2035		474,733,444
June 2035		440,936,463
July 2035		442,507,353
August 2035		444,191,195
September 2035		445,824,044
October 2035		447,406,871

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
November 2035	449,102,410
December 2035	440,146,956
January 2036	441,823,723
February 2036	443,449,941
March 2036	444,972,192
April 2036	446,715,229
May 2036	448,300,379
June 2036	413,625,858
July 2036	415,109,366
August 2036	416,698,871
September 2036	418,241,121
October 2036	419,734,694
November 2036	421,335,463
December 2036	412,936,055
January 2037	414,519,241
February 2037	416,055,040
March 2037	417,440,799
April 2037	419,137,574
May 2037	420,633,749
June 2037	385,398,045
July 2037	386,789,555
August 2037	388,280,281
September 2037	389,726,472
October 2037	391,126,836
November 2037	392,628,067
December 2037	384,808,952
January 2038	386,293,832
February 2038	387,734,362
March 2038	389,034,581

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
April 2038	390,625,856
May 2038	392,029,129
June 2038	356,019,250
July 2038	357,314,000
August 2038	358,701,256
September 2038	360,046,734
October 2038	361,349,781
November 2038	362,746,055
December 2038	355,536,395
January 2039	356,918,792
February 2039	358,259,820
March 2039	359,469,381
April 2039	360,950,139
May 2039	362,254,945
June 2039	325,445,295
July 2039	326,641,118
August 2039	327,923,167
September 2039	329,166,799
October 2039	330,371,224
November 2039	331,662,021
December 2039	324,946,487
January 2040	326,223,339
February 2040	327,462,097
March 2040	328,621,200
April 2040	329,948,280
May 2040	331,154,549
June 2040	299,173,180
July 2040	300,264,047
August 2040	301,433,720

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
September 2040	302,568,560
October 2040	303,668,039
November 2040	304,846,482
December 2040	298,657,899
January 2041	299,822,427
February 2041	300,952,357
March 2041	301,971,966
April 2041	303,220,901
May 2041	304,321,804
June 2041	271,752,942
July 2041	272,734,043
August 2041	273,786,617
September 2041	274,807,685
October 2041	275,797,414
November 2041	276,858,369
December 2041	271,219,948
January 2042	272,267,021
February 2042	273,283,861
March 2042	274,201,000
April 2042	275,325,217
May 2042	276,316,030
June 2042	242,972,009
July 2042	243,837,674
August 2042	244,767,214
September 2042	245,668,950
October 2042	246,543,669
November 2042	247,481,490
December 2042	242,420,436
January 2043	243,344,411

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
February 2043	244,242,014
March 2043	245,051,787
April 2043	246,044,872
May 2043	246,920,625
June 2043	212,757,819
July 2043	213,502,486
August 2043	214,302,952
September 2043	215,079,699
October 2043	215,833,457
November 2043	216,642,198
December 2043	212,186,552
January 2044	212,980,870
February 2044	213,752,465
March 2044	214,475,854
April 2044	215,305,932
May 2044	216,061,285
June 2044	180,897,387
July 2044	181,530,574
August 2044	182,211,341
September 2044	182,871,681
October 2044	183,512,358
November 2044	184,200,171
December 2044	180,399,531
January 2045	181,074,669
February 2045	181,730,834
March 2045	182,323,594
April 2045	183,051,482
May 2045	183,693,831
June 2045	147,790,035

MONTH OF EARLY TERMINATION DATE	LIQUIDATION PAYMENT (\$)
July 2045	148,307,516
August 2045	148,863,578
September 2045	149,403,061
October 2045	149,926,357
November 2045	150,488,589
December 2045	147,373,304
January 2046	147,924,684
February 2046	148,460,604
March 2046	148,944,966
April 2046	149,539,536
May 2046	150,064,587
June 2046	113,230,499
July 2046	113,626,895
August 2046	114,052,831
September 2046	114,466,232
October 2046	114,867,096
November 2046	115,297,874
December 2046	112,903,046
January 2047	113,325,296
February 2047	113,735,773
March 2047	114,106,724
April 2047	114,562,537
May 2047	114,964,835
June 2047	77,160,032
July 2047	77,430,123
August 2047	77,720,267
September 2047	78,002,114
October 2047	78,275,259
November 2047	78,568,847

MONTH OF EARLY TERMINATION DATE		LIQUIDATION PAYMENT (\$)
December 2047		76,931,219
January 2048		77,218,716
February 2048		77,497,901
March 2048		77,760,443
April 2048		78,061,562
May 2048		78,336,216
June 2048		39,346,160
July 2048		39,483,885
August 2048		39,632,063
September 2048		39,775,600
October 2048		39,914,886
November 2048		40,064,626
December 2048		39,226,351
January 2049		39,372,577
February 2049		39,514,553
March 2049		39,643,385

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